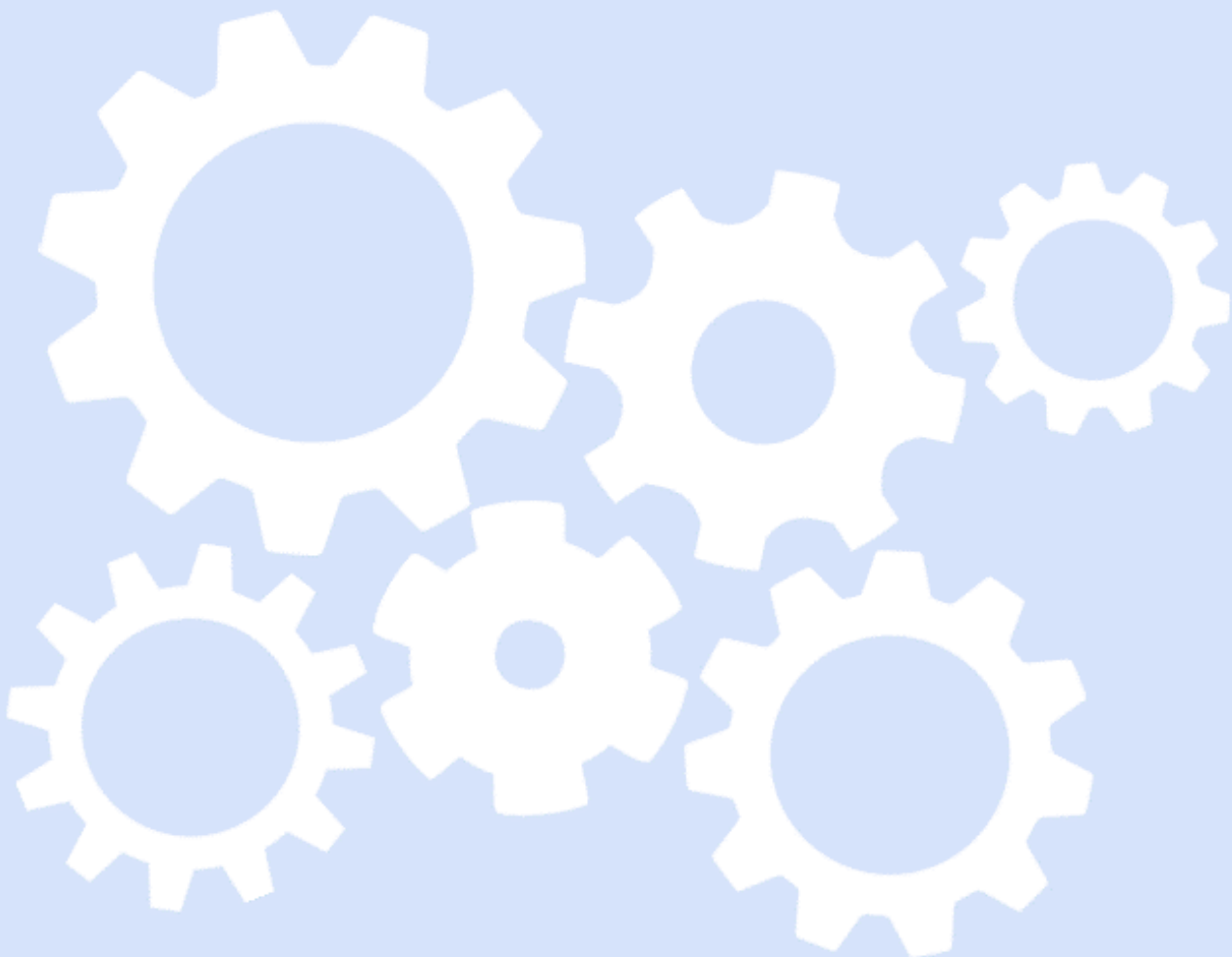


Strategic Review of the  
**AUSTRALIAN APPRENTICESHIP  
INCENTIVE SYSTEM**

Final Report 2024

# What we Heard



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## A word from the reviewers

We would like to thank everyone who participated in the consultations about the Strategic Review of the Australian Apprenticeships Incentive System. The insights, stories, research, data and supporting information you shared have been critical in helping us undertake a robust, evidence-based review of the Australian Apprenticeship Incentive System.

We met with over 600 people across 90 consultations. These included 7 site visits with apprentices, employers and trainers, targeted roundtables, and one-on-one meetings. We also received over 145 written submissions from state and territory governments, unions, industry representatives, training organisations, businesses and apprentices. Submissions with permission to be shared are published on our Consultation Hub (<https://app.converlens.com/dewr/strategic-review-of-the-australian-apprenticeships-incentive-system/submissions/list>).

This document provides an overview of what we heard during the consultations – synthesised into 2 parts.

*Part One* details what we heard specifically on **incentives**, including the current operation of payments made to employers, apprentices, trainees and support providers. Views on incentives were contested, so these viewpoints are explained in more detail to ensure those views are accurately represented.

*Part Two* details what we heard about the other parts of the apprenticeship ecosystem. These are broken down into the 5 key areas of focus for the review:

- setting **objectives** for reforms
- raising **awareness** of apprenticeship pathways
- improving the **experience** of apprentices and employers
- increasing **participation** of underrepresented cohorts
- supporting apprentice **transitions** to successful careers.

There was a broad consensus about the factors that influence individuals' decisions, behaviours and outcomes (beyond incentives), so views on these issues have been aggregated at a higher level. Inevitably there is some repetition of concepts across both parts of the appendix.

We have also highlighted **innovative ideas** suggested for how to improve the apprenticeship system going forward.

Noting the breadth of views we received, we cannot capture them all. Rather, this appendix provides a summary of recurring and consistent themes that emerged across the range of people that we heard from.

We note that some stakeholders did not want their submissions to the review attributed or published. Quotes from these submissions have not been included to preserve anonymity.

***Dr Iain Ross AO and Ms Lisa Paul AO PSM***

*A note on language. The Australian Apprenticeships Incentives System includes support for both apprentices and trainees. References in this paper to apprentices and apprenticeships include trainees and traineeships, unless stated otherwise.*

Figure 1: Summary of the consultations held from March to June 2024

## Consultation summary

**600+** people engaged across Australia

- 3 meetings each with the Industry Reference Group and Apprentice Reference Group (with 10 apprentices)
- 14 roundtable meetings
- 48 one-on-one meetings, including engagement with the 10 Jobs and Skills Councils



**7** site visits



- Apprenticeship Support Australia
- BHP's Future Fit academy
- PEER training (GTO)
- National Electrical and Communications Association
- William Angliss Institute
- Master Builders Australia
- Motor Trades Association



**145+** written submissions

## Reform is needed to make real, lasting change and prepare for the workforce of the future



### Incentives

Incentives should support success and be more efficient, effective and better designed.

Incentives should target cost-of-living pressures, adult apprentices and priority cohorts.



### Policy intentions

To address skill shortages, more flexibility is needed in the system.

The system is complex and can be hard to navigate.



### Awareness

Apprenticeships need to be better understood and valued by critical influencers like parents and teachers.

Students need structured pre-apprenticeship or work experience programs.



### Experiences

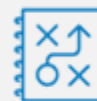
Better workplaces are essential for apprentice satisfaction.

Employers want to do the right thing, but need help or upskilling to get it right.



### Participation

Culturally safe workplaces and training providers are critical to completions and increasing participation.



### Transitions

Modernise the structure and outcomes of apprenticeships to support timely transitions.

Increase supports for apprentices to change their employer or industry rather than quit

## Part one

# The Australian Apprenticeships Incentive System

## What needs to change

Your submissions told us there were 5 general themes for change for the Australian Apprenticeships Incentive System:

- Incentives could be more effective and efficient.
- Incentives could be better designed.
- Success should be rewarded; failure should not.
- Government procurement apprentice targets should be adjusted.
- Barriers to effective incentives should be lowered.

## Making incentives more effective and efficient

**Submissions revealed an important difference in emphasis on apprenticeship incentives: employer associations place greater emphasis on employer incentives, whereas unions believe the best way to increase commencements, retention and completion is to put more emphasis on incentives to the apprentices.**

Employer associations told us that incentives ‘work’ and that the eligibility, number and type of incentives should be expanded. They said the increase in commencements during the Boosting Apprenticeship Commencements (BAC) program showed that employer incentives work. For example, Australian Chamber of Commerce and Industry said the BAC program ‘underscores the pivotal role incentives play in making the business case for employer participation’. The National Australian Apprenticeships Association said removing employer incentives in the non-priority skills area would ‘result in a collapse in commencements’. MEGT Australia noted that ‘wage subsidies work to boost both commencement and completion rates’ and that the BAC and Supporting Apprentices and Trainees (SAT) initiatives ‘exemplify the power of clear, straightforward subsidies in increasing uptake and completions’.

Australian Industry Group also said that ‘properly targeted incentives for employers increase commencement numbers’ but acknowledged that ‘the BAC was a generous program suited to its time and is now no longer required’. BuildSkills Australia also acknowledged that the BAC and Completing Apprenticeship Commencements (CAC) wage subsidies are fiscally unsustainable, and 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.*

*The emphasis should be on occupations that are highly specialised to industries expected to face persistent labour deficiencies over the medium-to-longer term. Additionally, any subsidy program should be calibrated to support the industries most important to the future prosperity of the nation.*

BuildSkills Australia (submission)

In calling for a substantial increase in the value of employer incentives, it was suggested the cost of employing an apprentice ‘has started to outweigh the benefits’.

*A longer-term solution needs to be addressed through further investment in incentives and other policies that are effective in reversing the decline in apprenticeship and traineeship commencements.*

Australian Chamber of Commerce and Industry (submission)

*In many cases employing an apprentice represents a significant cost to employers, in that they cannot extract an economic return from that apprentice which is equal to or greater than the cost of employing them.*

Master Plumbers Australia and New Zealand (submission)

In contrast, Business NSW said research showed that ‘taking on apprentices provides a net productivity benefit for employers relative to their associated costs’. Australian Chamber of Commerce and Industry suggested that decreasing or withdrawing incentives would compound the skills problems for industry and that removing them during a period of economic uncertainty ‘could have a dire impact’.

*As Australia moves to a potentially critical time in its economy the certainty of incentives would assist employers looking at the business case of hiring an apprentice.*

Australian Chamber of Commerce and Industry (submission)

The Australian Council of Trade Unions took a different view. It said that current incentives settings ‘fundamentally misunderstand the push and pull factors on apprentices – failing to adequately incentivise apprentices to enter the system or to complete their training’. The system not only fails to adequately incentivise apprentices but ‘often succeeds in incentivising poor behaviour from employers at worst or at best simply fails to disincentivise that behaviour’. The Australian Council of Trade Unions, and individual unions generally, called for the incentive system to be refocused towards apprentices rather than employers.

The Construction, Forestry and Maritime Employees Union told us that direct wage subsidies paid to employers should be removed in favour of in-kind payments. They contended in their submission that ‘there is little if any empirical evidence to suggest that wage subsidies paid to employers have any impact on apprentice completions’. As an example of an existing in-kind payment, the Construction, Forestry and Maritime Employees Union referenced Fee-Free TAFE delivered by the Australian Government, where fees are paid ‘directly to the TAFE/RTO’ which removes the financial ‘burden from both the employer and the apprentice’.

The Electrical Trades Union of Australia suggested the current incentives system ‘is not delivering value for money’, and that frontloading payments to employers may result in increases in commencements, but it has failed to increase completions. Average rates of completion in the electrical trades have ‘remained stubbornly low’ and employer incentives such as the Priority Wage Subsidy, that are concentrated in the first years of the apprenticeship, create ‘a perverse incentive for unscrupulous employers to engage in apprentice recycling’.

As to the purpose of apprenticeship incentives, employer associations generally avoided terminology such as ‘wage subsidy’ because, as Australian Chamber of Commerce and Industry put it, ‘time and supervision are the most prohibitive barriers for employers taking on an apprentice’.

*... members found time and cost were the 2 biggest challenges in starting or providing training to employees ... Members undertaking COSBOAs Small Business Skills and Training Needs Survey identified that training subsidies were the largest financial assistance/incentive that would help support their business undertaking training.*

Council of Small Business Organisations Australia (submission)

Australian Industry Group framed the role of incentives in terms of employer recognition, saying that incentives ‘demonstrate to employers that their role in skilling the nation’s workforce is valued and that the investment they make in it is recognised’.

Similarly, Master Builders Australia noted that they found in their national member survey:

*[Most businesses] were clear in saying that the current subsidies are a bonus, rather than an integral part of the decision to employ an apprentice ... Many respondents noted that they take on apprentices to give back to the industry and ‘do their bit’.*

Master Builders Australia (submission)

For employers, an incentive system is not just about providing an incentive to hire:

*For building and construction employees the incentive system is about mitigating risk and providing assistance with the investment they make in an apprentice. It is about implementing a safety net that allows them to invest time and money training an apprentice and giving them the skills to become a master of their trade. The incentive system releases pressure that often causes builders and other tradespeople to feel they must choose between getting the job done and teaching their apprentice thoroughly.*

Master Builders Australia (submission)

Similarly, employer incentives can help mitigate financial risk:

*Employer incentives work to underpin the stability of the system, not because they meet a significant part of the overall costs of employing an apprentice, but rather because they represent a significant proportion of their return on investment from employing an apprentice. This helps offset the biggest financial risk which is if an apprentice drops out.*

National Australian Apprenticeships Association (submission)

*... for large businesses [defined as those with 200 or more employees and revenue of \$100 million or more per annum], apprentice intake is based on business need rather than wage subsidy incentives. Their investments in training, support, mentoring and diversity cohorts are examples of industry best practice. Yet to expand these programs to benefit the broader supply chain apprentice cohort, employers would require government funds through project-specific assistance.*

Business Council of Australia (submission)

The National Australian Apprenticeships Association attempted to model ‘when value is created in the apprenticeship arrangement’ using the example of a carpenter who was 18 at the commencement of their apprenticeship.

It was suggested that incentives need to be linked to other things:

*Incentives need to be linked to additional apprenticeship employment outcomes, either increased additional commencements, or to increased rates of completion. Where there are needs for the retraining and upskilling of existing workers, separate programs for employers may be appropriate.*

Apprenticeship Employment Network and GAN Australia (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, unions 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 (submission)

## Improving the design of the incentive system

### General observations

The Business Council of Australia told us the incentive system should shift from being 'role-centric' (via the Australian Apprenticeships Priority List to being 'employer-centred', and incorporate:

- clear targets to raise quality commencement rates
- enhanced assistance for apprentices and incentives for employers to improve completion rates and commencement diversity
- incentives for large businesses to expand successful pastoral care programs to support the broader supply chain of workers.

The National Australian Apprenticeships Association said additional supports should be focused on businesses new to employing apprentices, because these businesses achieve lower completions across all contract types. The association also noted new-entrant small and medium employers (which are defined as businesses employing up to 50 employees) had consistently lower apprentice completion rates than large employers (those with more than 50 employees).

*We think this is because [larger employers] are more likely to have a Human Resource management function in their business and are more likely to view apprenticeships in terms of human capital investment rather than smaller businesses that tend to use apprenticeships to meet production imperatives, with a shorter-term focus as a result.*

National Australian Apprenticeships Association (submission)

The association also noted that Apprentice Connect Australia Provider (formerly Australian Apprentice Support Network (AASN)) survey data 'revealed that 88% of apprentices and trainees were already employed before a provider was asked to sign them up' and called for the following change to recruitment practices:

- require employers to register before being able to offer an apprenticeship or traineeship job
- design a formal paid work trial process
- have AASN providers conduct the recruitment for first-time employers of apprentices.



Other associations suggested there is no one-size-fits-all approach to incentive design and that effectiveness should not be sacrificed for simplicity:

*The incentive inquiry provides an opportunity to co-design a system that is effective and seeks to be as simple as possible while recognising that a single solution is not suitable.*

Australian Hotels Association and Accommodation Australia (submission)

The Australian Council of Trade Unions noted there were ‘critical failures’ in the design of the incentive system:

- Incentives are focused on commencements – employer incentives are primarily front-loaded payments which often taper off as the apprentice progresses. Front loading may increase commencements but fails to increase retention (completion rates have remained largely flat since 2003). Front loading also creates ‘perverse incentives’ for employers to hire apprentices but only keep them for the first 12 months of their apprenticeship – creating ‘churn’ or ‘apprentice recycling’.
- Incentives are targeted at the wrong actors – most incentives are paid to employers, not apprentices. It is the actions of apprentices we should be trying to change.

The union proposed 7 changes to the current design of the incentive system:

1. Employer incentive payments should be spread over the life of the apprenticeship, or at least well into the second year.
2. Eligibility for future incentives should include consideration of an employer’s previous successes (and failures).
3. Refocus incentives away from employers and directly to apprentices.
4. The incentive needs to be carefully designed to avoid undesirable outcomes – noting that a percentage-based wage subsidy creates an undesirable incentive for apprentices to work additional hours.
5. Only employers providing a quality apprenticeship experience and meeting their basic legal obligations should be eligible for incentives.
6. Take actions to foster a culture of quality workplace experiences for apprentices, including preventing employers with a history of safety violations or complaints about workplace bullying from accessing apprentices.
7. Adjust funding and other incentives to steer prospective apprentices towards ‘legitimate pre-vocational experiences’.

*... small businesses employ a significant portion of the workforce and apprentices in Australia. However, the current model in terms of both training and employment arrangements fails to meet the needs of small businesses who often need adjustments and additional supports to fully invest in carrying out the apprenticeship requirements.*

Council of Small Business Organisations Australia (submission)

## Setting targets

Several of your submissions proposed that various targets be set for the apprenticeship system.

The National Australian Apprenticeships Association proposed that long-term incentive levels be designed ‘to maintain apprentices and trainees at 2.5% of the labour force’ and that the Commonwealth incentive investment be set at ‘the 2019 baseline of \$725 million per year’.

The Business Council of Australia proposed that, working with Jobs and Skills Australia, government should use projected employment data for priority trades to set overall commencement and diversity targets at the national level, and recommended that ‘government, industry and education providers commit to the large business 90% apprenticeship completion rate within 5 years’.

Similarly, the Australian Chamber of Commerce and Industry proposed the development of an apprenticeship/traineeship commencement target, ‘to ensure numbers do not decline’.

## **Eligibility for incentives and the Australian Apprenticeship Priority List**

**There were several concerns about the Priority List. Some employer groups called for the list to be abandoned and for incentives to be provided to all employers and apprentices. 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.**

Under current settings, incentive payments are confined to apprenticeship qualifications on the priority list and no incentives are available for employers who engaged an apprentice in a non-priority occupation.

The Australian Chamber of Commerce and Industry, Australian Industry Group, Australian Retailers Association and 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 said that all ‘apprenticeships, regardless of industry, should receive incentives, but if there is to be targeting then growth industries such as hospitality should go on the priority list for support’.

Conversely, Energy Skills Australia said ‘Incentives (both financial and non-financial) should continue to be focused on occupations that align with economic and social requirements, clean energy targets and current and future skill requirements to ensure Australia’s ongoing competitiveness’ They also suggest employer wage subsidies should continue for up to 3 years, and other non-financial incentives should be introduced (such as changes to taxes).

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 supported ‘broad-based incentives offered in regional settings across the apprenticeship system’ because ‘skill shortage lists do not accurately reflect needs at a local level or the barriers associated with regional specific costs’.

Clubs Australia argued for the reinstatement of the priority wage subsidy for employers of an apprentice training towards an occupation in the club sector, and the reintroduction of hiring incentives for employers engaging apprentices not on the Priority List.

It was suggested the Priority List is not always flexible enough to address emerging skills 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 information communication technology (ICT) occupations). Similarly, certain occupations may be in

shortage but are not listed on the Priority List due to their Australian and New Zealand Standard Classification of Occupations (ANZSCO) classification (such as some construction occupations).

*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)

A joint paper by the Life Course Centre and the Melbourne Institute suggests 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/trainees to meet the high demand for their goods and services'. It argued that offering incentive payments to such employers is 'rewarding them for doing something they would have done anyway'. The paper suggests that increasing apprenticeship opportunities outside of 'skill need' areas can lead to better employment outcomes.

*Offering incentives to those on the priority list is a commendable initiative. However, many other existing non-priority groups are also grappling with skills shortages and are likely to be impacted by potential apprentices opting for priority-listed positions, particularly if these positions offer additional incentives over others.*

Apprenticeship Employment Network South Australia (submission)

*While strategic responses in areas of skills shortages are always welcome, over reliance on priority lists will mean that policy measures will always be playing 'catch up' given the lag effects evident in industries for areas of skill shortages. Further, an undue emphasis on priority lists builds volatility into the system, as particular fields will continue to rotate on and off priority lists for any given year.*

Business NSW

The Australian Hotels Association and Accommodation Australia joint submission called for consideration of reintroducing employer incentives for certificate II traineeships in hospitality.

The Victorian Chamber of Commerce and Industry called for the allocation of existing free Technical and Further Education (TAFE) funding towards apprenticeship programs to support employers by reducing costs associated with off-the-job training costs and fees; noting that a Certificate III in Electrotechnology Electrician 'can cost an employer up to \$21,390 (excluding materials)'.

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 in Civil Construction and Certificate III in Plant Operations.

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 Certificate III in Civil Construction (RII30930) 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 nations 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.

*Increased stability of the [Priority List] is required so that business confidence in the supports available and workforce planning is not undermined. This should include advance notice of an intention to remove an occupation from the priority list.*

South Australia Skills Commission (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)

## **The timing and structure of incentive payments**

**There was broad support for the proposition that incentive payments be distributed throughout the apprenticeship and paid at regular intervals.**

Employers generally favoured distributing employer incentives throughout the apprenticeship at regular quarterly intervals.

The Australian Chamber of Commerce and Industry said incentives are particularly important in the first 12 months of an apprenticeship, because the training and supervision costs were higher then, and there was less productivity return from the apprentice.

The joint submission from Australian Hotels Association and Accommodation Australia favoured the quarterly payment of employer incentives ‘as fixed amounts [because] a percentage based on wages is an administrative burden’.

As noted earlier, the Australian Council of Trade Unions argued that employer incentives should be spread over the life of the apprenticeship or at least well into the second year.

## Completion incentives

**There was general agreement that completion rates are an important indicator of the efficiency of the apprenticeship system. 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.**

**There was also general agreement that apprentice productivity increases over time and the cost of supervision/on-the-job training decreases over time. But there was disagreement on who should get the incentive: employers or apprentices, or both.**

The National Electrical and Communications Association noted that ‘the long-term trend of declining trade training completion rates is exacerbating existing skills shortages across the Australian workforce’.

Master Electricians Australia said the current system incentivised commencements but ‘trend analysis reveals its limited efficacy in driving significant improvement in trade apprentice completion rates’. Similarly, the Australian Retailers Association said the current incentive system compared to previous iterations has had little impact on improving apprentice completion rates.

The Australian Retailers Association said there is ‘a long-term correlation between incentives and apprenticeship commencements’ but ‘there is less evidence of ... whether they can achieve improvements in completions’. It called for an emphasis on commencements rather than completions, arguing that:

- financial incentives operate most effectively on commencements
- apprenticeships still deliver value regardless of whether they are completed
- a sustainable increase in the number of completing apprentices ‘cannot be achieved without increasing commencements’
- non-completion rates can be misleading, because contract cancellation is often confused with non-completion.

Australian Industry Group called for a ‘higher focus on completions’ and ‘while incentives for employers can improve ... commencements, incentives for apprentices and trainees are more likely to improve completions’. There were a variety of viewpoints on commencements and completions:

*We need to increase the overall commencement rates in high priority areas for skills. However, simply hiring more apprentices and trainees is not a quick fix. Retention rates often decrease when commencements increase as more people start their training with a poor understanding of what the work entails. It is essential that good career advice and workplace supports are in place to accommodate an expansive apprenticeship cohort.*

Business Council of Australia (submission)

*Increasing the number of apprentices who complete their qualification is an important policy objective, however non-completion is not a failure of the training system. It is important to consider the completion rate with a series of caveats as the completion rate alone does not represent the full picture. Often a noncompletion is a positive outcome as an apprentice has obtained enough skills to be hired in a job with increased pay or promotion.*

Australian Chamber of Commerce and Industry (submission)

*... in 2023 close to 80 per cent of trade non-completers were satisfied with the skills they learnt while undertaking their study and over 86 per cent were employed immediately after discontinuing their training.*

Business NSW (submission)

The Australian Chamber of Commerce and Industry drew attention to a survey of apprenticeship non-completers, in which almost 70% said a \$5,000 training support payment would have greatly encouraged them to continue their apprenticeship at the time.

The Australian Chamber of Commerce and Industry (supported by the Australian Retailers Association, Motor Trades Association of Australia and the Victorian Chamber of Commerce and Industry) and Master Builders Australia called for a \$2,500 completion payment to both the employer and the apprentice/trainee. Energy Skills Australia also recommended completion payments for apprentices. But in its submission to the 2024–25 Budget, the Australian Industry Group took a different view, calling for the reinstatement of the \$2,500 completion incentive payable to the employer.

The National Australian Apprenticeships Association proposed a \$5,000 completion bonus to employers who:

- employ and complete new entrant apprentices from ‘key client groups’
- fast track and ‘early complete’ new entrant apprentices using competency-based progression.

The Australian Council of Trade Unions argued that completion payments to employers ‘would be ineffective’:

*A final year apprentice is already a productive worker and is on the cusp of becoming a fully trained member of staff. The productivity increase and, in some cases, the ability to undertake licensed work, that graduation brings should already act as a significant incentive for an employer to see their apprentice complete by this period. In spending public money, we must seek the greatest effect for each dollar and it is clear that a far more effective expenditure of that money would be to pay apprentices themselves a bonus for completing their apprenticeship or as a payment to apprentices earlier in their apprenticeship which supports them to complete.*

Australian Council of Trade Unions (submission)

Similarly, Master Builders Australia proposed that financial incentives be provided to apprentices to encourage them to complete their certificate IV:

*This should be in the form of an incentive payment upon completion of a Certificate IV in a building and construction trade, and/or a complete fee subsidy for the final year of study.*

Master Builders Australia (submission)

The association also said that of the 4,925 apprentices who completed their training in building and construction trades in September 2023, 4,625 (94%) graduated with a certificate III or below. Only 255 apprentices (5%) completed with a certificate IV, and 45 graduates (1%) completed with a diploma or

advanced diploma. The association noted the construction industry needs more people completing their certificate IV:

*For Australia to meet its chronic and critical skills 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)

## Higher apprenticeships

**Some submissions urged us to recommend extra support for higher apprenticeships.**

*Degree-level apprenticeships currently do not attract any incentives from any government, despite the fact that employers would spend as much if not more time supervising and monitoring the skills development of a degree-level apprentice as any other apprentice. Extending government incentives to approved degree-level apprenticeships would demonstrate formal support for these programs and encourage more employers to participate ...*

*Additionally, if employers wish to contribute to their apprentice's cost of training, as generally happens for most apprenticeships and traineeships, they are required to pay fringe benefits tax on their contribution, which creates a further financial barrier.*

Australian Industry Group (submission)

*As new pathways and qualifications are developed the Incentive System should be responsive and adaptive to meet the needs of apprentices, employers and providers.*

Universities Australia (submission)

## Recognising success (and not rewarding failure)

**There was general support for the proposition that the incentive system should recognise success.**

**Entities that contribute to higher completion rates and high-quality apprenticeships should get incentives and other forms of recognition. Conversely, non-performing employers should not receive incentives.**

The Business Council of Australia suggested the incentive system should leverage the success of large businesses and Group Training Organisations (GTOs) to deliver apprenticeships that have a 90% completion rate:

*We need to incentivise businesses and GTOs to take on – and appropriately support – diverse apprentice cohorts, including First Nations, adult apprentices, women in male-dominated industries such as construction, and men in female-dominated sectors such as care ...*

*Wage subsidies that encourage and reward an employer's apprentice supervision, support and diversity practices – rather than if the apprentice is in a priority trade – will improve the work environment and lead to higher commencement and completion rates. This is particularly the case for small and medium businesses that manage the vast majority of the apprentice cohort.*

Business Council of Australia (submission)

The business council recommended an employer-centred, 2-tiered incentive system that:

- encourages small and medium businesses to improve completion rates and commencement diversity
- encourages large businesses to expand successful support programs and strive for additionality.

In short, the business council proposed wage subsidies for small and medium-sized businesses, and grant funds for large businesses:

*For large businesses, apprentice intake is based on business need rather than wage subsidy incentives. Their investments in training, support, mentoring and diversity cohorts are examples of industry best practice. Yet to expand these programs to benefit the supply chain apprentice cohort, they require government support through project-specific grant funds.*

*A two-tiered incentive system would therefore leverage what is currently working, such as the support systems that lead to a 90% completion rate in large businesses, and improve the provisions for, and completion rates of, a vast yet diverse apprentice cohort in small and medium businesses.*

Business Council of Australia (submission)

In the council's model, small and medium businesses were defined as those with fewer than 200 employees and revenue below \$100 million per annum. The council proposed that all small and medium employers would receive a baseline wage subsidy, with employers who demonstrate they are a 'quality employer' receiving higher wage subsidies.

Under this proposal, a national industry and government-supported accreditation system would provide a quality assurance benchmark that verifies an employer's commitment to investing in apprentice and staff development and providing a supportive work environment:

*This accreditation system could be embedded in the Australian Apprenticeship Incentive Scheme as a tool for determining incentive award rates.*

Business Council of Australia (submission)

The council proposed that the new accreditation system incorporate the quality apprenticeships employer accreditation model developed by the Global Apprenticeship Network Australia, in addition to commitments to undertake supervisor and mentoring training, and offer pastoral support, including for diverse cohorts (including women in male-dominated industries) and adult apprentices.

For large businesses, the council proposed a grant process to expand programs that assist with apprentice completion and additionality, beyond their own business needs. Such grants could support initiatives such as:

- partnering with local GTOs and leading industry employers to offer work experience opportunities for prospective apprentices
- offering gender and diversity training to the supply chain (beyond the direct workforce)
- sharing support services with the broader supply chain via local registered training organisations (RTOs) or GTOs
- piloting flexible apprentice programs to support adult apprentices and a diverse cohort.

Australian Industry Group said of the Business Council of Australia's proposal:

*This may be a way to help those companies manage additional numbers by re-engaging recently retired workers as apprentice masters or mentors.*

Australian Industry Group (submission)

Australian Industry Group also proposed providing incentives to 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 National Australian Apprenticeships Association called for ‘bonus measures for employers that over-achieve the completion levels for their industry’ and recognition for ‘the contribution of larger employers through a ‘high performer’ scheme’.

The Australian Retailers Association argued that privately registered RTOs should be allocated federal funding on the basis that ‘RTOs provide higher quality training and higher student satisfaction rates’.

The Australian Council of Trade Unions raised another consideration: 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 award.

*Those employers with a history of poor apprentice outcomes or failure to meet their obligations should have their access to incentives ended. It is simply unacceptable that public money is being used to enrich employers who are not meeting their basic obligations.*

Australian Council of Trade Unions (submission)

Similarly, the Australian Manufacturing Workers’ Union argued that the incentives system should make clearer distinctions between ‘bad employers’ and those employers taking on apprentices in good faith. The union called for a ‘tiered incentive system that distinguishes between employers based on their performance and commitment to providing quality apprenticeship experiences’.

The Electrical Trades Union of Australia said the absence of any monitoring mechanisms was a ‘critical issue’:

*The ILO’s Quality Apprenticeships Recommendation, 2023 - Recommendation 208 states that member countries must develop ‘robust monitoring mechanisms’ including data collection on completion rates ‘in consultation with representative employers and workers’ organizations’ (i.e. trade unions).*

*In light of this recommendation, and regular instances of apprentice recycling, the Australian Government must put in place a robust framework for employers wanting to qualify for apprentice incentives. This must include a monitoring and enforcement framework to ensure that all employers are properly delivering on their obligations under the training contract with apprentices, and the incentives system delivers value for money through increased commencements and completions.*

*Any employer who has persistent and / or high non-completion rates should have their eligibility for accessing employer incentives reduced, removed and in some circumstances repaid.*

Electrical Trades Union of Australia (submission)

## **There is broad support for making greater use of high-performing GTOs**

Numerous submissions to the review called for a greater use of GTOs.

*Group training organisations have been proven to have better completion rates than small businesses and their staff are highly experienced at mentoring apprentices and trainees. A strategy might be to require small businesses that are new to apprentice and trainee employment to use group training for the first few years. For businesses that have previously had problems, requiring the use of group training might be a first step before being blocked completely.*

Australian Industry Group (submission)

The Business Council of Australia proposed that small and medium businesses be incentivised to use high-quality GTOs to bring on apprentices, especially in the first 2 years of the training:

*GTOs have the scale and capacity to provide necessary support, pastoral care and varied training opportunities that are not financially viable for small and medium businesses.*

Business Council of Australia (submission)

Master Builders Australia said GTOs are invested in the success of the apprentice:

*The success of the apprentice is the success of the GTO. Their sole purpose is to help apprentices succeed in their chosen trade to become fully qualified. For this reason, their focus is on helping that apprentice through their journey. This might mean pairing them with a different employer, moving them to a different type of business, providing them with learning or digital literacy support or assisting in resolving conflict.*

Master Builders Australia (submission)

Master Builders Australia proposed that the Commonwealth fund a pilot program ‘to roll out a national industry-run GTO boost program to the effect of \$5,000 per apprentice per year for a 4-year period’. The association also noted that GTOs in NSW ‘are achieving up to 15% higher completion rates than direct employees’ and that the GTO model offered by Master Builders NSW provides a safety service to ensure that ‘host employers are meeting their legislated, regulated and industry standards’ and a safety coordinator is available to provide assistance. The safety aspect of the GTO model is also attractive to parents:

*The GTO model brings comfort to parents that their child has someone watching out for them. It gives them someone to talk to if they are concerned and it ensures their child has a support system in place outside of their home.*

Master Builders Australia (submission)

Apprenticeship Employment Network South Australia also called for a program supporting small businesses to engage apprentices through GTOs:

*... the first apprentice initiative would leverage the nationwide group training network to support small businesses to provide host employment for their first apprentice ... thus providing the best chance of success for host businesses and their apprentice.*

Apprenticeship Employment Network South Australia (submission)

National Apprentice Employment Network proposed a small business ‘first apprentice program’, which would encourage and support small businesses to provide host employment for their first apprentice through a GTO:

*The first apprentice initiative would leverage the nationwide group training network to support small businesses to provide host employment for their first apprentice ... thus providing the best chance of success for host businesses and their apprentice.*

National Apprentice Employment Network (submission)

Apprenticeship Employment Network and GAN Australia also supported funding GTO services:

*Incentives that target increased commencements by priority cohorts or occupations, or through offsetting of costs, should include funded support by GTOs. This may be through full GTO provision, by offsetting the costs of the GTO to employers, or by funding 'GTO lite' services. A GTO lite model allows a GTO to offer some elements of their service, but without being the employer and having a host employer arrangement in place. Increased support to GTOs would provide benefits across the system: - Increased participation by SMEs when they do not have the capacity to take on an Australian Apprentice for the full apprenticeship or traineeship. - Increased completion rates through support by high-quality providers, such as Victorian GTOs who have 20% higher completion rates compared with direct employers. - Increased Australian Apprenticeship opportunities across regions and industries, and by priority cohorts, when GTOs are supported to undertake programs within their industries and communities. Having a known pipeline of secure funding or incentives allows GTOs to invest in their staff, who in turn create additional Australian Apprenticeship opportunities through their connections within their industry or community.*

Apprenticeship Employment Network and GAN Australia (submission)

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.

The association also said businesses should be directed to 'high-performing GTOs with a long and strong track record in the provision of high-quality service to the industry they cover':

*Not for profit GTOs are strongly recommended as they are industry led and focus on industry need and apprentice welfare.*

National Electrical and Communications Association (submission)

The National Apprentice Employment Network made a similar point, noting that 'an important element of any extension of support through group training lies in ensuring only high-quality GTOs are engaged'.

Support for an enhanced role for GTOs was not universal. The National Australian Apprenticeships Association argued that changing the new Apprentice Connect Australia Providers contract and instituting a 'paid work trial model would be far more cost effective than requiring first-time employers to use a GTO and would guarantee national coverage'.

## Procurement

**State governments and unions told us that government procurement policies should require threshold levels of apprentice employment, especially from priority cohorts.**

The Australian Council of Trade Unions noted that some states, such as Victoria, are already increasing marginalised cohort participation in trades through mandated targets for apprentices on large infrastructure projects. The council called for consideration of specific targets for second- and third-year apprentices to reduce poaching of apprentices from other industries or employers.

The Electrical Trades Union of Australia also said successful tenderers on government projects should be required to report on all apprentice cancellations to help the government manage the risk of ‘apprentice recycling’, or of employers taking on apprentices for a short period to meet tender targets without intending to properly train those apprentices.

*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)

## Lower barriers to effectiveness

There were several barriers or limitations to the effectiveness of the incentives framework noted in consultations.

## Administrative complexity

**Employers big and small told us the incentives system was too complex.**

*Incentive and wage subsidy information is seen as confusing and complex to navigate, and there needs to be greater alignment between the incentive systems across Governments.*

Western Australia Government (submission)

The Australian Chamber of Commerce and Industry noted that Department of Employment and Workplace Relations (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)

*... difficulty in setting up their MyGov account for the first time, then linking their accounts to Centrelink and Medicare and navigating the challenging process of applying for a Low Income Health Care Card.*

Motor Trades Association of Australia (submission)

The National Australian Apprenticeships Association said that the ‘user experience has not been the driving design imperative in the requirement for employers to access their [Apprenticeship Data Management System (ADMS)] account using a myGovID’:

*This prevents timely claiming of wage subsidies and may see large numbers of employers disenchanted with the apprenticeship experience and unwilling to participate in the system further.*

*Appoint an Independent Expert Panel to review the user experience of digital and automated supports provided by DEWR and related government agencies.*

National Australian Apprenticeships Association (submission)

The Australian Education Union said small businesses with limited staff may overlook claiming incentives until it is too late:

*A small adjustment where there could be automated opt in reminders set up for employers about when and what they can claim, and the closing date based on the apprentice's 'Effect dates' would be a non-financial strategy to increase employer satisfaction with the current system.*

*... similar opt in arrangements could be set up for apprentices so that they can claim all benefits to which they are eligible within the time limits to ease cost of living pressures.*

Australian Education Union (submission)

The Pharmacy Guild of Australia said the rules and requirements of the traineeship/apprenticeship programs are complex and difficult for employers, especially small- and medium-sized businesses, to understand. The guild called for 'a 1-page occupation/industry-specific Commonwealth/state/territory-specific summary of available incentives for each qualification available for that occupation'.

Paul King Plumbing, a small business with 4 employees, expressed concern about the complexity of the ADMS system:

*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. This information is already clearly detailed on each payslip I upload. Not only this, but I could also easily upload each payslip required in one single uploaded report. It is ridiculous when we use computer systems that provide all of this information that we have to manually double enter the information. 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)

## **Inadequate data collection and information sharing**

**Employer groups told us that better use of data would lead to better results.**

The Victorian Chamber of Commerce and Industry highlighted the need for accurate data, noting that 'there are significant data gaps in the [vocational education and training (VET)] and apprenticeship system relating to student destinations, employment patterns and consistency of data across states and jurisdictions'.

The Apprentice Employment Network told us that better data-sharing in the system would enable targeted supports by the right organisation at the right time:

*While upcoming changes to the Australian Apprenticeship Support Services are designed to identify barriers and concerns for employers and Australian Apprentices, there have been no impactful changes to data-sharing processes. Currently, the AASN (from 1 July, AASS) 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. For example, some employers and/or GTOs, RTOs, and soon the AASS providers will all be collecting information on the literacy and numeracy skills of the apprentice, but this is not shared between providers to enable interventions by other providers. This is also the case with out-of-trade apprentices, where there is little coordination between organisations who may be providing supports to this group. Better sharing of key information, to enable identification of issues that can be addressed, would be of benefit to the sector while trying to improve the experience during an apprenticeship and to completion.*

Apprentice Employment Network (submission)

Master Plumbers Australia and New Zealand also supported better tracking of apprentices through employer changes as well as the need for data to be sufficiently disaggregated at industry levels.

The Australian Chamber of Commerce and Industry and others suggested improving the data collection method was one of the easiest ways to improve apprentice completion rates:

*In the current system, every time an apprentice or trainee moves from their employer or changes their apprenticeship, this is counted as a non-completion. In 2023, 13.9 per cent of people undertaking an apprenticeship changed apprenticeship, however they would all be counted as non-completions.*

*The current completion rate is determined by following a signed contract between the employer and apprentice, rather than the apprentice themselves. In the current tight job market, apprentices are moving between employers, often for financial reasons, but remaining in their training and signing a new apprenticeship contract with a new employer. This behaviour is particularly prevalent among third- and fourth-year apprentices who are often poached by other employers. The Unique Student Identification (USI) number should either be tracked, or a better system should be developed to properly track completion rates. DEWR has access to this information and could assist in providing more accurate data to the relevant bodies.*

Australian Chamber of Commerce and Industry (submission)

*In determining apprentice numbers, the current approach is to record 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. In our current tight job market, apprentices are moving employer often for financial reasons but remaining in their training and signing new apprenticeship contracts. This can be done better to provide more accurate insights into what are the real behaviours. For example, the Unique Student Identification number should either be tracked, or a better system should be developed to properly track completion rates. Department of Workplace Relations and Employment has access to this information and could assist in providing more accurate data to the relevant bodies.*

Plumbing Industry Climate Action Centre (submission)

## Inflexible awards and enterprise agreements

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 recommends:

*... all Modern Awards enable flexible work arrangements and practices that are otherwise a barrier to, or a disincentive for entry for apprentices.*

Master Builders Australia (submission)

## Structural issues in some industries

**The Australian Council of Trade Unions and other unions pointed us to structural barriers.**

*In the disability care industry and the NDIS [National Disability Insurance Scheme], 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 models [sic] 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)

The Australian Services Union and Health Services Union submissions considered these structural impediments. The Australian Services Union said the level of traineeship wages were a ‘major barrier’ to workers in the social community and disability services sector.

*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 Australian Council of Trade Unions said some industries had regulatory frameworks that acted as a significant disincentive for employers to take on apprentices:

*For example, in the energy sector spending on training is classified by the regulator as an ‘inefficient’ use of money (in that it is not directly linked to the provision of services) and can result in a business which invests in training receiving lower ratings from the regulator ...*

*These ratings are critical to the business and are unlikely to be outweighed by whatever incentives the government may offer to provide apprentice positions. Clearly, this is an unacceptable state of affairs – these rules actively disincentivise employers from taking on apprentices and from fulfilling their responsibility to contribute to the training of the workforce on which the entire industry relies.*

Australian Council of Trade Unions (submission)

## **Capacity constraints**

**Several submissions (including those from Civil Apprenticeships and Careers Ltd and the National Electrical and Communications Association) drew our attention to capacity constraints, particularly on not-for-profit GTOs and RTOs.**


The National Electrical and Communications Association called for Commonwealth support to use underutilised space in the TAFE system to expand its RTO/GTO operation (see Figure 2).



Figure 2: Southern NSW Centre of Excellence concept proposal

# Southern NSW Centre of Excellence

## Concept Proposal



national  
electrical and  
communications  
association

### The Challenge

Historically, electrical contractors in the NSW High Country have sent their apprentices to the TAFE NSW Riverina (Wagga) campus, electrical contractors on the NSW South Coast have sent their apprentices to the TAFE NSW Illawarra (Nowra) campus and electrical contractors in the rural and regional areas of Western NSW have utilised the TAFE NSW Western Institute.

In all three situations, it was not uncommon for apprentices to be required to travel up to five hours from their homes to attend TAFE.

To comply with fatigue management policies, it was necessary for employers to book accommodation for their Apprentices the night/s before, during and after their Tech day/s, leading to thousands of dollars in accommodation expenses and a large number of unproductive days each year.

In 2019, the NECA Centre of Excellence in Fyshwick, ACT, was opened with a view to providing energy industry employers across southern NSW with an alternative to TAFE.

Today, the NECA Centre of Excellence provides both one day/week and 'block release' training options.

Block training options are particularly attractive to employers working on large construction projects involving 'shift work' and, in some cases, 'Fly in Fly Out' (FIFO) labour force arrangements.

As a result, all the electrical apprentices employed on the Snowy 2.0 (NSW High Country) and in the Glencore Mining Projects (Western NSW) are completing their apprenticeships with NECA Training - ACT.

Similarly, many smaller electrical contractors across southern NSW have chosen to utilise NECA Training for their Apprentice training, largely due to the quality of the RTO's training provision and the tailoring of training schedules to meet industry needs.

The challenge now is that, only four years after opening, the Centre has reached capacity.

New premises are required if we are to continue to service industry and meet the growing demand for energy training in southern NSW.

### Industry Sentiment

It is widely recognised that the Energy Industry is currently suffering the most severe skills shortages of all industries.

NECA members across southern NSW have advised that "we need trades, but we need trade schools as well".

### Government Action

There is a defined and immediate need for another industry led, not-for-profit, Energy Centre of Excellence in southern NSW, specialising in the delivery of energy industry pre-apprenticeship, apprenticeship and post-trade qualifications, most importantly the;

- Cert III in Electrotechnology – Electrician
- Cert III in ESI Power Systems Distribution Overhead
- Cert III in ESI Power Systems Distribution Cable Jointing

### Solution

#### Option 1: Purchase existing/Build new + Fit-out (~\$10M)

An Energy Centre of Excellence would require no less than a 1000m2 industrial building with sufficient hardstand space for a pole and cable-jointing training yard and free, off-street car parking.

A 1000m2 building would support 6 classroom/ workshop areas, amenities, student 'break out', canteen and office/administration spaces to accommodate up to 250 apprentices training/week.

#### Option 2: Utilising existing premises (~\$3.5M)

TAFENSW's Queanbeyan campus is currently under-utilised and, with Government assistance, would provide an attractive alternative to purchase and fit-out.

There is significant opportunity for the campus to be re-purposed to be the home of the proposed Energy Industry Centre of Excellence, as it has ample classrooms, workshops, hard-stand space and off-street parking.

Queanbeyan is also central to the NSW South Coast, High Country and south-western NSW communities.

Source: National Electrical and Communications Association (submission)

## Lack of harmonisation between the Commonwealth

**Governments and business organisations told us there needed to be better harmonisation between the Australian Government and the states.**

*Prior consultation with States and Territories is essential before implementing changes to incentives and supports, considering their potential impacts on budgets, the training sector, and the economy. In the ACT, funding for Australian Apprenticeships operates on a demand-driven basis. Positive effects of revised incentives on commencements and completions are crucial for cultivating a skilled workforce aligned with industry demands, thereby boosting productivity.*

Australian Capital Territory Government (submission)

The Business Council of Australia said its members believed the apprenticeship system is ‘inflexible, outdated and hampers additionality’. The council proposed that the Commonwealth:

- harmonise and nationalise trade accreditation so accredited tradespeople can work throughout Australia with few additional requirements
- apply funding and compliance consistency between states and territories to remove operational red-tape and improve workforce planning and flexibility, including:
  - approaches to the apprenticeship system: for instance, Certificate III in Civil Construction Plant Operations is an apprenticeship in some states and a traineeship in others
  - reviewing funding models applied across states and territories as they vary significantly
  - reviewing compliance and supervisor requirements as they vary significantly in each state
- work with unions, employers and education providers to review and, where possible, lower supervisor threshold requirements for some trades to enable additionality without endangering educational outcomes or apprentice safety.

*Access to incentive payments is also impacted by inconsistencies at the jurisdictional level between the requirements of school-based traineeships and the requirements under specific qualifications.*

Indigenous Allied Health Australia

## Changes that could help

Across the submissions, there were 4 specific areas of reform proposed for the incentives system:

- Increases in the number and type of incentives.
- Increases in support for apprentices to help them cope with the rising cost of living.
- Better incentives for adult apprentices.
- More support for priority cohorts, especially women apprentices in male-dominated trades.

## Number and type

Several submissions called for a substantial increase in the number and type of incentives.

The Australian Chamber of Commerce and Industry proposed what it described as a 5-year ‘Job Creation Incentive Program’, which included:

- Standard base-level 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 amount of incentive payments would 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 chamber agreed to the use of the wage percentage which applied in stage 1 of the current incentive program, which is 10% of the wage paid to the apprentice.
- Targeted incentives for employers in those areas that have been deemed in shortage by Jobs and Skills Australia of an additional payment of up to \$2,000 per quarter 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 up to \$3,000 quarterly payable across 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.

The proposed ‘Job Creation Incentive Program’ was supported by the Australian Retailers Association, Motor Trades Association of Australia and the Victorian Chamber of Commerce and Industry.

Master Builders Australia also called for a substantial increase in incentives, which varied depending on the target cohort. The association’s baseline incentives – for ‘male apprentices 29 years and younger’ – is set out in Table 1.

**Table 1: Master Builders Australia’s proposed baseline incentives**

	APPRENTICE	EMPLOYER
<b>COMMENCEMENT BONUS</b>	\$1,000	\$2,000
<b>FIRST YEAR</b>	\$2,000 per year	\$2,000 or 30% of award wage per quarter, whichever is higher
<b>SECOND YEAR</b>	\$2,000 per year	\$2,000 or 25% of award wage per quarter, whichever is higher
<b>THIRD YEAR</b>	\$2,000 per year	\$1,000 or 15% of award wage per quarter, whichever is higher
<b>FOURTH YEAR</b>	\$2,000 per year	\$500 or 10% of award wage per quarter, whichever is higher
<b>COMPLETION BONUS</b>	\$2,000	\$2,000 if the apprentice has been employed by that employer from year one or 2, or \$1,000 if the apprentice has been employed from year 3 or 4

Source: Master Builders Australia (submission)

*Commencement bonuses are important to ensure the upfront cost of beginning on apprenticeship can be managed. This is particularly true for an apprentice who may need to buy tools, obtain a driver's licence or purchase other resources to assist them during their studies. Similarly for employers, this assists in the cost of administration and onboarding a new employee.*

*Completion bonuses provide an incentive to apprentices to continue their study, but particularly they help employers recover some of the costs incurred through the apprenticeship process.*

Master Builders Australia (submission)

Master Builders Australia also proposed a form of post-apprenticeship retention bonus – which they describe as a post-qualification employment bonus – of \$2,500 to the employer and \$2,500 to the apprentice if their employment relationship remains in place for 12 months from ‘the date the apprentice is signed off for qualification’.

*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)

The Australian Hotels Association and Accommodation Australia joint submission advanced the following ‘possible approach’:

**Category 1: trade apprenticeships (licensed trades)**

- Payment to employer – \$2,000 per quarter across the first 2 years with no completion incentive.
- Direct payment to apprentices – a payment of \$6,000 to be paid directly to the apprentice/trainee during the first 18 months – no completion incentive.

**Category 2: trade apprenticeships (unlicensed, such as in hospitality) and 2-year traineeships**

- Payment to employer – \$2,000 per quarter across the first year, plus a \$4,000 completion payment.
- Direct payment to apprentices – a payment of \$4,000 to be paid directly to the apprentice/trainee during the first 18 months – \$5,000 completion incentive paid on completion of the qualification regardless of whether this is achieved as part of or beyond the training contract.

**Category 3: 12-month traineeships**

- Payment to employer – \$1,500 per quarter across the first 6 months, \$2,000 completion incentive.
- Trainee – \$3,000 paid directly to trainee over the course of the traineeship plus \$1,000 on completion.
- Cert II could be considered at half of the above figures.

**Category 4: traineeships in industries where qualifications are essential or part of a quality framework**

- Payment to employer – \$2,000 per quarter across the first 6 months, \$2,000 completion incentive.
- Trainee – \$4,000 paid directly to trainee over the course of the traineeship plus \$1,000 on completion.

The National Australian Apprenticeships Association called for the restoration of the incentive system at phase 1 levels, keeping the apprentice payments priority wage subsidy structure and hiring incentives. The association also proposed that the priority wage subsidy be raised to 15% for employers of new-entrant apprentices that agree to fast track their apprentices using competency-based progression.

The Housing Industry Association supported the extension of the phase 1 settings, saying that ‘the Priority Wage Subsidy ... has proven vital in sustaining employers who have engaged apprentices’.

In its submission to the 202425 Budget, Australian Industry Group called for a wage subsidy of no less than 30% across 2 years for all apprenticeships and traineeships.

Civil Apprenticeships and Careers called for consideration of ‘the continuation of the BAC and CAC for employers who employ apprentices where the apprentice is paid the award rate’.

The Health Services Union called for higher incentives for the care and support sector, similar to those announced for the New Energy Apprenticeships Program (NEAP).

## Apprentice incentives/supports

**It was generally acknowledged, across business and unions, 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.**

Union submissions highlighted cost-of-living pressures and called for incentives to be refocused towards apprentices.

A 2018 national survey of apprentices by the Australian Manufacturing Workers’ Union found most identified low apprentice pay rates, the cost of tools, a lack of proper mentoring, a lack of opportunity to practice skills in the workplace, and the poor quality of training as the main issues they faced (see Table 2).

**Table 2: Australian Manufacturing Workers’ Union survey results**

Issue of importance	Responses (%)
Cost of tools	83
Working conditions	74.3
Poor quality training	74
Low apprentice pay	72.7
Bullying and harassment	66.7

Source: Australian Manufacturing Workers’ Union (submission)

Civil Apprenticeships and Careers, a major employer of civil construction apprentices, also identified cost-of-living pressures as ‘the primary reason why apprentices struggle to complete their apprenticeship’, and called for concession cards for all apprentices who are paid award rates to provide access to subsidised:

- pharmaceutical/medical care
- childcare
- rental assistance
- vehicle registration
- insurance
- fuel.

Apprentices told us via Australian Industry Group interviews:

*The lack of money is difficult. You need more incentives; better wage.*

Second year apprentice, Victoria, via Australian Industry Group (focus group)

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

First year apprentice, Victoria, 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.*

Fourth year apprentice, Queensland, via Australian Industry Group (focus group)

The National Australian Apprenticeships Association told us 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'.

The Western Australia Government noted that a recurring topic raised 'was the need for financial assistance to be specifically made available to apprentices and trainees to effectively respond to the high cost of housing and increases in general living expenses'.

In relation to existing apprentice support payments, some apprentices were surprised that they were subject to tax. It was suggested that the government should either remove the tax on support payments or only advertise the post-tax amount so that apprentices don't feel short-changed when the payment is processed.

... rising costs of living, continued poor wages and company culture are compounding the barriers and challenges faced by your apprentices and trainees. More needs to be done to support financially sustainable wages and jobs for apprentices.

MEGT Australia

The Australian Chamber of Commerce and Industry recommended a payment of \$5,000 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 could be payable to an apprentice/trainee whose occupation is on the priority list.

In its submission to the 2024–25 Budget, the Australian Industry Group supported the extension of the support for apprentices in priority occupations of up to \$5,000 to all apprentices and trainees.

The Australian Retailers Association said the fact that financial supports to apprentices are only payable every 6 months left 'a significant interval between one payment and the next'.

The Motor Trades Association of Australia supported direct payments to apprentices, arguing such payments 'have been shown to encourage apprenticeship uptake ... [and] they assist in alleviating cost of living pressures over the course of their apprenticeship and serve as an incentive to complete their training'.

Clubs Australia recommended that additional support continue to be provided to apprentices through the Apprentice Training Support Payment.

The National Australian Apprenticeships Association argued to 'shift the dial on completions – address the pay disposable income issue' for apprentices, noting that 'improving workplace processes and culture will [also] have a positive effect'. The 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 Electrical Trades Union of Australia said incentive payments should be ‘indexed regularly, as is the case with payments from Services Australia, and structured in a way which gives certainty to apprentices and employers over the duration of an apprenticeship, reflective of the changing economic circumstances that also evolve over the course of training’.

## Wages

### Unions called for higher wages for apprentices.

But several employer bodies opposed a general increase in wages as a response to cost-of-living pressures. 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:

*This is the case both for juniors, who are subjected to discounted junior rates (which are often below minimum wage) while an apprentice and mature-age apprentices. It is our view that the low rates of pay for mature age apprentices often acts as a barrier for workers wishing to retrain or change industry through the apprenticeship pathway. 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)

The council told us that rising cost-of-living pressures and the changing nature of the apprentice demographic (older, required to have a car, and may no longer live at home) exacerbate the issue with apprentice pay.

The council acknowledged that there are some barriers to an immediate increase in apprentice rates, primarily the 2013 apprenticeship decision, and argued that:

*While we await a fix to allow other apprentice rates to rise ... much of the increased flow of incentives to apprentices that is necessary should take the form of cash payments as a wage supplement.*

Australian Council of Trade Unions (submission)

The council 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.

Some submissions 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:

*Increases to the rate of incentives paid directly to apprentices will never be sufficient to address cost-of-living issues. Attention must be paid to how apprentice wages are set. For example, the market rate for electricians sits far beyond the award rate and you would be hard pressed to find a single electrician in Australia working for the award minimum, yet electrical apprentices have their wages set at [a] percentage of the award rate and a significant number of employers only pay this amount, despite paying the tradespeople significantly above award. Setting apprentice rates at the relevant percentage of the prevailing wage rates paid to tradespeople in the industry for a fully qualified worker would create a more just outcome than relying on a rate almost nobody uses once fully qualified.*

Electrical Trades Union of Australia (submission)

*School retention strategies have resulted in increasing the age of apprentice commencement as well as their entry level skills. This presents problems where older school leavers compare the starting wages of an apprenticeship with work in other sectors and are subsequently disincentivised from commencing their apprenticeship pathway. Adult workers looking to reskill in a decarbonising economy will be faced with the choice of earning less than the minimum wage to support themselves or their families ...*

*The relative value of apprenticeship wages against other readily available employment, and against other contracted training-based arrangements (such as traineeships under the National Training Wage Award), in tandem with the increasing age and entry level skills of applicants is reducing the pool of prospective applicants.*

Australian Manufacturing Workers' Union (submission)

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]'.

The South Australia Skills Commission said it was an anomaly that 'for an apprentice who turns 21 years of age during their apprenticeship, 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'. The commission also said consideration should be given to 'incentives paid directly to the apprentice to bridge the gap between junior and adult rates once the apprentice turns 21'.

Several employer bodies opposed a general increase in apprentice/trainee 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)

Australian Industry Group proposed that any cost-of-living measures to assist apprentices should be temporary and focus on non-wage payments such as the Living Away From Home Allowance (LAFHA), Rent Assistance, concession cards and free public transport.



## Travel costs, Living Away From Home Allowance and Disability Australian Apprentice Wage Support

**There was broad support for increasing help to apprentices for travel and accommodation costs, and for increasing the LAFHA and Disability Australian Apprentice Wage Support (DAAWS).**

The Electrical Trades Union of Australia told us that in 2022, most apprentices spent between \$50 and \$99 on petrol each week, with 34% travelling more than 200 kilometres to and from work. The union said these costs should be considered amongst the financial supports that are available to apprentices, and what can be done to lift apprentice wages overall.

The Australian Education Union said the current level of support from states and territories is inadequate:

*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)

*... a nationally consistent scheme to reimburse travel costs to attend training with a round trip more than 100 km 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)

The Isolated Children Parents Association told us that for many students living in rural and remote areas, it is necessary to relocate to larger centres to access on- and off-the-job training.

*This can be a barrier for rural and remote students commencing or indeed completing an apprenticeship. The incentives and provisions for apprentices and trainees, such as the Commonwealth Living Away from Home Allowance (LAFHA) do not reflect the real cost of living and the gap between financial assistance and the actual cost borne by rural and remote Australian Apprentices living away from home is substantial and continues to widen.*

Isolated Children Parents Association (submission)

To support regional and remote apprentices, the association suggested access to other payments that help mitigate the cost of relocating, as well as extending incentives to employers in those areas but not in priority occupations, maintaining apprentices training support payments, and providing help to employers in claiming and managing incentives.

*There is broad support from industry stakeholders for an increase in financial assistance for employers and apprentices/trainees, particularly wage subsidies or allowances to increase training and employment in priority occupations, for regional and remote apprentices and trainees, under-represented groups, low paying industries and industries experiencing significant skill shortages ...*

*Regional communities across Western Australia also face service delivery challenges. These challenges present as unique skill needs, thin markets, reduced training options and higher costs to deliver VET. In Western Australia, the distance learners are required to travel to get to training, the costs they may incur for this and the potential disruption for the employer all need to be considered.*

*Stakeholders in Western Australia have suggested additional up-front incentive payments to support regional apprentices with these additional costs. If travel is required to access training, apprentices from regional areas also need to be supported or have access to support in the town or city they are attending for training. Young learners in particular can be vulnerable without this support.*

*The Western Australian Government provides a Travel and Accommodation Allowance (TAA) to apprentices who are required to travel long distances to attend off the job training. The TAA is a financial contribution to assist with apprentice's travel and accommodation expenses.*

Western Australian Government (submission)

The Australian Manufacturing Workers' Union said travel and accommodation allowances to apprentices working away from home was 'of critical importance to the renewable energy transition':

*... allowances paid to apprentices for undertaking work away from home would also alleviate the stress of travel and/or accommodation as well as the living expenses of apprentices compelled to move away from their geographic area due to large-scale renewables projects getting underway – for example, offshore wind, hydrogen power, steel works and other advanced manufacturing industries and ventures.*

Australian Manufacturing Workers' Union (submission)

The National Australian Apprenticeships Association also called for LAFHA and DAAWS to be increased by 15% and then indexed to the Consumer Price Index or Wage Price Index, whichever is greater.

The Australian Education Union called for the LAFHA to be raised, and for administrative changes to its operation. The union also said apprentices should be able to use a pre-existing medical assessment as evidence in support of eligibility for DAAWS.

*If an apprentice is applying for the LAFHA due to homelessness the apprentice's statement to that fact requires an independent investigation to support their claim. The list of professionals who can verify the apprentice's state of homelessness should include TAFE Student Counsellors who would be accessible to the apprentice once they are signed up to a training contract and available when attending block release training. This access is free to the apprentice.*

*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)

*Financial incentives for employers to host traineeships must offset all on-the-job supervision costs, plus cover the cost for trainee wages where the trainee works as a supernumerary. In consultation with industry these costs should be fully analysed and embedded into the care and support traineeship employer incentive system.*

National Disability Services (submission)

The Electrical Trades Union of Australia argued that existing financial support for apprentices is insufficient to cover basic costs and proposed that all apprentice incentive payments should be indexed monthly, consistent with Service Australia payments.

## Tools for trade

**There was general support for providing targeted financial support to apprentices to assist in the purchase of tools and equipment, and to help cover other work-related expenses (such as vehicle licences).**

Apprentices identified the cost of tools and equipment as a challenge.

MEGT Australia 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.

The Housing Industry Association told us that apprentices in construction trades need to acquire the tools of their trade, 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 called for restoration of a ‘tools for the trade \$5,500 allowance’ as a tax-free grant to new-entrant apprentices.

## Interaction issues

The Housing Industry Association raised an issue concerning the interaction between wage rates, incentive payments and the welfare system:

*While wage rates increase as an apprentice progresses through an apprenticeship, the interaction with other sources of income means that apprentices may see little (if any) increase in their total income throughout their apprenticeship. A lack of wage progression risks creating a situation where incentives to continue/complete an apprenticeship are diminished.*

Housing Industry Association (submission)

The association points to the Apprentice Training Support Payment to illustrate the problem:

*The Australian Apprentice Training Support Payment is paid at 6-monthly intervals during the first 2 years of an apprenticeship. When an apprentice experiences an increase in their wage rate in the third year of the apprenticeship, the financial benefit is diminished due to no longer being eligible for the Training Support Payment.*

*The net impact of these payments is that the total income is smoothed across a 4-year apprenticeship. While this improves the financial situation for apprentices in the early years, it also means that an apprentice may not experience any increase in their total income for the entire duration of their training.*

*This contributes to apprentices having the perception that they receive minimal financial reward, despite becoming a more skilled and productive worker.*

*There is a need to resolve whether the financial supports for apprentices are intended to operate as an alternative form of income support for a cohort of low-income workers, or act as an inducement to encourage progression and completion through an apprenticeship.*

Housing Industry Association (submission)

The association argued that if payments to apprentices are intended to facilitate greater rates of uptake and completion of apprenticeships, then such payments should not be considered assessable income in the determination of welfare payments and should not diminish wage progression.

The association also proposed that the compulsory repayment threshold for the Australian Apprentice Loan Scheme be increased:

*It is currently possible for an apprentice to still be receiving periodic payments from the loan while their income exceeds the repayment threshold.*

Housing Industry Association (submission)

## Adult apprentices

**There was general acknowledgement that while employing adult apprentices is attractive to employers due to their experience and greater likelihood of completing an apprenticeship, their higher wage costs pose a significant barrier to entry compared to younger apprentices.**

**There was also general acknowledgement that adult apprentices need higher financial incentives to commence and complete an apprenticeship, because they are more likely to have dependents and greater financial responsibilities than younger apprentices.**

The wage costs of hiring an adult apprentice are higher than hiring a junior apprentice and present a significant barrier to commencement.

The wage cost barrier has a gendered impact, because female apprentices are more likely to be older than 21 when they begin an apprenticeship.

*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)

The National Electrical and Communications Association said that ‘funding is required to bridge this gap’, and provided a practical example of how such a scheme could make a difference:

*In Western Australia the single biggest change in ECA female apprentice numbers came when the WA Construction Training Fund (CTF) provided 100% of the wage gap allowing Group Training Organisations (GTOs) to provide industry with adult apprentices at the same rate as the junior apprentices for normal time hours. During the period that the fund was operational, ECA WA doubled the number of female apprentices.*

National Electrical and Communications Association

In its submission to the 2024–25 Budget, the association proposed the introduction of a mature apprentice subsidy scheme through a pilot program within the energy sector, and particularly electrotechnology.

*... overwhelmingly [our members] say adult apprentices are more willing to learn and tend to work harder than their younger counterparts. Many of them come to a building and construction apprenticeship having held previous roles and their expectations of the industry are usually well-managed. For many employers, an adult apprentice is worth the additional cost. But for others, it is simply not financially viable.*

Master Builders Australia (submission)

The Australian Chamber of Commerce and Industry said data on the BAC incentive program demonstrated that adult apprentices benefitted the most from the program. The chamber said that in 2022, trade commencements increased 33% for 25 to 29-year-olds, 43% for 30 to 39-year-olds, and 46% for over 40-year-olds, compared to 2018. The chamber said these figures ‘highlight the need for a targeted incentive for employers of adult apprentices’.

We received a range of proposals to provide additional support to employers engaging adult apprentices, summarised in Table 3.

**Table 3: Proposals for engaging adult apprentices**

Organisation	Detail of proposal
Master Builders Australia	Fund GTOs to close the financial gap so the additional cost to a host employer is negligible. Allow employers to access a rebate on wages paid to adult apprentices (i.e. the difference between adult and junior apprentice rates) across apprenticeship period. Apprentices aged 30 years or older to receive a commencement bonus of \$3,000 and payments of \$4,000 per year ‘to help them with career change and living costs’ because ‘for most mature aged apprentices, commencement would mean a decrease in pay which should be offset to some degree by a bonus’.
National Electrical and Communications Association	Employers of mature aged apprentices should be able to claim the difference or gap between the wage costs of a junior and a mature aged apprentice as a government rebate.
Australian Chamber of Commerce and Industry	An additional amount of up to \$3,000, payable quarterly across 2 years, to employers of adult apprentices.
Housing Industry Association	Employers of apprentices should be eligible for a payment to offset the cost of paying adult wage rates.

Several submissions also highlighted the financial barriers facing mature-age apprentices.

The National Electrical and Communications Association noted that ‘older workers have more financial responsibilities, would probably be living independently, and might be supporting a family’.

*We have heard from members that mature-age apprentices find that the apprenticeship structure is too rigid and difficult to juggle with family commitments, and overlooks prior experience and knowledge.*

Business Council of Australia (submission)

The Australian Retailers Association said mature-age apprentices had reported being unable to afford housing and family needs while undertaking an apprenticeship.

*The low wages of apprenticeships are a disincentive for older workers who are more likely to carry family and other financial commitments. This is a key constraint on the ability of the construction industry to harness workers looking to mid-career transitions.*

BuildSkills Australia (submission)

The Australian Manufacturing Workers’ Union recommended exploring ‘opportunities for adult apprentices to undergo condensed or accelerated apprenticeship programs that will account for their qualifications and experience’.

BuildSkills Australia said shorter apprenticeships were ‘likely to be much more attractive to mature aged workers’.

## Priority cohorts – in particular women apprentices in male-dominated trades

**There was general recognition that workplace culture had to improve to boost apprenticeship commencements, retention and completion, particularly for women in male-dominated trades.**

**There was also general agreement that placing greater recruitment and retention effort on a diverse range of cohorts – including women, First Nations people, people from culturally and linguistically diverse backgrounds and people with disability – expands the pool of potential apprentice candidates, improves gender balance, and creates a more diverse and productive workforce.**

*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)

In their joint submission, Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia and Women in Adult and Vocational Education recommended:

- establishing comprehensive anti-discrimination and safety protocols to ensure a safe and equitable apprenticeship environment
- implementing systemic reforms in recruitment and workplace practices to foster an inclusive culture and eliminate gender bias
- strengthening the legislative and policy framework to integrate gender equity goals into all aspects of VET

- providing financial incentives linked to equity outcomes to actively promote and reward gender equity practices
- expanding access to mentorship and peer networks to foster a sense of belonging and provide role models for underrepresented groups
- innovating through technology and infrastructure to create more accessible and inclusive training environments
- mandating gender impact assessments for all apprenticeship policies and programs to ensure they do not perpetuate inequities
- committing to ongoing research and engagement to understand and address the intersectional barriers affecting various underrepresented groups.

*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)

The Housing Industry Association called for long-term funding commitments to programs driving cultural change to improve the attractiveness of construction trade careers to women:

*While the number of women undertaking training in a construction trade has increased over recent years numbers are still very low, particularly in construction trades. There is a strong desire within industry to build the momentum established over recent years and accelerate the growth of the female trades workforce ...*

*There are a range of government funded programs that have sought to contribute to improving female participation, however funding is typically project based and at the end of a funding agreement the programs conclude. This often results in the capacity that has been built up during a program's existence being lost and provided in an intermittent and irregular fashion.*

*Moving towards a gender balanced workforce can only be achieved through consistent efforts to drive cultural change over a long period of time. There should be long-term funding programs that facilitate this.*

Housing Industry Association (submission)

The association suggested a more supportive workplace culture can be created through:

- having the supervisor of the apprentice trained in their requirements to support the apprentice
- ensuring that women in non-traditional trades have work environments free from discrimination and sexual harassment, and that there are consequences for workmates if they indulge in this behaviour
- a recognition structure for businesses that proactively addresses outdated workplace practices, particularly in male-dominated trades
- easy pathways for the apprentice or trainee to seek timely support from their apprenticeship network provider, particularly if they are not yet in receipt of in-training support
- disincentives for businesses that are found not to comply with legislative requirements for a discrimination free workplace, such as not being able to employ another apprentice or trainee until rectification action has been completed.

BuildSkills Australia said construction is the most male-dominated workforce in Australia. It said the culture is gradually changing, but noted:

*While these trends are promising, they are coming off extremely low bases. International research suggests a ‘critical mass’ of around 40 per cent 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. Similarly, an employer accreditation approach ... could usefully embed gender targets and other measures into the certification scheme to provide greater opportunities for women to enter the trades.*

BuildSkills Australia (submission)

The Australian Council of Trade Unions proposed initiatives to enhance the participation of women and other priority cohorts in apprenticeships, including:

- better access to accommodation for apprentices, particularly in rural and remote areas
- procurement targets
- incentives specifically targeted at minority cohorts
- support for literacy and numeracy
- safe and inclusive workplaces
- financial support, including to meet the cost of tools and equipment and specific scholarships for women and other cohorts.

There were suggestions for the establishment of a national taskforce to address challenges for women in trades and foster greater gender equality. The purpose of this taskforce would be to develop a comprehensive strategy to increase women’s participation in trades, facilitate collaboration, and provide advice and reporting to government.

The National Australian Apprenticeships Association recommended a range of actions to support ‘women in non-traditional trades’, including:

*Key industry players to have a compact with apprenticeship providers to pilot a ‘system wide saturation’ approach for major infrastructure projects. The compact will ensure zero tolerance and best practice approaches that are supported by all stakeholders including head contractors, sub-contractor employers, unions, regulators, support groups, training providers and the apprenticeship support network.*

National Australian Apprenticeships Association (submission)

The association suggested consideration be given to doubling the priority workforce incentives ‘for businesses that register as supports and allies, implement the policies, and have their supervisors undertake the training’.



*We also heard about the specific workplace challenges faced by First Nations apprentices. Stakeholder feedback has highlighted a need to support employers in maintaining culturally safe workplaces for Aboriginal and Torres Strait Islander people and improve access to workplace mentors. Incentives and training would need to be offered to undertake this role as experienced practitioners are often already under significant pressure supporting clients.*

*Workplace mentors could be supported by their employer to undertake the Certificate III in Mentoring Aboriginal and Torres Strait Islander people, or a similar skill set to gain the skills required for this role. For smaller businesses that do not have the capacity to fund this arrangement, a pool of mentors could be established to provide them with the opportunity to access this expertise on an as-needed basis.*

*Stakeholder consultation also revealed concerns related to accessing culturally safe accommodation for Aboriginal and Torres Strait Islander people travelling from remote locations. One possible solution could be investment in Aboriginal Community Controlled Organisations regional training facilities that also include student accommodation.*

Western Australian Government (submission)

The National Aboriginal Community Controlled Health Organisation recommended:

- alignment with the National Agreement on Closing the Gap and its 4 priority reform areas
- the innovative traineeship and apprenticeships models being delivered by the First Nations community-controlled RTO sector
- adding all qualifications in the Aboriginal and Torres Strait Islander Primary Health Care and Indigenous Environmental Health training packages to the Priority List
- incentives for industry partnerships with the Aboriginal community-controlled RTO [training] sector to ensure Aboriginal and Torres Strait Islander apprentices and trainees receive cultural supports
- incentives for local training and jobs for First Nations people, particularly in rural and remote locations.

## Part two

# Policy objectives for reforms in the apprenticeships system

We heard that government interventions in the apprenticeships system should remain focused on reducing skills shortages, but there could be room for flexibility. Consultations suggested that more could be done to support priority cohorts to commence and complete apprenticeships at higher rates, and that equity and educational attainment are also important objectives – not just to address skills shortages. It was also suggested there is room to simplify the system further.

## What you told us

### The apprenticeships system should remain focused on meeting Australia’s skills needs, but may need some flexibility

There was broad acknowledgement that the efforts to focus government incentives and supports on priority occupations that are in shortage are sound. Much of this feedback focused on the occupations eligible for incentives on the Priority List.

The Australian Hotels Association and Accommodation Australia told us in their joint submission that the apprenticeships system needs to be more responsive to emerging skills needs, not just in terms of the occupations prioritised for incentives, but also the skills, training and career development provided during apprenticeships.

Submissions noted that apprenticeships have an important role in supporting a wide range of policy outcomes beyond skills shortages. These include outcomes like increasing educational attainment and reducing youth unemployment.

*Apprenticeships (trade and non-trade) [have value] in delivering post-secondary qualifications and ensuring an ongoing connection between employers and the training system, particularly in industries such as ours ... if the government even has a hope of meeting its targets for post-secondary qualifications it has to consider the disadvantage of not encouraging formal nationally recognised training in industries such as retail and hospitality which employ over 2.5 million people between them.*

Australian Hotels Association and Accommodation Australia (submission)

The quality and availability of training can also hinder the ability of the apprenticeship system to meet Australia’s skills needs.

*Wait times to commence off-the-job training can now extend to 18 months and in one jurisdiction wait lists have been suspended. We need more tradespeople, but we need more trade schools as well.*

National Electrical and Communication Association (submission)

*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)

It was noted that in some industries, training packages require modernisation to ensure they are helping apprentices to get the skills they need to meet industry's emerging needs, and to have fulfilling careers in their chosen industry.

*Currency of training has never been more important. Neither the economy nor the environment can afford to have a shortfall of skilled practitioners enabling us to take advantage of these new energy and water efficient products.*

Plumbing Industry Climate Action Centre (submission)

Out-of-date training packages may also drive employers away from the apprenticeship system.

*Currency, relevance and learning effectiveness drives traineeship/apprenticeship commencements and completions to meet a workplace need. If training is not current, or does not meet industry needs, then employers will be reluctant to enrol trainees/apprentices in the training, no matter the incentive.*

Pharmacy Guild of Australia (submission)

## **The apprenticeship system should be more accessible to priority cohorts**

There was general consensus that for the apprenticeship system to make inroads on skills shortages, it must attract more apprentices from priority cohorts such as women entering male-dominated trades, people with disability, First Nations people and people from culturally and linguistically diverse backgrounds.

*To continue achieving the growth of female tradespersons, and to meet the demand for tradespersons within the industry, requires appropriate training related support to attract, grow and retain female trade apprentices.*

Visual Media Association (submission)

*Enhancing the contribution of individuals with disability, women, First Nations people, and those in regional locations [is] crucial as they offer diverse perspectives that cultivate a more inclusive and dynamic workplace environment.*

Clubs Australia (submission)

It was acknowledged that the apprenticeship system can do a better job at supporting fairness and equity for diverse cohorts and provide opportunities for these apprentices to contribute to critical industries.

*Given the clear relationship between these training programs and the labour market, the reformation of the Australian Apprenticeship Incentive System would promote an inclusive Australian workforce and correspondingly, connect these individuals with sustainable employment.*

Australian Retailers Association (submission)

*Future approaches to the use of incentives within the apprenticeship system should align with government programs and models aimed at broader structural issues of access to training and employer capability for inclusive workforce development.*

Brotherhood of St. Laurence (submission)

## The apprenticeship system should be simplified

You also told us that the apprenticeship system, between all the different policies, payments, initiatives, support roles and levels of government, can be complex to navigate.

*Standardisation of requirements across jurisdictions would allow more consistent application of best practice.*

Indigenous Allied Health Australia (submission)

Some apprentices and employers told us they were not aware of or understood how to access key support services (such as the Apprentice Connect Australia Providers) and payments (such as the DAAWS).

*Being a small business often means that resources are limited, and the employer's workload is considerable. [The incentive system] is a long and arduous process that often sits outside the scope of many employers both regarding their time and their ICT skills.*

MM College (submission)

Both apprentices and employers mentioned complex processes for applying for incentives and other supports. Many described the paperwork as overwhelming and time-consuming, often leading to delays in receiving support.

*Our concern is that the system currently used to claim our employer incentives for hosting these apprentices is VERY time-consuming and laborious. We appreciate the government funding that is offered, but the system to submit this information needs serious improvement.*

Paul King Plumbing (submission)

## What this means for apprenticeships

The apprenticeship system would remain focused on reducing skills shortages, but the current APSL methodology should be reviewed to ensure it is appropriately aligned with skills shortages and areas of emerging skill needs. The revised framework should have sufficient flexibility to address shortages in 'thin markets' and in regional/remote locations. Equitable access and the inclusion of priority cohorts should be a key focus of the policy design.

Complexity in the system must be addressed. The existing complexity creates an administrative burden for employers and apprentices, reducing the effectiveness and efficiency of the system.

## Changes that could help

Some people said that governments at all levels should collaborate more closely on skills priority lists, training packages and the availability of different incentives for both employers and apprentices to make sure that the apprenticeship system can better address both national and regional skills shortages.

It was suggested that industry would find it easier to engage with apprenticeships if there was more consistency – and less complexity – on these issues across jurisdictions.

Submissions noted the government should set clear policy objectives for the apprenticeship system, beyond addressing skills shortages.

Some suggested apprenticeships policy needs to address long-term skill shortages, based on evidence. Industry should have input into the design of the Priority List to ensure that funding is directed to areas of need in terms of priority locations, qualifications, occupations and cohorts.

Some said that government could better leverage related initiatives, such as the Australian Skills Guarantee and Fee Free TAFE, to bring more apprentices into areas with skills shortages.

Employers and apprentices asked for access to payments and claims to be made simpler, easier and less time consuming.

## Innovative ideas

### Target support for small and medium employers

*Small and medium-sized businesses should be a priority as they typically have less formalised structures and resources for apprentice recruitment, compared with larger businesses.*

National Apprentice Employment Network

*... incentives to employers should be prioritised to Small and Medium Enterprises (SME) over large companies.*

East Coast Apprenticeships

Many submissions mentioned that small- and medium-sized employers find it harder to successfully operate and navigate the apprenticeships system compared to large employers. They often operate with limited resources in human resources and ICT, which makes it difficult to manage apprentices.

Suggestions included:

- introducing more regular quarterly incentive payments, rather than every 6 months or post-completion
- developing informational guides on best practices
- connecting employers to access to support for managing apprentices.

### Capitalise on successful apprentice programs in large businesses

It was noted that incentives are not as critical for large employers to successfully engage apprentices and support them to completion. Large employers are better able to carry the cost of taking on and supervising apprentices, sometimes in numbers beyond their immediate business needs. Industry could capitalise on the capacity of large employers to increase the number of qualified workers available throughout the supply chain. Ideas included:

- supporting large employers to expand or develop training programs accessed by SMEs, which increase the number of apprentice commencements and assist completions and additionality beyond their own business needs
- setting up projects for programs that can transition large workforces into new sectors, such as traditional power methods into new energy.

## Gather better data on apprenticeship journeys

*Better data is required to understand the causes, timing and consequences of apprenticeship dropouts. 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)

We heard that there are gaps in the data collected and how apprenticeships are tracked. A number of you talked about how tracking cancellations and non-completions misses apprentices who start with one employer and end with a different one. Several submissions called for a better tracking of the apprenticeship journey. A dedicated data-gathering program was suggested to track apprenticeship journeys in a smarter, quicker and more accessible way. This could:

- offer more accurate monitoring of priority groups to identify how different challenges affect completions and the impacts on different industries
- use the USI number to track apprentice movement between employers and between courses to get a better understanding of the apprentice journey.

## Better align the Priority List

*Demand for workers in Regional Australia is at record levels. Skills needs in Regional Australia often operate in a microclimate. One region can look very different to another region or metro centres, depending on the industry needs and communities.*

Victorian Chamber of Commerce and Industry (submission)

It was suggested that the Priority List does not effectively meet Australia's current and emerging skills needs. Reforms in recent years have worked to reduce complexity in the Australian Apprenticeship Incentive System by streamlining occupation lists. However, there are a range of opportunities to better target the Priority List to meet the diverse needs of regions and an evolving labour market, now and into the future. It was suggested the Priority List be updated so it better aligns with 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
- include occupations in regional shortage or those only in shortage in certain jurisdictions
- expand eligibility beyond occupations in ANZSCO Major Groups 3 and 4, and better target identified occupations to help with Closing the Gap
- consider supplementary occupations, rather than solely technical roles, to better facilitate Australia's New Energy transition
- commit to regular reviews of the Priority List to ensure it remains responsive to industry needs
- 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.

# Raising awareness of apprenticeships and encouraging take-up

There are many complex factors affecting the likelihood of a person taking up an apprenticeship or traineeship, but there was broad agreement that accurate and timely career information is key. People may hold inaccurate views about apprenticeships, lack information about the pathways available, or may not have had enough exposure to make an informed decision. Parents and teachers are critical influencers for young people. Other factors that affect the take-up of apprenticeships include low wages and an employer's willingness to take on apprentices. Effective assessment of foundation skills and matching are also important in giving people the best chance of success.

## What you told us

### Apprenticeships need to be better understood, valued and promoted – especially by critical influencers like parents and teachers

Certain perceptions persist in the community about the kinds of people who undertake apprenticeships, and the types of apprenticeships they go into. It is clear from feedback that university is still viewed as the best option for young people who can meet the academic requirements, as it is assumed it will lead to higher lifetime income.

*There needs to be more awareness of apprenticeships. I'm in my 30s and I'm only just finding out about how much we can do now. In school it really pushes students to university and getting a degree. It needs to be made clearer that trades are an option. I wish I had known these things sooner; I would have 10 years' experience on me now.*

First year apprentice mechanical fitter, Victoria, via Australian Manufacturing Workers' Union (submission)

It was noted that parents and teachers are key influencers, but often do not have up-to-date information about the breadth of career options offered by apprenticeships.

*My parents are very traditional. In their perspective, a trade wasn't really a safe place for a young girl. The general view they had towards trades unfortunately prevailed, as the stigma that existed was one of the main reasons that I didn't go ahead with an apprenticeship.*

University student, via Department of Employment and Workplace Relations Youth Advisory Group (consultation)

There is not enough emphasis placed on the future earning potential, long-term career pathways, and the variety of roles available within trade occupations. Employer groups and jobs and skills councils told us this is particularly relevant for new and emerging industries with critical skills needs, such as the clean energy sector. You told us that industry could help by better communicating pathways both into and beyond an apprenticeship.

There was broad acknowledgement that schools need to promote apprenticeship pathways at a much earlier age, and not leave it to the final years of high school. The Business Council of Australia said starting apprenticeship careers advice in late primary school (years 5 and 6) rather than high school could help students and parents understand the value of apprenticeships, traineeships and the careers they lead to.

Schools also need to provide flexible learning pathways for high school students who may be interested in either vocational or higher education study, so that they don't feel locked into a binary choice between an apprenticeship or university trajectory at year 10.

*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 apprentice diesel mechanic, Queensland, via Australian Manufacturing Workers' Union (submission)

Many said career advisers need to be better versed in vocational education generally, and apprentices told us that supportive and informed career advisers in schools were critical factors in helping them take up an apprenticeship.

*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 sector.*

Master Builders Australia (submission)

It is important that people outside of schools have access to this information, as many people enter apprenticeships after finishing school. Information on apprenticeships needs to be clear and accessible to everyone.

## Low wages can be a concern for people considering an apprenticeship

Apprentices told us that young people are aware that apprentices don't get paid much during their training, and low wages can make apprenticeships unattractive. We heard this is especially the case during periods where the labour market is tight and there is strong competition for workers.

*... 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 making under what a Hungry Jacks worker makes ...*

Health care and social assistance apprentice, Australian Capital Territory, via Apprentice Reference Group (consultations)

Some of you questioned whether the incentives are enough to make apprenticeships attractive compared to other options in the labour market, given the challenges in attracting and retaining young people.

## Young people need more exposure to apprenticeships through work experience, school-based apprenticeships and pre-apprenticeships

It was noted that across the board, young people do not get enough opportunities to undertake work experience before making career decisions. This means they are not getting direct exposure to workplaces or the types of work they may be interested in.

*Not every school student has access to VET training, and for those with good access through TAFE or school – options can be limited. For example, for every pre-apprenticeship in mechanical engineering, there would be a dozen in carpentry. Options to provide broad exposure to a variety of skilled pathways should be explored.*

Australian Industry Group (submission)



Apprentices said they are not always clear on what they are signing up to in terms of working conditions and the 'working environment'. Employers and industry said that a low understanding of what the job entails can lead to a lack of preparedness and expectation mismatch for apprentices.

*Currently, many [Group Training Organisations] and other employers report that young people do not have a solid understanding of the apprenticeship or traineeship they are entering, or what to expect from a workplace.*

Apprenticeship Employment Network South Australia (submission)

We heard a lot about the benefits of 'try a trade' and work experience programs to give people the opportunity to experience a particular apprenticeship before deciding to sign up. However, many said these programs happen at a local level or on an adhoc basis, and more can be done to formalise these programs. For example, BuildSkills Australia highlighted the need for try-a-trade programs to be in real workplace settings.

Some said school-based apprenticeships are a valuable entry point into the workforce and provide a gradual transition from school into the working environment. For example, Victoria's Head Start program was often cited as a model that ensured students can earn a training wage while completing (or making significant progress towards) an apprenticeship across years 10 to 12.

Inconsistencies between jurisdictions in the workplace experience requirements for school-based apprenticeships can create additional complexity and administrative burden.

*IAHA's primary qualification delivered nationally, the Certificate III in Allied Health Assistance, has a mandatory national requirement under the qualification for 120 hours of workplace training. In New South Wales, school-based trainees are required to complete 100 days of workplace experience or 760 hours, more than 6 times the requirement under the qualification and the level for someone to be deemed sufficiently skilled to work competently under the direction of an allied health clinician. The impact of this requirement means that program delivery in New South Wales requires Year 11 students to be immediately placed into workplace settings.*

Indigenous Allied Health Australia (submission)

Employers, unions, some governments, and training organisations told us that pre-apprenticeship programs are another important way to improve matching and increase the chances of success, as they enable people to undertake introductory units and get a 'taste' of an industry before committing to becoming an apprentice.

*I was attracted by getting a qualification and also the type of work. Doing a certificate II at school helped me to decide.*

Second year apprentice, via Australian Industry Group (focus group)

The National Electrical and Communications Association told us that while many schools become RTOs, it is important that trade-based pre-apprenticeships are delivered by industry, for industry.

*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)

The South Australian Skills Commission also suggested ‘pre-apprenticeship’ programs can play a key role in increasing participation of underrepresented groups and support successful transitions into an apprenticeship. Several stakeholders, including a union and women in trades advocate, said pre-apprenticeship programs can provide a supportive and flexible training environment for women in particular.

## Better matching and assessment processes are needed for people entering an apprenticeship

It was suggested that better alignment between an apprentice’s skills, aptitude and interests and the chosen apprenticeship would help the apprentice succeed – increasing retention and completion rates.

*Students are starting at TAFE and faced with using computers and having to complete a certain amount of theory – which is great for the trades and for their general knowledge – however some students struggle.*

Workforce Australia Local Jobs Barwon (submission)

Some industry bodies, unions and RTOs shared concerns about the current processes for assessment of language, literacy, numeracy and digital (LLND) skills and appropriate occupation matching of people entering apprenticeships. It was noted that:

- LLND assessments aren’t always appropriately targeted for the occupation
- people are not being given the support they need to acquire adequate skills to enable them to successfully enter and complete an apprenticeship
- there is a lack of connectivity between LLND providers, employers, RTOs and service providers.

## Some employers have concerns about system complexity and taking on apprentices

Employers and business peak bodies told us that the apprenticeships system can be complex for employers, especially small- and medium-sized employers that lack the capacity to easily navigate the administrative requirements of taking on an apprentice. The Motor Trades Association of Australia drew attention to the NSW VET Review Interim Report, which noted that ‘contracting and administration associated with [apprenticeships] is complex and acts as a barrier to commencements’.

Businesses are keen to ensure a return on the investment made to train an apprentice or trainee. Some have been turned off from taking on an apprentice by going through a lot of effort to recruit and train apprentices only to have them leave or change employers.

*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)

*The mentoring and support that many young workers need was identified as burdensome and additional to ‘business as usual’ operations. Many employers prioritised the time and attention of existing skilled workers to meeting immediate business needs, rather than supporting and training new workers (even while they acknowledge that this contributes to a vicious cycle of long-term skills shortages).*

Social Ventures Australia (submission)

Some employers suggested that while mature apprentices are highly valued by industry due to prior experience and skills, their higher wages can be a deterrent compared to the wages of younger apprentices.

## What this means for apprenticeships

A lot of people, particularly high school students, are not considering an apprenticeship as a potential career path. The other critical party to an apprenticeship – the employer – may also be unsure about the potential benefits of taking on apprentices. Those that may consider apprenticeship career paths are not always being assessed and matched for the right apprenticeship. These factors reduce the overall pool of people who may choose to enter and complete an apprenticeship.

That said, there are parts of the system that are working to support take-up and smooth pathways between school and apprenticeships, including ‘try a trade’ and pre-apprenticeship programs. There is potential for scaling or formalising some approaches where they have been shown to work.

## Changes that could help

Many suggested public awareness campaigns, highlighting success stories and career opportunities, to elevate the profile and prestige of apprenticeships. These could be targeted to areas of national skills need or particular priority cohorts.

More information should be provided to schools and parents. It was suggested that industry and governments need to work together to promote apprenticeships, such as through ‘apprenticeship roadshows’ and digital resources.

There needs to be more consistent, formalised ‘try a trade’ models to ensure potential apprentices understand workplaces and training environments, including through more structured opportunities for work experience during school.

Some said the requirements for school-based apprenticeships need to be standardised across jurisdictions to enable consistent application of best-practice approaches, particularly for priority cohorts.

Pre-apprenticeship programs need to be available more consistently across states and territories. They need to be co-designed with industry and be better integrated into the relevant apprenticeship program.

We heard there should be greater support for employers to recruit well-matched apprentices, such as through more targeted LLND testing and pre-employment interviews. The Australian Education Union suggested an LLND assessment be better incorporated into the apprenticeship recruitment processes.

Some employers, especially smaller businesses, want more support to make it easier and quicker to undertake the administrative requirements of engaging an apprentice. GTOs told us that they can provide the support to smaller employers in managing this kind of administration.

To support better recruitment and matching practices, the National Australian Apprenticeships Association suggested government require employers to register before being able to offer an apprenticeship or traineeship job. A formal paid work trial process could be designed with Apprentice Connect Australia Providers conducting the recruitment for first-time employers of apprentices.

To promote positive apprentice experiences, BuildSkills Australia suggested 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 for their role and responsibilities, and support for creating psychologically safe and diverse workplaces. Such a scheme could be introduced on Australian Government projects in a manner similar to the Work Health and Safety Accreditation Scheme administered by the Office of the Federal Safety Commissioner (OFSC).

To improve quality commencements, the Business Council of Australia said government should incentivise large-sized businesses, industry organisations and GTOs to conduct ‘apprenticeship roadshows’ with local primary and high schools. Apprenticeship roadshows could also feature lesser known but high-demand trades such as in manufacturing and heavy industry.

## Innovative ideas

### Improve perceptions of apprenticeships

*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)

We heard a lot about the perceptions of apprenticeships. Many of you talked about how a national educational campaign could change the way apprenticeships are viewed, which would then encourage take-up. Several submissions mentioned how a targeted campaign should be used to communicate the benefits of apprenticeships and encourage participation for apprentices and employers. Some of you suggested developing an educational campaign that demonstrates the benefits of apprenticeships. A campaign could:

- improve perceptions of apprenticeships so this is seen as a desirable career pathway with parents and career advisers
- demonstrate that apprenticeships are a viable pathway for job seekers, mature age workers, people with disability, First Nation peoples and culturally and linguistically diverse communities
- highlight the benefits of apprenticeships as an equal choice to university, with high earning potential, lots of employment opportunities and lower debt
- encourage employers to take on apprentices and see them as an asset to their company
- target national objectives, such as increasing employment in areas of current and emerging skill shortages like new energy and women in male-dominated trades
- challenge stereotypes and negative attitudes that perpetuate barriers for apprentices and employers to increase workforce diversity.

# Improving apprentice and employer experiences to encourage completion

Apprentices want to feel safe, valued and rewarded at work. Poor workplace culture is a major factor influencing non-completions, and while most employers have good intentions, they need upskilling to create a more inclusive and supportive apprenticeship experience. We heard that the training and supervisory capabilities of employers and RTOs need to improve, that training offered through RTOs is not always current, and that non-financial support services need to be more joined-up to ensure fewer apprentices fall through the gaps. You also told us that current cost-of-living pressures can be a barrier to apprenticeship completions.

## What you told us

### Workplace culture greatly impacts an individual's desire to complete their apprenticeship

Many said that apprentices often experience poor working conditions, inadequate supervision and lack of access to more flexible training and work arrangements. It was highlighted that workplace exploitation and underpayment, lack of respect from employers, and negative workplace culture are significant factors leading to non-completion of apprenticeships. The Office of the Fair Work Ombudsman highlighted its involvement in matters affecting apprentices:

*Apprentices and trainees continue to be overrepresented in our enforcement work. Last financial year (2022–23), despite apprentices and trainees making up approximately 3% of the workforce:*

- *over 6% of all compliance notices issued by the [Ombudsman] related to alleged breaches of workplace laws involving apprentices or trainees*
- *approximately 11% of all litigations commenced by the [Ombudsman] related to alleged breaches of workplace laws involving apprentices or trainees*
- *approximately 7% of all anonymous reports received by the [Ombudsman] related to apprentices or trainees.*

Fair Work Ombudsman (submission)

Many current and former apprentices noted being undervalued, bullied or harassed in the workplace, which significantly impacted their mental health and motivation to continue their training.

*I think a lot of the workplaces don't know how to handle [mental health], especially having sort of older managers, supervisors ... it's something that's not very well managed within companies.*

Former apprentice, via Apprentice Reference Group (consultations)

*Accurate data capture is vital to identifying the incidence and extent of apprentices experiencing poorer outcomes, such as mental health issues. It will also allow for comparisons to be undertaken against the non-apprenticeship workforce.*

Victorian Chamber of Commerce and Industry (submission)

Industry leaders indicated these issues are particularly pronounced in the construction and automotive industries (which employ a large portion of Australia’s apprenticeship cohort), with the workforce experiencing disproportionately poor wellbeing issues and low levels of diversity compared to other sectors. Long and inflexible hours, work-induced stress and systemic workplace bullying are impacting the industry’s ability to attract and retain a healthy and safe workforce.

*Research shows stress levels and suicide rates amongst construction workers are double the national average.*

Construction Industry Culture Taskforce (submission)

## Good mentors can make all the difference for an apprentice

Submissions identified the important role that employers play in supporting and mentoring apprentices, enabling apprentices to discuss and seek guidance on health, wellbeing and employment. Examples of good practice were suggested, such as embedding a mentor in the workplace or training environment to increase accessibility and encourage more organic conversations, leading to higher apprenticeship retention and completion rates. This is particularly valuable for people returning to work (such as women), as well as young apprentices who are often experiencing full-time work with adults for the first time, in addition to the pressures of moving out of home and managing expenses.

*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)

Master Builders Australia told us that most employers want to ‘do the right thing’, especially those that have not taken on apprentices before or are looking to employ priority cohorts. However, it was suggested that employers often lack the necessary skills to effectively mentor apprentices, leading to gaps in training and development. Small businesses are not always able to spare personnel or have back-end services to provide the support apprentices need to grow and learn. As such, the role of GTOs was seen as key in providing mentoring and wraparound services, particularly in assisting smaller businesses and priority cohorts.

*Workplace challenges, rather than pay, is one of the most cited reasons for apprenticeship incompleteness. The influence of the employer cannot be overstated.*

Business Council of Australia (submission)

Employer associations and unions supported industry-led apprentice/employer mentoring programs. The Australian Council of Trade Unions told us that a new system of support for apprentices should replace the Apprentice Connect Australia Providers. The new system should have 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, wraparound, case management approach to support provision.

The Australian Hotels Association and Accommodation Australia, the Motor Trades Association of Australia, the 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 training environment impacts not just completions for individuals, but also long-term performance of the apprenticeship system

Apprentices and employers suggested some apprentices have insufficient access to practical training, particularly those in rural and remote areas and in high-demand industries (e.g. electricians). In some instances, skills shortages can make employers reluctant to let apprentices attend off-site training to minimise 'productive time lost'. Prolonged skills shortages in some industries have led to a lack of experienced workers available to provide both on-the-job training and off-the-job training. The Australian Chamber of Commerce and Industry told us that the quality of trainers and a system that encourages skilled trainers are critical to successful apprenticeships:

*For the near future trainer and assessor courses should be permanently fee-free and there should be simplified qualification pathways for experienced practitioners. Supporting workforce development through mentorship programs, professional development opportunities and professional networks is vital to ensuring the ongoing quality of teaching and training in the VET sector.*

Australian Chamber of Commerce and Industry (submission)

Consistency in the quality of RTOs is also crucial to the performance of the apprenticeship system. The quality of support that an apprentice receives from their RTO, as well as the quality of training and its relevance to current industry standards, can have a far-reaching impact on their success.

*For early childhood educators, their training experience with a Registered Training Organisation (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)

We also heard from RTOs about capacity challenges across the training sector, driven by low availability of trainers and the costs of establishing and maintaining specialised training infrastructure.

*Industry-led NFP [not-for-profit] RTO sustainability within the VET sector has been a concern across several industries for many years. Over the 2010 to 2022 period, there have been significant increases to RTO operational expenses and across-the-board decreases in funding from 2010 to 2017, with modest funding increases levied during 2018 for civil (and other) qualifications.*

Civil Apprenticeships and Careers (submission)

Some raised a lack of access to leadership training and small business skills development, noting many apprentices will one day move into a leadership role or run a small business. These training shortfalls can be cyclical in nature and a significant barrier to apprentices' long-term career prospects, disincentivising the completion of their training and participation in the industry.

*Supervision, training, recruitment costs, and skills shortages in the hairdressing industry are impacting the flow of new entrants into the industry because there are not enough experienced and senior stylists available to be employed by salons to take on apprentices and train them competently.*

Australian Hairdressing Council (submission)

*Providing more business and business resilience training as part of the apprenticeship journey is key to reducing insolvencies and ensuring that those skilled tradespeople finishing their studies are equipped to enter an industry that is overwhelmingly made up of small businesses.*

Master Builders Australia (submission)

Many responses, including those from apprentices, employer groups and training providers, told us many apprentices found the training system inflexible, particularly for those with additional responsibilities outside of work. For example, apprentices with families or those working additional jobs expressed difficulty in balancing their commitments due to rigid training schedules. Many told us the current time-based system was criticised for being too rigid and not reflective of individual learning speeds and capabilities. For example, apprentices with existing skills can be prevented from progressing faster because prior training is not recognised, or some employers and RTOs see a financial disadvantage in fast-tracking apprentices.

There is support for increased recognition of prior learning (RPL). Improved RPL arrangements could be of particular benefit to mature-aged apprentices:

*There are additional options to easing the burden on an older apprentice. Most will enter an apprenticeship with some employment experience, often related to the occupation they are in. However, 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. More can be done to improve the RPL process.*

Australian Industry Group (submission)

In relation to training packages, the Australian Hotels Association and Accommodation Australia said Jobs and Skills Councils should be ‘specifically tasked with identifying ways of improving trades apprenticeship design to improve their attractiveness, deliver mid-point qualifications (in unlicensed trades such as food trades) and encourage full completion’.

## **Financial constraints are a barrier to apprenticeship completions, particularly for those battling the rising cost of living**

It was generally acknowledged that cost-of-living pressures were impacting apprentices, making apprenticeships less attractive and reducing retention and completions. This leads some apprentices to needing to work additional jobs outside of their apprenticeship just to make ends meet, in turn affecting their ability to focus on their training and education. Workforce Australia Local Jobs Barwon told us that this can lead to more cancellations in a tight labour market, where apprentices choose to pursue better-paying work outside their apprenticeship. This financial strain was particularly pronounced for older apprentices and women, who are more likely to have family or caring responsibilities.



In the care sector, even once qualified, hourly rates can be lower than unskilled jobs in hospitality. We heard from apprentices that, in some cases, they may leave training to take up unskilled labouring jobs at higher rates of pay that do not also include study requirements.

*I think I started on \$11.71 [an hour], if I was told I could make double or triple sitting behind a cash register, it would have been more tempting.*

Lachlan, former apprentice, via Apprentice Reference Group (consultation)

Many of you raised that housing was often beyond the affordability of most apprentices, or was unavailable, inadequate or overcrowded, which was a particular constraint for those who have moved away from home to work and study. The Australian Council of Trade Unions told us this was particularly pronounced for apprentices living in rural and remote Australia.

*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)

Apprentices also raised the financial impact of paying for equipment and travel, particularly for those in rural or remote areas who must travel long distances for training and consequently spend a significant portion of their income on fuel or public transportation fares.

*I don't buy lunch, I don't go out, I budget intensely, and I still cannot afford to buy tools. Tools take up half your wage. There are some extremely expensive tools out there that you need to do your job. If you don't have the tools to do your job, how are you going to do your job?*

First year mechanical fitter apprentice, Victoria, via Australian Manufacturing Workers' Union (submission)

Employers told us that they, and particularly small- and medium-sized businesses, often find it difficult to meet the high costs of training and supervising apprentices and ensuring compliance with regulatory requirements. In contrast, apprentices and unions, such as the Australian Manufacturing Workers' Union, highlighted instances where apprentices were being used as a cheap form of labour, arguing that the comparatively low cost of apprentice labour can drive some employers to delay sign-off on competency-based completion, so that they can pay less for longer.

## There were mixed views about Apprentice Connect Australia Providers

It was identified that the key responsibility of the former AASN, now Apprentice Connect Australia Providers, is to connect apprentices with employers and provide support throughout their apprenticeship.

A former apprentice told us these providers have the potential to bridge the gap between employers and apprentices, assisting younger apprentices and women in male-dominated trades. However, MM College told us awareness of and support from providers needs to be improved, with some apprentices facing challenges such as being signed up to the wrong qualification or RTO.

Many apprentices were referred to the Fair Work Ombudsman at the first sign of a workplace dispute, with little support from their provider – often not knowing where to turn to for support.

*A recent industry survey of over 600 Electrical Apprentices indicated that just 11% had received mentoring from their AASN provider. Half of those surveyed received no support at all and two-thirds of respondents were unsure who their Provider was.*

National Electrical and Communications Association (submission)

Some of you also indicated the lines often become blurred when it comes to the roles and responsibilities between GTOs and providers, creating duplication and uncertainty for apprentices and employers. For example, responsibility and supports for mental health are scattered across employers, GTOs, RTOs and providers, making it difficult to ensure a high-quality response. It was suggested apprentices and employers need better access to information on how and where to find the supports they need, with the Apprenticeship Employment Network South Australia indicating that GTOs may be best placed to provide these services.

The National Australian Apprenticeships Association, as the industry body representing Apprentice Connect Australia Providers, advocated a broader role for providers, as did several individual providers.

The association argued that the new provider contract 'could be augmented to improve completions, user experience, attraction to apprenticeships and skills shortages reductions', by:

- uncapping In-Training Support for the general apprentice and trainee cohort
- funding an out-of-trade service to optimise recommencements
- funding a gateway service that undertakes the recruitment for first-time employers of apprentices
- making supervisor training mandatory for first-time employers of apprentices
- introducing a work trial program that employers can elect to use
- developing an Apprenticeships Data Management System (ADMS) App for apprentices and trainees
- introducing an employer risk rating flag in ADMS that can be viewed and updated by providers, State Training Authorities (STAs) and DEWR
- improving the branding of Apprentice Connect Australia services.

The association also called for stable funding to providers, for a 10-year period, with restricted capacity for contract variations.

The Australian Chamber of Commerce and Industry called for providers to deliver additional support measures, but noted:

*The current support services space for apprentices and employers is littered with stakeholders from Commonwealth, States/Territories, RTOs, GTOs, unions to 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)

The chamber called for a better level of coordination and 'alignment of services to avoid previous issues of stakeholders providing similar or the same services to the same person or company'.

*... support services offered by [former] AASNs are crucial for ensuring the success of apprenticeships and traineeships ... The services provided by AASNs is a key part of the apprenticeship journey that could be further enhanced ... AASNs need sufficient funding to deliver wraparound mentoring services for apprentices and the employer. Appropriate funding would also enable the scalability required to deliver these services.*

Business NSW (submission)

The Australian Retailers Association argued that providers should receive additional funding and, in particular, ‘should be funded to provide dedicated support to small businesses and businesses engaging an apprentice for the first time’.

Others were more critical of the providers. The Motor Trades Association of Australia described the former 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 association 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’.

*It is common for apprentices to lack knowledge of the support services that are available to assist them during their apprenticeship and training. It appeared many AASNs, RTOs and training institutions did not fully provide or explain what programs and services they are able to access and so they were consequently left to their own devices.*

*Those placed with a GTO however, appeared to be far more well informed and supported.*

Housing Industry Association (submission)

*... the current approach to supporting apprentices through the [former] Australian Apprenticeships Support Network (AASN) is not working as intended (bearing in mind that at the time of writing, a new group of providers is yet to commence their contracts). While there are many highly professional and experienced individuals and organisations among the AASN, there is a weakness in the way that the support is structured and financed. This means that services are often uneven, and do not always reach those in most need at the time when they are required.*

*Many of the services already delivered by group training have sought to be replicated in recent iterations of the apprentice support arrangements. This duplication is unnecessary and adds to confusion in an already cluttered space.*

National Apprentice Employment Network (submission)

The Australian Council of Trade Unions said the current system of apprentice support is ‘a near total failure’:

*In the 12 months to March 2022 more apprentices cancelled their training contracts than completed their training ... The fact that, in the last 15 years, the high point for apprenticeship completions was among those who began their apprenticeship in 2012 ... where one-third of apprentices still didn't complete their training, is a scathing indictment of the system designed to support apprentices and increase retention rates – the [former] Australian Apprentice Support Network.*

Australian Council of Trade Unions (submission)

The council said the former AASNs are ‘fundamentally conflicted when attempting to advocate for employees’, because it is the employer who selects the AASN. While the council welcomed the reforms introduced in the latest round of AASN contracts, ‘they will likely move 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 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'. It said the central failing of the current approach to supporting apprentices – whether through financial incentives or support services – is its divorce from industry:

*Rather than creating standalone programs and institutions, such as but by no means limited to the Australian Apprenticeship Support Services system (the 'AASSs'), government should be co-investing with industry partners into improved apprenticeship outcomes.*

Electrical Trades Union of Australia (submission)

The union referred to a 2022 Essential Media survey:

*... half of electrical apprentices reported having 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 AASN provider. Critically, two-thirds of electrical apprentices could not name their AASN. To put it bluntly, if an apprentice can't name their mentor, it's because – in reality – they don't have a mentor.*

Electrical Trades Union of Australia (submission)

## What this means for apprenticeships

Apprentices often face several challenges throughout their apprenticeship. Without interventions at the right time and at the right level, barriers can lead to reduced completion rates. However, it was suggested that with all players in the system working collaboratively to provide the right support and training, an apprenticeship can be a productive, successful and rewarding experience for both apprentices and employers.

## Changes that could help

- Streamline application processes, reduce bureaucratic red tape, and provide clearer instructions and support services to apprentices and employers to help navigate the system.
- Introduce information sessions for apprentices to learn about their rights and obligations and where to get support, as well as training sessions for employers to learn how to appropriately support apprentices.
- Increase transparency about the performance of different GTOs, RTOs and the Apprentice Connect Australia Providers, so that employers and apprentices can make more informed choices.
- Implement better enforcement of workplace standards and protections so apprentices are not exploited as low cost 'labour hire'.
- Start employer screening or upfront matching *before* commencement to ensure both the apprentice and the employer are ready for the apprenticeship.
- Implement targeted initiatives to create safer and more inclusive workplaces, such as ensuring employers and RTOs provide apprentices with appropriate training opportunities and recognition of apprentices' performance and contributions.
- Develop campaigns to promote positive workplace cultures and greater investment in apprenticeship support networks to minimise bullying and harassment.
- Develop and implement a 'culture standard' to address workplace issues such as excessive work hours and poor mental health, and to attract diverse employees.
- Direct incentives to employers whose workplaces are rated as having a positive culture.

- Provide mandatory training programs to build the capability of employers (particularly small- and medium-sized businesses) and supervisors to provide appropriate support and mentorship. Offer apprentice supervisor training, particularly to those new to the apprenticeship system. Consider adding Certificate IV Supervisor on the fee-free TAFE course list.
- Employers and RTOs should allow for more flexible work and training schedules to accommodate the various needs of apprentices, such as offering evening or weekend classes and more opportunities for online learning.
- Support competency-based progression, allowing apprentices to complete their training at their own pace, based on their skill development rather than fixed timeframes. This would support apprentices who could demonstrate proficiency in certain skills more quickly than others, as well as for people balancing their study with caring responsibilities or similar.
- Improve the value of work experience with employers required to teach apprentices a set of skills or competencies, such as how to use power tools, which is regulated and signed off.
- Train senior apprentices to mentor younger apprentices to build leadership skills while enhancing employer capacity to take on more apprentices.
- Source mentors from industry and have them available on site.
- Provide additional funding to RTOs that support competency-based progression for new entrant apprentices and 'trade test' RPL processes for experienced workers undertaking apprenticeships.
- Fund a pilot industry-led apprentice mentoring program which engages field officers with industry experience to oversee and mentor apprentices throughout their training, including a funding stream for training of tradespeople in on-the-job apprentice training and mentoring skills.
- Address the confusion between the roles of the Apprenticeship Connect Australia Providers, GTOs RTOs and employers by clearly defining their roles.
- Introduce an RTO incentive model to improve the training environment – both training delivery and facilities – for apprentices.

## Innovative ideas

### Make the system and supports easier to navigate

*Loans and other financial supports available to Australian Apprentices should be better promoted, with clear and accessible information, presented at key points throughout the apprenticeship or traineeship.*

Apprenticeship Employment Network South Australia (submission)

We heard how complicated navigating the apprenticeship system can be, with lots of policy detail and information to find and understand. Many talked about the need for better access to incentives, services and resources to make it easier for apprentices and employers to navigate the system. This would ultimately support apprentices and their employers as they move through their apprenticeships.

Ideas included:

- providing national consistency and aligning digital service offerings with new tools, assessments and resources that are supported with local-level actions by service providers and influencers
- streamlining the incentive application process to improve access and lower administrative burden
- making information more accessible through a centralised platform or hub that also connects information to specific industries or groups.

## Develop concessional benefits for apprentices

*... the cost-of-living pressures severely affected my motivation to finish my apprenticeship.*

Former apprentice, via Australian Childcare Alliance (submission)

*I speak to my mates at TAFE and they can't afford to live on the bare minimum. It's shameful. Even if you're in or out of home, it's hard to live on. You can't pay rent. You can't live on that.*

Third year fitter machinist apprentice, Western Australia, via Australian Manufacturing Workers' Union (submission)

*Apprentices generally are required to have a driver's licence and a vehicle – which many go into debt to purchase. They may no longer live at home and in some cases may have young families.*

Australian Council of Trade Unions (submission)

Cost-of-living pressures were frequently identified as a problem for apprentices. In particular, travelling costs for regional apprentices and childcare costs for mature age apprentices are major pain points and barriers for commencing and completing. We heard many suggestions for offsetting the costs of living, including:

- increasing access for apprentices to concessional benefits by:
  - redefining apprentices as students so they may continue on family health benefits and receive other student concessional benefits
  - creating an 'apprenticeship card', which provides concessions on healthcare, childcare, registration, licence and other payments to state entities
  - implementing a class of concessional driving licence that can be fast-tracked for apprentices who need a car and licence as part of their apprenticeship.

## Address workplace culture and mental health

*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 well-being 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)

*A workplace culture that is unhealthy where employees do not feel valued, or which allows racism and gendered violence such as sexual harassment against women and LGBTIQIA+ people to become embedded is not a workplace that invites employees to stay long term.*

Australian Education Union (submission)

Many submissions highlighted the significance of better workplace cultures and mental health and wellbeing resources. Ideas included:

- requiring apprentice supervisors and employers to undertake mandatory training in improving workplace culture covering mental health, diversity and inclusion

- conducting workplace culture audits to assess the values, beliefs, behaviours and practices conducted within a business and ensure apprentices have a safe and inclusive environment to complete their apprenticeship
- providing access to mental health resources, such as employee assistance programs for apprentices to manage their wellbeing and ways for employers to support their apprentices
- cultivating apprentice support forums, particularly for first-year apprentices, so apprentices can share their thoughts and experiences, giving them a safe platform to do so.

## Expand the group training delivery model nationally

*A national group training model would provide a more targeted pathway which incorporates feedback provided within this review.*

Queensland Farmers Federation (submission)

*Government must consider providing additional funding to GTOs and the host employers who use them so the cost burden of using an apprentice through a GTO model is less. If using a GTO cost the same – or less – to a business as employing an apprentice directly, more apprentices would benefit from the support a GTO offers.*

Master Builders Australia (submission)

We heard frequently that GTOs are an underutilised element of the apprenticeship system. Many mentioned how additional financial incentives to employers could further incentivise take-up of these services, and how greater national coverage would benefit apprentices and small and medium enterprises. In addition, some submissions mentioned there is a duplication of service delivery between GTOs and Apprentice Connect Australia Providers that could be resolved through better integration of the models. Some of you suggested expanding group training delivery nationally to better support apprentices and reduce duplication. This initiative could include:

- funding GTOs directly for services currently undertaken by Apprentice Connect Australia Providers, including pre-commencement assessments, engagement and apprenticeships technical support services
- leveraging a national network of GTO providers to provide comprehensive access to the group training model for apprentices and employers around Australia
- providing additional financial support for small and medium enterprises to engage apprentices through GTO services
- revisiting national standards for GTOs to ensure support is only provided to those GTOs that meet this threshold of quality
- paying GTOs for mentoring which they already do successfully
- requiring GTO employment for placements with first-time employers and priority cohorts.

# Increasing participation and completion by priority cohorts

There are many challenges faced by apprentices and trainees that can be more pronounced or compounded by other obstacles for certain priority cohorts. These cohorts include women apprentices in male-dominated trades, First Nations apprentices, apprentices from culturally and linguistically diverse backgrounds, apprentices with disability, and apprentices in remote and regional areas. Additional barriers for priority cohorts can include exclusionary stereotypes, a lack of work-ready skills, competing caregiving responsibilities, and geographic or transportation limitations. Priority cohorts can be subjected to unsafe or unwelcoming work environments and often employers are unsure about how best to support them.

## What you told us

### Social conditioning and broader cultural influences limit priority cohort participation in apprenticeships

It was suggested that societal expectations about the types of people who do apprenticeships are informed by the 'typical' apprentice being a young, white, native English speaking male. Apprentices who do not fit this stereotype face misperceptions about their capacity to successfully undertake an apprenticeship. However, we also heard that these influences can play out in different ways for individuals from different priority cohorts.

*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)

We heard that women and girls still face stereotypes about their aptitude for some occupations, such as those that are perceived as requiring a high degree of physical strength like construction trades. It was noted that girls and boys tend to be guided towards occupations that align with traditional gender roles. These messages start early and heavily influence young peoples' expectations of themselves and their career pathways.

We also heard from disability advocates that parents, teachers and employers often 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 that apprentice-employing workplaces can be inaccessible and non-inclusive.

You told us that ethnic minority groups can hold cultural stigmas and misconceptions about apprenticeships that may stem from a lack of awareness, language barriers, and cultural preferences that emphasise academic pathways.



*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.*

Ethnic Communities Council of Western Australia (submission)

Advocates for all priority cohorts told us that a lack of diverse apprentice role models means that many feel underrepresented. If they cannot 'see' themselves succeeding in the industry, then they do not think they can succeed.

*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. This can cause disconnection from on-the-job learning and workplace cultures, negatively impacting their completion rates.*

Brotherhood of St. Laurence (submission)

We also heard that the perception of unwelcoming workplaces can deter certain priority cohorts from entering apprenticeships or influence parents and teachers to steer young people towards other career pathways. For example, you told us that often when girls or young people with a disability show interest in a traditional trade occupation, their parents or teachers may redirect them towards other options with the intention of protecting them from entering a potentially hostile work environment or from embarking on a career they consider undesirable.

*I think the other big part of why women, especially women, don't go into trades or even men these days is because the parents don't want their children going into the construction industry and they have a huge influence over their students.*

Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia and Women in Adult and Vocational Education (submission)

We heard that the GTO model can support a wider and more diverse cohort of apprentices and trainees and could be expanded to specifically support small and medium enterprises employing apprentices from key cohorts.

## **Apprentices in priority cohorts face additional, practical barriers to participating in or completing an apprenticeship**

We heard that aside from cultural influences, people in priority cohorts can face practical barriers to taking up an apprenticeship.

A crucial barrier to women taking up apprenticeships in male-dominated trades is a lack of flexibility in work hours. We heard that while this is an acknowledged barrier for women entering these occupations, the lack of flexibility also impacts men, particularly those with caring responsibilities. This is becoming an increasingly common issue for apprentices of all backgrounds as the proportion of mature age apprentices – including those with young children – is increasing.

*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)

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We also heard that a lack of flexibility in apprenticeships can hinder the ability for First Nations apprentices to meet their cultural obligations.

*In remote Australia, ceremonial commitments can often last for months, putting pressure on the employer and employee alike. The stringent guidelines around the completion of training and apprenticeships does not create an environment where Indigenous learners are able to engage with their cultural responsibilities and their training responsibilities.*

National Indigenous Employment and Training Alliance (submission)

You told us that for regional and remote apprentices, the high costs of travel to workplaces or to training can be a significant burden. This includes costs associated with buying and operating a vehicle and accommodation.

*... 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)

We also heard that sometimes a driver licence can be financially or practically unobtainable for apprentice candidates in regional areas or for those from low socioeconomic backgrounds. Travel might also mean additional costs in accommodation away from home.

*For learners living in regional, rural and remote areas the cost of and time involved in repeated travel to a place of training can be considerable and burdensome, especially combined with trainee/apprentice wage rates.*

Pharmacy Guild of Australia (submission)

*There must be options of ensuring access to education and training is provided in situ, or making it accessible without the discrimination of cost, substandard accommodation, or alienation from family and community becoming burdensome.*

East Coast Apprenticeships (submission)

Sometimes the barriers faced by priority cohorts can be multifaceted. For example, First Nations apprentices in regional and remote areas not only face high financial costs associated with travel but may also have cultural and family obligations that make travel for training or work more burdensome.

*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)

On the other hand, we heard that RTOs face high costs and other barriers to delivering training in remote communities.

*The cost of delivering training in remote communities means training organisations are not able to travel out for numbers smaller than 10 apprentices or trainees at one time. The financial burden is significant, and when considering the employers of these trainees are often Aboriginal Corporations with little to no excess expenditure, it makes it difficult for Indigenous learners to engage.*

National Indigenous Employment and Training Alliance (submission)

## Workplaces and training environments can be unsafe or unwelcome for apprentices in priority cohorts, which can prevent completions

Workplace culture, particularly attitudes toward or ignorance about underrepresented groups is often a key factor driving cancellations. We heard that in some industries, traditional gender roles are deeply ingrained, and women can face gender discrimination, sexual harassment and risks to their physical and psychosocial safety.

We heard from advocates for women in male-dominated trades that it is common for these apprentices to not receive adequate training or experience in the skills needed to successfully complete their apprenticeship. They also said that training environments often replicate the stereotypes in non-inclusive workplaces and don't reflect diversity.

*To attract women to undertake vocational education, the first step is to ensure that education is offered in a supportive environment ... Where possible it would also increase women's confidence if there were women teachers and industry expert guest speakers who could visibly demonstrate that women working in male dominated industries is very possible.*

Australian Education Union (submission)

The National Australian Apprenticeships Association called for support for RTOs that 'increase the number of female trade trainers, provide language, literacy and numeracy support for apprentices and trainees, and with permission share data with other support agencies'.

We heard that First Nations apprentices can often face racism, discrimination and bullying in the workplace and that employers and 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.

*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 people to study.*

National Aboriginal Community Controlled Health Organisation submission)

Employers recognise that key cohorts contribute to a more inclusive and dynamic workplace, but some have concerns about the additional supervision or other costs they might encounter.

*Clubs have expressed challenges in engaging with these cohorts. When an apprentice from one of these groups is employed, additional support is often required.*

Clubs Australia (submission)

We heard that some employers want to take on more diverse apprentices, but they face a barrier in navigating the 'unknown' and feel they lack the necessary training and skills to do so. They have good intentions and know these cohorts might need additional support but feel they don't have the resources or training to provide it.

*Our Consultants have had significant success with employers through simple advice on supporting female trades apprentices – such as providing male and female toilets on site.*

MEGT Australia (submission)

We also heard from many about the importance of ensuring that priority cohorts don't shoulder the burden of change or become further targets for bullying when issues of discrimination, harassment and cultural and psychosocial safety in workplaces are highlighted or addressed.

*Current approaches often fail to address the root causes of gender inequity, instead placing the burden of change on women themselves.*

Empowered Women in Trades, National Association of Women in Construction, Tradeswomen Australia and Women in Adult and Vocational Education (submission)

## Targeted support is needed for people from diverse backgrounds

Submissions suggested current supports available to apprentices do not address the specific needs of all priority cohorts.

Advocates for culturally and linguistically diverse people said that migrant and refugee apprentices need more information about apprenticeships and traineeships to encourage interest, and more English language support for those that do choose this pathway.

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 ensure apprentices are supported.

*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.*

Kaitlyn, former technical engineering apprentice, Victoria, Melbourne Apprenticeship Disability Network (submission)

Apprentices with caring responsibilities (often women) and apprentices facing higher travel costs (including regional and remote and First Nations apprentices) require additional financial supports to be able to afford to commence and complete an apprenticeship.

We also heard that employers and apprentices are sometimes not aware of the supports that are available to them. For example, supports to make reasonable adjustments for apprentices with a disability are available through programs such as DAAWS, but these options are not well understood by employers and individuals do not always feel comfortable disclosing their disability to a new employer.

*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 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.*

Valley Care, not-for-profit company, Victoria, via Melbourne Apprenticeship Disability Network (submission)

## What this means for apprenticeships

Stereotypes, practical barriers, unwelcome workplaces and a lack of targeted support all intensify the difficulties individuals from priority cohorts face in accessing and successfully completing apprenticeships. Any individuals in priority cohorts also face intersectional discrimination, barriers and other forms of marginalisation. This means individuals from priority cohorts are not choosing to enter an apprenticeship or face significant barriers in doing so. For some of those that do embark on an apprenticeship, their workplace and training experience can make it harder for them to complete. This reduces the opportunities available to people from diverse backgrounds to access the careers of their choice and the economic opportunities associated with growth industries. Ultimately this limits the overall pool of people in apprenticeships and exacerbates skills shortages.

## Changes that could help

- Implement government procurement targets and increase access to mentoring for priority cohort apprentices and their employers to help shift gender norms and societal expectations in apprenticeships.
- In policies, shift the burden of change away from priority cohort individuals and instead focus on providing employers with specific, practical advice on how to make workplaces safer and more inclusive.
- Consider consequences for workplaces that commit acts of gender discrimination and sexual harassment, along with a recognition structure for businesses that proactively addresses outdated workplace practices, particularly in male-dominated trades. These could be tied to eligibility for incentive payments.
- Consider financial incentives for employers to take on apprentices from priority cohorts, noting such payments could create a stigma for priority cohorts in the workplace or result in them becoming targets for bullying behaviour.
- Consider financial supports for priority cohort apprentices focused on meeting the additional financial pressures they face, for example, transport or childcare costs.
- Provide more information for multicultural and diverse communities about how the apprenticeships system works and the supports available. Target pre-apprenticeships or early certificate courses that build English language to help apprentices facing linguistic marginalisation.
- Target pre-apprenticeships or early certificate courses to First Nations people and people with disability to help employers identify where a potential apprentice might need additional support through their training – both of which support retention and successful completion.
- Offer more flexibility in course attendance so more individuals from priority cohorts can participate around their cultural and family obligations. This might include flexibility in delivery (such as online or hybrid learning or block training) and flexibility in start and finish times.
- Allow regional and remote First Nations apprentices to be trained within their own communities, where possible.
- Encourage more diversity in VET teachers to help apprentices from diverse backgrounds to feel comfortable and welcome in their chosen occupation and industry.

# Ensuring apprentices can transition to secure, well-paid work and advance throughout their career

**Apprentices and their employers face challenges when an apprentice transitions after completing their apprenticeship. For the apprentice, a lack of information about careers beyond the completion of their apprenticeship means they may feel like there are no long-term career opportunities in their industry. For employers, they may invest in the apprentice only to have them leave the industry for another job. Employers and industry both noted successful transition comes back to an apprentice matching with their employer and feeling supported into full-time employment following an apprenticeship.**

To find secure work, some apprentices change employers or industries during their apprenticeship. This can be a challenging process and may result in an apprentice not finishing their apprenticeship. For mature age workers, the lack of flexibility within an apprenticeship and the complexity of having prior experience recognised creates major barriers to taking up an apprenticeship. Stakeholders suggested the apprenticeship system needs to be more flexible in how training is offered if it is to compete with industries where an apprenticeship isn't a requirement for a job. One way this could be addressed is by implementing recognition of skills acquired through a partially completed qualification, for example, in unlicensed trades where apprentices often transition successfully to full-time employment prior to finishing their final year. Employers and apprentices also need more detailed advice about the benefits of training in their chosen field and the long-term career benefits in apprenticeship-led roles.

## What you told us

### More communication between employers and apprentices about career opportunities and skills development

Apprentices and employers called for more information on how to transition from an apprenticeship into secure work, noting that some occupations have defined standards and pathways, such as plumbers and electricians.

Another issue is that some apprentices view the length of an apprenticeship and perceived low wages as key deterrents for not taking up an apprenticeship. They want the fastest route to better paid, full-time work, especially given the high cost of living. For example, in unlicensed trades, such as cooking, it was common for apprentices to drop-out before their final year and move straight into full-time work as a cook or chef.

*... 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)

GTOs highlighted their higher completion rates, crediting their higher levels of support to the apprentice during training, and their ability to give small and medium enterprises the opportunity to access an apprentice without the significant workload that comes with taking on an apprentice full-time.

A concern raised by the Australian Meat Industry Council was the lack of support for upskilling existing employees. Several Certificate III qualifications do not attract incentives, but the industry believes employees should have industry experience prior to starting these courses.

There is still a view that if you take up a trade apprenticeship you are committing to be a lifelong 'tradie'. While a trade provides high levels of employment and job security, some apprentices thought the pay was too low and did not have enough pathways to further broaden their skills and knowledge. The recurrent theme was more should be done to promote career opportunities in industries where a trade qualification is the main employment pathway.

## Re-design of some apprenticeships may be needed so apprentices can transition more quickly into employment

It was noted that the length and structure of some apprenticeships could be more flexible. In some industries, non-completion is not failure to transition into employment as an apprentice may take up a job earlier, such as a cook in the hospitality industry.

*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. In 2023, 86.1 per cent of trade non-completers were employed after leaving their training, illustrating that the overall employment benefit is still quite high.*

Australian Chamber of Commerce and Industry (submission)

Any changes to apprenticeship length need to be carefully managed to ensure apprentices finish their apprenticeship with all the skills they need to meet the requirements of industry. For example, it was suggested that 4 years for an automotive apprenticeship was too long and that it would be better for the apprenticeship to be 3 years, with a fourth year to get licensed for industry (like an electrical trade).

Industry groups and advocates for priority cohorts also told us if the apprenticeship system is more flexible it would be better able to support completions. It would also be better placed to respond quickly to demand for new skills for major national priorities such as Australia's renewable energy transition and upskilling in new technologies. Offering avenues for shorter qualifications could also make it more appealing to mature age workers who may be needing to upskill.

*... BuildSkills recommends the development of accelerated apprenticeships for mature aged workers ... Shorter apprenticeships are likely to be much more attractive to mature aged workers.*

BuildSkills Australia (submission)

*The rigidity of the apprenticeship system does not allow for upskilling between trades or from Certificate III to Certificate IV, which limits career mobility and advancement. Australians must be able to refresh and update their skills over their lifetime, and they need a better set of options for acquiring new skills that match and track industry needs.*

Business Council of Australia (submission)

It was suggested that more transferrable, generic skills across apprenticeships would support mobility. For example, when an apprentice wants to move between industries, or a small business wants to transition its workforce into a new line of work.

## What this means for apprenticeships

Some apprentices face uncertainty about the value of their chosen qualification beyond their apprenticeship, which can lead them to leave their training before they finish in search of alternative higher-paying or more permanent employment. This can reduce the availability of higher-skilled workers for industry. The inflexible nature of the apprenticeship system can also mean that the skills an individual has learned through partial completion of an apprenticeship are not formally recognised, which can be of detriment to their long-term career. Inflexible approaches to recognition of prior learning can also prevent upskilling of existing workers through apprenticeships.

## Changes that could help

- Provide clear information for apprentices and employers about the financial and long-term career benefits of a trade.
- Offer training subsidies to existing workers seeking new skills or to change career paths.
- Support mid-career upskilling opportunities and better integration of on-the-job training, post-apprenticeship.
- Identify early on in an apprenticeship, those who are leaving an employer but could be supported to recommence with someone else, and how they could best be supported.
- Support broader availability and recognition of micro-credentials to enable life-long learning and upskilling.
- Offer training and assessment in the later years of an apprenticeship through on-the-job learning to support more completions.
- Introduce industry-specific life-long learning funds, to which employers contribute and which can be then drawn on by individuals to access training across their working life.
- Implement a National Skills Passport so employers can view and verify an apprentice's qualifications and competencies to help the apprentice to maximise their career progression.
- Re-think how apprentice completion rates are tracked and monitored, and improve understanding of the reasons for non-completions.
- Offer multiple pathways/exit points during an apprenticeship, and tiered qualifications, so students could start an apprenticeship and have options to exit during set times (for instance, after year 1 or 2) and still receive a lower nationally recognised qualification. This would increase apprenticeship uptake and ensure they receive recognition for the work they have done, even if they do not complete the full apprenticeship.

## Innovative ideas

### Redefine non-completion of apprenticeships

*In circumstances where the demand for labour is high, a market-rate salary can be very appealing for those currently undertaking an apprenticeship. Those who move on to other opportunities will bring the benefits from a partially completed program with them, often accompanied by greater clarity of purpose in regard to the opportunities available to them.*

Business NSW (submission)

We heard that apprentices who partially complete their apprenticeship and drop out mid-way still developed skills which allow them to transition to full-time employment in their chosen field.



Apprenticeships can be considered ‘not completed’ for many reasons, including whether they continue their apprenticeship with another employer or switch occupations. Apprentices should have their time and experience recognised through early exit pathways.

Ideas included:

- refining what non-completion of an apprenticeship means and providing legitimate early exit pathways to provide more flexibility and recognise experience gained. This initiative could also:
- provide apprentices with alternate exit point qualifications that can be achieved at the end of their first, second or third years
- develop a ‘national skills passport’ that allows relevant competencies and qualifications to become portable when changing employers or industries
- capturing more nuanced information on partial completion outcomes and monitoring the outcomes of apprentices who don’t complete to better understand the reasons why.

## Appendix A: The value of non-completion

*Increasing the number of apprentices who complete their qualification is an important policy objective, however, non-completion is not a failure of the training system. It is important to consider the completion rate with a series of caveats as the completion rate alone does not represent the full picture. Often a non-completion is a positive outcome as an apprentice has obtained enough skills to be hired in a job with increased pay or promotion.*

*ACCI believes one of the easiest ways to improve the completion rates of apprentices is by improving the data collection method. In the current system, every time an apprentice or trainee moves from their employer or changes their apprenticeship, this is counted as a non-completion. In 2023, 13.9 per cent of people undertaking an apprenticeship changed apprenticeship, however, they would all be counted as non-completions.*

*The current completion rate is determined by following a signed contract between the employer and apprentice, rather than the apprentice themselves. In the current tight job market, apprentices are moving between employers, often for financial reasons, but remaining in their training and signing a new apprenticeship contract with a new employer. This behaviour is particularly prevalent among third- and fourth-year apprentices who are often poached by other employers. The Unique Student Identification (USI) number should either be tracked, or a better system should be developed to properly track completion rates. DEWR has access to this information and could assist in providing more accurate data to the relevant bodies.*

*When completion rates of Australia's domestic university students are examined within a four-year period only 40.92 per cent completed their studies from 2019.<sup>13</sup> This places universities below the average rate of completion for apprentices at 53.4 per cent, which is also considered over a four-year period.*

*The duration of an apprenticeship can be up to four years in one workplace. However, the average Australian employee does not remain with the one employer for that length of time. ABS data from February 2023 shows that 21 per cent of all Australian employees have been in their job for less than one year. Thirty-five per cent of workers reported that they had been in their role for 3-4 years and 18 per cent for 5-9 years.<sup>15</sup> The expectation for apprentices often seems higher than the rest of the working population.*

*ACCI believes that there is a need to redefine what 'completion' means to adequately capture the qualifications students are obtaining which allow them to enter the workforce. ACCI understands the concerns in relation to completion rates which have remained steady across the past decade. However, some apprenticeships have some of the highest rates of completion in tertiary education in comparison to higher education, particularly those reliant on obtaining an occupational license. 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. In 2023, 86.1 per cent of trade non-completers were employed after leaving their training,<sup>16</sup> illustrating that the overall employment benefit is still quite high. Further, close to 80 per cent of non-completers were satisfied with the skills they learnt while undertaking their study.<sup>17</sup> When the labour market is tight as it currently is, apprentices who are not aiming for a licence can be lured to financially attractive jobs before they have finished their apprenticeship, consequently reducing completion rates.*

*The completion of apprenticeships and traineeships should not be viewed solely through the lens of completion numbers but rather in terms of the valuable skills acquired and their contribution to workforce readiness. 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)

*Although it is conceded that completion rates are important, we strongly contend that as much, if not more, emphasis in apprenticeship incentive policy should be on commencements rather than completions, for the following reasons:*

- *it is very clear from the evidence that financial incentives operate most effectively on commencements.*
- *Much of the benefits of the apprenticeship model outlined above are still delivered to the economy, the employer and the individual regardless of whether they complete.*
- *Apprenticeship non-completion is a complex picture of a wide range of reasons which often overlap.*
- *A sustainable improvement in numbers of completing apprentices in absolute terms (rather than a percentage) cannot be achieved without increasing commencements.*
- *Non-completion percentage rates can be misleading, and often confuse contract cancellation with qualification non-completion. The overall average also masks the wide difference between licensed and non-licensed trades where the drivers are vastly different.*

*However, of much greater importance than government incentives, the real “incentive” to complete particularly in trade apprenticeships is driven by the need to achieve the full qualification in order to maximise the job opportunities in that occupation. This is especially evident in the significant difference in completion rates of licensed and unlicensed trades. There is also a strong driver for completion in industries where qualifications form part of the quality frameworks, such as in childcare or health.*

*None of these drivers to complete are in place in the food or waiting trade apprenticeships, let alone in hospitality traineeships. In our industry, the lure of higher wages as a cook working outside of an apprenticeship is a strong incentive to opt out early. Both the AFS industry and the worker still benefit from the skills acquired, but the productivity benefit of completing the qualification is not fully realised. In order to achieve a post-school qualification, a completion incentive to the apprentice should be considered to be paid to the worker regardless of whether they complete their qualification within or beyond their apprenticeship contract.*

Australian Hotels Association and Accommodation Australia