



Australian Government
**Department of Employment
and Workplace Relations**

Australian Skills Guarantee

Procurement Connected Policy

Version 1 - May 2024

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Contents

1	Glossary.....	5
2	Introduction to the Australian Skills Guarantee.....	8
2.1	The Australian Skills Guarantee.....	8
2.2	Procurement Context	8
2.3	Application of the Skills Guarantee PCP	8
2.4	Exemptions	8
2.5	Accountability.....	9
2.6	Supplementary guidance material	9
3	Eligible projects	10
3.1	Introduction.....	10
3.2	Contract Variations.....	10
4	Skills Guarantee targets	11
4.1	Introduction.....	11
4.2	Targets for major construction projects.....	11
4.3	Targets for major ICT projects.....	14
4.4	Targets and other requirements for flagship construction projects.....	15
5	Procurement and contract management planning	17
5.1	Approach to market	17
5.2	Model clauses.....	17
5.3	Submission stage.....	17
5.4	Submission evaluation.....	17
6	Reporting.....	19
6.1	Reporting responsibilities and requirements for all parties	19
6.2	Reporting requirements.....	20
6.3	Labour hours that contribute to the Skills Guarantee targets	20
7	Compliance.....	21
7.1	Introduction.....	21
7.2	Calculations used to determine whether targets are met	22
	Appendix A – Roles and responsibilities	25
	Appendix B – Examples of applying apprentice and ICT cadet hours to the targets	27
	Appendix C – Building and Construction and Maintenance Services codes within scope of the Skills Guarantee.....	29
	Appendix D – ICT codes within scope of the Skills Guarantee	30

Acknowledgement of country

The Australian Government Department of Employment and Workplace Relations acknowledges the Traditional Owners and Custodians of Country throughout Australia and acknowledges their continuing connection to land, waters, and community. We pay our respects to the people, the cultures, and the Elders past, present.

1 Glossary

The following defined terms are used in this document:

Apprentice (also known as a *trainee* or an *Australian Apprentice*) is a person who is:

- employed under a *training contract* that has been registered with, and validated by, their State/Territory Training Authority;
- undertaking paid work and structured training which comprises both on and off the job training;
- undertaking a negotiated training program that involves obtaining a nationally recognised qualification; and
- either directly employed by the *supplier* or *sub-contractors*, or indirectly employed through a *group training organisation* to work on an *eligible project*.

Approach to market has the same meaning as in the *Commonwealth Procurement Rules*.

Australian and New Zealand Standard Classification of Occupations (ANZSCO) is a list of standard occupations developed for use in Australia and New Zealand. Further information is on the Australian Bureau of Statistics website. It is used in this document to define what is considered a *trade* role.

AusTender has the same meaning as in the *Commonwealth Procurement Rules*.

Commonwealth Procurement Rules mean the rules issued by the Minister for Finance under section 105B (1) of the *Public Governance, Performance and Accountability Act 2013*.

Construction Services has the same meaning as in the *Commonwealth Procurement Rules*.

Eligible projects are projects listed in **Section 3** of this policy, which are undertaken by *relevant entities*.

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

Gender Equality Action Plan is a requirement for all *flagship construction projects* to outline *supplier* recruitment and retention strategies that will be put in place to ensure the targets for women are achieved and sustained as outlined in **Sections 4.4.5 – 4.4.9**. While not required, *suppliers* are also encouraged to develop a *Gender Equality Action Plan* for major construction and *major ICT projects*.

Group training organisation is an organisation that employs *apprentices* under a *Training Contract* and places them with *host employers*. The *group training organisation* undertakes the employer responsibilities for the quality and continuation of the *apprentices'* employment and training, including payment of *apprentices'* wages. The *group training organisation* also manages the additional care and support necessary to achieve the successful completion of the *Training Contract*.

Host employer is an employer who hires an *apprentice* through a *group training organisation*.

ICT cadet refers to a paid employee who is working on a *major ICT project* and who is employed in an entry-level role and undertaking academic study through either the VET or higher education system towards a qualification under the Australian Qualification Framework, where the employer has formally committed to providing the employee with on-the-job training and support to complete the specific course of academic study.

Labour hours are the number of hours a person worked on an *eligible project*. This can include full-time or part-time hours and may include hours worked on-site and off-site training and education. See **Section 6.3** for further detail on what *labour hours* worked by *apprentices* and *ICT cadets* can be counted towards the Skills Guarantee targets.

Major construction projects are those procurements with an estimated individual value of \$10 million and above (GST inclusive). *UNSPSCs* that fall within the scope of *construction services* for the Skills Guarantee are specified in **Appendix C**.

Major ICT projects are those procurements with an estimated individual value of \$10 million and above (GST inclusive) in the *UNSPSCs* specified in **Appendix D**.

Overarching apprentice target is a target for *suppliers* of *major construction projects* that requires a minimum of 10% of all *labour hours* spent on the project are undertaken by *apprentices*. Performance against this target will be calculated using *labour hours*, not headcount.

Overarching apprentice target for women is a target for *suppliers* of *major construction projects* that requires a minimum percentage of all *apprentice labour hours* spent on the project must be undertaken by women. Both *trade* and *non-trade apprentices* can be counted towards this target. Performance against this target will be calculated using *labour hours*, not headcount. See **Table 1** for further information on the level of the target and the annual increase.

Potential supplier has the same meaning as in the *Commonwealth Procurement Rules*.

Relevant entities are non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in **Section 30** of the *Public Governance, Performance and Accountability Rule 2014*.

Sub-contractor/s means another party contracted by the *supplier* for the provision of goods and services for the purposes of the contract.

Submission has the same meaning as in the *Commonwealth Procurement Rules*.

Supplier has the same meaning as in the *Commonwealth Procurement Rules*.

Tenderer has the same meaning as in the *Commonwealth Procurement Rules*.

Trade refers to sub-major occupations that are classified as Technicians and Trades Workers using ANZSCO.

Trade apprentice (also known as trade trainee) is a person who:

- is classified as an *apprentice* (see definition of *apprentice* above)
- works in a role that is classified as a *trade* (see definition of *trade* above).

Trade-specific apprentice target for women is a target for suppliers of *major construction projects* that requires a minimum percentage of *trade apprentice labour hours* spent on the *major construction project* must be undertaken by women (see definition of *trade* in the Glossary for more information). Women working in *trades* would be eligible to be counted towards both targets for women. Performance against this target will be calculated using *labour hours*, not headcount. See **Table 1** for further information on the level of the target and the annual increase.

Trainee see definition of *apprentice* above.

Training contract is a legally binding agreement between an employer and *apprentice* administered under state/territory legislation.

Training ID is the number given to an approved *training contract*.

United Nations Standard Products and Services Codes (UNSPSCs) are used by *AusTender* to categorise Australian Government procurement activities. The list of *UNSPSCs* used by *AusTender* can be found on data.gov.au.

Woman is a person, who regardless of their sex assigned at birth, identifies as a *woman* irrespective of age.

Worker (also known as an employee) is a person who is paid to work for an organisation for more than one hour in a week.

2 Introduction to the Australian Skills Guarantee

2.1 The Australian Skills Guarantee

- 2.1.1 The Commonwealth Government has introduced the Australian Skills Guarantee (Skills Guarantee) to leverage its significant purchasing power to help address skills shortages and gender segregation in the building and construction and maintenance services (construction) and Information and Communication Technology (ICT) sectors. The policy seeks to address ongoing acute skills shortages by providing opportunities for *apprentices* and *trainees* (referred to as *apprentices* in this document), and *ICT cadets* across the country. The Skills Guarantee also aims to drive long term sustainable change to tackle gender imbalance in historically male dominated industries and increase gender diversity in the apprenticeship system by setting targets for women.
- 2.1.2 The key mechanism to implement the Skills Guarantee is through the introduction of the Skills Guarantee Procurement Connected Policy (PCP). The Skills Guarantee PCP provides high-level instructions for relevant parties engaging in Commonwealth procurements in the construction and ICT sectors. For the Skills Guarantee to apply, the Commonwealth procurement must meet the definition of an *eligible project* (see **Section 3** for more information on what is an *eligible project*).

2.2 Procurement Context

- 2.2.1 The Skills Guarantee PCP seeks to support government policy objectives through the Commonwealth's use of procurement activities, as outlined in the Commonwealth Procurement Rules administered by the Department of Finance.
- 2.2.2 Non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in Section 30 of the *Public Governance, Performance and Accountability Rule 2014* (referred to in this document as *relevant entities*) must comply with the Skills Guarantee PCP.
- 2.2.3 Under the procurement framework, individual *relevant entities* are responsible for ensuring their own compliance with a PCP.

2.3 Application of the Skills Guarantee PCP

- 2.3.1 This Skills Guarantee PCP only applies to *eligible projects* procured by *relevant entities* in construction and ICT.

2.4 Exemptions

- 2.4.1 The Skills Guarantee PCP does not apply to *approaches to market* for *eligible projects* delivered wholly overseas.
- 2.4.2 The Skills Guarantee PCP does not apply to procurements where paragraph 2.6 of the Commonwealth Procurement Rules has been applied.

2.5 Accountability

- 2.5.1 The Australian Government publicly holds itself to account for performance under the Skills Guarantee. Performance against the Skills Guarantee will be published on the [Department of Employment and Workplace Relations \(DEWR's\) Skills Guarantee website](#).

2.6 Supplementary guidance material

- 2.6.1 Supplementary guidance material on the Skills Guarantee PCP can be found on the Skills Guarantee website.
- 2.6.2 If you have any questions regarding the Skills Guarantee PCP, please contact DEWR at: ASG@dewr.gov.au.

3 Eligible projects

3.1 Introduction

3.1.1 The Skills Guarantee PCP applies to new *approaches to market* from 1 July 2024 for *eligible projects*. For *approaches to market* for *eligible projects* issued prior to 1 July 2024, *relevant entities* will aim to negotiate with *suppliers* to include the Skills Guarantee model clauses in contract terms, for contracts created from 1 July 2024.

3.1.2 The following projects are *eligible projects*:

- *Major construction projects*
- *Major ICT projects*
- *Flagship construction projects*

3.1.3 See the glossary for further information on *eligible projects*. Projects that fall under the exemptions noted in **Section 2.4** will not be considered *eligible projects*.

3.2 Contract Variations

3.2.1 Where a contract variation increases the estimated value of a contract and it meets the definition of an *eligible project*, the *relevant entity* will negotiate with *suppliers* to apply Skills Guarantee requirements if it presents an opportunity for greater participation of *apprentices*, *ICT cadets* and women in the delivery of the remainder of the contract.

3.2.2 *Relevant entities* can determine whether it is appropriate for Skills Guarantee requirements to be applied to a contract variation. For example, a *relevant entity* may decide it is not feasible to include Skills Guarantee requirements in a contract variation where almost all of the contract has been completed and the duration of the remaining contract does not provide the *apprentice* or *ICT cadet* with an adequate training experience.

3.2.3 If Skills Guarantee requirements are not included as part of the contract variation, the *relevant entity* will be required to document the reasons and maintain appropriate records.

3.2.4 If a contract subject to the Skills Guarantee is varied, the *supplier* may provide updated information, (including *labour hours*), which should be reflected in the contract.

4 Skills Guarantee targets

4.1 Introduction

- 4.1.1 The Skills Guarantee will lead to an increase of skilled *workers*, especially women, entering the construction and ICT sectors by setting new national targets on Commonwealth Government funded *eligible projects*. The national targets for women aim to increase the proportion of women working on *eligible projects* and drive long term sustainable change to increase gender equality and participation of women in the apprenticeship system.
- 4.1.2 The Skills Guarantee will introduce a target that will require a percentage of *labour hours* on an *eligible project* to be undertaken by *apprentices* or *ICT cadets* and two separate targets specifying the percentage of *labour hours* to be undertaken by women, and women in *trade* roles. *Suppliers of flagship construction projects* will be required to propose and meet higher, more ambitious targets for women and prepare a *Gender Equality Action Plan* (see **Section 4.4.5** for more details).
- 4.1.3 For examples on how *apprentice* and *ICT cadet labour hours* will apply to the various targets, see **Appendix B**.
- 4.1.4 *Suppliers* are expected to continue working with *sub-contractors* in regional and remote areas who may have limited access to *apprentices*.

4.2 Targets for major construction projects

- 4.2.1 *Suppliers of major construction projects* will be required to meet the following targets:
- an *overarching apprentice target* (*ICT cadets* are not part of this target)
 - an *overarching apprentice target for women*
 - a *trade-specific apprentice target for women*.
- 4.2.2 These targets set a minimum percentage of the total estimated *labour hours* that must be completed by target groups (*apprentices*, women, and women in *trade* roles) every financial year. Further details are provided below.
- Overarching apprentice target**
- 4.2.3 The Skills Guarantee requires *suppliers of major construction projects* to ensure a minimum of 10% of all *labour hours* spent on the project are undertaken by *apprentices*. Performance against this target will be calculated using *labour hours*, not headcount.
- 4.2.4 For *major construction projects*, *ICT cadet labour hours* will not be included in the target (see **Section 4.3** for information on how *ICT cadet labour hours* apply to *major ICT projects*).
- 4.2.5 **Example: Overarching apprentice target**

If *Chapman & Louey Construction* has estimated that their *major construction project* will require 8,000 *labour hours*, a minimum of 800 *labour hours* must be undertaken by *apprentices*. *ICT cadet labour hours* will **not** count towards this target.

Overarching apprentice target for women

- 4.2.6 The *overarching apprentice target for women* requires *suppliers of major construction projects* to ensure that a minimum percentage of all *apprentice labour hours* spent on the project must be undertaken by women. Both *trade* and *non-trade apprentices* can be counted towards this target. See **Table 1** for further information on the level of the target.

Trade-specific apprentice target for women

- 4.2.7 The *trade-specific apprentice target for women* requires *suppliers of major construction projects* to ensure a minimum percentage of *trade apprentice labour hours* spent on the *major construction project* must be undertaken by women (see definition of *trade* in the Glossary for more information). Women working in *trades* would be eligible to be counted towards both targets for women. See **Table 1** for further information on the level of the target.

Annual increase in targets for women

- 4.2.8 The targets for women will increase annually as shown in **Table 1** below.
- 4.2.9 Where a project spans a single financial year, the level of the targets for women that *suppliers of major construction projects* must meet will be based on the project's contract start date
- 4.2.10 Where a project spans multiple financial years, the minimum percentage of women *apprentices* and *trade apprentices* required on the project will initially be set based on the project's contract start date and will increase each financial year (per the Table 1 below).

4.2.11 **Table 1: Annual increases of targets for women**

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

4.2.12 Example: Estimating labour hours to meet major construction project targets

Overarching apprentice target

Brown & Smith Construction has estimated that their *major construction project* will require 10,000 *labour hours*. The *overarching apprentice target* is calculated using **estimated labour hours**. Therefore, *Brown & Smith Construction* will be required to ensure:

- 1,000 *labour hours* are undertaken by *apprentices* (10% the project's total estimated *labour hours*)

Estimating targets for women

Brown & Smith Construction's major construction project:

- estimates that 900 *labour hours* will be worked by *trade apprentices*.

Brown & Smith Construction's major construction project has a contract start date of 1 September 2024 and has a contract end date of 16 May 2025. Therefore, the project will be subject to targets for women for the 2024–25 financial year (6% *overarching apprentice target for women* and 4% *trade-specific apprentice target for women*).

To determine whether targets for women have been met, **reported apprentice labour hours** and **reported trade apprentice labour hours** will be used. However, before the project starts, *Brown & Smith Construction* can **estimate** that they will need a minimum of:

- 60 *labour hours* (6% of 1,000 *apprentice labour hours**) to be undertaken by women in apprenticeships, and
- 36 *labour hours* (4% of 900 *trade apprentice labour hours**) to be undertaken by women in trade apprenticeships.

*Depending on how many *apprentice* and *trade apprentice labour hours* are **reported**, the number of *labour hours* that will need to be undertaken by women *apprentices* and *trade apprentices* to meet the targets may change. For example, if *Brown & Smith Construction* report 1,100 *apprentice labour hours* then they will be required to ensure a minimum of 66 *apprentice labour hours* (6% of 1,100 *apprentice labour hours*) are undertaken by women in apprenticeships.

For further information on calculating targets, see **Section 7.2**.

4.2.13 Example: Targets for women are determined based on the project's contract start date and increase each financial year

A *major construction project* has a contract start date of 31 July 2025 and a contract end date of 14 May 2027. This project would be subject to the following targets:

- for the duration of the 2025–26 financial year, a 7% target for women *apprentices* and a 5% target for women *trade apprentices*
- for the duration of the 2026–27 financial year, an 8% target for women *apprentices* and a 6% target for women *trade apprentices*

4.3 Targets for major ICT projects

- 4.3.1 Recognising the numerous entry-level pathways into digital roles, and that apprenticeship pathways are less common, targets for *major ICT projects* will include *ICT cadets* and be negotiated on a project-by-project basis, based on workforce information provided by *potential suppliers* during the procurement process. The agreed targets will achieve a genuine and meaningful increase in the proportion of *apprentices* and *ICT cadets* engaged in the workforce.
- 4.3.2 Prior to approaching the market, *relevant entities* will need to determine whether it is reasonable to apply targets to *major ICT projects* based on the nature of the services being procured. For example, where minimal *labour hours* are involved (e.g., procuring software) it may not be feasible to apply workforce targets. **Sections 4.3.3 – 4.3.6** only apply to projects where the *relevant entity* determines it is appropriate to apply targets to a *major ICT project*.
- 4.3.3 Where a *relevant entity* determines that targets will apply to a *major ICT project*, the *relevant entity* will need to request the following information from *potential suppliers* in the *approach to market*:
- proposed targets for the life of the contract that demonstrate an increase in the proportion of *apprentices* and *ICT cadets* engaged in the workforce (further detail on targets is at **Section 4.3.4**)
 - up-to-date workforce data on which the proposed targets are based
 - an outline of why the targets have been set at the proposed level.
- 4.3.4 *Potential suppliers* will need to propose:
- a target specifying the number of *labour hours* that will be undertaken by *apprentices* and *ICT cadets*, and
 - a target specifying the number of *labour hours* that will be undertaken by women *apprentices* and *ICT cadets*.
- 4.3.5 The targets can be made up of any combination of *apprentice* and *ICT cadet labour hours* (including only *apprentice* or only *ICT cadet labour hours*).
- 4.3.6 *Potential suppliers* will be required to supply the information specified at **Section 4.3.3** during the *submission* stage. The targets would be agreed during the contract negotiation stage with the successful *supplier*.
- 4.3.7 See Reporting and Compliance under **Sections 6 and 7** for further detail on calculating targets.

4.4 Targets and other requirements for flagship construction projects

4.4.1 *Flagship construction projects* must meet all *major construction project* targets.

4.4.2 Recognising their increased scale, *potential suppliers of flagship construction projects* will also be required to propose more ambitious targets for women. This may help work towards a critical mass of women on site to help shift cultures on individual projects, and act as exemplars across the sector.

4.4.3 *Suppliers of flagship construction projects* are required to:

- Ensure a minimum of 10% of all *labour hours* spent on the project are undertaken by *apprentices* (see **Section 4.2**).
- Ensure they meet the minimum targets for women applying to *major construction projects* for the length of the project (see **Section 4.2**).
- Propose higher, more ambitious targets for women. These must exceed the annual minimum targets set for *major construction projects* (see **Section 4.2**).
- Prepare a *Gender Equality Action Plan* outlining how targets will be achieved as outlined in **Sections 4.4.5 – 4.4.9**.

4.4.4 **Example: Flagship construction projects – Targets for women**

Best Construction is tendering for a *flagship construction project*. The tender documentation posted on *AusTender* indicates a contract start date of 30 September 2025 and a contract end date of 15 June 2026. *Best Construction* must propose higher targets for women than those applying to *major construction projects* on 30 September 2025. Therefore, the targets for women for this project must be:

- above 7% of *apprentice labour hours* and
- above 5% of *trade apprentice labour hours*.

Where a *flagship construction project* spans multiple financial years, *potential suppliers* will need to propose higher targets for women than those applying to *major construction projects* for each financial year.

Gender Equality Action Plan

4.4.5 *Potential suppliers* providing a *submission* for a *flagship construction project* must also commit to provide a *Gender Equality Action Plan*. The *Gender Equality Action Plan* will outline *supplier* recruitment and retention strategies that will be put in place to ensure the targets for women are achieved and sustained. Additional content should include, but is not limited to, an organisation's workforce information, gender pay information, focus areas, strategies, and associated actions to drive progress on gender equality and positive, culturally safe practices within the workplace. While it is not a requirement, *suppliers* are also encouraged to develop a *Gender Equality Action Plan* for *major construction* and *major ICT projects*.

- 4.4.6 *Relevant entities* are responsible for the approval of their *supplier's* proposed *Gender Equality Action Plan*. *Relevant entities* will also be responsible for monitoring a *supplier's* compliance with strategies outlined in their *Gender Equality Action Plan*.
- 4.4.7 The *Gender Equality Action Plan* will assist *sub-contractors* associated with the *flagship construction project* to plan and implement similar recruitment and retention strategies in accordance with the project *supplier*. As such, the *supplier* in their *Gender Equality Action Plan* should outline strategies that will be adopted to ensure all associated project parties deliver more equitable, safe, and respectful workplaces free from harassment.
- 4.4.8 This requirement is separate to any requirements under the *Workplace Gender Equality Act 2012* (Cth).
- 4.4.9 A *Gender Equality Action Plan* template will be available on the Skills Guarantee website prior to 1 July 2024.

5 Procurement and contract management planning

5.1 Approach to market

- 5.1.1 From 1 July 2024, *relevant entities* must specify whether the procurement is a *major construction project, major ICT project, or flagship construction project*, when inviting *potential suppliers* to participate in a procurement to which the Skills Guarantee applies.

5.2 Model clauses

- 5.2.1 Skills Guarantee model clauses are the mechanism through which the Skills Guarantee is applied to *approach to market* and contract documents.
- 5.2.2 Model clauses will be available on the DEWR website and the Department of Finance's Clause Bank prior to 1 July 2024.

5.3 Submission stage

- 5.3.1 At the *submission* stage, the *potential supplier* will be required to make a declaration of their ability to comply with the Skills Guarantee requirements and provide the following information in their *submission*:
- Identifies total estimated *labour hours* for completion of the *eligible project* as outlined in **Section 4**
 - Identifies the applicable percentage of *labour hours* to be undertaken by *apprentices* and, where applicable, *ICT cadets* as outlined in **Section 4**
 - Identifies the applicable percentage of *labour hours* to be undertaken by women *apprentices* and, where applicable, *ICT cadets* (including annual increases for multi-year projects) as outlined in **Section 4**
 - Identifies the applicable percentage of *labour hours* to be undertaken by women as *trade apprentices* (including annual increases for multi-year projects) as outlined in **Section 4**
 - Outlines proposed higher targets for women that exceed the minimum targets for women (including annual increases for multi-year projects) (applicable to *flagship construction projects* only) as outlined in **Section 4**
 - Identifies a *Gender Equality Action Plan* (applicable to *flagship construction projects* only) as outlined in **Section 4**.

5.4 Submission evaluation

- 5.4.1 When assessing *submissions*, *relevant entities* must ensure that the evaluation process assesses against the Skills Guarantee requirements listed in **Section 5.3.1**.

- 5.4.2 When evaluating *submissions*, *relevant entities* will need to consider the proposed Skills Guarantee targets in conjunction with other assessment criteria, to determine the *submission* that demonstrates the most value for money in accordance with the *Commonwealth Procurement Rules*.

6 Reporting

6.1 Reporting responsibilities and requirements for all parties

- 6.1.1 Effective reporting processes are essential to monitoring a *supplier's* performance over the life of an *eligible project* and critical to understanding whether the policy intent is being delivered.

Relevant entity

- 6.1.2 *Relevant entities* are required to ensure *suppliers* report data as per **Sections 6.1 and 6.2**, within the timeframes requested. The *relevant entities* are responsible for undertaking appropriate assurance activities to ensure that the data provided by the *supplier* in their reports is complete and accurate, and ensuring data is collected and shared responsibly.
- 6.1.3 *Relevant entities* will be required to report every six months to DEWR on the progress of all contracts with Skills Guarantee targets.
- 6.1.4 Where the *supplier* fails to satisfactorily complete and/or submit required reporting to meet the requirements of the contract, the *relevant entity* will work with the *supplier* to remedy this.

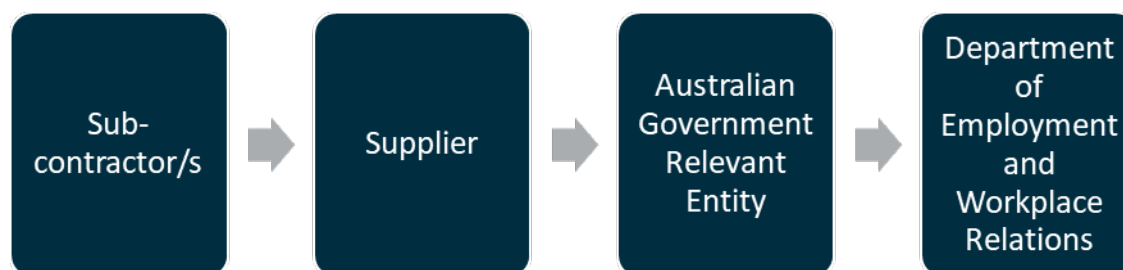
Supplier

- 6.1.5 *Relevant entities* are required to ensure that all contracts include provisions requiring *suppliers* to provide accurate and timely reporting against the targets (at the project level) to the *relevant entity* at the end of every quarter and financial year, as well as at the end of contract. This will enable *relevant entities* to monitor progress and work with *suppliers* to ensure they meet the targets.
- 6.1.6 From 1 July 2024, *relevant entities* are required to ensure that *suppliers* report against targets using the Skills Guarantee worksheet.
- 6.1.7 *Suppliers* must also record, track, and report this information on behalf of their *sub-contractors*.

Sub-contractor/s

- 6.1.8 *Suppliers* must ensure that *sub-contractors* provide accurate and timely reporting against targets to the *supplier*, to enable the *supplier* to meet their reporting obligations to the *relevant entity*.

6.1.9 The flow-chart below shows reporting requirements for *sub-contractors*, *suppliers*, *relevant entities* and DEWR.



6.2 Reporting requirements

6.2.1 Operational guidance on minimum reporting requirements for *suppliers* and *relevant entities* will be developed to support reporting processes.

6.3 Labour hours that contribute to the Skills Guarantee targets

6.3.1 To be counted towards the Skills Guarantee targets, hours worked by an *apprentice* or *ICT cadet* must meet the definition of *labour hours*.

6.3.2 *Labour hours* worked off-site to deliver inputs to an *eligible project* can be counted towards the targets. This includes where the *apprentice* or *ICT cadet* is employed by a *sub-contractor* under the *supplier*. For example, the hours worked by a cabinet maker to manufacture cabinets for use on an *eligible project* can be counted towards the targets for that *eligible project*. Off-site work not contributing inputs to an *eligible project* will not be counted.

6.3.3 Hours spent off-site for formal *apprentice* or *ICT cadet* training and education (off-site hours) can be counted towards the *eligible project*. For example, hours an *apprentice* or *ICT cadet* spends away from the project at a registered training organisation or university can be counted. However, these hours can only be counted once towards an *eligible project*. If the off-site hours are to be split between multiple projects, the sum of the reported hours must not be greater than the total hours the *apprentice* worked off-site.

6.3.4 **Example: Hours that can contribute to targets**

If an *apprentice* working on 2 *eligible projects* (project A and B) worked 20 hours off-site in one week for both projects, then project A and B cannot both report that the off-site hours the *apprentice* worked on their project was 20 hours. This would add up to 40 off-site hours, which is more than the *apprentice* worked that week off-site.

7 Compliance

7.1 Introduction

7.1.1 *Relevant entities* are required to undertake six-monthly assessments and a final (end-of-contract) assessment for contracts with Skills Guarantee targets, and report to DEWR.

7.1.2 *Relevant entities* will be required to monitor *suppliers* and address non-compliance where necessary, as shown in **Table 2** below. *Relevant entities* will need to consider the significance of the matter when considering non-compliance streams and accountable authorities are responsible for the application of the procurement framework within their entities, commensurate with the scale, scope and risk of the procurement/s.

7.1.3 **Table 2: Consequences of non-compliance with the Skills Guarantee**

Stream	Non-compliance examples	Actions
Minor	- Reporting is inaccurate, incomplete or late. - Failed to meet the 10% target by up to 0.2 percentage points (i.e., below 10% but no less than 9.8% of the project's <i>labour hours</i> undertaken by <i>apprentices</i>). <i>Gender Equality Action Plan</i> (for <i>flagship construction projects</i>) requirements not maintained.	Educative approach <i>Relevant entities</i> will be expected to work with <i>suppliers</i> to inform them of requirements e.g., referring <i>suppliers</i> to the Skills Guarantee PCP and other available operational guidance. DEWR will support <i>relevant entities</i> to understand their obligations.
Moderate	- Reporting continues to be inaccurate, incomplete or late despite educative approach taken under minor stream. - Continues to be slightly under target despite educative approach taken under minor stream. - Under at least one of the targets by more than 0.2 percentage points (e.g., 9.7% or less of the project's <i>labour hours</i> undertaken by <i>apprentices</i>). <i>Gender Equality Action Plan</i> (for <i>flagship construction projects</i>) requirements not maintained despite educative approach under minor stream.	Directive approach <i>Relevant entities</i> will be expected to request the <i>supplier</i> provide reasons for non-compliance. This should include mitigating factors, for example, a shortage of <i>apprentices</i> in the supplier's location. <i>Suppliers</i> will be required to provide strategies they will put in place to rectify the situation – noting that some mitigating factors may prevent the <i>supplier</i> from achieving all targets.
Major	Reporting is still inaccurate, incomplete, or late (or not provided at all) despite directive approach taken under moderate stream.	Where <i>suppliers</i> persistently fail to engage in working towards meeting agreed targets, this information will be available for <i>relevant entities</i> to consider in value for money assessments in future <i>approaches to market</i>.

Stream	Non-compliance examples	Actions
	- Not meeting target/s despite directive approach taken under moderate stream with no satisfactory mitigating factors provided. <i>Gender Equality Action Plan</i> (for <i>flagship construction projects</i>) requirements still not maintained despite directive approach under moderate stream – and no mitigating factors provided, or factors not accepted by <i>relevant entities</i>.	
Extreme	- Requirements of the Commonwealth Supplier Code of Conduct (the Code) not met, for example unethical behaviour. The Commonwealth expects its <i>suppliers</i> to conduct themselves with high standards of ethics such that they consistently act with integrity and accountability. The Code outlines the Commonwealth's minimum expectations of <i>suppliers</i>, their personnel and their sub-contractors while under contract with the Commonwealth. - False declarations, or persistently dishonest, or barely honest behaviour.	Under paragraph 10.18 of the <i>Commonwealth Procurement Rules</i>, <i>relevant entities</i> may exclude a <i>tenderer</i> due to false declarations or significant deficiencies in the performance of obligations under a prior contract. <i>Suppliers</i> may be impacted as part of the process for awarding future procurements, in accordance with the <i>Commonwealth Procurement Rules</i>. <i>Approaches to market</i> and contracts with Skills Guarantee requirements will detail that performance against the Skills Guarantee will be considered as part of a <i>suppliers</i> compliance with the Code, which may lead to consequences in future procurements undertaken by <i>relevant entities</i>.

7.2 Calculations used to determine whether targets are met

7.2.1 Calculations for major and flagship construction projects

7.2.2 Overarching apprentice target – calculated at conclusion of project

7.2.3 Performance against the *overarching apprentice target* will be calculated using total **estimated labour hours** and **reported apprentice labour hours**. *Relevant entities* will need to regularly check whether a *supplier* is on-track to meet the *overarching apprentice target* as part of the 6-monthly assessment. Whether a *supplier* has met the *overarching apprentice target* will be formally assessed at the conclusion of the contract.

7.2.4 The following formula will be used to determine whether a *supplier* has met the *overarching apprentice target* at the conclusion of the contract.

$$\frac{\text{Total reported apprentice labour hours}}{\text{Total estimated labour hours}} \times 100$$

7.2.5 *Targets for women*

7.2.6 Performance against the targets for women will be calculated using **reported labour hours** for each financial year. As the targets for women will increase every financial year, *relevant entities* will need to assess compliance every financial year, not at the conclusion of the contract.

7.2.7 The following formulas will be used to determine whether a *supplier* has met the Skills Guarantee targets for women for a particular financial year:

7.2.8 *Apprentice target for women – calculated each financial year*

$$\frac{\text{Total reported women apprentice labour hours (for the financial year)}}{\text{Total reported apprentice labour hours (for the financial year)}} \times 100$$

7.2.9 *Trade apprentice target for women – calculated each financial year*

$$\frac{\text{Total reported women trade apprentice labour hours (for the financial year)}}{\text{Total reported trade apprentice labour hours (for the financial year)}} \times 100$$

7.2.10 **Calculations for major ICT projects**

7.2.11 For *major ICT projects*, the following formulas will be used to determine whether a *supplier* has met the Skills Guarantee targets:

7.2.12 *Overarching apprentice/ICT cadet target*

$$\frac{\text{Total reported apprentice and ICT cadet labour hours}}{\text{Total estimated workforce labour hours}} \times 100$$

7.2.13 *Apprentice/ICT cadet target for women*

$$\frac{\text{Total reported women apprentice and ICT cadet labour hours}}{\text{Total reported apprentice and ICT cadet labour hours}} \times 100$$

7.2.14 Example: How to determine whether a supplier is meeting the targets for women

Morris & Pardew Construction have completed the first year of their *major construction project*. The project has a contract start date of 1 September 2024. In the 2024–25 financial year *Morris & Pardew Construction* reported that 1,100 *labour hours* were undertaken by *apprentices*.

Overarching apprentice target for women

In the 2024–25 financial year, *Morris & Pardew Construction's major construction project* must meet an *overarching apprentice target for women* of 6%. *Morris & Pardew Construction* reported that in the 2024–25 financial year:

- 1,100 *labour hours* were undertaken by *apprentices*, and
- 70 *labour hours* were worked by women *apprentices*

The 70 *labour hours* worked by women *apprentices* represents 6.4% of the total *labour hours* undertaken by *apprentices* (70 women *apprentice labour hours* divided by 1,100 total *apprentice labour hours*). Therefore *Morris & Pardew Construction* have **met** the *overarching apprentice target for women* in 2024–25 financial year.

Trade-specific apprentice target for women

In the 2024–25 financial year, *Morris & Pardew Construction's major construction project* must meet a 4% *trade-specific apprentice target for women*. *Morris & Pardew Construction's major construction project* reported in the 2024–25 financial year that:

- 900 *labour hours* were worked by *trade apprentices*
- 36 *labour hours* were worked by women *trade apprentices*

The 36 *labour hours* worked by women *trade apprentices* represents 4% of the 900 *labour hours* undertaken by *trade apprentices* (36 women *trade apprentice labour hours* divided by 900 total *trade apprentice labour hours*). Therefore *Morris & Pardew Construction* have **met** the *trade-specific apprentice target for women* in the 2024–25 financial year.

Appendix A – Roles and responsibilities

Department of Employment and Workplace Relations (DEWR)	DEWR administers the Skills Guarantee policy, including: • providing subject matter expertise on the Skills Guarantee <i>to relevant entities</i> • promoting the Skills Guarantee • ongoing management of the Skills Guarantee • advising Government regarding the policy and the performance of <i>suppliers</i> and <i>relevant entities</i> in meeting their obligations under the Skills Guarantee PCP • implementing and subsequently managing the Skills Guarantee reporting system.
Department of Finance	The Department of Finance is responsible for the Commonwealth Procurement Framework, including the <i>Commonwealth Procurement Rules</i>, <i>AusTender</i>, and the Supplier Code of Conduct, and providing advice to <i>relevant entities</i> on the Commonwealth Procurement Framework.
Relevant entity	The <i>relevant entity</i> is responsible for managing the following areas of the Skills Guarantee: <i>Submission preparation</i> • Determine whether the Skills Guarantee PCP applies to a procurement. For any clarification, <i>relevant entities</i> should contact DEWR. • Support <i>potential suppliers</i> and <i>suppliers</i> to understand the Skills Guarantee PCP requirements. <i>Proposal</i> • Incorporate the current Skills Guarantee model clauses for the applicable project type into the <i>approach to market</i> documentation. <i>Submission evaluation process</i> • Review responses to determine whether <i>submissions</i> meet the requirements outlined in Section 5.4. <i>Contract negotiation</i> • Negotiation of targets for <i>major ICT projects/ flagship construction projects</i>.

	• Include model clauses in the contract. Contract Management • Manage compliance with the Skills Guarantee PCP throughout each stage of the procurement process and make assessments as to whether the <i>supplier</i> is accurate in their reporting against the Skills Guarantee targets. • Undertake annual and final compliance assessments against Skills Guarantee targets. • Support <i>suppliers</i> to meet their obligations under the Skills Guarantee.
Supplier	The <i>supplier</i> reports to the <i>relevant entity</i> and is responsible for: • completing the <i>submission</i> response and, should it be successful, ensuring it fulfills the requirements of the contract • managing all aspects of <i>sub-contractor</i> engagement and performance in relation to the Skills Guarantee PCP • for <i>major construction projects</i>, meeting <i>overarching apprentice target</i> and both targets for women • for <i>flagship construction projects</i>, meeting <i>overarching apprentice target</i>, meeting proposed higher targets for women and submitting a <i>Gender Equality Action Plan</i> • for <i>major ICT projects</i>, meeting agreed <i>overarching apprentice</i> and <i>ICT cadet target</i> and target for women • responding in a timely manner to the <i>relevant entity</i> and/or DEWR for all requests, including for compliance reports or other information • providing accurate and complete reporting against applicable targets, in accordance with the requirements outlined in the contract.
Sub-contractor	The <i>sub-contractor</i> (which may include <i>group training organisations</i>) reports to the <i>supplier</i> and is required to: • provide accurate and timely reporting against targets to the <i>supplier</i>, to enable the <i>supplier</i> to meet their quarterly reporting obligations to the <i>relevant entity</i>.

Appendix B – Examples of applying apprentice and ICT cadet hours to the targets

Bella Bella is an <i>apprentice</i> carpenter working on a <i>major construction project</i>. An <i>apprentice</i> carpenter is a <i>trade</i> role as it is included within the ANZSCO Major Group 3 <i>Technicians and Trades Workers</i> category. As a <i>woman</i> and an <i>apprentice</i> working in a <i>trade</i> role, Bella's hours would contribute to: - the overarching <i>apprentice target</i> - the overarching <i>apprentice target for women</i> - the <i>trade-specific apprentice target for women</i>.
Katrina Katrina is completing a Human Resources traineeship on a <i>major construction project</i>. A Human Resources traineeship is not a <i>trade</i> role, as it is not included within the ANZSCO Major Group 3 <i>Technicians and Trades Workers</i> category. As a <i>woman</i> and a <i>trainee</i> working in a non-<i>trade</i> role, Katrina's hours would contribute to: - the overarching <i>apprentice target</i> - the overarching <i>apprentice target for women</i>. Katrina's hours would not contribute to: - the <i>trade-specific apprentice target for women</i>.
Nic Nic is an <i>apprentice</i> plumber working on a <i>major construction project</i>. An <i>apprentice</i> plumber is a <i>trade</i> role as it is included within the ANZSCO Major Group 3 <i>Technicians and Trades Workers</i> category. As a male <i>apprentice</i> working in a <i>trade</i> role, Nic's hours would contribute to: - the overarching <i>apprentice target</i>. Nic's hours would not contribute to: - the overarching <i>apprentice target for women</i> - the <i>trade-specific apprentice target for women</i>.
Clare Clare is a fully qualified project manager working on a <i>major construction project</i> who completed her traineeship 2 years ago. A project manager is not a <i>trade</i> role as it is not included within the ANZSCO Major Group 3 <i>Technicians and Trades Workers</i> category. As a <i>woman</i> who has completed her qualification and is working in a non-<i>trade</i> role, Clare's hours would not contribute to:

• the <i>overarching apprentice target</i> • the <i>overarching apprentice target for women</i> • the <i>trade-specific apprentice target for women</i>.
Adam Adam is a paid construction management cadet working on a <i>major construction project</i>. This is not a <i>trade</i> role as it is not included within the ANZSCO Major Group 3 <i>Technicians and Trades Workers</i> category. As a man working in a non-<i>trade</i> and non-ICT role, Adam's hours would not contribute to: • the <i>overarching apprentice target</i> • the <i>overarching apprentice target for women</i> • the <i>trade-specific apprentice target for women</i>.
Alexandra Alexandra is an ICT cadet working on a <i>major ICT project</i> while studying towards a Bachelor of Computer Science degree at a university. As a <i>woman</i> and an <i>ICT cadet</i> working on a <i>major ICT project</i>, Alexandra's hours would contribute to: • the <i>overarching apprentice/ICT cadet target</i> • the <i>overarching apprentice/ICT cadet target for women</i>. Note <i>ICT cadet labour hours</i> only apply to <i>major ICT projects</i> and not <i>major construction projects</i>.
Julie Julie is an <i>apprentice</i> ICT support technician working on a <i>major ICT project</i>. As a <i>woman</i> working as an <i>apprentice</i>, Julie's hours would contribute to: • the <i>overarching apprentice/ICT cadet target</i> • the <i>apprentice/ICT cadet target for women</i>.
Trish Trish is an unpaid cadet working on a <i>major ICT project</i>. As a <i>woman</i> working as an unpaid cadet, Trish's hours would not contribute to: • the <i>overarching apprentice/ICT cadet target</i> • the <i>apprentice/ICT cadet target for women</i>.

Appendix C – Building and Construction and Maintenance Services codes within scope of the Skills Guarantee

Relevant entities are required to select a UNSPSC for planned procurements, *approaches to market*, and contract notices. This UNSPSC will be posted on *AusTender* and determines if the procurement is in scope of the Skills Guarantee, provided the procurement also meets the eligibility requirements detailed in **Section 3**.

Table 3. Building and construction codes within scope of the Skills Guarantee

UNSPSC	Description	UNSPSC	Description
72	Building and Construction and Maintenance Services Services associated with the construction and maintenance of facilities, buildings, structures, roads, and infrastructure. Also includes trades such as general contractors, electricians, plumbers, carpenters, painters, roofing, landscaping, gardening, and pest control.	72100000	Building construction and support and maintenance and repair services
		72101500	Building support services
		72102100	Pest control
		72102900	Facility maintenance and repair services
		72120000	Non-residential building construction services
		72121500	Industrial plant construction services
		72151200	Heating and cooling and air conditioning HVAC construction and maintenance services
		72151300	Painting and paper hanging services
		72151500	Electrical system services
		72151900	Masonry and stonework services
		72152300	Carpentry services
		72152302	Finish carpentry service
		72152500	Floor laying services
		72153600	Interior finishing and furnishing and remodelling services
		72153900	Building site preparation services

Appendix D – ICT codes within scope of the Skills Guarantee

Relevant entities are required to select a UNSPSC for planned procurements, *approaches to market*, and contract notices. This UNSPSC will be posted on *AusTender* and determines if the procurement is in scope of the Skills Guarantee, provided the procurement also meets the eligibility requirements detailed in **Section 3**.

Table 4. ICT codes within scope of the Skills Guarantee

UNSPSC	Description	UNSPSC	Description
80	Management and Business Professionals and Administrative Services	80101507	Information technology consultation services
81	Engineering and Research and Technology Based Services	81110000	Computer services
		81111000	Forensic IT Services
		81111500	Software or hardware engineering
		81111508	Application implementation services
		81111600	Computer programmers
		81111700	Management information systems MIS
		81111800	System administrators
		81162200	Infrastructure as a Service (IaaS – Cloud)
		81111900	Information retrieval systems
		81112300	Computer hardware maintenance and support
		81112000	Data services
		81112002	Data processing or preparation services
		81112100	Internet services
		81112200	Software maintenance and support
		81162100	Platform as a Service (PaaS – Cloud)
		81162000	Software as a Service (SaaS – Cloud)
		81112201	Maintenance or support fees
		81141801	Safety or risk analysis

UNSPSC	Description	UNSPSC	Description
83	Public Utilities and Public Sector Related Services	83120000	Information services
		83121604	Online database information retrieval systems
86	Education and Training Services	86141704	Library or documentation services