

Strategic Review of the AUSTRALIAN APPRENTICESHIP INCENTIVE SYSTEM

2024



Final report overview

The review found that while apprenticeships play an important role in reducing critical skills shortages, there is a need to better target incentives to economic priorities and social equity objectives. There is also a need to improve workplaces for apprentices, take a targeted approach to support priority groups, improve data collection, and enhance the performance of programs and those involved in the apprenticeships system such as employers, training providers and support services.

Background

The Australian Apprenticeship Incentive System (incentive system) is a cornerstone of the Australian Government's investment in apprenticeships, providing financial support to apprentices and employers working in priority occupations facing skill shortages.

The Strategic Review of the Australian Apprenticeship Incentive System (the review), led by Dr Iain Ross AO and Ms Lisa Paul AO PSM, considered the effectiveness and efficiency of the current incentive system in supporting the uptake and completion of Australian apprenticeships. In particular, it considered the incentive system with regard to addressing Australia's skills needs and its ability to deliver on economic priorities and social equity objectives.

Approach

The review took an evidence-informed approach to public policy. It considered lessons learned from other reviews, evaluations of historical apprenticeship incentive programs and settings, data from across the apprenticeship system, and research literature.

The review was also informed by extensive consultations with individuals and organisations from across the apprenticeship system. The review engaged with over 600 people across Australia in 90 face-to-face and online consultations with individual stakeholders and targeted roundtables. The public were also invited to provide written submissions, which resulted in over 145 submissions.

Key Issues

The review identified the following issues:

- Skill shortages are continuing to grow, particularly in trade-related occupations where apprenticeships are the main pathway. The current approach, directing incentives to occupations experiencing shortages, is not fit for purpose.
- Decisions about apprenticeship intakes vary depending on the size of the business, with large businesses making decisions based on business needs rather than government incentives.

- The monetary cost of hiring an apprentice is not the only barrier to entry for Small and Medium Employers (SMEs). SMEs, especially those who have not taken on an apprentice before, often need additional support around providing apprentices with training and navigating the apprenticeship system.
- Apprentices, like many workers, are struggling to meet cost-of-living pressures. Low training wages can deter people from taking up an apprenticeship and impact on their ability to afford to follow it through to completion.
- While many stakeholders were passionate advocates of apprenticeships, the wider community can see them as less valuable than university education.
- Apprentices expect good on-the-job training, a safe workplace and to be respected by their employer. However, three-quarters of apprenticeships end due to workplace related issues, with apprentices ending the arrangement in 80% of cases. Many report unsafe workplaces, a toxic work culture or being treated as simply 'cheap labour'.
- Women apprentices in male-dominated trades, First Nations apprentices, apprentices from culturally and linguistically diverse backgrounds, apprentices with disability, and apprentices in regional and remote Australia each experience barriers to accessing an apprenticeship and in getting through the apprenticeship.
- The wider VET system has some issues such as inconsistency between jurisdictions and challenges with claiming recognition of prior learning (RPL) that can impact on the decision to take up an apprenticeship.
- It is important to ensure the skills apprentices have gained during their apprenticeship contribute to their careers and a skilled workforce into the future.
- Current apprenticeship data has a number of gaps. Improving data collection and sharing will allow future system reforms to be led by more timely, accurate and comprehensive data.
- Program evaluation is fundamental to evidence-informed public policy development, program design and implementation.

Recommendations

The report made 34 recommendations that aim to address the key issues identified through the review. The following is a summary of some of the changes proposed.

- Align incentives to the Government's economic priorities and social equity objectives. Direct payments to key areas such as trade occupations, the care sector and to SMEs.
- Trial innovative approaches to addressing challenges within the apprenticeship system.
- Improve the apprentice experience through strengthening national standards and assessing the services provided by the Apprentice Connect Australia Providers, Registered Training Organisations and Group Training Organisations.
- Reward employers who are doing the right thing and address the behaviour of those who are not providing an appropriate working environment for their apprentices.
- Support the use of Group Training Organisations to assist SMEs in taking on new apprentices and facilitate apprenticeships across renewable energy projects.
- Provide more financial support to apprentices through subsidies for their travel expenses, purchasing tools, and reforms to apprentice support payments to increase the amount and frequency of payment.
- Utilise the Australian Government's procurement policies to increase engagement of apprentices and improve workplaces for women.
- Bring key stakeholders together to develop strategies to facilitate apprenticeship pathways in the aged care and disability sectors.
- Deliver a national campaign to promote apprenticeships and improve information about apprentices provided in schools and to the general public. Celebrate apprentices' achievements through graduation ceremonies.
- Improve teacher and career advisors' understanding of VET pathways and enable better access to high-quality work experience, pre-apprenticeships and school-based apprenticeship programs.
- Work with industry stakeholders to address workplace culture issues within different industries.
- Improve the assessment of apprentices' language, literacy and numeracy skills.
- Use existing apprentice data systems to better connect apprentices with support services. Review the systems to make them easier for apprentices, employers and other users to use and navigate.
- Provide supports targeted at priority cohorts such as:
 - Creating more opportunities for women to enter male-dominated trades
 - Improving the cultural competency of training providers to better support First Nations Apprentices
 - Expanding programs facilitating pathways to apprenticeships for people with disability and increase support payments directed at apprentices with disability
- Develop ways to recognise previous experience and fast-track apprenticeships to make apprenticeships more appealing to those entering an apprenticeship later in life.
- Develop means for apprentices to demonstrate the transferability of the skills they develop in their training between different employers and occupations.
- Improve the collection, assessment and reporting of apprenticeship data.