

# Strategic Review of Apprenticeship Incentives

**ACCI Submission**

24 April 2024



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# Executive Summary

Apprenticeships and traineeships are essential parts of workforce development, they are a means of offering meaningful career pathways to workers and communities. Far beyond mere educational endeavours, they serve as integral components for addressing skill shortages, improving employment outcomes, and fostering social, economic, and employment mobility. By seamlessly integrating work with learning, apprenticeships and traineeships provide a unique avenue for individuals to transition from school to the workforce, or embark on a career change. Occupations such as chefs, construction managers, motor mechanics, and metal fitters and machinists underscore the vital role apprenticeships play in meeting industry demands.

Australia has a proud history in supporting and developing apprenticeship and traineeship programs and this has been a key element in building the capability of the workforce over many decades.

The Australian Chamber of Commerce and Industry (ACCI) recognises the critical importance of apprenticeships and traineeships and is advocating for a series of initiatives to ensure a steady pipeline of qualified workers for our nation's industries. Apprenticeships and traineeships, being a collaborative effort between workforce development and education, offer unparalleled employment outcomes that support valued occupations and secure work.

Out of all Vocational Education and Training (VET) qualification options, apprenticeships and traineeships have the best graduate employment outcomes, and they also surpass many higher education options. For many occupations, such as plumbers or electricians, an apprenticeship is the only pathway to becoming a licensed tradesperson. This reinforces the importance of both their status and the continuing need to invest in apprenticeships to meet the skill demands in these areas. Traineeships provide students with invaluable exposure to essential sectors like health, aged care, childcare, hospitality, and protective services, paving the way for diverse career opportunities.

Employers play a central role in this system, serving as indispensable partners for the implementation of apprenticeship and traineeship programs. Without employers, neither apprenticeships or traineeships can be conducted, as they require on-the-job training within a business setting. The 'earn and learn' aspect of apprenticeships, along with the valuable hands-on experience, hinges entirely on employer engagement. Employers dedicate considerable time to supervision and training, ensuring apprentices and trainees can learn and grow in safe, supportive environments.

ACCI believes that any reduction or removal of incentive payments to employers will have dire consequences, leading to decreased apprenticeship commencements, exacerbating skills shortages, and impeding the nation's long-term economic growth. Recent initiatives like the Boosting Apprenticeship Commencement (BAC) program underscores the pivotal role incentives play in making the business case for employer participation. However, the data demonstrates the reduction of incentives results in a steady decline in apprenticeships, posing significant risks to our economy's future workforce if this were to occur.

History demonstrates that declines in apprentice uptake, either through economic or structural change, can have negative ramifications for years. The effects of potentially stalled apprentice and trainee uptakes would need to be assessed by government should it decide to reduce incentives, noting they have historically supported the attraction and engagement of apprentices and trainees, by employers.

Considering these challenges, ACCI advocates for a multifaceted approach to support apprenticeships beyond 2024. This includes ongoing incentive payments to employers and apprentices, development of better supports for employers and apprentices, a focus on better understanding completion data, proactive

promotion of apprenticeships, targeted initiatives for key groups and the development of pre-apprenticeship programs to facilitate easier access to apprenticeships.

This submission outlines suggestions on how to drive apprenticeship and traineeship numbers and provides the following recommendations:

### **Effect of incentives on commencements**

Any revenue the government receives from the SAF levy must be directed to funding more apprenticeships and traineeships.

Postpone the planned reduction of incentives from 1 July 2024 for one year to allow sufficient time for the development of the next iteration of Australian Apprenticeship Incentives.

### **Job Creation Incentive program**

Creation of a five-year Job Creation Incentive program at the following level:

- Standard base-level payments to all employers of apprentices should be up to \$2,000 per quarter across the first two years, for trainees up to \$2,000 per quarter across the first up to 18 months of their program.
- Targeted incentives for those areas that have been deemed in shortage by Jobs and Skills Australia of an additional \$2,000 payment above the standard base payment payable to the employer.
- 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 to be payable quarterly across two years to employers of adult aged apprentices.

### **Completions**

Better method to accurately track students and their completion rates, focus on the student rather than paperwork through improved USI tracking.

The development of a new approach to non-completion with an emphasis on the value of gaining skills to enter the workforce, rather than the view that no certificate obtainment equals failure.

### **Australian Apprenticeship Support Network**

Appropriate funding for the Australian Apprenticeship Support Networks to deliver support services and resources to assist employers, apprentices and trainees.

Ensure consistency among support services to remove duplication and confusion for employers, apprentices and trainees.

Development of information and guides on best practice and access to real person support to assist small business owners along the apprenticeship/traineeship journey.

### **High-quality training**

Ensure the VET trainer and assessor course remains fee-free for the near future.

Develop mentorship programs, professional development opportunities, and professional networks for VET trainers.

### **Cost-of-living pressures**

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.

### **Supports for women, people in rural, regional and remote areas, and First Nations peoples**

Work with industry to further establish support the development of websites, guides and networks to encourage women to undertake and remain in trades.

Conduct comprehensive research, including surveys, to better understand the non-financial barriers faced by women in trades.

Additional funding for mentoring and support services for all First Nations apprentices/trainees within AASNs or GTOs.

A detailed study of the differences between apprenticeship programs that have high success rates for First Nations people and those that do not to help identify best practice.

### **Increasing apprenticeship / traineeship participation**

The development of an apprenticeship/traineeship commencement target to ensure numbers do not decline.

The development of a coordinated approach to promoting apprenticeships in both schools and those looking for a career change. Ensuring each apprentice is presented with a clear program of requirements for the apprenticeship and the potential career outcomes once completed.

Mandate that secondary schools must host one interaction with a trade representative and student cohort for each year between years 8-11, with four in total to be delivered.

A better system around pre-apprenticeships programs should be developed to allow for easier access to apprenticeships, this should be through using industry experience to deliver the best results.

# Importance of Apprenticeships and traineeships

The apprenticeship and traineeship model is an ideal form of training as they integrate work with learning, provide pathways for school-to-work transition as well as create a valuable career change avenue. They combine structured learning alongside work experience within a model where students receive remuneration, and the employer has access to pay rates that reflect the work and training nature of the employment relationship.

Not only is this model of learning well developed in Australia it also reflects similar models of learning and training seen in leading European economies.

An apprenticeship is a form of vocational training that combines on-the-job work experience with structured learning. It involves a formal agreement between an individual (the apprentice) and an employer. Apprenticeship durations are typically for three to four years, during which time the apprentice learns a skilled trade, such as plumbing, mechanics or electrician.

A traineeship is like an apprenticeship but typically focuses on a broader range of industries and occupations beyond traditional trades. It is a structured training program that combines practical work experience with formal classroom-based learning. Traineeships are often one to two years in duration and involve a formal agreement between the trainee and an employer. Traineeships are mostly non-trade certificate qualifications and can be found in various fields such as business administration, hospitality, retail, information technology, and more.

Australia currently has a critical skill shortage challenge with over 36 per cent of all occupations in shortage<sup>1</sup> and, as of March 2024, record low unemployment of 3.7 per cent. In the top 20 occupations in demand, many require an apprenticeship to be undertaken, including chefs, construction managers, motor mechanics, electricians and metal fitters and machinists.<sup>2</sup> These statistics highlight how time-critical appropriate incentives are to maintaining a continuous flow of skilled workers in Australia.

## Effect of incentives on commencements

The impact incentives have on the behaviour of employers in the commencements of apprentices and trainees is clear when reviewing the historic data. In 1998, the Australian Apprenticeships Incentives Program (AAIP) was introduced and remained the main source of supports until it was replaced in 2022 by the Australian Apprenticeship Incentives System. Figure 1 shows, from 2006 onwards, the impact of introducing different employer incentives, and then the impact of decreasing or ceasing them has on apprentice and traineeship commencements.

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<sup>1</sup> Jobs and Skills Australia, [Current skills shortages](#), 2023

<sup>2</sup> Jobs and Skills Australia, [Labour market update](#), 2023

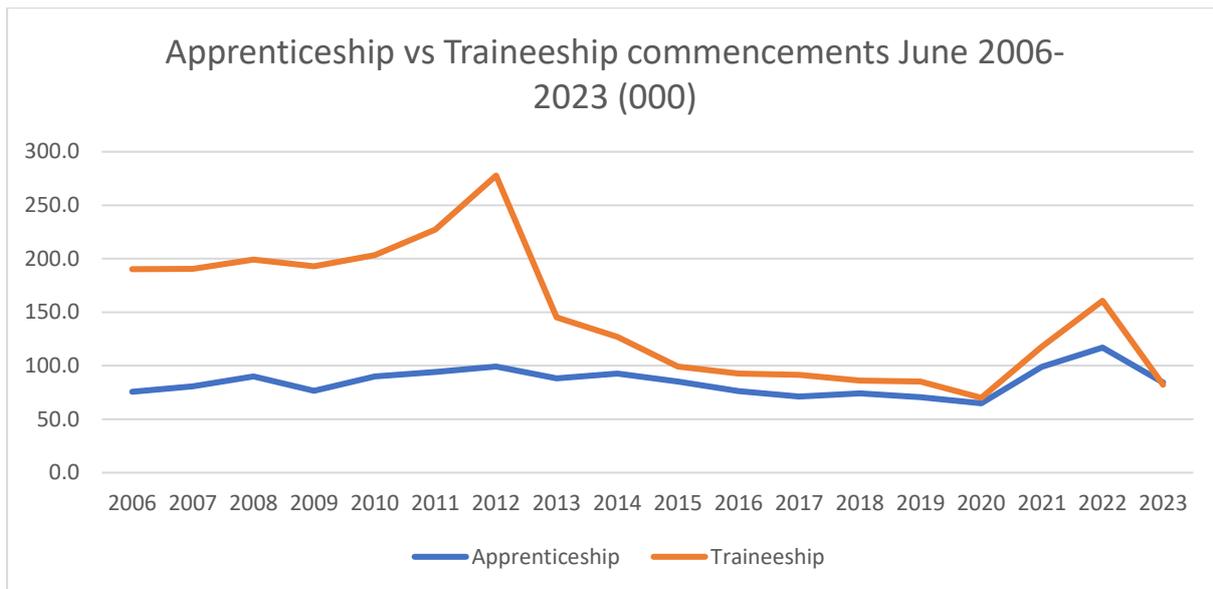


Figure 1: NCVER Apprenticeship vs Traineeship commencements June 2006-2023 (000)<sup>3</sup>

The Apprentice Kickstart initiative ran from December 2009 until November 2010. It was designed to maintain the increase in commencements of young people in skills shortage traditional trade apprenticeships as the Australian economy recovered from the impact of the Global Financial Crisis.

In July 2012, the commencement incentives for existing worker apprenticeships and traineeships not on the National Skills Needs List (NSNL) was removed. In October 2012, this was exacerbated by the removal of the commencement and completion incentives totalling \$4,000 for diploma and advanced diplomas, except for those in aged care, childcare or enrolled nursing, and the removal of \$1,500 commencement incentive for part-time apprenticeships and traineeships, except for Certificate III or IV qualifications on priority lists. The payment of the part-time completion incentive was reduced from \$2,500 to \$1,500, and the \$13,000 over two years wage subsidy for adult apprentices was replaced by a \$4,000 one-off incentive at end of the first 12 months of training.

From 2013 onwards, the decline caused by the removal of key incentive programs became pronounced. In August 2013, the completion incentives for existing worker apprenticeships and traineeships not on the NSNL were removed. At the same time, the Fair Work Commission increased apprentice pay rates under several modern awards for trades apprentices effective from 1 January 2014, with a further phased increase for awards with bigger increases on 1 January 2015. Adult apprentice rates were introduced for awards that did not have them and wages increased.

The beginning of 2014 saw the introduction of Trade Support Loans, with up to \$20,000 available over four years to apprentices undertaking a Certificate III or IV qualification leading to occupations on the NSNL. The wage supplement paid to adult apprentices was abolished.

In 2015, the Australian Apprenticeship Support Network replaced the Australian Apprenticeship Centres.

The creation of the \$1.5 billion Skilling Australians Fund (SAF) partnership agreement between 2017-18 to 2021-22, with matched funding from the states and territories, was funded by a migration levy, so funding amounts could vary. The state governments of Victoria and Queensland did not sign up to this initiative and, as of 2024, the levy paid by employers has been directed to consolidated revenue rather than to improving Australia's skills shortages. Any revenue the government receives from the SAF levy must be directed to funding more apprenticeships and traineeships. A \$60 million Industry Specialist

<sup>3</sup> NCVER, [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023](#), 2023

Mentoring program was developed to provide support to apprentices and trainees, particularly during the first two years of their training, to improve retention rates.

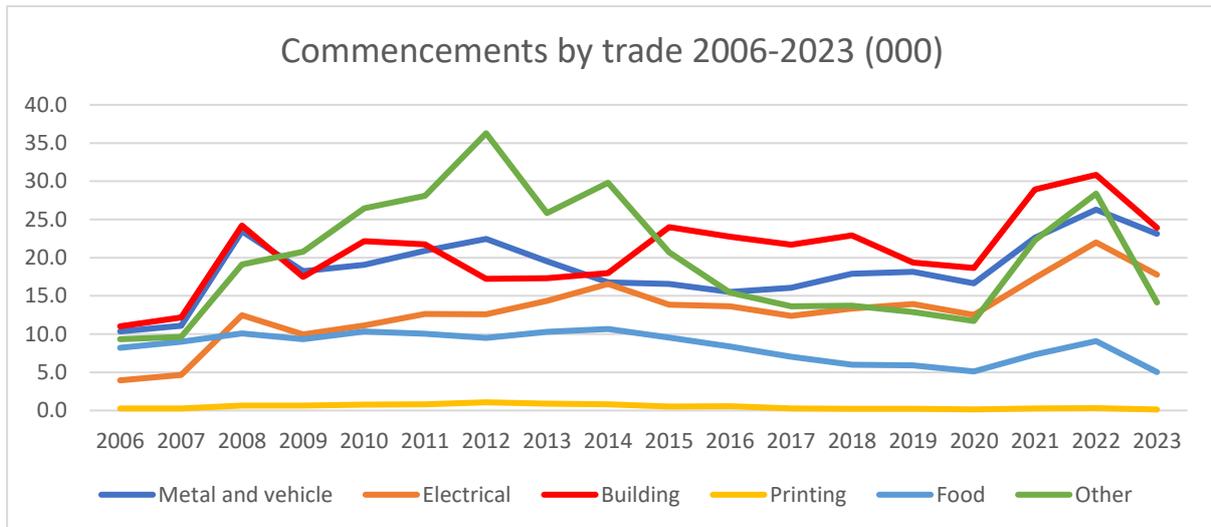


Figure 2: NCVER Commencements by trade 2006-2023 (000)<sup>4</sup>

In response to the COVID-19 pandemic, in March 2020 the Supporting Apprenticeship & Traineeship 50 per cent wage subsidy was implemented to support the retention of apprentices. This was renamed in the 2020 October Budget as the BAC Incentive which provided a 50 per cent wage subsidy for newly commencing apprentices and trainees, firstly capped at 100,000 students and later uncapped. This program was supported by the Completing Apprenticeships Commencements (CAC) program, which ran from 5 October 2021 to 30 June 2022. The CAC was applied to apprenticeships and traineeships where the qualification took more than 12 months to complete. In the second year, eligible employers received a wage subsidy of 10 per cent of wages, to a maximum of \$1,500 per quarter (up to \$6,000 over 12 months). In the third year, eligible employers also received a wage subsidy of 5 per cent of wages for an eligible apprentice or trainee, to a maximum of \$750 per quarter (up to \$3,000 over 12 months).

The replacement program for the AAIP, the \$2.4 billion Australian Apprenticeships Incentives System, was introduced in July 2022. The program allowed for eligible employers and Group Training Organisations (GTOs) that hire a new or recommencing Australian apprentice undertaking training in a qualification and occupation on the Australian Apprenticeships Priority List to apply for a Priority Wage Subsidy of 10 per cent of wages for the first and second year of the apprenticeship (up to \$6,000 annually) and 5 per cent of wages for third year (up to \$3,000 annually). There is also a direct payment to apprentices of up to \$5,000 over 2 years.

Under the AAIP, eligible employers and GTOs that hire a new or recommencing Australian apprentice in a qualification or occupation not listed on the Priority List can apply for a Hiring Incentive of \$3,500, paid in two equal six-monthly instalments (\$1,750 each), six months after commencement. The AAIP is legislated to have a step-down in funding occurring from 1 July 2024. From this date support will only be available for priority occupations of up to \$4,000 to employers, and up to \$3,000 to apprentices. It is the view of ACCI that this planned step-down should be delayed until the March 2025 federal budget, giving employers assurances about the current program and to allow sufficient time for the work of the Strategic Review of Apprenticeship Incentives to be completed.

<sup>4</sup> Ibid.

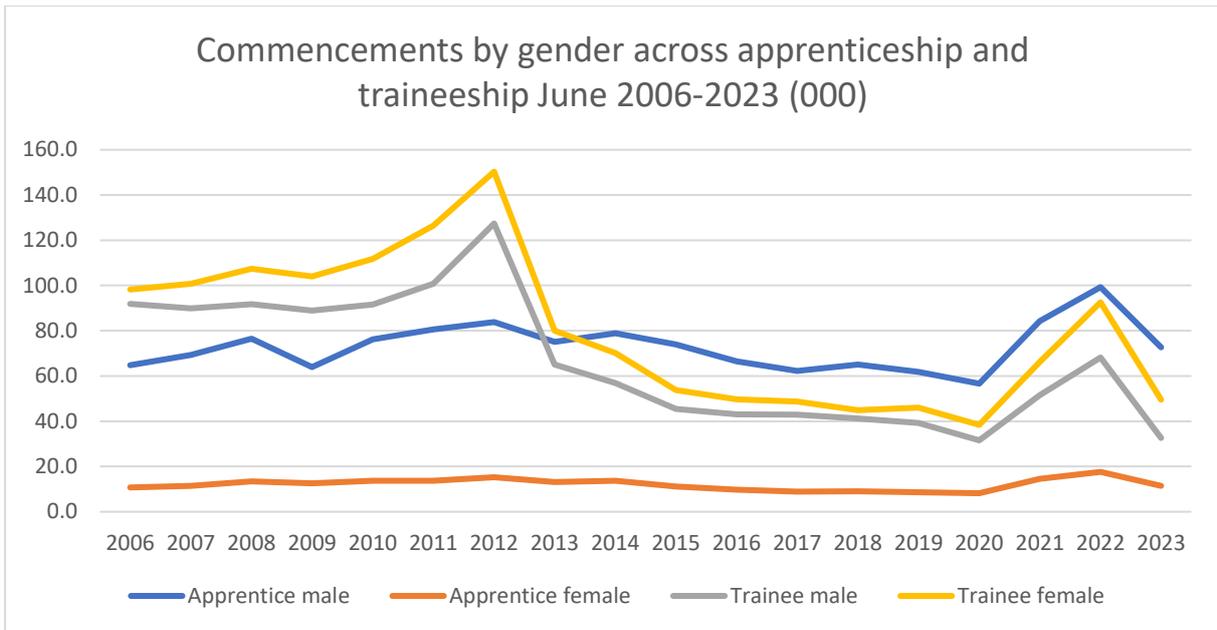


Figure 3: NCVER Commencements by gender across apprenticeship and traineeship June 2006-2023 (000)<sup>5</sup>

This overview of recent incentive programs highlights how important incentives are in encouraging employers to hire apprentices and trainees. It also illustrates the impact incentives have, particularly on traineeships. While apprenticeship numbers have remained steady, traineeships significantly increase because of incentives.

The data in figure 3 shows that increases in incentives drove higher numbers of females into traineeships and higher number of men into trades. The need to ensure higher numbers of females are driven into the trade sector is discussed later in this submission but the need to ensure the traineeship avenue remains open to females is exceptionally important. A reduction in incentives to trainees will have the largest impact on the young female workforce most disproportionately. Overall, incentives should continue to drive employers to hire workers and, focused additional supports, should look to target specific cohorts to drive commencements up more broadly.

**Recommendations:**

Any revenue the government receives from the SAF levy must be directed to funding more apprenticeships and traineeships.

Postpone the planned reduction of incentives from 1 July 2024 for one year to allow sufficient time for the development of the next iteration of Australian Apprenticeship Incentives.

## Incentives create jobs

It is vital to addressing skill shortages that incentives are used to develop a strong pipeline of workers. To do this, incentive settings must be appealing to employers and apprentices rather than create a gradual

<sup>5</sup> NCVER, [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023](#), 2023.

downward decline in commencements. Apprenticeship and traineeship numbers are strongly influenced by government policies and funding changes.

A commencement means that a job has been created for either a young person entering the workforce for the first time or potentially for an older person looking at changing their career path. The number of apprenticeship commencements directly impacts completion rates as they are intrinsically linked. Therefore, if commencement rates decline, it follows that completion rates will not increase.

Australia should move away from terminology such as ‘wage subsidy’ in apprenticeships and traineeships; as we know, time and supervision are the most prohibitive barriers for employers taking on an apprentice. The cost of taking on an apprentice, in actual dollars in wages, the opportunity cost of supervision as well as the productivity impact of a new learner, 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.

The Victorian Chamber of Commerce and Industry (VCCI) found in a March 2023 survey that the primary challenge or expense hindering businesses from engaging apprentices is the amount of time required for supervision.<sup>6</sup> Previous data from NCVER also confirms the financial burden on employers associated with supervision, highlighting that apprenticeships entail significant costs for businesses.<sup>7</sup> According to the VCCI survey, employers estimate that, excluding wages and fees, an apprentice incurs an average cost to the business of \$14,773 in the first year, \$8,340 in the second year, \$7,341 in the third year, and \$3,129 in the fourth year.<sup>8</sup>

Incentives offset the additional cost to employers above that of a normal employee, as employing an apprentice or trainee incurs additional costs based on the training and supervision required. Training fees can amount to thousands of dollars each year to employers, and potentially higher if there are no or reduced subsidies from the states and territories. This means the employer must entirely fund the deficit from their own pocket. There are also costs associated with releasing the apprentice to attend off-the-job training which can be up to two months a year for the first two years. There also needs to be a dedicated supervisor assigned to oversee the apprentice development, which can result in decreased work productivity of up to 50 per cent in the first year but ensures a high level of supervision is maintained to provide a safe working environment for the apprentice.

While adult apprentices are highly desirable to employers due to their experience, reliability, and work ethic, their higher wage costs pose a significant barrier to entry compared to younger apprentices. The data from the impact of the BAC incentive program clearly demonstrates that adult apprentices benefitted the most from the program. In 2022, trade commencements show a 33 per cent increase for 25–29-year-olds, a 43 per cent increase for 30- to 39-year-olds and a 46 per cent increase from over 40 year olds, in comparison to 2018<sup>9</sup>. These figures highlight the need for a targeted incentive for employers of adult apprentices.

To ensure apprenticeships and traineeship numbers do not decline further, and to create behaviour that leads to an increase in commencements, current incentives levels must remain and be further built on. It is vital that there is an ongoing level of recurrent incentive funding with additional targeted programs funded on top of rather than within the same envelope. A job creation incentive provides employers with confidence to hire new staff, allowing them replenish skills and assuredly assist with the career development of apprentices and trainees.

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<sup>6</sup> Victorian Chamber of Commerce and Industry, *Business Voice Survey*: March 2024.

<sup>7</sup> NCVER, [The cost of training apprentices](#), 2009

<sup>8</sup> Victorian Chamber of Commerce and Industry, *Business Voice Survey*: March 2024.

<sup>9</sup> NCVER, [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023](#), 2023.

ACCI recommends a five-year Job Creation Incentive program be established at the following level:

- Standard base-level payments to all employers of apprentices of up to \$2,000 per quarter across the first two years, for trainees up to \$2,000 per quarter across the first up to 18 months;
- Targeted incentives for those areas that have been deemed in shortage by Jobs and Skills Australia of an additional \$2,000 payment above the standard base payment payable to the employer;
- Completion payment of \$2,500 once the apprentice or trainee completes their qualification payable to the employer; and
- An additional amount of up to \$3,000 to be payable quarterly across two years to employers of adult aged apprentices.

Incentives are crucial in encouraging businesses, especially small enterprises, to consider hiring apprentices. They serve as significant drivers for businesses, particularly smaller ones, in participating in the apprenticeship program. It is impossible to have an apprentice or trainee without an employer.

### **Recommendation:**

Creation of a five-year Job Creation Incentive program at the following level:

- Standard base-level payments to all employers of apprentices should be up to \$2,000 per quarter across the first two years, for trainees up to \$2,000 per quarter across the first up to 18 months.
- Targeted incentives for those areas that have been deemed in shortage by Jobs and Skills Australia of an additional \$2,000 payment above the standard base payment payable to the employer.
- 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 to be payable quarterly across two years to employers of adult aged apprentices.

## Impact of removing incentives

ACCI believes that there is potential for significant harm to be imposed on the Australian economy if the current incentive levels are dropped and if standard base incentives for employers are removed. There is a very real possibility that any reduction in apprenticeship commencements and completions could have a permanent detrimental effect on the availability of skilled workers in Australia. Further, it could disenfranchise young people from being able pursue meaningful career opportunities.

As previously mentioned, incentives are important to employers and particularly in the first 12 months of an apprentices or trainees training, which is consistently identified as the period of highest cost for employers, due to training and supervision requirements, and the lowest level of productivity return by the new training recruit. It is important to note that employers do not use incentives to subsidise the cost of wages, rather they help reimburse employers who must reduce the jobs they can undertake to ensure they can appropriately train and supervise the apprentice.

## Importance for government initiatives

The federal government has key policies that rely on industry to deliver that may not be achievable if incentives are decreased. The removal of incentives could restrict productivity development and employment growth across all sectors ineligible for assistance.

Government has a clean energy goal to transition to net-zero by 2050 and has made some initial and substantial investments in programs to help Australia transition to renewable energy. The transition will require a skilled workforce in clean energy which currently does not exist at scale. Last year, Jobs and Skills Australia released the *Clean Energy Generation: Workforce needs for a net zero economy report*. According to the findings, Australia will need 32,000 additional electricians in the next seven years and 53,000 new clean energy supply workers by 2050.<sup>10</sup> Trades and technician roles account for 16 of the 38 critical occupations required to support Australia's net-zero transition. The government will need industry to hire these apprentices and trainees to reach their targets.

The recently announced New Vehicle Efficiency Standard will see the arrival of more electric vehicles in Australia, requiring an appropriately trained workforce. Industry is already highlighting this as a major area of worker shortfall with the fill rate for electric vehicle technicians standing at a lowly 41 per cent.<sup>11</sup>

The government has a \$10 billion National Housing and Homelessness Plan that aims to build 1.2 million new homes over five years from 2024. The delivery of this plan will require an army of workers, including apprentices and trainees in the building and construction industry. Build Skills, the Jobs and Skills Council for the built environment, confirmed the industry would need an additional 90,000 workers to deliver on the July 2024 quarter housing targets.<sup>12</sup> The housing targets will not be able to be delivered on if there are not appropriate settings that see apprentices as a key part of the equation.

The federal government has a \$120 billion infrastructure investment program which from the 1 July 2024 will have the Australian Skills Guarantee (Guarantee) apply to all Commonwealth procurements in the construction sector where the total contract value is \$10 million or more. The Guarantee will mean that all major construction projects must meet an apprentice or trainee target of 10 per cent of all labour hours, with a minimum 6 per cent to be undertaken by women.

The government will need industry to hire these apprentices and trainees to ensure that the workforce exists to deliver these policies. This will be a difficult undertaking if the incentives are reduced despite being that integral to the business case for employers to take on an apprentice or trainee.

The unintended consequences of decreasing or withdrawing incentives will compound the skills problems for industry and reduce the base on which to build additional and higher-level skills. Post 2012, the decrease in subsidies occurred during a time when the Australian economy remained steady and yet the commencement rate declined; removing them during a time of economic uncertainty could have a dire impact. As Australia moves towards a potentially critical time in its economy the certainty of incentives would assist employers looking at the business case of hiring an apprentice. There is also a natural rate of attrition that occurs across all industries, as members of the workforce retire each year which further compounds shortages.

The greatest tragedy in any fall of apprenticeship commencements would be the lost opportunity for thousands of young Australians to take the first step into a long-term career and build skills that will help them in their working life. If there is a failure to facilitate the transition of young Australians into the workplace, Australia is potentially condemning them to a lifetime of unemployment or a working life of only

<sup>10</sup> Jobs and Skills Australia, [The Clean Energy Generation: Workforce needs for a net zero economy](#), 2023

<sup>11</sup> Deloitte Access Economics, [Skills Shortages in the Australian automotive industry](#), 2024

<sup>12</sup> Thompson, A, Sydney Morning Herald, [Our missing tradies 90,000 needed now to meet nation's housing goal](#), 2024

marginal attachment to the workforce. This has major impacts on the nation, not only through the increased spend on welfare, but also the health impacts that flow from low attachment to the workforce.

## Completion of apprenticeships and traineeships

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.

As figure 4 shows the completion rates for trainees and trade apprentices who commenced their studies in the year beneath each column, have remained steady in recent years. The higher trainee completion rates reflect the short training duration time of traineeships. In relation to trade completions there is still a variation within these figures with those that are licensed or registered, having a higher completion rate again. These differences highlight the complexities within the completion rate data for apprentices and trainees.

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<sup>13</sup> Department of Education, [Completion Rates of Higher Education Students – Cohort Analysis](#), 2005-2022, 2023

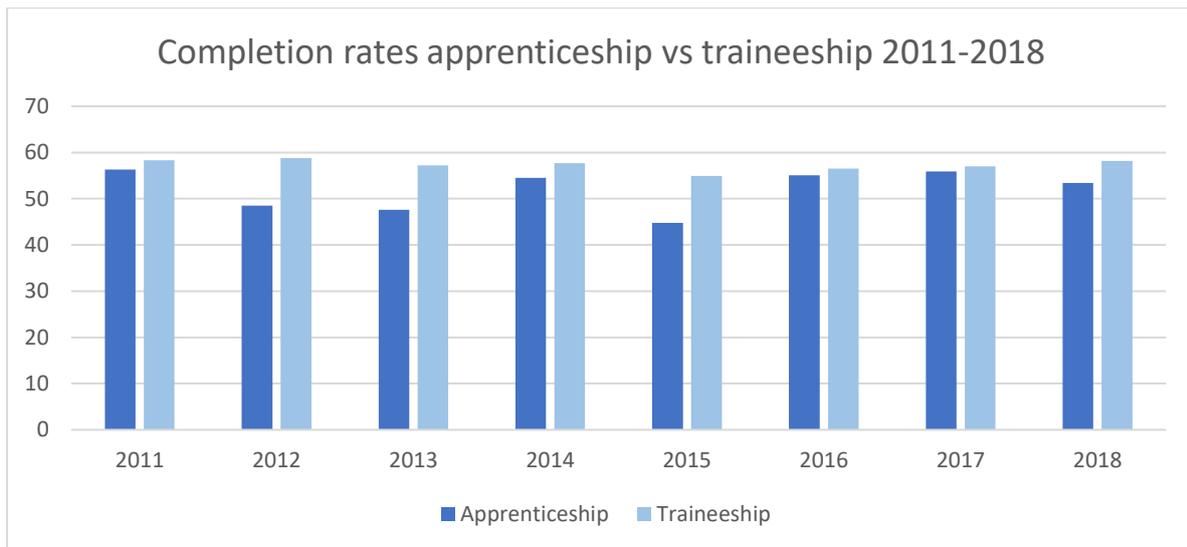


Figure 4: Completion rates apprenticeship vs traineeship 2011-2018.<sup>14</sup>

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, and consequently completion rates fall.

A 2019 review into the reasons why apprentices do not complete found 73.1 per cent of non-completers cited employment as the main reason, 14.2 per cent cited personal reasons and 10.5 per cent cited training related reasons.<sup>18</sup> The reasons for apprentices leaving their employment reveal that 11.9 per cent

<sup>14</sup> NCVER, [Completion and attrition rates for apprentices and trainees](#), 2022

<sup>15</sup> Australian Bureau of Statistics, [Job mobility](#), 2023

<sup>16</sup> NCVER, [Apprentice and trainee outcomes](#), 2023

<sup>17</sup> NCVER, *Ibid.*

<sup>18</sup> NCVER, [Apprentice and trainee experience and destinations](#), 2019

did not get on with their boss or workmates, 8.1 per cent did not like the work, 7.7 per cent cited poor working conditions and 6.7 per cent cited that their pay was too low.<sup>19</sup>

It is also important to compare Australia's apprenticeship completion rate to similar western countries. In the United States in 2020, 82,397 apprentices completed,<sup>20</sup> whereas Australia was comparably much more successful – despite a much smaller overall cohort, we had 83,747 completions.<sup>21</sup> In the United Kingdom, the completion rate in 2021 was 57.7 per cent and in 2020 it was 57.5 percent.<sup>22</sup> Australia's rates of completion do not make it an outlier when compared to other English-speaking countries, rather it demonstrates our experiences are shared.

### Recommendations:

Better method to accurately track students and their completion rates, focus on the student rather than paperwork through improved USI tracking.

The development of a new approach to non-completion with an emphasis on the value of gaining skills to enter the workforce, rather than the view that no certificate obtainment equals failure.

## The Australian Apprenticeship Support Network

The services provided by the Australian Apprenticeship Support Network (AASNs) are a key part of the apprenticeship journey that could be further enhanced. There are a range of methods that should be deployed to optimise the role of support services to meet the current and future needs of apprentices and employers.

ACCI would like to see the AASNs provide additional support measures to employers and apprentices, such as assisting employers who need additional support. It is essential that employers, particularly small businesses, are supplied with easy-to-follow best practice guides and a single point of contact to assist them through the process. Employers could benefit from advice, guidance, and support on how to retain apprentices and trainees.

The AASNs could play a larger role in the assessments of the language, literacy, numeracy and digital (LLND) aptitude of apprentices that will benefit the apprentice and employer. However, in most cases the assessment happens after an employer has selected an apprentice who is about to commence. A three-step process should be applied: first, helping employers understand what they need from an apprentice; second, connecting suitable employers and apprentices; and third, ensuring that those apprentices meet the appropriate requirements.

The South Australian government has a LLND assessment process by Registered Training Organisations (RTOs) – this process merits a comprehensive review to determine success rates, avoid duplication and fit within existing support services. There should be additional engagement with apprentices at risk of failure to complete, but the system should not rely on the apprentice or employer reaching out for support; it needs to be proactive.

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<sup>19</sup> NCVER, Ibid.

<sup>20</sup> US Department of Labor, [Registered Apprenticeship National Results Fiscal Year 2021](#), 2021

<sup>21</sup> NCVER, [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023](#), 2023

<sup>22</sup> Statista, [Achievement rate for successful completion of an apprenticeship in England from 2011/12 to 2020/21](#), 2022

Overall, there should be national consistency with new tools, assessments and resources, and alignment of services to avoid previous issues of stakeholders providing similar or the same services to the same person or company. 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. A better level of coordination between them would be helpful to both apprentices and employers as they seek information to try and remove confusion.

ACCI would like to see extra support for apprentices who face additional barriers to completion. Providing proactive and culturally appropriate support for women in non-traditional trades, apprentices with disabilities, First Nations apprentices, and remote apprentices, will improve completion rates among these vulnerable cohorts. Additionally, this proactive support should be extended to employers to assist them in providing a suitable workplace environment. The provision of personalised assistance and mentoring throughout an apprenticeship, including more face-to-face contact, will identify issues sooner. This assistance should focus on the first 12 months of an apprenticeship, when the apprentice-employer relationship is developing, and difficulties are most likely to arise. The individualised support should be available to everyone to avoid a two-tiered system.

However, it is difficult to understand how any enhanced supports will appropriately occur at scale within the current funding envelope as was suggested in the DEWR consultation paper on Apprenticeship Support Services.<sup>23</sup> The AASNs currently deliver a much narrower range of support measures within the available budget. The AASNs need full funding to deliver wrap-around mentoring services for the apprentices and the employer. Appropriate funding would also enable the scalability required to deliver these services.

### **Recommendations:**

Appropriate funding for the Australian Apprenticeship Support Networks to deliver support services and resources to assist employers, apprentices and trainees.

Ensure consistency among support services to remove duplication and confusion for employers, apprentices and trainees.

Development of information and guides on best practice and access to real person support to assist small business owners along the apprenticeship/traineeship journey.

## High quality training

ACCI recognises the pivotal role that high-quality VET trainers play in delivering a skilled workforce. With approximately 4.5 million learners enrolled in training programs delivered by various providers such as TAFEs, private and independent RTOs, dual sector providers, enterprise RTOs, and community education providers, the quality of VET trainers directly influences the effectiveness and reputation of the VET sector.<sup>24</sup>

Enhancing the reputation of VET relies on the quality of trainers. ACCI believes it is essential to the apprenticeship journey that the VET system is attracting industry practitioners to become trainers,

<sup>23</sup> Department of Employment and Workplace Relations, [Future Directions Paper for Australian Apprenticeship Support Services](#), 2023.

<sup>24</sup> NCVER, [Total VET students and courses 2022](#), 2023.

particularly those with recent industry experience. The sector is facing regulatory challenges, costs to business and high course costs hinder entry into the sector. There is currently a Department of Employment and Workplace Relations (DEWR) VET Workforce Blueprint review underway that is examining the entire sector which could provide valuable insight that could be considered in the final report.

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 for ensuring the ongoing quality of teaching and training in the VET sector.

Collaboration between industry and the VET workforce is crucial, with initiatives like work-integrated learning opportunities and support for industry professionals transitioning into teaching roles being critical. Immediate goals should prioritise addressing critical shortages in key areas and establishing success metrics to measure the effectiveness of interventions.

Addressing the challenges facing the VET workforce requires a multifaceted approach involving recruitment, support, collaboration, and data-driven planning. By implementing targeted strategies and fostering collaboration among stakeholders, a sustainable and high-quality VET workforce can be ensured to meet the needs of learners and industries.

#### **Recommendations:**

Ensure the VET trainer and assessor course remains fee-free for the near future.

Develop mentorship programs, professional development opportunities, and professional networks for VET trainers.

## Challenges of cost-of-living pressures

While it is true that the cost of living is a significant factor for individuals considering apprenticeships and traineeships, it may not be the sole or even the primary reason impacting take-up and completion rates in the current economic context.

Firstly, apprenticeships and traineeships often provide unique benefits that can offset some of the financial challenges individuals may face. For example, apprentices receive a wage while they learn, which can help cover living expenses and alleviate financial burdens. This wage increases on an annual basis and by the third year of training will have significantly increased. A recent survey found only 16 per cent of non-trade completers sighted the pay as being too low.<sup>25</sup> Additionally, the structured training provided through these programs enhances employability and can lead to higher earning potential, mitigating concerns about the cost of living. When an apprentice completes their training they have no debt from the study institution, unlike students who finish with a bachelor's degree who often have significant debt.

It is also important to reiterate that apprentices understand that initially a lower wage is part of the process. This is evident with the number of people willing to undertake an apprenticeship during the BAC program – it is the behaviour of employers that has the largest impact on increasing commencements as opposed to wages.

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<sup>25</sup> Apprenticeship Support Australia, [Accelerating Apprentice Completions Report](#), 2024.

A recent report from the National Centre for Vocational Education Research (NCVER) indicates that 23.9 percent of non-completions in apprenticeships are attributed to pay being too low or apprentices being unhappy with the working conditions or workplace.<sup>26</sup> This data does not tell us clearly if it is wages or unhappiness in the workplace. It could be two per cent of apprentices chose not to complete because of low wages; maybe none – those unhappy with working conditions could have found working hours unattractive or were not a good fit with the employer. The report does not contextualise what “happy with working conditions” means and subsequently how to make improvements. This is a clear example of how data needs improving.

Furthermore, incentives and support from the government, both at Commonwealth and state/territory levels, play a crucial role in making apprenticeships and traineeships accessible and attractive. This is why it is important that incentives are available to all apprentices regardless of the trade they are undertaking. Financial and government incentives also rank highly in the apprentices’ list of priorities, even though it is not a key reason for non-completions. For example, a survey of non-completers asked if a \$5,000 training support payment would have encouraged them to continue their apprenticeship at the time, almost 70 per cent saying “a great deal”.<sup>27</sup>

It should also be easy for an apprentice to be able to claim financial assistance from the government. The DEWR surveyed apprentices in September 2023 to identify barriers to claiming payments. Preliminary results from the survey indicated that the complexity of claiming, including the need to provide a Tax File Number, training plans and accurate information was a key factor.<sup>28</sup> 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.

The government currently has a \$95 million New Energy Apprenticeship program underway that provides up to \$10,000 across four years to assist apprentices with the cost of living. The program has not had a strong take-up to date, with fewer than 1,700 students enrolled as of January 2024.<sup>29</sup> While the criteria for entry for the program needs to be reassessed, the poor take-up reiterates that it is not always about money.

### Recommendations:

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.

## Supports for women, people in rural, regional and remote areas and First Nations peoples

With Australia facing the most severe labour and skills shortage of a generation, encouraging and supporting apprentices from diverse backgrounds must be a priority. This will not only provide meaningful

<sup>26</sup> NCVER. [Apprentice and trainee outcomes 2023](#), 2024.

<sup>27</sup> Apprenticeship Support Australia, [Accelerating Apprentice Completions Report](#), 2024

<sup>28</sup> Australian National Audit Office, [Auditor-General Report No.20 2023–24 Design and Implementation of the Australian Apprenticeships Incentive System](#), 2024

<sup>29</sup> Education and Employment Legislation Committee, [2023-24 Additional estimates](#), 2024

opportunities for those looking for work, but also ensures businesses can reap the benefits of a diverse workforce. However, it is imperative that wrap-around mentoring services should be available for all apprentices and trainees as they will support and encourage more students to complete.

## Women

While women represent over 50 per cent of the population, they represent only a small percentage of the trades' workforce. Figure 5 demonstrates that commencements in trades by men have been gradually increasing, with a large uptick from COVID-19 incentives measures, however, the same cannot be said for women. To see an increase in completions among women, there needs to be an overall increase in the commencements.

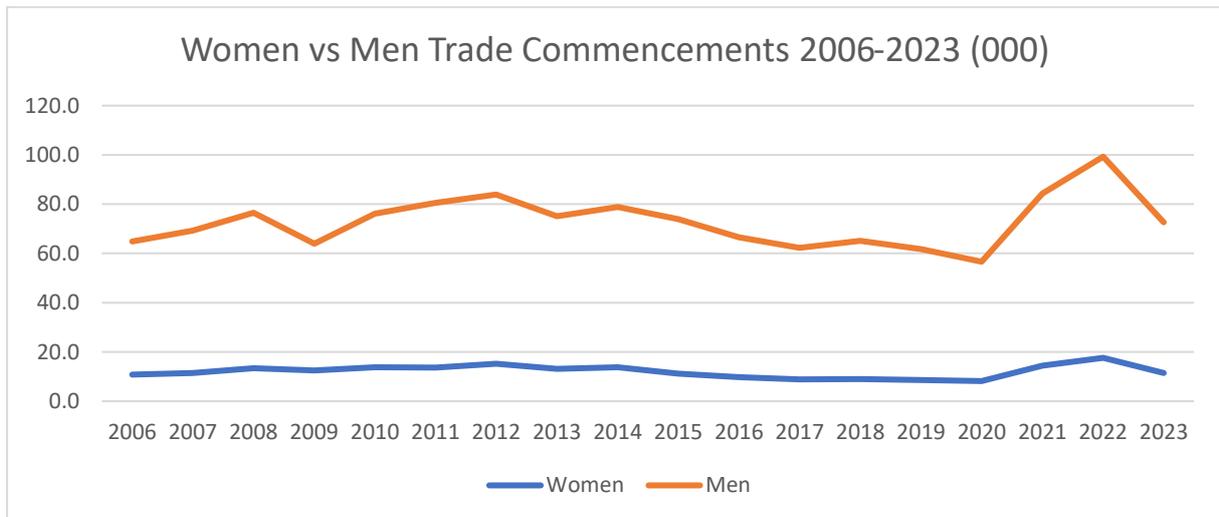


Figure 5: NCVER, Women vs Men Trade Commencements 2006 to 2023, 2023<sup>30</sup>

As highlighted by Jobs and Skills Australia (JSA) research (Figure 6), there are many benefits of greater gender balance within occupations. Those occupations with significant gender imbalances are more susceptible to labour shortages than those with a more balanced gender distribution. In comparison only 25 per cent of occupations with better workforce gender balance were in shortage.<sup>31</sup> 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.

<sup>30</sup> NCVER, [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023](#), 2023

<sup>31</sup> Jobs and Skills Australia, [Towards a national jobs and skills roadmap](#), 2023

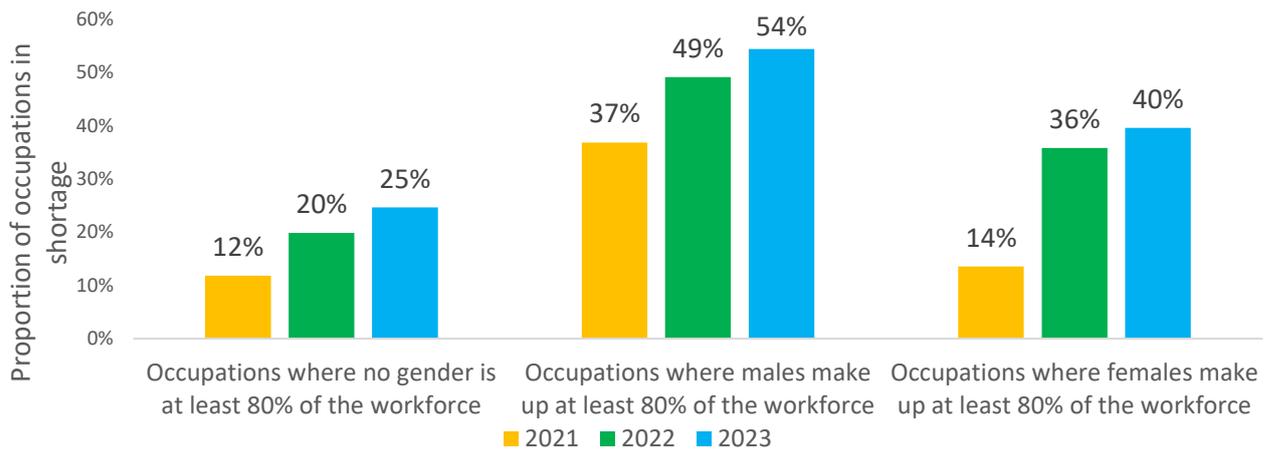


Figure 6: Jobs and Skills Australia, Skills Priority List, 2021-2023, ABS, 2021 Census of Population and Housing

There are a range of existing industry-driven initiatives to encourage higher levels of female participation. Industry involvement is critical in raising awareness of their sectors and developing programs to reach potential female employees. They can assist in promoting benefits within their industry to potential female apprentices, along with providing information on career options and opportunities. Additional government funding is needed to ensure the success of these initiatives and to assist those industry organisations who have yet to establish similar programs.

The National Electrical and Communications Association (NECA) is an example of an industry association that has taken an active interest in raising the enrolment levels of female apprentices. NECA provides a female-only pre-apprenticeship program called ‘Women in Power.’<sup>32</sup> This provides an opportunity for females who think they may be interested in the electrical trades but are uncertain about committing to a four-year apprenticeship. NECA’s successful pre-apprenticeship programs give participants firsthand experience in the industry, aiding them in deciding whether an electrical trade career suits them. These programs equip students with entry-level skills, knowledge, and confidence for apprentice recruitment. NECA offers employment opportunities within its GTO to successful graduates at completion of the course.

‘Women in Plumbing’<sup>33</sup> is a Master Plumbers and Plumbing Apprenticeships Victoria (PAV) initiative that provides support to female students, apprentices, and plumbers at every step of their journey, including providing paid pre-apprenticeships, direct entry to Plumbing Apprenticeships Victoria (Master Plumbers GTO) and an array of networking, mentoring, training, and social opportunities.

In the construction industry, Master Builders Australia runs ‘Women Building Australia.’<sup>34</sup> The program aims to attract and support women to succeed in the building and construction industry. It does this through career expos, a national mentoring program, a dedicated web portal, a business resilience and coaching program, a female-led business register and a harassment and discrimination support line.

The Housing Industry Association has a program called ‘Building Women’,<sup>35</sup> which operates nationally and offers training and apprentice programs with wrap-around mentoring to support young women entering the industry.

<sup>32</sup> NECA, [Women in power](#)

<sup>33</sup> Master Plumber, [Women in plumbing](#)

<sup>34</sup> Women Building Australia, [Advancing women in building and construction](#)

<sup>35</sup> Housing Industry Association (n.d.), [HIA Building Women](#).

The federal government has announced funding to encourage more women to undertake apprenticeships in non-traditional roles. This funding could be used to support women during their apprenticeships and help address barriers facing them as they move towards completion. It would be helpful to undertake a survey of women in trades to better understand the non-financial barriers they encounter, such as childcare issues, to put in place the proper support systems.

## Regional – rural

Apprentices in regional and rural areas of Australia face unique challenges stemming from geographical isolation, limited infrastructure, and reduced access to educational and training opportunities. To ensure the success of apprentices in these areas, tailored support measures are imperative. Firstly, investing in the establishment and enhancement of local training facilities or satellite campuses can reduce the need for extensive travel, providing apprentices with easier access to essential educational resources. Additionally, mobile training units equipped with state-of-the-art technology can deliver training directly to remote communities, bridging the gap between aspiring apprentices and formal training.

## First Nations

Apprenticeships are highly regarded in the first nations community. Approximately 3.2 per cent of the general Australian population identify as Aboriginal or Torres Strait Islander, but this proportion was over double (7 per cent) for commencing apprentices.<sup>36</sup> The Aboriginal and Torres Strait Islander population is much younger than the broader population on average, with 56 per cent of the Indigenous population aged less than 25 years old. Additionally, the Indigenous population is growing much faster than the non-Indigenous population. Encouraging greater numbers of First Nations peoples to undertake an apprenticeship would provide many benefits for the community.

Indigenous students have a lower completion rate than non-Indigenous students, while a range of factors may be involved, some initial changes with the AASNs could assist. There are currently provisions under the AASN that allow for additional support of Indigenous students however they need to be deemed 'at-risk,' and even then, there need to be additional steps undertaken. An Apprenticeship Maintenance Plan (AMP) must be developed, and a complex issue identified that is beyond the Australian apprentice's or employer's control or makes it difficult for the Australian apprentice or employer to complete the requirements of their on-the-job and/or off-the-job training. Rather than apprentices being deemed at risk, they should be engaged with in a positive manner and automatically qualify for a culturally appropriate mentoring program within the AASNs or GTOs for the duration of the apprenticeship or traineeship program to assist in completion rates.

There is a need for greater partnerships between industry, government and Indigenous communities to assist the apprenticeship journey. Further research is required to understand the reasons for these differences. A detailed study of the differences between apprenticeship programs that tend to have high success rates for First Nations people and those that do not could help to identify and spread best practice.<sup>37</sup>

### Recommendations:

Work with industry to further establish support the development of websites, guides and networks to encourage women to undertake and remain in trades.

<sup>36</sup> Jobs and Skills Australia, [First Nations Report](#), 2023

<sup>37</sup> Ibid.

Conduct comprehensive research, including surveys, to better understand the non-financial barriers faced by women in trades.

Additional funding for mentoring and support services for all First Nations apprentices/trainees within AASNs or GTOs.

A detailed study of the differences between apprenticeship programs that have high success rates for First Nations people and those that do not to help identify best practice.

## Increasing apprenticeship/traineeship participation

A key component of addressing the skills crisis in Australia is the federal government promoting and enhancing the reputation of undertaking an apprenticeship or traineeship in Australia. While incentives play a key role in increasing apprentice and trainee numbers, there are a variety of non-monetary additional areas that should be improved. It is crucial to prioritise solutions aimed at enhancing the appeal of apprenticeships to prospective candidates.

The recent House of Representatives Standing Committee on Employment, Education and Training inquiry into the perceptions and status of vocational education and training made 34 recommendations,<sup>38</sup> many of which should be delivered. In particular, overhauling the functions of the National Careers Institute, integration of the tertiary system, development of a national careers education strategy for secondary schools and improving VET delivery to secondary school students via cooperative partnerships and increased school funding, VET fee alignment between states and development of skills requirements for individual roles.

The Universities Accord Final Report called for a better integration of the vocational education and training and higher education system. Improving Recognition of Prior Learning (RPL) to facilitate valid competency-based outcomes for adult workers and existing employees, shortening training periods and making apprenticeships more attractive. If upskilling is to reach its full potential to contribute skilled workers, then RPL provides a vital pathway for their skills to be recognised and their period of training to be shortened, making commencement of training more attractive and completion more likely.

The Accord also recommends that the number of Commonwealth-supported places in higher education increases by one million additional students by 2050. This figure will be in direct competition with students needed to undertake apprenticeships and traineeships. It is important that the tertiary education system works together to promote student career outcomes and one is not promoted above the other. There should be an aspirational apprenticeship or traineeship target set to work alongside the higher education target.

### Pre-apprenticeships

Pre-apprenticeship programs are crucial in preparing prospective apprentices for successful matches with employers, thereby improving completion rates. These programs serve as a testing ground for individuals to explore various trades before committing to an apprenticeship, offering simulated or real work experiences, essential occupational health and safety training, and foundational skills development.

Notably, organisations like the NECA have achieved commendable completion rates, attributed to their pre-apprenticeship initiatives. NECA's programs equip students with entry-level skills and offer

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<sup>38</sup> Standing Committee on Employment, Education and Training (2024), [Shared vision, equal pathways](#), February 2024.

employment opportunities upon course completion, particularly for female students. However, a more comprehensive approach to pre-apprenticeships is needed, tailored to diverse industry needs and supported by a national advisory board for apprenticeship pathways.

The Productivity Commission identified the screening of apprentices to ensure they are matched to their career goals will improve completion rates.<sup>39</sup> It also identified that mentoring, pastoral care, and better coordination from governments for apprenticeship support services through the AASNs would assist. ACCI has long called for improving the practices around hiring to ensure better pre-screening of apprentices.

Innovative programs, such as those offered by the Australian Industry Trade College (AITC), which integrate vocational training with high school education, demonstrate promising alternatives to traditional pathways, ensuring students are adequately prepared for apprenticeships. Students who attend the AITC are immersed in the sector of industry of their choice where they do work experience in various trades within the industry and then they choose the pathway into a trade career supported by mentors and industry partners. The aim is to seamlessly blend senior education and vocational training to engage young people in purposeful learning experiences with real world industry relevance. The Boating Industry Association is currently working with the AITC to deliver a sustainable pipeline for young people to prepare for, experience, be mentored and choose an apprenticeship pathway in collaboration with industry.

By fostering collaboration between industry stakeholders and educational institutions, along with government support, we can create a more flexible and tailored approach to pre-apprenticeships. Such initiatives not only address the immediate skills needs but also contribute to long-term workforce development and economic growth.

## Pre-Commencement Career Advice

There is a consensus that more needs to be done to promote apprenticeships and traineeships as a good career option for both high school students and job seekers. ACCI supports the need for greater promotion, although any promotion needs to be concurrent with action on improving the business case for employers.

ACCI recommends that the government work with industry to better promote apprenticeship pathways as a high value employment opportunity to both parents and school students. There needs to be improved information to careers advisers in schools about the benefit of an apprenticeship linked to the career education strategy. Fewer young people are choosing an apprenticeship as their primary option because of fewer schools and careers advisors promoting apprenticeships as preferred pathways. For example, there could be programs that allow for industry representatives to visit local high schools to provide presentations on careers.

In 2018, an additional method the UK government introduced to promote trades was a new law which makes it compulsory for students in secondary school to interact with vocational education providers. The law requires high schools to host at least six encounters with a provider of approved technical education qualifications or apprenticeships over the course of a student's time in secondary school.<sup>40</sup> If a secondary school is found to have not provided these interactions, they risk being served with a legal directive which can include a fine from government. Australia should implement something similar, requiring all schools to host one session a year from year 8-11 with local community trade representatives.

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<sup>39</sup> Productivity Commission, [National Agreement for Skills and Workforce Development Review](#), 2022

<sup>40</sup> Schoolsweek.co.uk, [Provide apprenticeship careers talks or face legal action schools told](#), 2023

Prior to signing a contract, an apprentice should be presented with a clear mapped-out path with the requirements of their training and their career opportunities when they have finalised. This will aid the apprentice in understanding what they have signed up to complete.

Any promotional campaign needs to reflect that apprenticeships are much more than a training pathway for just high school students, by acknowledging that many employers actively seek older apprentices. There is room for a greater engagement with existing workers and unemployed Australians to encourage them to undertake and complete an apprenticeship.

While there is a national effort already underway in promoting apprenticeships with websites, champions and other channels for promotion, there is an opportunity for a more coordinated campaign to promote apprenticeships and traineeships.

### **Recommendations:**

The development of an apprenticeship/traineeship commencement target to ensure numbers do not decline.

The development of a coordinated approach to promoting apprenticeships in both schools and those looking for a career change. Ensuring each apprentice is presented with a clear program of requirements for the apprenticeship and the potential career outcomes once completed.

Mandate that secondary schools must host one interaction with a trade representative and student cohort for each year between years 8-11, with four in total to be delivered.

A better system around pre-apprenticeships programs should be developed to allow for easier access to apprenticeships, this should be through using industry experience to deliver the best results.

## Conclusion

Apprenticeships and traineeships stand as indispensable pillars of Australia's workforce development, offering a crucial bridge between education and employment. The relationship between work experience and structured learning provides not only meaningful career pathways but also addresses pressing skill shortages across various industries. However, the effectiveness of apprenticeships and traineeships hinges significantly on incentivising employer participation, as highlighted by the historical impact of incentive programs on commencement rates.

Incentives play a pivotal role in driving higher participation rates, particularly among employers. Any reduction or withdrawal of incentives could not only hamper progress towards the government's own goals but also have lasting detrimental effects on the availability of skilled workers, hindering economic growth and productivity.

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. Additionally, enhancing support services provided by the AASNs is crucial for

ensuring the success of apprenticeships and traineeships, particularly in providing proactive assistance and personalised support to both employers and apprentices.

A focus on non-incentive levers should also be a priority, such as better pre-apprenticeship programs and clearer career pathways. Collaboration between industry, educational institutions, and government support is crucial for creating flexible and tailored approaches to pre-apprenticeships, ensuring long-term workforce development and economic growth. Through collaborative efforts and strategic initiatives, Australia can continue to leverage apprenticeships and traineeships as catalysts for inclusive growth, workforce development, and innovation in the years to come.

## About ACCI

The Australian Chamber of Commerce and Industry represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

ACCI strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth, and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education, and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators, and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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