

25.02.22

Hon Michael Sukkar MP  
Minister for Housing and Assistant Treasurer  
Parliament House  
Canberra  
ACT

### **Re National Australian Apprenticeships Association Pre-Budget Submission**

Dear Minister Sukkar,

The National Australian Apprenticeships Association (NAAA) is responding to your request for pre-budget submissions ahead of the 2022 Federal Budget. NAAA represents organisations in the Australian Apprenticeship Support Network (AASN) that organise and support all apprenticeships and traineeships in Australia.

The Supporting Apprentices and Trainees (SAT), Boosting Apprenticeship Commencements (BAC) and Completing Apprenticeship Commencements (CAC) measures have revitalised apprenticeships in Australia after a decade of diminishing numbers and falling skill levels. In the last 18 months apprentices and trainees have increased from 1.8% of the workforce to over 2.5% of the working population, up from 273,000 apprentices in January 2019 to over 380,000 apprentices and trainees In-Training by January 2022.

Australian Apprenticeships are the demand driven part of the tertiary education sector, with aspiring apprentices and trainees needing to first secure an apprenticeship job before their Training Contract can commence. Employers have flocked back to the apprenticeship system as a result of the stimulus measures, because the system is well understood, and most importantly because the level of subsidy provides a high degree of certainty in uncertain times.

The challenge now is to maintain commencements to ensure a smooth flow of skills as the economy recovers, whilst also improving apprenticeship completion levels. The Association has developed a detailed Technical Paper providing a blueprint for strengthening apprenticeships to achieve these dual aims. The paper is included with this pre-budget submission.

Over time some of the initiatives outlined in the paper can be funded within the existing budget envelop for the AASN as the benefits of the new Apprenticeship Data Management System (ADMS) start to flow. However, there are four areas that require additional outlays to build on the successful reinvigoration of the apprenticeships system.

These are:

- A streamlined system of “**priority workforce incentives**” that assist employers in key industry areas to defray the supervision costs associated with employing an apprentice or trainee.
- A “**priority workforce payment**” for apprentices and trainees in the critical first and second years of their qualification. To help offset their direct tool and study costs when they are at highest risk of switching to other forms of employment.
- Fund **Supervisor Training** for all first-time employers of apprentices and trainees. A one-day course to ensure new apprentice supervisors are provided with the tools and approaches they require to oversee a high-quality integrated work-based learning experience.
- **Uncapping** the **Targeted Services** stream of the AASN contract so that it is demand driven. This will enable all apprentices and trainees that require a mentor to have one. Plus enable all schools and employers that request Gateway assessment, streaming and matching services to receive them. These Targeted Services have remained static at a time when the commencements have increased by 35%.

The detailed rationale and evidence base for these measures is contained in the Blueprint for Strengthening Apprenticeships Technical Paper.

In the short term the Association supports ACCI’s position that BAC be extended whilst the Omicron wave persists. But in the medium term the Association proposes priority workforce incentives that significantly streamline the confusing array of historical support measures, whilst ensuring that no employer, apprentice or trainee is worse off. The measure requires significant investment but steps down from the BAC support levels- seeking a middle ground where commencement growth can be maintained.

The proposed wage subsidy being \$10,000 in the first year, \$6,000 in the second year and \$4,000 in the third year, as the direct supervisory requirements diminish over time. The payment would be made quarterly in arrears and triangulated with Single Touch Payroll data.

The priority workforce payments for apprentices and trainees are proposed to be two \$1,000 payments paid at the three month and 15-month points. This will assist to attract young people into apprenticeships rather than taking higher paying jobs at the national minimum wage elsewhere.

The supervisor training program is proposed to be delivered by the AASN providers all of whom have significant training expertise and capability. The course being based around a single supervisory Unit of Competence but customised to the specific requirements in each jurisdiction. An indicative rate for the delivery of this course would be \$250 per place. In 2022/23 its anticipated that 10,000 places would be required for the staff supervising an apprentice for the first time.

The Targeted Services stream of the AASN contract covering Gateway Services and In-Training Support are tendered on a price competitive basis that varies by jurisdiction. Prices to deliver the recruitment and mentoring services being higher in the Northern Territory than for example the ACT. The average price being around \$380 for each Gateway place and \$470 for each mentoring place.<sup>1</sup> To keep up with the 35% increase in demand an additional 14,000 places would be required for both streams.

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<sup>1</sup> DESE response to a Senate Estimates question in 2019

The Association's modelling suggests that the combination of these measures will keep apprenticeship commencements over 200,000 each year and increase completions from 56% to 60% over the next four years.

The Association would be happy to provide a detailed briefing to relevant Treasury officials about the rationale and evidence base behind the proposed measures and show how these initiatives will maintain the positive momentum built up in apprenticeships during the difficult Covid period.

Yours sincerely,



Ben Bardon  
CEO  
NAAA