

# Strategic Review of the AUSTRALIAN APPRENTICESHIP INCENTIVE SYSTEM

2024



## Final report – Fact sheet for Employers

*Employers value the opportunity provided by the apprenticeship system, to train or upskill workers to meet the needs of their business. However, smaller employers experience challenges with the cost of hiring an apprentice, navigating the incentive system and organising training. Employers need to be better supported around accommodating the needs of priority cohorts, a more user-friendly incentive system and employers that are new to the system need additional support in taking on apprentices.*

### Background

The Strategic Review of the Australian Apprenticeship Incentive System, 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.

*For more details on the review as a whole, please refer to the Overview fact sheet.*

Large employers represent around 5% of all businesses that hired an apprentice but, due to their size, they hired 38% of all apprentices who commenced in 2023. Small and Medium Employers (SMEs) represent 95% of all businesses that hired an apprentice in 2023 but hired about 60% of all apprentices who commenced in the same year. Apprentices hired by large employers have on average higher completion rates than those hired by SMEs. Generally large employers are better resourced to provide training and supervision as well as often offering higher rates of pay.

### Apprenticeship completion rate by employer size

Employer size	% of apprentices commenced in 2017	% of apprentices commenced in 2018	% of apprentices commenced in 2019
Small (1 to 19 employees)	55.1	55.3	53.3
Medium (20 to 199 employees)	56.8	56.2	53.7
Large (200+ employees)	58.8	59.8	56.9

Source: Review analysis based on unpublished DEWR apprentices and trainees data as at August 2024.

## 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 is not fit for purpose and more needs to be done to refine and better target incentives.
- 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 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.
- While many SMEs want to support apprentices from priority cohorts, they often need support such as training to understand the cultural needs of First Nations apprentices, and assistance to make the work environment more accessible for apprentices with disability.
- In consultations some employers and industry groups expressed that the off-the-job training was not relevant for the work of their business or for the industry in general.

## Recommendations

### The final report made 34 recommendations that aim to address the key issues identified through the review. The following is a summary of the recommendations relevant to employers:

- Align incentives to the Government's economic priorities and social equity objectives. Direct payments to SMEs.
- Reward employers that 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.
- Utilise the Australian Government's procurement policies to increase engagement of 1st and 2nd year apprentices and reduce 'apprentice poaching' from SMEs.
- Review the apprentice data systems to make them easier for apprentices, employers and other users to use and navigate.