



Australian Government
**Department of Education,
 Skills and Employment**

To Minister for Employment, Workforce, Skills, Small and Family Business

Subject Implementation of the Apprenticeship Transitional Support Measure

Action date Please review by 30 September 2021.

Recommendation(s) - That you:

- 1) note the proposed implementation plan in relation to the Apprenticeship Transitional Support Measure **noted / please discuss**

Signature:

___/___/2021

Comments (for MO use only)

Executive summary

1 s 34(3)

s 34(2), 34(3)

s 34(3)

s 34(3)

Key points

2. The BAC wage subsidy allows employers to claim a wage subsidy for all eligible commencements and recommencements from 5 October 2020 to 31 March 2022. Employers can currently claim 50% of the Australian Apprentice's wages, up to \$7,000 per quarter, for wages paid for a 12-month period from the date of commencement.
3. The transitional support measure – or Apprenticeship Transitional Support (ATS) wage subsidy – will provide a staged reduction in the value of the BAC wage subsidy for employers who engaged an apprentice or trainee undertaking an Australian Apprenticeship, during the BAC eligibility period, with a nominal duration of more than 12 months. These employers will be eligible for a wage subsidy of 10% of wages paid to the Australian Apprentice in their second year, and a further 5% of wages paid to the Australian Apprentices in their third year.
4. Employers will become eligible for the ATS wage subsidy from 5 October 2021, as the first apprentices reach the original 12-month limit for support under the BAC. Employers will begin submitting the first claims from January 2022, with payments being made quarterly in arrears consistent with the BAC model.
5. Departmental data suggests around 76,853 BAC eligible apprentices, employed by 30,474 businesses, will reach the 12-month mark of their Australian Apprenticeship between 5 October and 31 December 2021. Of these, around 54,204 (71%) are undertaking an apprenticeship with a nominal duration of more than 12 months and are currently still in-training.

6. There are several implementation milestones between now and the commencement of the ATS measure: announcement of the ATS wage subsidy; publication of revised Australian Apprenticeship Incentives Program (AAIP) Guidelines; decisions about delivery arrangements from October 2021; and system changes to enable payment of claims from January 2022.

Announcement of the ATS wage subsidy

7. Announcement before October 2021 will signal the Government's continued commitment to the Australian Apprenticeships sector and provide certainty for employers about their entitlements before they reach the original 12-month limit for support under the BAC wage subsidy.
8. s 34(3)
9. The Supporting Apprentices and Trainees (SAT) and BAC wage subsidies tripled the Commonwealth's investment in the Australian Apprenticeships sector and continued extension of the BAC measure has increased employer expectations about the level of financial support available from the Commonwealth. This is particularly acute for around 28,600 employers that have only recently entered the apprenticeship sector and are eligible to claim the BAC wage subsidy.
10. The announcement is an opportunity to create distance from the significant support provided during the COVID-19 downturn. We recommend naming the transitional support measure as the Apprenticeship Transitional Support measure to better reflect its objective, being the retention of recently commenced apprentices and trainees, and clarify that the generous BAC wage subsidy was only intended as a short, sharp intervention in the first 12 months of training rather than a multi-year commitment.

Revised AAIP guidelines

11. s 34(3)

s 34(2), 34(3)

The revised AAIP

Guidelines will be amended as part of this process to give effect to the ATS wage subsidy from 5 October 2021. Briefing seeking your approval to the revised AAIP Guidelines and to enable publication, will be provided to your office in the week of 6 September 2021.

Delivery mechanism and preferred providers

12. The Department is actively working on options to automate the claims process, and with Services Australia on arrangements for the delivery of manual claim processing, with a view to increasing processing timeliness and efficiency. The Department has finalised a customer journey and a claim processing map with Services Australia, and an External Costing Request has been provided to Services Australia. The Department is pursuing a response to this request.
13. To ensure continuity of service for employers, and should there not be a timely Services Australia solution, we are also developing an interim solution for processing BAC and ATS wage subsidy claims involving a higher level of automation and a limited role for AASN providers for some manual claim processing.
14. We will brief you further on contractual arrangements for AASN providers, which expire on 31 January 2022, once these solutions are more developed.
15. The Department is also updating the AASN Operational Guidelines, Frequently Asked Questions, and scripts to support any providers – AASN providers or Services Australia – to engage with employers and apprentices on the delivery of this measure.

System changes

16. The nature and scale of system changes required to implement the ATS wage subsidy is contingent on ongoing discussions about claim processing outlined above. Regardless, work is underway to define a range of operational parameters. For example, how systems will calculate wage subsidy amounts in claim periods where an employer can claim the 50% wage subsidy and the 10% wage subsidy in the same period.
17. System changes do not need to be finalised until early January 2022. While claims can technically be submitted and paid from 1 January 2022, previous advice from employers and peak bodies indicates

employer engagement is low in early-January and contact should not commence until mid-January if it is to be effective.

- 18. This work is occurring in parallel with broader efforts to bring forward the use of Single Touch Payroll (STP) data in wage subsidy claim processing. Comprehensive briefing seeking your approval to proceed with the use of STP data as a source of wage evidence will be provided in the week commencing 12 September 2021. This brief will address the timing, anticipated claim numbers and payment amounts, risks, and compliance activities to support the use of STP data.

Background

- 19. The ATS wage subsidy is targeted at apprentices and trainees undertaking an Australian Apprenticeship with a nominal duration of more than 12 months.

Government policy issues and impact on other portfolios

- 20. Timely implementation of the ATS wage subsidy will be affected by alternative wage subsidy claim processing models currently under consideration.

Communications and media strategy

- 21. The Department will work with your office to support your preferred timing and content for the announcement of the ATS wage subsidy in September 2021.

Stakeholder consultation

- 22. Services Australia; Australian Taxation Office, DESE Legal, Ashurst; Partners in Performance

Attachments

Attachment A Implementation Plan

Clearance

s 22(1)(a)(ii)
 Economic Response Taskforce
 | Skills | Supporting Apprentices and Trainees / Boosting
 Apprenticeships Commencements

A/g Director
 Ph:s 22(1)(a)(ii)
 Mobile: s 22(1)(a)(ii)

Clearance Officer: Adam Weideman

A/g Senior Responsible Officer
 Mobile:s 22(1)(a)(ii)

| Skills | Supporting Apprentices and Trainees / Boosting
 Apprenticeships Commencements

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Apprenticeship Transitional Support Measure

Project Description

The \$716 million Apprenticeship Transitional Support (ATS) measure provides a staged reduction from the Boosting Apprenticeship Commencements (BAC) wage subsidy for employers who engaged an apprentice or trainee undertaking an Australian Apprenticeship with a nominal duration of more than 12 months.

These employers will be eligible for a wage subsidy of 10% of wages paid to the Australian Apprentice in their second year (capped at \$1,500 per quarter), and a further 5% of wages paid to the Australian Apprentice in their third year (capped at \$750 per quarter).

Current Status and Benefits

s 34(3)

Implementation is on track. \$716 million to support employers who have engaged apprentices during the economic recovery from COVID-19.

Decision Points

Announcement is the next major implementation milestone.

The ATS will increase existing pressure on claim processing in coming months. This may require refinements to wage evidence requirements to facilitate timely claim processing, noting these will be repeat claims for most employers.


Key Milestones (Sept 2021 - Mar 2022)

Milestone	Status and key date	Details
<ul style="list-style-type: none">• Announcement of the Apprenticeship Transitional Support Measure	On Track Before 5 October 2021	<ul style="list-style-type: none">• Announcement before October 2021 will signal the Government's continued commitment to the Australian Apprenticeships sector and provide certainty before employers reach the original 12-month limit for support under the BAC wage subsidy.• A media release and supporting materials are currently under development.
<ul style="list-style-type: none">• Revised AAIP guidelines	On Track To be agreed and published by 1 October 2021	<ul style="list-style-type: none">• Currently being drafted.• Briefing seeking your approval to the revised AAIP Guidelines and to enable publication will be provided to your Office in the week of 6 September 2021.
<ul style="list-style-type: none">• Delivery mechanism and preferred providers	On Track	<ul style="list-style-type: none">• The ATS will increase the volume of wage subsidy claims requiring processing.• The Department is working with ATO and Services Australia to determine workable arrangements for claim processing, including the preferred provider.
<ul style="list-style-type: none">• System changes	On Track	<ul style="list-style-type: none">• System changes do not need to be finalised until early January 2022 and are contingent on decisions about the preferred provider of wage subsidy claim processing services.• Briefing seeking your approval to proceed with the use of STP data as a source of wage evidence will be provided to your Office in the week of 12 September 2021.




BAC Payments


Since the 29th January 2021, the Australian Government has



provided
\$2.795bn
 in wage subsidies



to assist
80.2K
 Employers



supporting
241.2K
 Apprenticeships
 & Traineeships

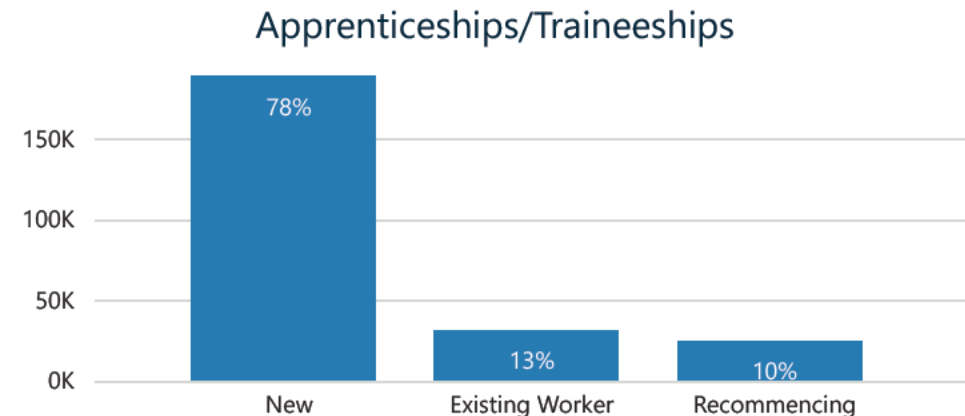
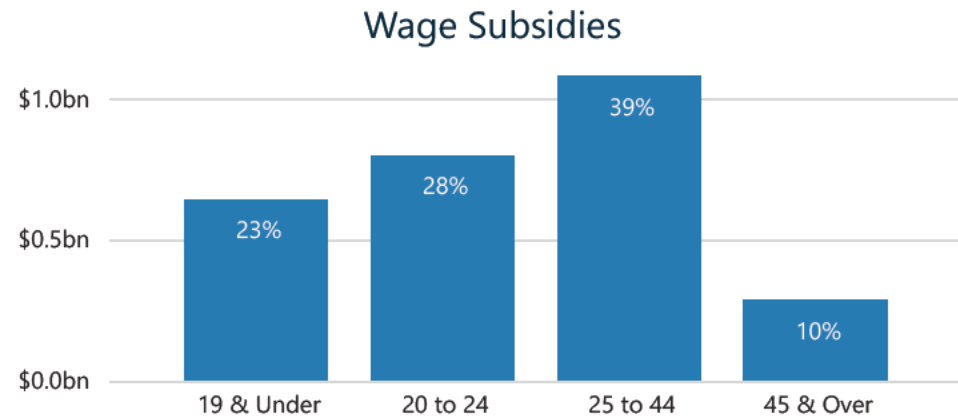
Group Training
 100

Small
 64,390

Medium
 13,784

Large
 1,906

This week (ending 19/05/2022), the Australian Government has provided \$61.3M to assist 6,747 employers, supporting the commencement of 16,435 apprentices and trainees, of which 4,840 are located in rural, regional and remote areas. This includes 66 Group Training Organisations, 4,821 Small and 1,451 Medium Businesses.



Date Source: TYIMS. Data from 29/01/2021 to 19/05/2022.

Expenditure for wages paid between 01/10/2021 and 31/12/2021 is comprised of BAC and CAC claims and is unable to be disaggregated due to the transition between TYIMS and ADMS.



National

The tables below show the total approved amount of BAC for Australia, along with the number of apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Gender	BAC Amount	Employers	Apprentices & Trainees	Proportion
Male	\$1,906,604,001	62,933	154,668	64%
Female	\$888,768,838	27,754	86,572	36%

Top 5 Industries	Apprentices & Trainees	Proportion
Construction Services	53,033	22%
Food and Beverage Services	29,957	12%
Administrative Services	27,105	11%
Repair and Maintenance	13,495	6%
Social Assistance Services	10,916	5%

Top 5 Occupations	Apprentices & Trainees	Proportion
Bricklayers, and Carpenters and Joiners	20,727	9%
Electricians	17,409	7%
Automotive Electricians and Mechanics	14,240	6%
Sales Assistants and Salespersons	13,889	6%
Hospitality Workers	12,575	5%

Date Source: TYIMS. Data from 29/01/2021 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.

Trade	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$2,795,372,839	241,240	80,180	100	64,390	13,784	1,906
Trade	\$1,446,480,288	119,721	59,414	89	49,865	8,356	1,104
Non-trade	\$1,346,783,321	121,347	24,993	92	16,480	7,092	1,329
Not Stated	\$2,109,231	172	165	4	81	48	32

State	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$881,644,364	75,884	27,126	44	22,070	4,328	684
QLD	\$677,450,490	60,898	20,231	41	15,894	3,701	595
VIC	\$547,859,248	50,369	17,816	41	14,489	2,822	464
WA	\$335,405,535	28,497	7,245	27	5,297	1,559	362
SA	\$170,317,889	15,589	4,646	29	3,457	952	208
TAS	\$80,506,340	7,248	2,461	15	1,853	486	107
ACT	\$38,634,890	3,627	1,187	18	846	263	60
NT	\$20,979,528	1,768	712	6	500	148	58
Other	\$267,849	23	15	1	11	3	0



Regional/Remote Breakdown

The tables below show the total approved amount of BAC for regional and remote areas, along with the number of regional and remote apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Trade	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$1,037,949,984	96,758	38,895	89	30,927	6,722	1,157
Trade	\$573,950,945	51,109	28,166	78	23,491	3,964	633
Non-trade	\$462,950,295	45,561	13,007	73	8,493	3,607	834
Not Stated	\$1,048,745	88	82	3	37	29	13

State	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$308,026,592	26,812	11,483	33	9,448	1,709	293
QLD	\$263,515,478	24,502	9,802	28	7,701	1,730	343
TAS	\$80,506,340	7,248	2,461	15	1,853	486	107
VIC	\$182,507,072	17,627	7,394	31	6,096	1,088	179
WA	\$86,035,182	8,085	2,603	21	1,923	504	155
NT	\$20,979,528	1,768	712	6	500	148	58
SA	\$51,188,390	4,798	1,760	14	1,375	307	64
ACT	\$2,616,846	333	153	7	97	29	20
Other	\$267,849	23	15	1	11	3	0

Date Source: TYIMS. Data from 29/01/2021 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.



Major Cities Breakdown

The tables below show the total approved amount of BAC for major cities, along with the number of major city apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Trade	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$1,757,422,855	158,545	47,505	85	37,331	8,731	1,358
Non-trade	\$883,833,026	83,136	14,630	71	9,220	4,427	912
Trade	\$872,529,343	75,319	35,072	75	29,049	5,191	757
Not Stated	\$1,060,486	90	89	2	46	19	22

State	BAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$573,617,771	51,100	16,629	40	13,215	2,854	520
QLD	\$413,935,012	39,035	11,724	38	9,011	2,267	408
VIC	\$365,352,176	34,254	11,032	36	8,777	1,865	354
WA	\$249,370,353	21,861	5,033	24	3,553	1,155	301
SA	\$119,129,499	11,113	3,047	26	2,165	678	178
ACT	\$36,018,044	3,450	1,103	16	793	246	48
NT	\$0	0	0	0	0	0	0
TAS	\$0	0	0	0	0	0	0
Other	\$0	0	0	0	0	0	0

Date Source: TYIMS. Data from 29/01/2021 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.



CAC Payments

Since the 29th January 2021, the Australian Government has



provided
\$10.44M
 in wage subsidies



to assist
5,794
 Employers



supporting
13.3K
 Apprenticeships
 & Traineeships

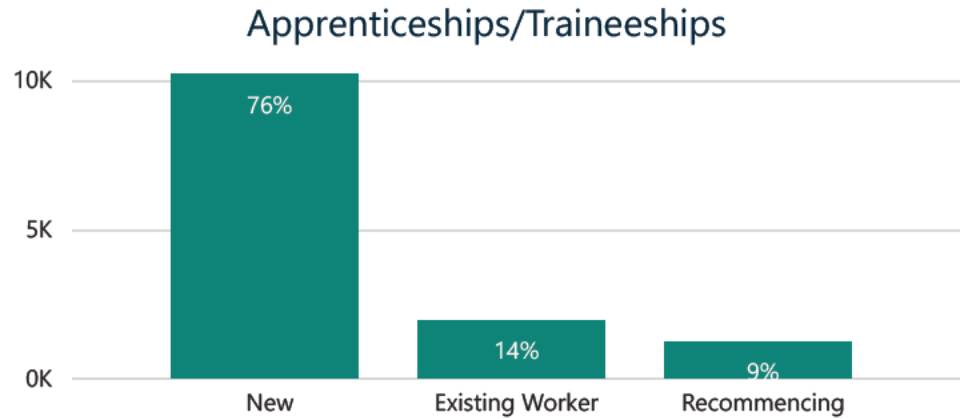
Group Training
56

Small
4,585

Medium
1,017

Large
136

This week (ending 19/05/2022), the Australian Government has provided \$1.9M to assist 1,269 employers, supporting the commencement of 2,481 apprentices and trainees, of which 908 are located in rural, regional and remote areas. This includes 28 Group Training Organisations, 947 Small and 234 Medium Businesses.



Date Source: TYIMS. Data from 12/04/2022 to 19/05/2022.

This Report contains CAC expenditure for wages paid from 01/01/2022 onwards.



National

The tables below show the total approved amount of CAC for Australia, along with the number of apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Gender	CAC Amount	Employers	Apprentices & Trainees	Proportion
Male	\$7,533,886	4,462	9,276	70%
Female	\$2,904,822	1,863	4,051	30%

Top 5 Industries	Apprentices & Trainees	Proportion
Construction Services	3,241	24%
Administrative Services	2,402	18%
Food and Beverage Services	1,377	10%
Repair and Maintenance	731	5%
Building Construction	571	4%

Top 5 Occupations	Apprentices & Trainees	Proportion
Bricklayers, and Carpenters and Joiners	1,412	11%
Electricians	1,326	10%
Automotive Electricians and Mechanics	1,126	8%
Sales Assistants and Salespersons	734	6%
Plumbers	633	5%

Date Source: TYIMS. Data from 12/04/2022 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.

Trade	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$10,438,708	13,327	5,794	56	4,585	1,017	136
Trade	\$6,221,972	7,978	4,304	52	3,575	608	69
Non-trade	\$4,211,212	5,341	1,697	47	1,071	484	95
Not Stated	\$5,525	8	8	1	6	1	0

State	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$3,525,961	4,565	2,092	25	1,662	355	50
QLD	\$2,393,580	2,980	1,448	18	1,112	268	50
VIC	\$1,977,055	2,617	1,125	19	897	184	25
WA	\$1,312,305	1,584	579	15	420	109	35
SA	\$656,225	848	359	16	262	67	14
ACT	\$161,821	231	103	7	57	32	7
NT	\$67,048	86	67	2	49	15	1
TAS	\$344,714	416	185	6	138	32	9
Other	\$0	0	0	0	0	0	0



Regional/Remote Breakdown

The tables below show the total approved amount of CAC for regional and remote areas, along with the number of regional and remote apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Trade	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$3,687,723	4,745	2,316	46	1,822	388	60
Trade	\$2,379,261	2,965	1,727	42	1,419	230	36
Non-trade	\$1,306,971	1,778	697	29	437	193	38
Not Stated	\$1,491	2	2	0	2	0	0

State	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$1,122,073	1,467	827	21	649	141	16
QLD	\$847,346	1,093	573	14	439	96	24
TAS	\$344,714	416	185	6	138	32	9
VIC	\$647,299	940	433	14	342	67	10
WA	\$450,135	483	184	10	126	28	20
NT	\$67,048	86	67	2	49	15	1
SA	\$209,108	260	115	7	81	22	5
ACT	\$0	0	0	0	0	0	0
Other	\$0	0	0	0	0	0	0

Date Source: TYIMS. Data from 12/04/2022 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.



Major Cities Breakdown

The tables below show the total approved amount of CAC for major cities, along with the number of major city apprentices and trainees and employers it currently assists. These figures are split by trade and non-trade occupations, as well as being broken down by state.

Trade	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
Total	\$6,750,986	8,582	3,581	46	2,771	662	102
Trade	\$3,842,711	5,013	2,632	39	2,159	390	44
Non-trade	\$2,904,241	3,563	1,056	35	638	312	71
Not Stated	\$4,033	6	6	1	4	1	0

State	CAC Amount	Apprentices & Trainees	Employers	Group Training	Small	Medium	Large
NSW	\$2,403,888	3,098	1,303	22	1,016	224	41
QLD	\$1,546,234	1,887	903	16	674	179	34
VIC	\$1,329,756	1,677	717	16	557	122	22
WA	\$862,169	1,101	424	14	295	87	28
SA	\$447,118	588	254	13	181	47	13
ACT	\$161,821	231	103	7	57	32	7
NT	\$0	0	0	0	0	0	0
TAS	\$0	0	0	0	0	0	0
Other	\$0	0	0	0	0	0	0

Date Source: TYIMS. Data from 12/04/2022 to 19/05/2022.

State figures exclude cases where a geo-location was unable to be identified.

Businesses and GTOs that have claimed for both trade and non-trade employees will be counted in multiple sub-categories, but only once in the total figure.