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Australian Skills Guarantee Team  
Department of Employment and Workplace Relations  
Canberra ACT 2600

Via email: [asg@dewr.gov.au](mailto:asg@dewr.gov.au)

Dear Australian Skills Guarantee Team

### **RE: Australian Skills Guarantee Discussion Paper**

The Australian Chamber of Commerce and Industry (ACCI) welcomes this opportunity to provide a response to the Department of Employment and Workplace Relations discussion paper on the Australian Skills Guarantee.

The Australian Chamber is highly committed to the model of apprenticeships and traineeships in Australia, and we believe that the combination of work and study offered through an apprenticeship or traineeship gives the learner the best opportunity to learn skills. The work integrated learning model that underpins apprenticeships in Australia combines theoretical, mostly off-the-job learning with on-the-job practical validation of those skills in a real work environment, within an industrial framework that provides wages and conditions for apprentices and trainees. It is widely accepted as a successful and highly valued skills development pathway for individuals and employers. Apprentices and trainees can develop work specific skills in an environment that can provide immediate contextualisation of those skills and allow for a real demonstration of the acquired knowledge and employers can develop a skills base amongst their workforce that is directly relevant to their skills needs.

Apprenticeships and traineeships provide pathways for school- to- work transition as well as a valuable career change avenue, combining structured learning alongside work experience within a model where the student receives remuneration, and the employer has access to pay rates that reflect the work/training nature of the employment relationship. Out of all VET qualification options, apprenticeships and traineeships have the best graduate employment outcomes, and they also outperform many higher education options<sup>1</sup>.

Initiatives to provide opportunities for apprenticeships, traineeships and paid cadetships need to be part of a holistic system approach to deliver quality training in a

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<sup>1</sup> NCVER, [Australian apprenticeships: research at a glance](#), and Department of Employment & Skills, and QILT (2021) 2021 Graduate Outcomes Survey, October 2021.



fully funded VET system with incentives for both the employee and employer to deliver completed outcomes.

The Vocational Education and Training (VET) system plays a critical role in delivery of the educational component for apprentices and trainees across Australia. VET is a key part of the delivery of apprenticeships and traineeships; it is highly valued by employers due to its teaching of job skills required in modern workplaces. The level of investment in VET needs to be sufficient to enable quality delivery of education in both public and private VET providers to fill the skill needs across all sectors of the economy.

The VET system currently suffers from significant funding differences between states for the same qualification, unacceptable changes in total funding, and cost shifting between the commonwealth and state and territory governments<sup>2</sup>. Yet, at the same time, there has been substantial increases in funding for early learning and schools, and a relatively consistent rise in higher education.

The negotiations for the new five-year National Skills Agreement provides the opportunity to put in place a long-term funding solution for VET that delivers real growth as well as greater consistency and high quality. Unfortunately, the vision statement and guiding principles agreed to by Skills Ministers and then endorsed by National Cabinet in August 2022 did not emphasise increased funding overall, a notable change from the existing Heads of Agreement Skills Reform. The vision statement also emphasises TAFE at the heart of the new agreement, however 86 per cent of students choose a VET course at an independent provider<sup>3</sup>. It is vital that the student experience is placed at the heart of the VET experience. Funding to VET should be increased across the board and be tied to the student rather than the provider.

ACCI is very supportive of increasing the number of apprentices and trainees on large infrastructure projects. One of the best methods for obtaining higher commencement rates is through the use of incentives as this encourages employers to put on apprentices/trainees. There needs to be a commitment to provide wage subsidies of 30 per cent in the first year of all apprenticeships/traineeships - this funding helps the business case for the employer become more financially viable. When a business takes on an apprentice/trainee it requires a higher level of supervision resulting in a cost to business. This additional cost is most notable in the first year of training and less necessary as time progresses. Further, if businesses have additional reporting requirements placed on them, they should be financially compensated.

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<sup>2</sup> See Productivity Commission, National Agreement for Skills & Workforce Development Review and National Skills Commission (2021), Qualification Similarity Analysis, 2021

<sup>3</sup> ITECA, [State of the Sector](#), 2022



To further aid the employer there should be a fixed monetary completion incentive of \$2,500 to employers to further assist in retention. There should also be financial support available to all apprentices and traineeships throughout the duration of their training of up to \$5,000 to assist in their completion.

The goal of the Australian Skills Guarantee is to ensure that one in 10 workers on major, Australian Government-funded projects are an apprentice, trainee or paid cadet. As the discussion paper by the Department of Workplace Relations and Employment details one in 10 workers in 2022 may already be an apprentice or trainee in construction<sup>4</sup>. The ongoing skills shortages facing the construction industry is one of the highest in the country. At the same time out of all the trade occupations construction trades workers has one of the highest continual commencement, in-training and completion rates. The application of a skills guarantee would allow for an ongoing pipeline of apprentices, trainees and paid cadets to work their way through the system.

Across the country all the states and territories already have targets for apprentices and trainees on government funded construction contracts. As the discussion paper details many suppliers and subcontractors would be familiar with managing workforce targets and providing this information. While this may be correct, we do not want to see a duplication of information needing to be supplied to state, territory and federal governments. This would place an additional cumbersome requirements on businesses as head contractors push the reporting requirements down the chain to sub-contractors who would absorb additional burden. The National Partnership Agreements would cover the majority of federal government-funded projects and should be used for requesting the data from the states and territories who possess this information.

When considering the financial threshold that should be applied to the construction project from the options suggested we believe that option two of a \$20 million threshold should be adopted for all major infrastructure projects. This will allow all states and territories to comply within their existing frameworks, bar South Australia which has a \$50 million threshold.

The approach taken when calculating the one in 10 quota should be undertaken by using total labour hours of the workforce for the contract, including subcontractors across the entire worksite. We believe that the time apprentices, trainees and cadets spend off site undertaking learning should also be counted towards hours as the learning is compulsory for their job onsite.

In relation to creating quotas to encourage more women in trades we believe this can be approached in a more impactful manner than quota alone. ACCI notes that NSW, VIC, QLD and the ACT already have quotas for women on worksites. Aside from the

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<sup>4</sup> Australian Skills Guarantee Discussion Paper, 2022



regulatory burden quotas place on a business, particularly if faced with different requirements between state and federal it does not address the issue of encouraging more women to choose the construction industry. There should be the funding and creation of programs to encourage women to participate in construction as apprentices, trainees or paid cadets, but not additional quotas. There needs to be better support networks to encourage women to remain in trades and to connect them to women and mentors that are already in industry.

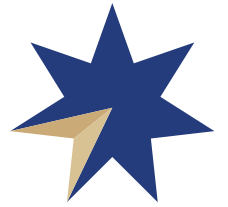
The Federal Government has announced funding to encourage more women to undertake apprenticeships in non-traditional roles, the funding could be used to support women during their apprenticeships and help address barriers facing them as they move towards completion. We want to see women encouraged to undertake a construction apprenticeship, traineeship and cadetship accompanied by support and wrap around services that enable them to complete their training. It will be through the delivery of support and wrap around services that we will see an increase in the number of women in construction roles.

If quotas are introduced for women in construction, we believe option three is the most suitable option. We do not want to see women moved around to different sites purely to fulfill quota requirements but missing out on exposure to key areas of the sector and subsequently having a subpar training experience. Any quota requirement should be approached in a manner that still allows for the best training experience possible. There should be support systems in place to assist businesses in collating this data.

While quotas as a whole should not be mandated, we are supportive of them being publicly reported at regular intervals for the life of the project. We are wary of the suggestion of collecting more data than meeting the targets themselves. Additional data can be accessed through the Department's own avenues such as ADMS, Training Contract IDs and Australian Business numbers along with the data that is sent to the National Centre for Vocational Education Research.

An improved linkage in pre-apprenticeships to the construction industry will further assist in increasing the numbers of people undertaking apprenticeships. A pre-apprenticeship allows a prospective apprentice to try out the field they are interested in before committing to an apprenticeship. They play a critical role in helping a student decide what suits them best. It is important that pre-apprenticeships prepare an individual for the formal training aspects of an apprenticeship by providing simulated or real work experience, occupational health and safety training relevant to the occupation, and the opportunity to engage with representatives from industry. The pre-apprenticeship should provide a measure of foundation skills, such as employability skills, literacy and numeracy skills.

The guarantee should cover paid cadetships as this would assist in increasing the number of females undertaking construction work. Paid cadetships provide a pathway for those undertaking higher education to receive on the job experience.



This is a valuable experience that will assist students as they look to transition from university to full time employment within their sector.

