



National Apprenticeship
Employment Network

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DEWR Responses to NAEN queries for GTO apprentice scenarios under AAIS

11 August 2022

Apprentice Scenario 1:

- Signed up under AAIP and BAC pre 30 June 2022
- Out of work for longer than 6 months (post 30 June 2022)
- Recommences with a new employer, signs a new training contract as a 3rd year apprentice
- AAIS wage subsidy commences with new training contract.

Question

Does the employer receive a 5% wage subsidy for the remaining 3rd year or does the AAIS wage subsidy commence with a new cycle – i.e. starting with 10% for up to 12 months?

DEWR Response: Assuming the apprentice is in a priority occupation as listed on the Australian Apprenticeships Priority List - When recommencing post 30 June 2022 after a break of greater than 6 months; the employer (subject to eligibility rules) may receive up to 3 years of support via the Priority Wage Subsidy, starting at the first year rate of 10%. See explanation below for further information.

Confirming that where an Australian Apprentice commences an Australian Apprenticeship under an approved Training Contract on or after 1 July 2022 with either a new employer or with a previous employer (after a break greater than six months), they are eligible to attract payments under the Incentives System.

DEWR Response: Yes

Apprentice Scenario 2:

- Signed up under AAIP and BAC pre 30 June 2022
- Out of work for longer than 6 months (post 30 June 2022)
- Recommences with a new employer, signs a new training contract as a 2nd year apprentice, with 6 months already completed
- AAIS wage subsidy commences with new training contract.

Question:

Does the employer receive a 10% wage subsidy for the remaining 6 months of the 2nd year, and 5% for the third year

DEWR Response: No

or

Does the AAIS wage subsidy commence with a new cycle – i.e. 10% for a new 12 months, 10% for a 2nd 12 months, then 5% for remaining (up to 12 months max)

DEWR Response: Yes. See explanation below for further information

Third Year Apprentice Scenario:

- Signed up under AAIS
- Attracts 5% wage subsidy as third year
- Part way through year moves to a new employer (without a break) as a 3rd year apprentice

Question

Does apprentice with employer no 2 attract a 5% or 10% wage subsidy with the new training contract?

DEWR Response: 10% wage subsidy. See explanation below for further information

DEWR explanation of incentives available under the Incentive System

Under the Incentives System three new payments are available – Priority Wage Subsidy, Hiring incentive and Australian Apprentice Training Support Payment

- Apprentice is in a Priority occupation (as listed on the Australian Apprenticeships Priority List):
 - If the apprentice commences on or after 1 July; they may attract the **Priority Wage Subsidy** for their **employer**.
 - Where an Australian Apprentice, following a period of cancellation of their Training Contract, commences with a new employer, the apprentice may attract the **Priority Wage Subsidy** for their new **employer** for up to 3 years starting from the first year rate.
 - The **Apprentice** may be eligible to claim the **Australian Apprentice Training Support Payment** paid at a flat rate.
- Apprentice is **not in a priority occupation** (as listed on the Australian Apprenticeships Priority List):
 - If the apprentice commences on or after 1 July; they may attract the **Hiring Incentive** for their **employer**.
 - Where an Australian Apprentice, following a period of cancellation of their Training Contract, commences with a new employer, the apprentice may attract the **Hiring Incentive** for their new **employer**.

In addition to these new payments the Disability Australian Apprentice Wage Subsidy, Off-the-job Tutorial, Mentoring and Interpreter Assistance and Living Away from Home allowance are still available, with the rules being unchanged.

Explanation Priority Wage Subsidy rate

An eligible second employer may receive up to 3 years' worth of Priority Wage Subsidy starting at the 10% rate.

Under the Incentive System the employer payments (Priority Wage subsidy and Hiring Incentive) are tied to the employer/apprentice relationship.

This means that if an apprentice leaves an employer and then recommences with a new employer the new employer may be eligible (subject to all eligibility rules being met) to receive the full allocation of Priority Wage Subsidy (starting with 10% during the first year of their employer/apprentice relationship).

In the scenario where a newly commencing (1st year) apprentice is employed in a priority occupation and is employed by:

- Employer 1 from 1/7/22 – 30/8/24
- Employer 2 from 1/9/24 onwards

Employer 1 would receive Priority Wage Subsidy at the rate of:

- 10% for the period 1/7/22 – 30/6/23
- 10% for the period 1/7/23 – 30/6/24
- 5% for the period 1/7/24 – 30/8/24

In total employer 1 would receive 2 years and 2 months' worth of support.

Employer 2 would receive Priority Wage Subsidy at the rate of:

- 10% for the period 1/8/24 – 30/7/25
- 10% for the period 1/8/25 – 30/7/26 (however if this was a 4 year apprenticeship and the apprentice did not have any breaks in the apprenticeship the completion date would be 30/6/26 and therefore this employer would not receive any payments beyond 30/6/26)
- 5% for the period 1/8/26 – 30/7/27

So in total, employer 2 would receive 3 years' worth of support, unless the apprentice completed their apprenticeship during this time.

It should be noted that in the scenario listed above if the apprentice was to return to employer 1, the employer would only be eligible for an additional 8 months of support.

Any one employer is only able to receive a maximum of 3 years' worth of Priority Wage Subsidy for the employer/apprentice relationship in an apprenticeship. If the apprentice goes on to undertake a second apprenticeship with the same employer and all eligibility rules are met, then the employer may be eligible for another full allocation of Priority Wage Subsidy.

The Incentive System allows second and subsequent employers to be eligible for the Priority Wage Subsidy, to ensure that commencing and recommencing apprentices are treated equally; and displaced apprentices are not disadvantaged; and apprentices have every opportunity to complete their apprenticeship.