



# National Apprenticeship Employment Network

## **Response to the DEWR Discussion Paper**

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**Revised Methodology for the Australian Apprenticeship Priority Skills List**

**October 2025**

## **Introduction**

The National Apprentice Employment Network (NAEN) welcomes the opportunity to provide input to the Department of Employment and Workplace Relations (DEWR) discussion paper on the revised methodology for the Australian Apprenticeship Priority Skills List (the Priority List). As the peak national body representing Group Training Organisations (GTOs), NAEN supports a strong, evidence-based and inclusive apprenticeship system that reflects Australia's evolving economic, social and workforce priorities. This submission outlines NAEN's perspective on each of the ten consultation questions, drawing on the extensive experience of GTOs in supporting apprentices, employers and communities across all states and territories.

According to the Strategic Review of the Australian Apprenticeship Incentive System – Final Report, “Apprentices employed through GTOs tend to have completion rates 5 to 9 percentage points higher than those directly employed by SME host employers, and 2 to 5 percentage points higher than apprentices with large employers.”

The review also recommends the following:

- Implement a pilot program to utilise high-performing group training organisations to equip SMEs that have not taken on an apprentice in the last two years.
- Establish an innovation fund to engage industry, states and territories in piloting innovative approaches to apprenticeships utilising best practice of group training.
- Expand successful programs delivered by large employers and group training organisations that provide mentoring and other workplace supports for apprentices.
- Implement a pilot program to subsidise SMEs engaging women apprentices over the age of 21 in the first and second years, utilising high-performing group training organisations.
- Appoint GTOs in geographical regions with substantial renewable energy activities and require all projects within that region to engage apprentices through that GTO.

### **1. What should be the core purpose and scope of the Australian Apprenticeship Priority List?**

NAEN believes the Priority List should guide incentives toward areas of greatest economic national need whilst, equally, maintaining equitable access to high-quality apprenticeships and traineeships.

The Priority List should not create barriers to employment and training for vulnerable job seekers or school leavers. The Priority List should not discriminate, inadvertently or directly, against job seekers that require entry level training and a career pathway. Appropriate enticements can be offered to stimulate employer and candidate attraction / retention to pathways deemed to be economically critical, but candidates limited by region, age, gender or cultural background, or industry suitability, should not be disadvantaged in accessing apprenticeship pathways that may lie in a broader list of qualifications. Without such inclusivity, more entry-level job seekers may be forced into insecure gig or casual work or alternatively

pursue university study — accruing student debt and delaying their entry into stable employment.

The Priority List should strengthen Australia’s workforce capability, advance equity and participation, and bolster the apprenticeship system to be responsive to emerging industry and social priorities. The Priority List must enable apprenticeships as a key tool for nation-building, workforce participation, and skills mobility.

As the “gateway to the incentive system”, the Priority List must balance workforce and industry needs with social objectives, ensuring apprenticeships remain both economically viable and socially inclusive.

## **2. How should Australia’s economic and social equity objectives be defined?**

**What is the best option to articulate Australia’s economic and social equity objectives to guide the Priority List? E.g. NSA, the National Agreement on Closing the Gap, Employment White Paper or other?**

NAEN supports defining Australia’s economic and social equity objectives through existing and future national frameworks. The National Skills Agreement (NSA), the Employment White Paper (EWP), and the National Agreement on Closing the Gap describe the core frameworks that guide the VET sector nationally. These key documents form a lighthouse to inform the VET market to meet national economic and social priorities. They also provide clear, evidence-based foundations for policy alignment to underpin the methodology for the Priority List.

NAEN challenges the effectiveness of the current Priority List to meet the guidelines of the NSA, as one its guiding principles states that the agreement *“ensures that all Australians — particularly women, First Nations Australians, young people, mature age Australians, those experiencing long-term unemployment, people from culturally and linguistically diverse communities, people with disability, and regional and remote learners — have access to the education, training and support needed to obtain well-paid, secure jobs”*.<sup>1</sup>

NAEN believes the Priority List should be informed by national occupational shortages defined by Jobs and Skills Australia (JSA), Jobs and Skills Councils’ workforce plans for future and emerging skills as well as social equity frameworks described in Closing the Gap and other social inclusion white papers to ensure improved participation of women, First Nations peoples, re-engagement of mature workers, CALD individuals and those with a disability.

**Is it feasible to consider macro-economic conditions in determining eligibility?**

It is feasible to take macro-economic conditions into account, but this should be done carefully and in a way that supports stability in the apprenticeship system. We recognise that

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<sup>1</sup> Department of Employment and Workplace Relations (DEWR). *National Skills Agreement: Vision and Principles*. Australian Government, Canberra, 2024. Available at: <https://www.dewr.gov.au/national-skills-agreement/national-skills-agreement-vision-and-principles>.

apprenticeship commencements, particularly in the trades, are highly sensitive to the business cycle. Periods of high unemployment tend to increase demand for apprenticeships, while downturns in sectors such as construction or manufacturing can see commencements fall away quickly. Allowing incentive settings to “flex up” in response to macro-economic conditions could help stabilise commencements during downturns and ensure that employers remain engaged in the system.

That said, macro-economic factors are volatile and difficult to predict. Building them directly into eligibility criteria for the Priority List risks adding unnecessary complexity and uncertainty for both employers and apprentices. In our view, macro-economic conditions should inform the quantum or design of incentive payments, rather than whether an occupation is included or excluded from the Priority List. This would keep eligibility tied to longer-term assessments of skills need and equity priorities, while still allowing government to respond flexibly to changes in the broader economy.

The Priority List must be both reliable and stable to support industry and employer workforce planning, providing the confidence needed to invest in training and long-term skill development. At the same time, it must remain agile enough to respond to changing macroeconomic and social conditions, including shifts in demand driven by technology, demographic change, and policy reform. A system that balances stability with adaptability will ensure employers can plan with certainty while maintaining flexibility to meet evolving workforce needs and emerging national priorities.

Sudden reactive shifts in the Priority List could create instability for employers, so grandfathering changes would be important.

**Would it be appropriate to remove eligibility for occupations with low wage premiums and /or persistent levels of non-compliance with workplace laws? Would there be any perverse outcomes as a result?**

NAEN does not support removing eligibility for occupations with low wage premiums or non-compliance risks, as this may reduce access to legitimate training opportunities for vulnerable cohorts.

While addressing persistent non-compliance with workplace laws is important, removing eligibility for occupations based solely on low wage premiums or compliance concerns would carry significant risks and may lead to unintended outcomes.

Occupations with lower wage premiums—such as those in retail, hospitality, and personal services—often employ young people, women, and other priority cohorts identified under the NSA and the EWP. Excluding these occupations from the Priority List could disproportionately disadvantage these groups, undermining broader national objectives around equity, gender equality, and Closing the Gap.

There is also a risk that removing such occupations would reduce the agility of the system to respond to state-specific or regional skill shortages. Each jurisdiction faces different workforce pressures, and the Priority List should retain flexibility to reflect these diverse needs and emerging demands.

Rather than excluding entire occupations, a more effective approach would be to strengthen the use of additional indicators—such as employer demand, vacancy data, and workforce participation trends—and ensure appropriate compliance and quality measures are built into apprenticeship support and management. This would maintain focus on equity and inclusion while still addressing legitimate concerns about low wage growth and workplace compliance.

Reducing the Priority List too narrowly could create perverse outcomes by removing viable pathways for those most in need of access to secure and supported employment. A targeted and strategic approach, rather than a restrictive one, is preferred.

A key consideration in refining the Priority List is ensuring that the system removes barriers and actively creates pathways into employment across regions and sectors where opportunities exist. Occupations such as hospitality, individual support, and civil construction play critical roles in both regional and urban economies and often serve as important entry points for young people, First Nations peoples, and others from equity groups. These sectors provide accessible and transferable skills that can lead to long-term careers, yet they are frequently characterised by lower wage premiums or higher turnover, which can mask their broader social and economic value to Australian communities. Excluding them from the Priority List risks narrowing pathways for those who most need structured employment opportunities and supported training environments. Instead, targeted investment and tailored supports—particularly for equity groups and regional participants—should underpin efforts to lift quality and compliance within these sectors, rather than removing them from eligibility altogether.

NAEN supports removing or restricting employers that do not comply with workplace laws, rather than whole occupations. GTOs are well equipped to identify, monitor and manage employers that engage apprentices, and can play a greater role with Government to undertake this work.

### **3. To what extent should the Incentive System be able to flex up and down in response to shifting economic conditions and how might this be balanced with ensuring objectivity and certainty?**

**If the Incentive System is able to flex up and down, how often should settings be reviewed to ensure appropriate adjustments are made?**

NAEN supports a measured degree of flexibility in the Incentive System so it can respond to changing economic conditions without undermining employer confidence or certainty. Flexibility is essential to ensure the system remains responsive to workforce needs, but it must operate

within a transparent, evidence-based framework that gives employers and apprentices predictability and fairness.

NAEN recommends an annual review of incentive settings — including payment levels and timing — supported by the capacity for interim adjustments when critically necessary. This approach would enable government to respond to emerging skill shortages or economic shifts while maintaining stability across the apprenticeship system. Adjustments should be guided by clear labour market data, social equity considerations, and structured consultation with key stakeholders such as JSA, GTOs, and regional industry networks.

A tiered incentive structure could provide further flexibility, with a consistent base level of support available to all apprenticeships and higher loadings applied to critical or emerging occupations. Incentive design should also include mechanisms such as provisional status for new industries and safeguards that “grandfather” existing apprentices, ensuring no disadvantage for those already in training.

To balance responsiveness with certainty, any changes to incentive settings should be communicated early and transparently, providing sufficient notice for employers to plan workforce and training investment. This dynamic but predictable model would allow the Incentive System to adapt to economic and social change while protecting long-term career pathway opportunities and maintaining confidence in the apprenticeship system.

#### **4. What is the most effective process for identifying and making updates to the Australian Apprenticeship Priority List, and at what frequency?**

NAEN supports a regular, transparent and data-driven process for updating the Priority List. An annual review cycle, supplemented by the capacity for interim updates, would ensure responsiveness to emerging workforce needs while maintaining stability and predictability for employers. Consultation with GTOs and industry stakeholders should be formalised, recognising their unique insights into employer demand, apprentice completions and local skill pressures. Clear communication of updates will help employers plan training investment and maintain confidence in the apprenticeship system.

An annual comprehensive review provides the necessary structure for strategic alignment with national workforce priorities under the NSA and EWP. However, the system should also have the ability to make interim or quarterly updates in response to new industries, regional shortages or emerging occupations. This balance between regularity and flexibility would ensure that incentives remain current without creating uncertainty for employers and apprentices.

The update process should draw on multiple evidence sources, including NCVER data, workforce planning documents, and regional labour market intelligence. Engagement with JSA, GTOs, and other workforce planning bodies is essential to ensure updates reflect both national and local conditions.

When making changes, priority should be given to adding or provisionally including new occupations, with advance notice provided before removing any roles to minimise disruption. Updates should also consider equity and access objectives, ensuring pathways remain open to all cohorts, particularly those in regional and remote communities.

Overall, NAEN recommends an annual review supported by the capacity for interim adjustments — a balanced model that combines stability, transparency and responsiveness to Australia’s evolving skill and workforce needs.

## **5. Should occupations with viable non-apprenticeship pathways have access to incentives?**

NAEN strongly supports maintaining incentives for occupations with viable non-apprenticeship pathways. Non-apprenticeship pathways refer to an alternate way a person may complete their training to receive the same qualification they could have received if they completed an apprenticeship.

Apprenticeships provide structured, equitable entry into employment, particularly for women, school-based trainees, school leavers, and disadvantaged cohorts. They combine paid work with nationally recognised training, building employability and life skills that improve long-term workforce participation. Removing incentives for apprenticeships in occupations simply because viable non-apprenticeship pathways exist, risks reducing access to meaningful work, pushing young people toward costly university education or insecure casual employment. Incentives for viable non-apprenticeship pathways are vital to ensure diversity, equity and social inclusion across Australia’s workforce.

The integration of work-based learning with accredited training and assessment offers substantial benefits to both employers and entry level workers. Completion of a VET course without combined employment does not guarantee industry recognition of skills nor experience “on the job”. It is a hit and miss strategy to connect learners to work.

While it is reasonable to question whether incentives should apply where viable non-apprenticeship pathways exist, the policy intent of Australian Apprenticeships must remain focused on equity, access, and workforce participation — not only qualification attainment. Dr Erica Smith’s research “How women are disadvantaged in the Australian apprenticeship system”<sup>2</sup> highlights that female-dominated traineeships and care-related occupations have been disproportionately affected by the withdrawal of incentives, resulting in fewer structured, supported pathways into employment for women, young people, and priority cohorts. Many of these occupations, such as individual support and hospitality, do offer alternate VET-only routes, but the apprenticeship model provides critical benefits — including paid employment, mentoring, and pastoral care — that improve retention and outcomes for those who might

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<sup>2</sup> Smith, Erica. *How women are disadvantaged in the Australian apprenticeship system*. Institute of Education, Arts and Community, Federation University, Mt Helen, Australia. Received 17 March 2025; revised 26 July 2025; accepted 29 July 2025. The Economic and Labour Relations Review, First View, 2025. doi:10.1017/elr.2025.10033,

otherwise face barriers to participation. Removing incentives from these pathways risks entrenching gendered disadvantage and undermines national objectives on equity and inclusion. Therefore, incentives should remain available where apprenticeships demonstrably improve access to secure employment and support participation from under-represented groups, even where alternate VET-only pathways exist.

To ensure the Australian Apprenticeships system delivers on its equity and participation objectives, incentives should be structured to encourage inclusion rather than exclusion. NAEN recommends that incentive eligibility be retained — and, where appropriate, strengthened — in sectors and occupations that provide accessible entry points for women, First Nations peoples, and young people, even where non-apprenticeship pathways exist. Targeted incentives could be linked to outcomes such as completion, sustained employment, or participation by priority groups, rather than limited by occupational type alone. This approach would align incentives with the NSA and EWP priorities on gender equality and Closing the Gap, while also supporting workforce development in care, service, and regional industries that are essential to Australia's economic and social wellbeing.

## **6. How can the Australian Apprenticeship Priority List capture and support new and emerging occupations or apprenticeship pathways?**

NAEN supports a flexible and forward-looking approach that enables the Priority List to quickly recognise and respond to new and emerging occupations. The Priority List should anticipate, rather than react to, workforce change.

An annual update cycle may not reliably reflect the pace of industry innovation or workforce transformation. Establishing mechanisms for interim updates or provisional inclusion would help ensure the Priority List remains relevant and responsive to emerging needs in our evolving economy. This would maintain stability for employers and training providers while ensuring apprenticeships continue to evolve alongside our future industries.

GTOs work closely with employers, apprentices, and Registered Training Organisations, giving them a strong understanding of where new skill needs are starting to appear. Including these local insights in the Priority List process would strengthen the evidence base and help ensure that incentives are directed to areas of real and emerging demand, such as clean energy, digital technology, advanced care services, and the green economy.

To support this, NAEN suggests giving emerging occupations a provisional status so trial incentives can test demand and outcomes. The process should also include regular consultation with JSA, industry groups, and workforce planning bodies to identify new industries and skill pathways and provide a clear way for industry and training organisations to propose additions to the Priority List.

Ongoing engagement with GTOs and employers would help track how skills needs are changing in real time, while interim updates beyond the annual review would allow the system to



respond more quickly to new technologies and labour market changes. Finally, the Priority List should recognise new and growing sectors, including net zero, clean energy, and digital transformation, which may not yet appear in traditional shortage data but are vital to our future workforce.

## **7. Should the Australian Apprenticeship Priority List have a jurisdictional or regional element to it?**

NAEN supports maintaining a consistent Priority List that incorporates regional and jurisdictional insights. Skill needs often vary significantly across Australia, particularly in remote, regional, and growth corridor areas. Embedding regional intelligence — including data from GTOs and local industry networks — would make the system more responsive to real workforce pressures. This approach supports the objectives of the NSA and place-based employment strategies, promoting equitable access to training and sustainable local employment outcomes.

While national consistency remains important, a flexible and regionally informed approach is essential to ensure the Priority List reflects the diversity of Australia's labour markets. Differences in infrastructure, cost of living, access to services, and local industry structures all influence apprenticeship demand. Importantly, regional considerations must also incorporate social equity and inclusion outcomes, recognising that apprenticeships are often a critical pathway for young people, First Nations peoples, and disadvantaged cohorts in regional and remote communities.

NAEN recommends that the Priority List framework include mechanisms for jurisdictional and regional input, such as structured local consultation processes, integration of regional labour market data, and the capacity to provisionally recognise occupations where regional shortages are evident. This model would balance national coherence with local responsiveness, ensuring incentives and supports are effectively targeted and that apprenticeships remain accessible and inclusive across all parts of Australia.

## **8. Should government take a narrower approach to the Australian Apprenticeship Priority List to better target incentives to the most critical priorities and shortages?**

NAEN supports a balanced and evidence-based approach to prioritisation. While it is appropriate to direct stronger incentives toward critical shortage areas, a too-narrow Priority List risks excluding sectors that provide essential entry-level and equity-driven employment pathways. Non-apprenticeship and non-trade occupations play a crucial role in workforce participation and should not be overlooked.

A tiered model would achieve a more balanced outcome — maintaining broad inclusion whilst weighting incentives toward areas of greatest need. This could include a base rate of incentives available to all apprenticeships, with higher premiums or loadings for occupations facing acute

shortages or of national strategic importance. Such an approach would maintain simplicity for employers while ensuring targeted investment where it delivers the highest impact.

A narrow approach may also have unintended consequences, including disadvantaging vulnerable cohorts such as young people, women, and First Nations workers, and limiting entry-level pathways that are vital for long-term workforce participation. It could also discourage engagement with vocational education by reducing opportunities in accessible sectors such as care, hospitality, and administration.

### **9. Should the Australian Apprenticeship Priority List identify different types of occupation shortages so incentives can be tailored accordingly?**

To be effective, the Priority List should go beyond identifying occupations in shortage and instead distinguish between different types of workforce challenges — including attraction, retention, and completion shortages. Understanding these allows government to tailor incentives and supports to the underlying causes of skill gaps rather than focusing solely on occupation type.

NAEN supports an approach where tailored incentives address specific issues. For example, attraction payments for hard-to-fill roles, mentoring or pastoral supports to improve completion rates, and retention incentives that recognise quality employers. GTOs are well placed to provide data and insights on where and why apprentices disengage, ensuring policy interventions are targeted and effective.

Flexibility should also support emerging industries, school-based apprenticeships, and diverse career pathways that respond to changing economic and social needs. Incentive design must remain simple, transparent, and predictable for all employers, including GTOs and their Host Employers.

A balanced and inclusive model of prioritisation aligns with the NSA and EWP objectives of promoting equitable access, social inclusion, and sustainable workforce development across all regions and sectors.

### **10. The current Australian Apprenticeship Priority List focuses on OSCA Major Groups 3 and 4 — should this be expanded?**

Yes. NAEN supports expanding the Priority List beyond Major Groups 3 (Technicians and Trades Workers) and 4 (Community and Personal Service Workers) to include Major Groups 2, 5, 6 and 7 where there are viable apprenticeship or traineeship pathways. All occupations within these broader groups could warrant Commonwealth apprenticeship incentives where structured employment-based training models exist.

The current focus is too narrow and excludes many valid apprenticeship and traineeship pathways. Expanding coverage would better reflect the diversity of Australia's workforce and address skills needs across a wider range of industries — including civil construction, transport

and logistics, digital technology, clean energy, defence industries, and business services. These sectors increasingly require structured training that combines employment, mentoring, and nationally recognised qualifications.

Expansion should be guided by strong labour market evidence, industry consultation, and alignment with national priorities under the NSA and EWP. The Priority List should also retain flexibility to recognise occupations that are emerging or currently excluded from traditional definitions but demonstrate genuine apprenticeship potential.

A broader, more inclusive Priority List would support workforce development across a wider range of sectors, strengthen regional employment and Closing the Gap, and promote equitable access to apprenticeship opportunities in line with national economic and social objectives.