

Apprenticeships and traineeships: The employer perspective

June 2025





CEO introduction

Australia's apprenticeship and traineeship system has a long and proud tradition. It has trained countless Australians across a range of industries over many decades. The skills, knowledge and capabilities it delivers are vital to drive productivity and deliver upon the priorities we face as a nation.

The connection between learning and work is at the heart of what makes apprenticeships and traineeships successful for the employer and the apprentice or trainee. As an employment-based training arrangement, the role of the employer in this system is vital.

The Australian Industry Group Centre for Education and Training provides a strong industry voice to advocate for an education and training system that is connected to and responsive to the needs of employers.

This report combines the Centre's deep engagement with industry with broader research to amplify the voice of employers within the apprenticeship and traineeship system.

In a period of widespread skills shortages, stalling private sector investment and anaemic productivity nationally, we cannot accept the apprenticeship and traineeship system maintaining current levels of commencements and completions. It needs to grow. Yet, this report paints a concerning picture of a system that employers report is becoming increasingly costly and complex.

This economic reality for employers is directly influenced by a range of policy decisions by governments and must remain at the forefront of decision making.

As a nation we need to build on the strengths of this system and maximise the opportunities for Australians to train through this successful and longstanding pathway. The evidence-based recommendations for governments and the education and training system in this report should guide the way.

While there are clear challenges, there are also success stories. We also seek to highlight how Australian Industry Group members are using apprenticeships and traineeships to strengthen their current and future workforce.

While the perspective of employers is not the only one that matters, it is vital to ensure the system continues to flourish for decades to come. After all, without employers there are no apprentices and no trainees.



Innes Willox
Chief Executive
Australian Industry Group

Executive summary

Apprenticeships and traineeships underpin the pipeline of skills needed to deliver some of the biggest priorities facing our nation. In an environment of widespread skills and workforce shortages, a strong apprenticeship and traineeship system is more important than ever.

No apprentice or trainee commences without an employer. This report highlights the experiences of employers in the system, based on insights from Australian Industry Group's Centre for Education and Training and direct engagement with a broad range of employers.

Employers value the apprenticeship and traineeship system, and thousands achieve successful outcomes through it each year. The benefits of apprenticeships and traineeships extend beyond employers to the individuals completing them and society at large.

To meet current and future skills needs, Australia needs an urgent and sustained step change in the numbers of apprentices and trainees commencing and completing. Yet, in recent years, apprentice and trainee commencements appear to be reverting to pre-pandemic trends.

Every decision to employ an apprentice or trainee weighs up a broad range of costs and benefits. Along with direct costs, employers are grappling with attracting suitable candidates to apprenticeships and traineeships, meeting supervision requirements, navigating the complexity of the system, the impacts of non-completion and challenging business conditions.

This represents a complex economic equation – one that employers of all sizes and across

industries report is increasingly challenging. The cost and complexity of employing apprentices and trainees is increasing, and employers report their satisfaction with the system is decreasing.

Financial incentives received by employers of apprentices and trainees are an important component of the economic equation for businesses of all sizes and across all industries. While they do not solely drive decisions or cover costs, they do help to balance the overall equation. Any substantial reduction to employer incentives poses a significant risk of further negative impacts on the engagement of employers in the system.

Renewed effort is needed to ensure the apprenticeship and traineeship system remains a cornerstone of our skills development system. This report identifies six areas of priority, against which ten evidence-based recommendations are made. These recommendations focus on strengthening the apprenticeship and traineeship system from the perspective of employers to ensure it continues to meet the skills needs of industry, and Australia, for many years to come.

This report is underpinned by a survey of employers in April and May 2025. Survey findings include:

- More than 8 in 10 employers of apprentices and trainees surveyed identify them as important or very important to their business.
- 96% of employers surveyed face barriers when hiring apprentices or trainees, with the most commonly reported barriers being difficulty finding suitable candidates and difficulty supervising and training on-the-job.
- Around half of employers surveyed report that their employment of apprentices and trainees would reduce if they no longer received financial incentives.

Six areas of priority have been identified:



Ensuring the economic equation remains viable for employers through policy settings including incentives



Widening the pool of employers offering apprenticeships and traineeships by enabling access to group training and supporting large employers to train in their supply chains



Ensuring a strong future pipeline of apprentices and trainees by lifting the status of the system and encouraging pre-apprenticeships



Expanding the apprenticeship model into new areas by removing barriers to and supporting increased uptake of degree apprenticeships



Minimising inconsistency across jurisdictions to reduce system complexity for employers operating across borders



Supporting high quality apprenticeship and traineeship experiences by building workplace supervision capability and enabling quality and timely off-the-job training

Recommendations

- 1 All decision making by governments in relation to apprenticeships and traineeships should closely **consider the economic equation for employers**, noting consistent reports that the costs and complexity of employing apprentices and trainees is increasing.
- 2 **Commencement incentives should be provided to employers of apprentices and trainees** across industries, regardless of size, with additional incentives for employers to attract and retain apprentices in priority sectors and skills shortage occupations. Additional incentives would also assist employers to attract and retain apprentices in underrepresented cohorts.
- 3 Explore opportunities to **make using group training more accessible**, particularly for small employers that have never employed apprentices or trainees. The Group Training Organisation Reimbursement Program is a good model that could be considered for expansion to accommodate returning or first-time businesses.
- 4 In partnership with industry, identify and implement options to **explore how larger businesses can support their supply chain by overtraining**, including government owned entities leading by example.
- 5 Governments, industry and the education and training sector work collaboratively to **strengthen the perceptions and status of apprenticeships and traineeships** in a broad range of industries. This should build upon existing successful activities and include actioning recommendations 3.1 to 3.4 in the *Strategic Review of the Australian Apprenticeship Incentive System* focussed on career information and advice and lifting the status of apprenticeships and traineeships as a valuable career pathway.
- 6 Expand opportunities to **develop pre-apprenticeship programs, particularly those that provide exposure to a wide range of trade occupations**. The Multi Industry School Based and Pre-Apprenticeship Support Project piloted by the Apprentice Employment Network provides a good example of what this might look like.
- 7 The Australian Government and State and Territory Governments use policy settings to **encourage and enable greater uptake of higher and degree apprenticeships**. This should include, but not be limited to, removing Fringe Benefits Tax barriers and making degree apprenticeships eligible for system supports such as employer incentives and mentoring.
- 8 The Australian Government and State and Territory Governments, in consultation with industry, work collectively to **identify and resolve national inconsistencies** that increase complexity for employers of apprentices and trainees.
- 9 Make **supervision training for supervisors and new employers of apprentices and trainees** more widely available. This training is likely to be most effective if delivered in an industry-specific manner in partnership with relevant industry bodies, as recommended through the *Strategic Review of the Australian Apprenticeship Incentive System*.
- 10 In consultation with industry, ensure that policy and funding settings enable, rather than constrain, the ability of registered training organisations to deliver **high quality off-the-job training that meets the needs of employers** in context of the challenges highlighted through this report.

Contents

Apprenticeships and Traineeships: A critical skills development pathway	8
How are businesses using apprenticeships and traineeships?	13
The economic realities of apprenticeships and traineeships for employers	19
Financial incentives	28
How do employers think the system is working?	34
What is needed to strengthen the system?	49
About this research	62

Apprenticeships and Traineeships: A critical skills development pathway



KEY POINTS

- Apprenticeships and traineeships underpin the pipeline of skills needed to deliver upon some of the biggest priorities facing our nation.
- Employers value the system, with more than 8 in 10 employers of apprentices and trainees surveyed identifying them as important or very important to their business.
- Apprenticeships and traineeships lead to secure, well-paid and fulfilling careers for the individuals that complete them.

A system vital to Australia's prosperity

The skills and capabilities developed through apprenticeships and traineeships are vital to Australia's current and future prosperity. Apprenticeships and traineeships underpin the pipeline of skills needed to deliver upon some of the biggest priorities facing our nation, such as building housing and infrastructure, driving the clean energy transition, lifting our sovereign manufacturing capability and delivering high quality services.

Significant future skills and workforce demand is projected across many industries. According to Jobs and Skills Australia, an increase of 186,800 technicians and trade workers alone will be required by 2034.¹ In the residential construction industry, the Housing Industry Association predicts that an additional 83,000 skilled tradespeople are required by 2029 to meet goals under the National Housing Accord.²

The importance of the apprenticeship and traineeship system also comes into sharp focus in an environment where workforce shortages are negatively impacting the productivity, growth and financial performance of firms across many industries.³ While shortages are widespread, they

are particularly pronounced for skilled technicians and trades workers⁴ – for which apprenticeships and traineeships are a primary skills pipeline.

While shortages exist across a range of skill levels, they are particularly pronounced for skilled technicians and trades workers – for which apprenticeships and traineeships are a primary skills pipeline.

The table below identifies the top five occupations in which apprentices and trainees are training, for both trade and non-trade occupations. In some cases, such as licenced trades, an apprenticeship will be the primary pathway to a particular occupation. In other cases, particularly for non-trade occupations, apprenticeships and traineeships can be one of several pathways to a particular occupation.



Figure 1. Top 5 trade and non-trade occupations for apprenticeships and traineeships

Trade	Non-trade
Automotive and Engineering Trades Workers	Community and Personal Service Workers
Construction Trades Workers	Clerical and Administrative Workers
Electrotechnology and Telecommunications Trades Workers	Labourers
Other Technicians and Trades Workers	Machinery Operators and Drivers
Food Trades Workers	Sales Workers

Source: NCVER, *Apprentices and trainees 2024: September quarter*

A well-functioning apprenticeship and traineeship system also benefits Australian society at large. Apprenticeships and traineeships provide a stable, long-term pathway for new entrants to the workforce from many different backgrounds to gain secure well-paying jobs and establish good careers.

The Organisation for Economic Cooperation and Development (OECD)⁵ states that employers that offer apprenticeships shoulder the burden of training and guiding young people through to employment. While employers also receive benefits through training wages and productivity in later years of the apprenticeship, the benefits are also widely shared and impact on the state and society through higher employment rates, productivity and lower reliance on welfare measures.

A system valued by employers

Employers cherish the apprenticeship system as a valued method to transfer the skills and knowledge of skilled tradespeople to new entrants to the workforce. The model has stood the test of time, with the current system having direct origins in the craft guilds of the Middle Ages.

Employers value apprenticeships, and traineeships, because they develop a pipeline of new workers who have learnt, over time and under the supervision of skilled operators, how to perform complex tasks to rigorous standards. Employers can expect that a person who has completed an apprenticeship can perform to a consistent standard, has gained a relevant qualification and has already gained years of experience learning and developing their skills in real work environments.

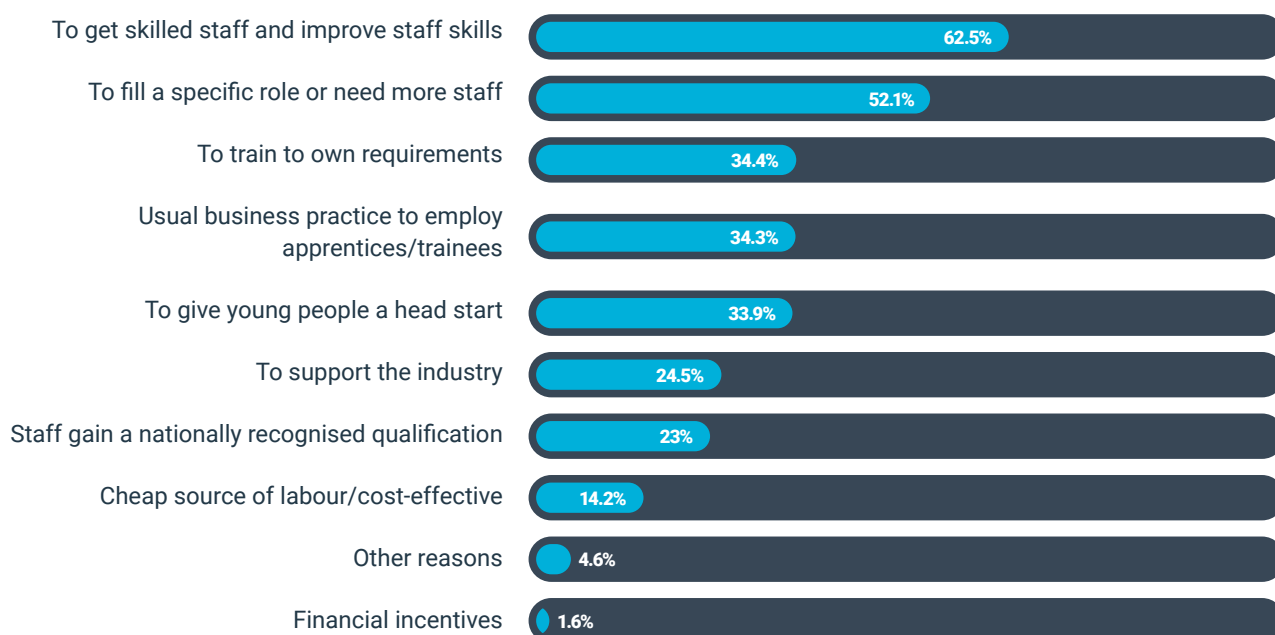
Our survey asked employers how important apprentices and trainees are to their business. Overwhelmingly, respondents rated them as either 'very important' (65%) or 'important' (18%).

More than 8 in 10 employers surveyed rate apprenticeships and traineeships as 'very important' or 'important' to their business.

The National Centre for Vocational Education Research (NCVER)⁶ conducts biennial research into employers' use and views of the VET system. One of the questions they ask employers is why they employ apprentices and trainees.

The most cited reason is "to get skilled staff and improve staff skills", followed by "to fill a specific role or need more staff". The reasons "financial incentives" and "cheap source of labour/cost-effective" come in at the bottom of the scale.

Figure 2: Reasons for employing apprentices and trainees



Source: NCVER, *Employers' use and views of the VET system*, 2023.

A pathway to successful careers

The benefits of apprenticeships and traineeships also extend to the individuals completing them. Research by Australian Industry Group's Centre for Education and Training in 2023⁷ looked at longitudinal data on young people in Australia and their post-school pathways.

It found that by age 25, out of all of the various post-school pathways, those who had undertaken apprenticeships and traineeships were the most likely to be employed, had the highest average weekly earnings and had among the highest job satisfaction.

The only other post-school cohorts that came close were those who had completed a post-graduate qualification.

It is important to note that the cohort of individuals undertaking apprenticeships and traineeships extends well beyond school-leavers; it also includes large numbers of existing workers and career-changers. For apprentices, the average age has hovered around the early 20s for the past 20 years. For the 12 months to September 2024, it was 22. For traineeships, the average age has ranged between 25 and 30 for the past 20 years. In 2024, it was 26.⁸



By age 25 when comparing all the post-school pathways, those who had undertaken apprenticeships and traineeships:

Were the most likely to be in employment

96% employed

Had the highest average weekly earnings

\$1,421 per week

Had among the

highest job satisfaction

Apprenticeships or Traineeships?



Over the years, the model has been refined and codified, with minimum wages established, formal and consistent training programs implemented and standard contracts approved. We now have an apprenticeship system in Australia with the following characteristics:

- Minimum wage rates included in industrial awards
- National training contracts between the employer and apprentice (and a parent/guardian if needed)
- Qualifications endorsed in National Training Packages (with some state-based exceptions)
- State and territory funding or subsidies for formal training provision
- State and territory regulation of the training contract

The Australian apprenticeship system also features a division between occupations as either apprenticeships or traineeships, even though all are formally known by the Commonwealth Government as Australian Apprenticeships. Occupations now thought of as 'traditional trades', such as carpenters, fitters, hairdressers, electricians, bakers and cooks are known as apprentices. Occupations that generally sit within the service industries, such as childcare workers, retail employees, clerical employees and hospitality workers are known as trainees. As with any continually evolving situation, there is blurring at the edges.

This division between apprentices and trainees brings differences in regulations, funding and industrial arrangements:

- Apprenticeships generally have a nominal duration of four years, while traineeships are generally one or two years duration
- Apprenticeship occupations are generally noted in industrial awards with wage rates included, while traineeships are usually covered by the National Training Wage
- State and territory governments will declare an approved occupation as either an apprenticeship or traineeship, which can impact on funding rates, cancellation processes and rules about how much time an employer must allocate to formal training

How are businesses using apprenticeships and traineeships?



KEY POINTS

- Apprentices and trainees are employed across the breadth of the economy in many different trade and non-trade occupations.
- The apprenticeships and traineeships system is not currently producing sufficient numbers of skilled people to meet Australia's skill needs in critical areas.
- Large businesses (200+ staff) play a critical role in the system. They employ large numbers of apprentices and trainees, have the highest completion rates and are the most likely to employ from diverse cohorts.

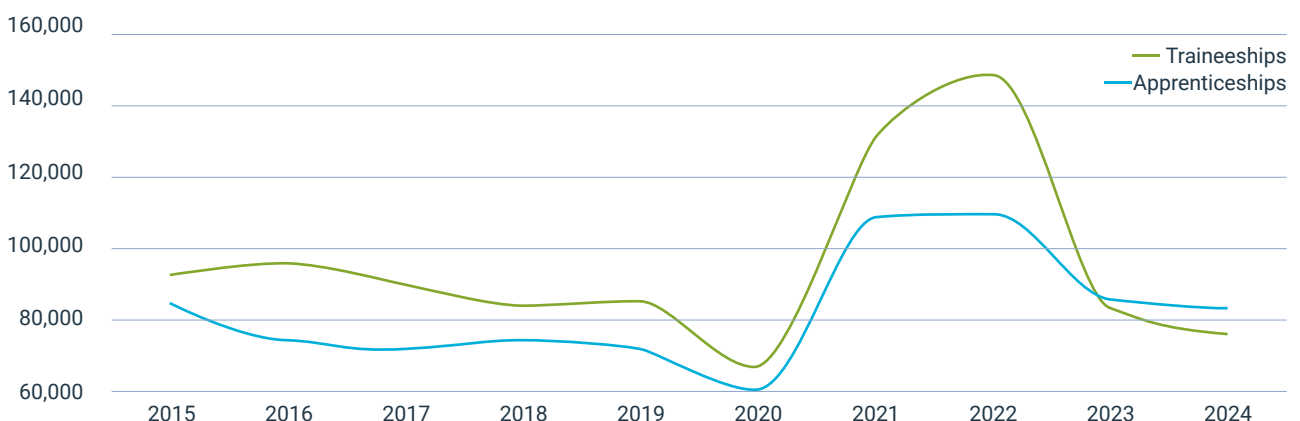
As of 30 September 2024, there were over 330,000 active apprentices and trainees in training nationally.⁹ This represents around 2.3% of Australia's total workforce.

The number of apprenticeship and traineeship commencements annually was fairly consistent between 2015 and 2019.

Significant volatility occurred during 2020 to 2022, driven by the initial impacts of the pandemic followed by significant federal government stimulus, including in the form of generous wage subsidies for employers of apprentices and trainees.

Since 2023, alongside the cessation of pandemic-related stimulus and subsidies, commencements have reverted to levels more closely resembling pre-pandemic levels.

Figure 3: Apprentice/Trainee Commencements, 12 months ending 30 September 2024



Source: NCVET VOCSTATS, Apprentices and trainees - September 2024.

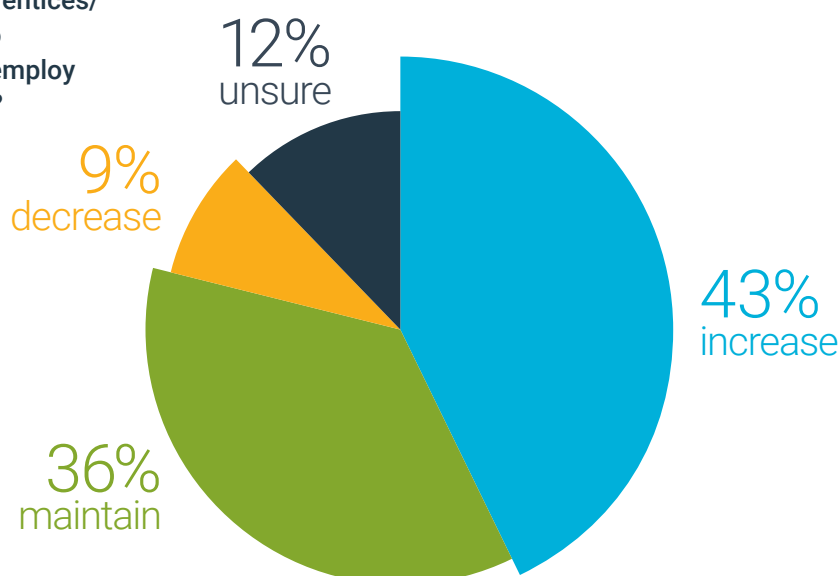
Apprenticeships and traineeships are an important pathway to many of the skilled jobs in high demand in Australia. Jobs and Skills Australia¹⁰ identified that around half of all Skill Level 3 occupations, which typically require a Certificate III or IV qualification, were in shortage. Similarly, in the Technicians and Trades occupational group, the proportion of occupations listed as being in shortage is currently greater than in any other major occupational group and has increased every year between 2021 and 2024.

Australia needs an urgent and sustained step change in the numbers of apprentices and trainees participating in the system to meet our skill needs.

Given current shortages and the projected demand for skills in our economy in the current decade and beyond, apprenticeship and traineeship commencements that simply mirror the commencement numbers in the years prior to the pandemic will not be sufficient. Australia needs an urgent and sustained step change in the numbers of apprentices and trainees participating in the system to meet our skill needs.

We asked employers if they intend to change the number of apprentices and trainees they employ in the next 12 months. These results paint a positive picture, with almost half of employers reporting an intention to increase employment and a further third reporting an intention to maintain current levels. However, these results should be considered in context of the finding referenced elsewhere in this report that one of the major barriers to employment of apprentices and trainees for employers relates to finding suitable candidates.

Figure 4: If you have apprentices/trainees, do you intend to change the number you employ over the next 12 months?

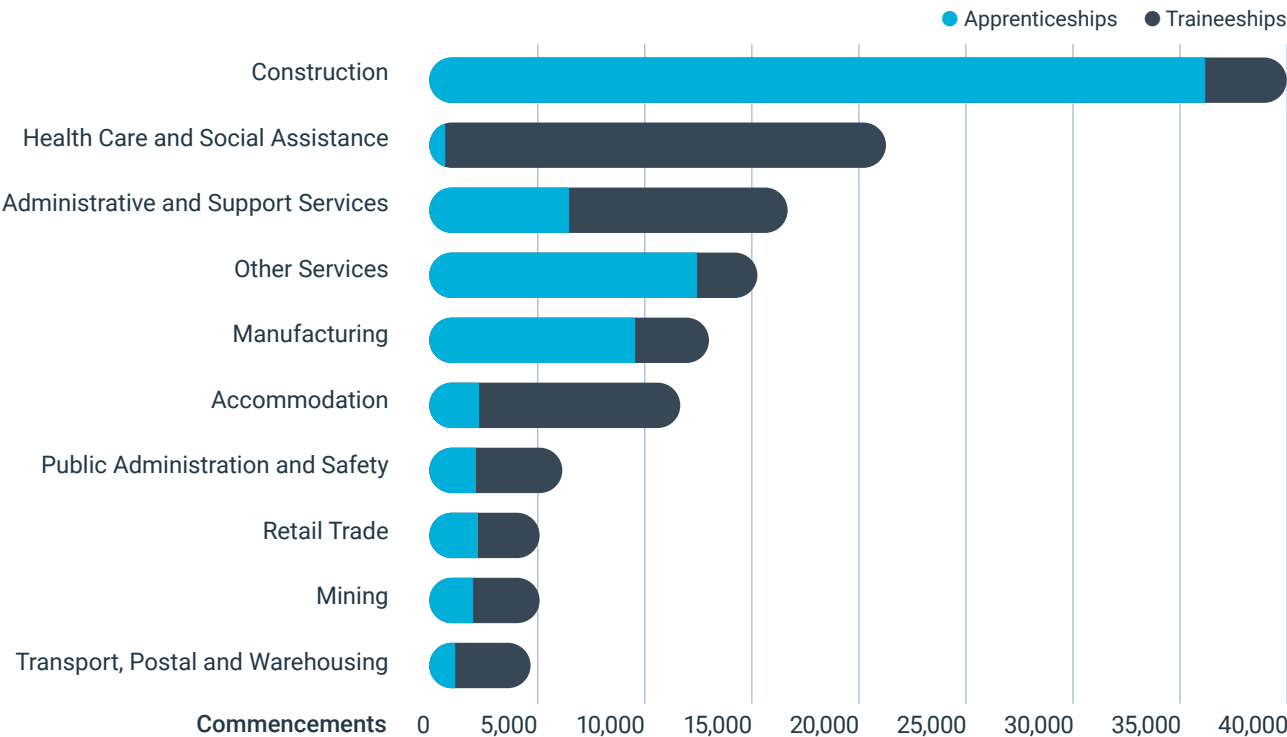


Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.

Industry sector

Apprentices and trainees are employed across a broad range of industries in Australia. Large numbers of trade apprentices are employed in the construction and manufacturing industries, reflective of the dominance of traditional trade occupations within these industries. Other industries employ significant numbers of trainees, reflective of the role that traineeships play as a pathway to a broad range of skilled and para-professional roles in industries such as healthcare and social assistance (e.g. personal care workers).

Figure 5: Apprenticeship and Traineeship Commencements by top 10 industries



NCVER 2025, Apprentices and trainees 2024 - September quarter.

Case study: The Drake Group



The Drake Group is a distinguished, family-owned business with over 60 years of expertise in engineering and manufacturing, specialising in heavy haulage trailer design and production.

Operating across Queensland and Western Australia, the company is a leading force in the heavy vehicle manufacturing sector (trailers), delivering innovation, reliability, and superior quality to a diverse customer base both nationally and internationally.

With three dedicated sites in Brisbane encompassing manufacturing, service and repairs, and an engineering workshop, The Drake Group ensures seamless operations and exceptional service across its core business functions.

Commitment to skills development

At the heart of The Drake Group's success is its skilled and capable workforce. Among its 400 employees, approximately 10% are apprentices, reflecting the company's strong commitment to cultivating future industry talent. Specialising in mechanical fitting, boilermaking, machining (fitting and turning), and industrial spray painting, apprentices gain invaluable hands-on experience under the guidance of industry experts.

A dedicated in-house apprenticeship coordinator oversees the structured training and development across the group, ensuring apprentices acquire essential skills across various business areas. While the program involves substantial upfront investment, particularly in the initial years, when costs exceed revenue, it is regarded as a critical long-term investment in supporting the program's sustained growth and enabling The Drake Group to nurture the next generation of highly skilled tradespeople.

Industry challenges and CEO perspective

A key challenge in workforce training lies in the timing and sequencing of off-the-job learning provided by registered training organisations (RTOs). Constraints such as limited teacher availability, insufficient resources, where class waitlists can reach up to 300 students waiting for a placement in a classroom of only eight spaces, and outdated teaching methods contribute to significant delays. The scarcity of campuses across Brisbane further exacerbates these issues.

Additionally, training content often fails to align with apprentices' on-the-job tasks at different stages of their development, slowing competency progression and restricting program expansion. Addressing these challenges is imperative to ensure apprentices achieve full proficiency effectively, strengthening industry-wide workforce capability.

The Drake Group's CEO underscores the vital role of employer incentives in supporting apprenticeships and bridging the growing skills gap within the engineering sector.

“ Without these critical incentives, some businesses will struggle to absorb the costs associated with training apprentices, particularly in a highly competitive industry with already tight margins.”

Preserving and expanding these financial supports is crucial for the continued development of skilled professionals across the engineering and manufacturing industries.



Driving diversity and inclusion

The Drake Group is committed to fostering diversity as a catalyst for innovation and industry growth. Early engagement with schools has proven instrumental in encouraging female participation in a historically male-dominated sector. Today, several female apprentices are thriving within the business, demonstrating that skill, capability, and career success transcend gender.

Looking ahead

By consistently investing in skills development, industry partnerships, and operational excellence, The Drake Group remains at the forefront of heavy haulage trailer engineering and manufacturing. Its commitment to producing highly skilled professionals reinforces its reputation for quality, reliability, and forward-thinking innovation.

Tradespeople with a comprehensive understanding of complex equipment systems and the challenges associated with their operation are integral to industry success. Enhanced support from RTOs in addressing training constraints, alongside government investment and funding, would significantly benefit the sector in bridging the gap in the shortage of skilled tradespeople and fostering sustainable workforce development.

Business size

Employment of apprentices and trainees is dominated by small and medium enterprises (SMEs). SMEs represented 95% of all businesses that hired an apprentice in 2023, however, these businesses only employed around 60% of all apprentices and trainees.¹¹

Large businesses, while fewer in number, represent a critical part of the overall apprenticeship and traineeship training landscape. Large businesses with 200 or more staff hired almost 40% of apprentices that commenced in 2023.¹² Many large employers are employing and training dozens, or even hundreds, of apprentices and trainees at any one time. The large intakes of apprentices and trainees by many large employers form a critical component of the overall system and are fundamental to Australia's skill development pipeline.

Large businesses also play a critical role in supporting diversity within the apprenticeships and traineeships system. They are significantly more likely to employ women in non-traditional trades¹³, people from non-English speaking backgrounds and Indigenous Australians as apprentices and trainees.¹⁴ They are also more likely to employ apprentices and trainees in remote and very remote locations.

Apprentices and trainees employed by large employers traditionally also have higher average completion rates compared to those hired by SMEs.¹⁵ There is a range of reasons for this, including the significant resources that are often invested by larger employers in recruitment and selection processes and mentoring and pastoral care.

Large businesses play a critical role in supporting diversity within the apprenticeships and traineeships system. Employers with more than 200 employees commenced...



26% of all apprentices in traditionally male-dominated trades, but **50.3%** of women in these trades



39.4% of all apprentices but **43%** of all Indigenous apprentices.



39.4% of all apprentices but **51.6%** of apprentices from a non-English speaking background.



39.4% of all apprentices but **42.7%** of all in remote or very remote locations.

The economic realities of apprenticeships and traineeships for employers



KEY POINTS

- The economic realities of employing apprenticeships and traineeships are influenced by a complex range of direct and indirect costs, along with broader economic conditions.
- This creates a complex economic equation that informs an employer's decision about every apprentice or trainee that they employ.
- Over time, the cost and complexity of employing apprentices and trainees is increasing and employers' satisfaction with the system is decreasing.

For employers, the employment of apprentices and trainees comes with a range of costs. These costs extend beyond the general employment costs associated with employees more broadly, given the apprenticeship or traineeship is inherently both an employment and a training relationship. The costs associated with the employment of apprentices and trainees, and by extension the economic viability of the system from the perspective of employers, needs to be carefully considered through this lens.

The economic realities exist through a complex intersection of direct and indirect costs associated with both the employment and training components of the apprenticeship or traineeship, which are further outlined below. In some cases, elements of these costs are offset through industrial relations settings (such as through training wage rates) and government policy (such as through employer incentives).

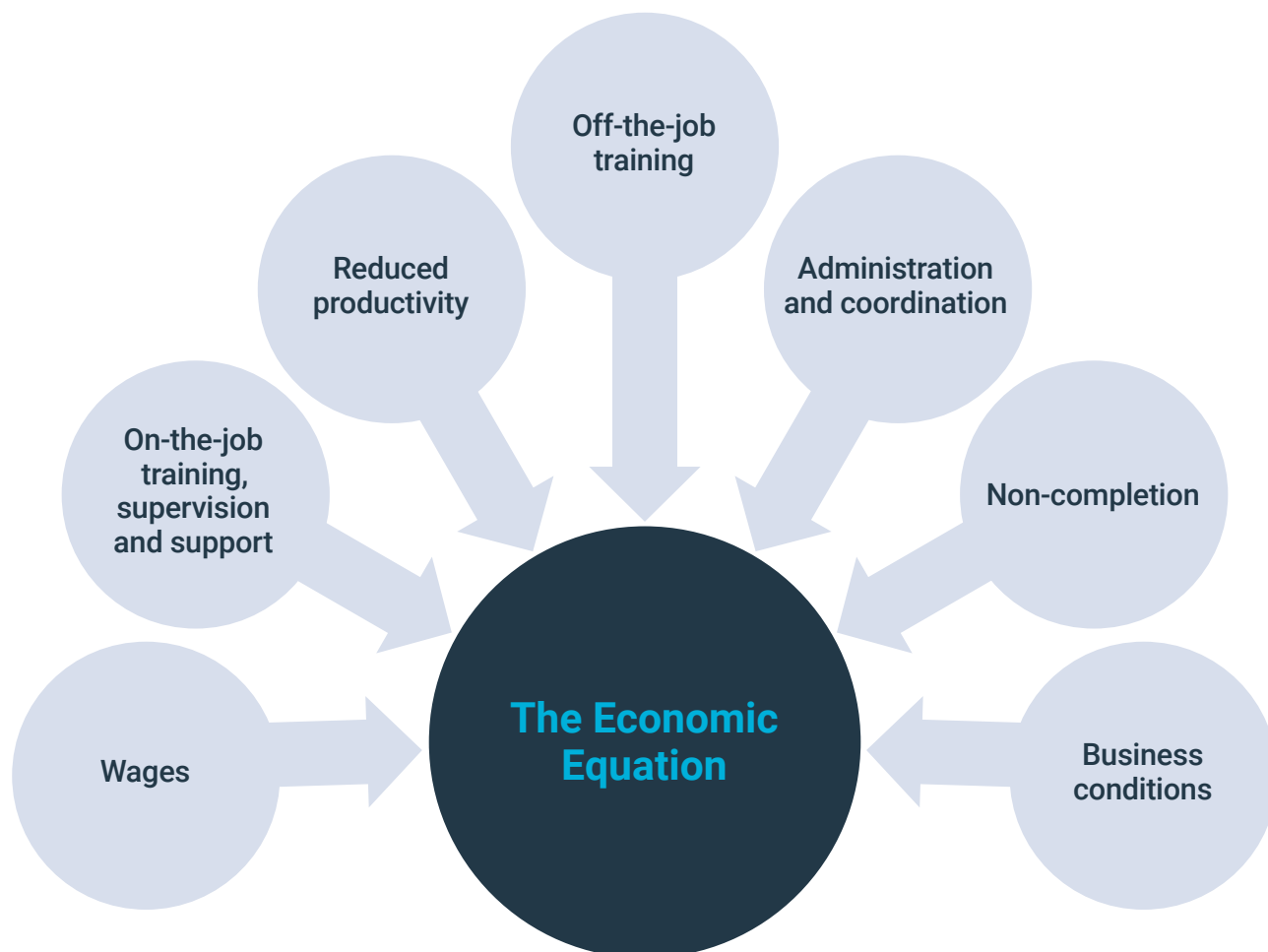
Beyond these direct costs, the ability and willingness of employers to employ apprentices and trainees is also impacted by the broader economic environment. Many apprenticeships and traineeships represent multi-year commitments and challenging business conditions and general economic uncertainty traditionally negatively impact the ability and willingness of employers to make

long-term investments in this skills development pathway, just as it impacts investment decisions in other parts of the business.

When an employer weighs up the cost of employing an apprentice, financial considerations are not the only criteria. Some are motivated to do something for the community, to help out an individual, or to ensure a pipeline of skills for the future of their industry. However, cost is always a vitally important factor, as it is with any business decision. Over time, the financial equation of weighing up incentives against wages, enrolment fees, durations and supervision costs, has made the employment of apprentices less attractive.

“ At this point we are going to reduce the number of apprentices we are putting through as the cost to the business is too high”

— Refrigeration company, Queensland



Wages

Apprentices and trainees are generally employed through an Award or an Enterprise Agreement. While the wage rates may vary significantly between the two, often the conditions of employment are based on those that appear in Awards.

Common across most Awards that cover apprenticeships are employment conditions that include the following:

- an entitlement to be released from work while being paid to attend training and assessment associated with the apprenticeship qualification,
- a requirement that the employer covers the costs of training fees and any prescribed textbooks, and
- a requirement that the employer pays for excess reasonable travel costs if the apprentice must attend block release training.

Some Awards also contain requirements for competency-based pay progression and completion, where the apprentice can progress to the next pay level or complete the apprenticeship once all the relevant competencies have been achieved.

Traineeship employment conditions are subject to the National Training Wage, which is contained in the Miscellaneous Award and appears as a schedule in some Awards. Like apprentices, trainees are entitled to be released from work while being paid to attend training and assessment. However, other apprenticeship conditions do not apply.

The survey asked employers what industrial instrument their apprentices and trainees are employed under. Around 7 in 10 reported that they employ under a range of different awards, with around a further quarter reporting that they employ under an enterprise agreement. In survey comments and employer interviews, many employer participants reported paying apprentices and trainees above award wages.



Figure 6: Under what industrial instrument do you employ apprentices and trainees?

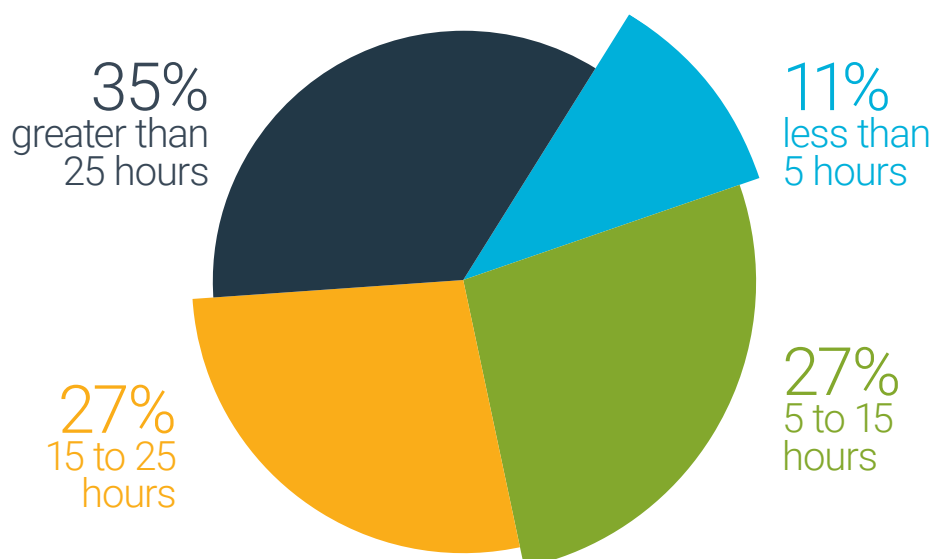


Source: Ai Group CET Apprenticeships and Traineeships Survey 2025. NB: Survey respondents were able to select more than one option where applicable.

On-the-job training and supervision

The supervision and workplace training of apprentices and trainees are the most critical aspects of the training contract. The time spent supervising and training an apprentice or trainee is the biggest cost to an employer outside of payment of wages. Not only is there time spent directly overseeing their activities, but other tasks such as approving logbooks, evaluating competency and completing administrative requirements must also be done. We asked employers how much time a supervisor or workplace trainer – which may be more than one person – spends in a typical week overseeing an apprentice's activities.

Figure 7: Hours a supervisor/workplace trainer spends directly overseeing an apprentice's activities



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.

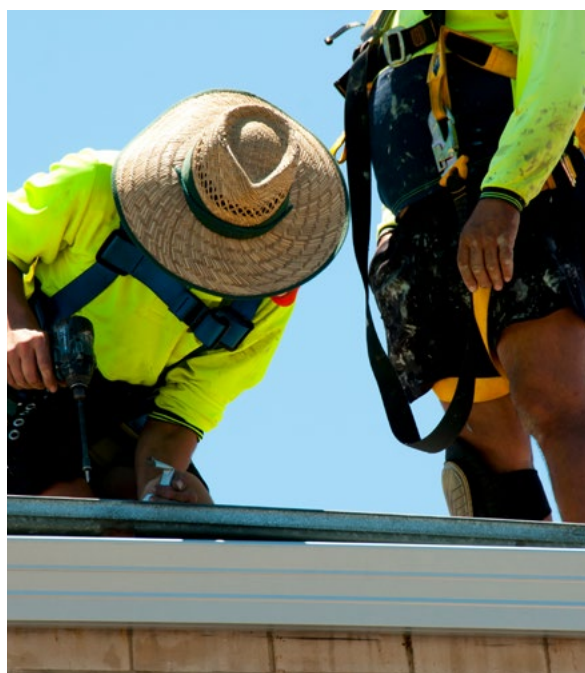
More than a third of respondents estimated that supervisors and workplace trainers spent more than 25 hours per week directly overseeing an apprentice's activities. The impact of this in practice can vary, from time spent on direct instruction through to working alongside the apprentice or trainee providing support as required. For the supervisor, this is often time spent not engaging in productive work or working at a lower rate of productivity than would otherwise be the case.

While the time spent supervising the apprentice is an important investment in their development, it is nevertheless a direct cost that employers must factor into their decision to employ an apprentice in the first place. It is also occurring against a backdrop of existing workforce shortages that are placing pressure on businesses.

“ Government must realise training apprentices properly (i.e. not just use them as cheap labour) costs the efficiency of the tradespersons assigned to train them, and there is also much downtime (non-chargeable time) from the apprentices.”

— Electrical contracting company, Tasmania

State governments vary in how they approach supervision of apprentices and trainees. For example, Victoria requires a new employer to complete a Fit and Proper Employer Declaration and will then approve them to employ an unlimited number of apprentices and trainees in their nominated industry sector.



In contrast, South Australia sets supervision ratios ranging from 1:3 to 1:10 for each apprenticeship and traineeship.

All states require supervisors to have a trade qualification in the relevant apprenticeship vocation or to be qualified or experienced in a traineeship vocation.

Electrotechnology apprentices work under strict regulations about the level of supervision required for particular tasks done at particular stages of the apprenticeship. Most tasks undertaken early in the apprenticeship must be completed under direct supervision, with constant monitoring. Over time, as the apprentice proves their ability, some tasks can be undertaken under general supervision, where the supervisor remains available in person, and eventually under broad supervision where face to face contact is not continually required.

Employers also have an important role to play in the provision of mentoring and pastoral care for their apprentices and trainees, many of whom are new to the industry or potentially the workforce generally. This is provided in various ways – informally in-house, through dedicated apprentice mentor services established in-house (generally in larger employers with large numbers of apprentices and trainees) or a paid service delivered by an external provider. The provision of this support is important and is often associated with improved completion rates. However, it comes at a cost for employers that generally exceeds the complexity and cost of similar support that would be provided for employees generally. During interviews, numerous employers reported the resources that they have been allocating to mentoring and pastoral care have been increasing over time.

“ We have a long history with apprentices and have given many people their first shot in the industry, but our tradespeople are fatigued... and are reluctant to take more on.”

— Construction employer, South Australia

Reduced productivity

Apprenticeships and traineeships, given their inherent nature as a training arrangement, present a range of productivity considerations and associated costs for employers. Apprentices and trainees, particularly in the early stages of their training, are significantly less productive than a skilled worker.

The reasons for this are two-fold. Firstly, the apprentice or trainee is likely to take extra time to

complete tasks while learning, be limited in the scope of work they can undertake and are more likely to make mistakes. Secondly, as discussed in the previous section, a fully qualified supervisor needs to spend a significant amount of time instructing them and supervising their work, which limits the productive capacity of the supervisor.

This is entirely expected and appropriate, and wages are set at a rate that takes into account this lower productivity. However, this reduced productivity comes at a significant cost to employers. Our engagement with employers and research more broadly suggests the impacts of this reduced productivity are felt by employers most acutely during the early stages of the apprenticeship or traineeship.¹⁶

A number of employers surveyed and interviewed use apprenticeships as a career development pathway for existing workers. In these instances, an entry-level factory worker or labourer already employed in a business may commence an apprenticeship to progress towards a qualified trade position within that business or the industry more broadly. On the one hand for an employer, these apprentices are often able to progress through the early stages of their apprenticeship quickly given their familiarity with the workplace and existing experience. On the other hand, employers will often maintain their wage at the previous rate for an existing worker apprentice, despite the high likelihood of reduced productivity for both the apprentice and their supervisor for a period of time while the apprentice learns their new trade.

Case study: Stoddart



Stoddart is one of Australia's leading stainless steel fabrication specialists, metal fabrication manufacturers, commercial food service equipment fabricators and distributor of major reliable brands for the food service, architecture & building industries.

Headquartered in greater Brisbane, Stoddart has over 400 employees, including 25 apprentices. Most of the company's apprentices work in metal fabrication, mainly specialising in sheetmetal work.

Stoddart does not have a great deal of difficulty hiring apprentices because of strong relationships with local schools. The company works with the local school industry liaison officers to promote opportunities in the company, and offers 90 work experience slots per year. These activities give Stoddart a strong pool of potential apprentices to choose from each year.

Apart from offering apprenticeships to school leavers, Stoddart has also developed careers progression opportunities for existing production staff.

It is quite common for apprentices to have previously worked as production staff in the company. There are currently four adult apprentices. More generally, offering career pathway options for production staff is designed to improve the company's current turnover rate.

The financial incentives play an important role in Stoddart's apprenticeship program. The incentives help offset the productivity loss that results from having so many apprentices. Adult apprentices, especially, are relatively expensive. If they come from within the company, they are paid the same wage they previously received, but their productivity dives when they start learning a new skilled trade.

Stoddart employs a lot of 'semi-skilled' people in production areas manufacturing sheetmetal products such as shed brackets and fixtures. The apprentices are rotated through each area to gain experience in all aspects of the company's manufacturing operations. The incentives assist here because, in effect, the rotation scheme means the apprentices are shadowing others and are really all super-numerary. The managers in each area dedicate staff to train the apprentices, which is offset by the incentives. If the incentives were to finish, this would have an impact on each section production manager's financial targets.

Off-the-job training

All apprenticeships and traineeships are a combination of on- and off-the job training. In many cases the off-the-job training is undertaken away from the workplace at the facilities of a Registered Training Organisation, while in some cases it may be undertaken online or through a self-paced remote model.

Regardless of how the off-the-job training is delivered, the employer is responsible for paying for both the training itself and the time that the apprentice or trainee spends undertaking this training. In some cases, an employer may also need to pay additional wages to backfill the tasks that would have been performed by the apprentice or trainee if they were in the workplace.

The cost of formal training, including tuition fees, enrolment fees and materials costs varies widely across the country. Some state governments cover the full cost of training for apprentices and trainees. Others will require an RTO to charge additional fees above government subsidies. For example, in Victoria, a typical Certificate III qualification linked to an apprenticeship or traineeship can cost an employer in excess of \$7,000.

For a typical trade qualification, an apprentice will attend about 120 days of formal training over the course of the apprenticeship, usually within the first three years. A trainee will complete a similar ratio of about 40 days of training per year for their qualification. This is time spent away from the workplace, either attending classes or engaged in online or work-based training.

Further complexity and cost is added where the employer and apprentice or trainee is located in a regional and remote location where the apprentice or trainee will commonly need to travel to a major population centre to undertake training. In this

instance, the employer is also responsible for paying travel and accommodation costs and for the time taken to travel. While State Governments provide some support to offset travel and accommodation costs in these instances, this generally falls well short of the total costs incurred.

“ More funding is needed to help with the costs of external training. Most training is delivered in capital cities which means we need to travel and pay for flights and accommodation.”

— Hairdressing employer, Queensland

Support, coordination and administration

The apprenticeship and traineeship system is complex. Given its inherent status as both an employment and training relationship, every apprenticeship and traineeship has a myriad of stakeholders involved. The system has numerous touchpoints with both the federal and state and territory governments, along with the registered training provider, Apprentice Connect Australia provider and more. Even more complexity is added when an employer is working across state and territory borders, an issue dealt with later in this report.

For employers, the complexity and costs associated with engaging in and navigating the system is significant. Employers report this as a barrier to engagement with, or in some cases, increased engagement with the system.

During interviews, many reported being overwhelmed and confused by the sheer number of different organisations involved in the apprenticeship and traineeship system, the branding of these organisations and frequent changes to employer incentives and other government programs. This feedback from employers is echoed in a number of other recent reports.¹⁷

“ The whole system is confusing, including how trainees are signed up, both at an RTO and Australian Apprenticeships Centre perspective. This should be all in one place.”

— Early Childhood employer – Victoria

Some employers utilise the services of a group training organisation to streamline this complexity and gain external assistance in the mentoring and pastoral care of their apprentices and trainees. Australian Industry Group has long been a supporter of the important role that group training plays within the system, particularly in relation to supporting and enabling smaller employers that have not previously employed apprentices to access the system and achieve successful training outcomes alongside the apprentices hosted within their businesses.

The *Strategic Review of the Australian Apprenticeship Incentive System* identified that the plethora of support services is difficult to navigate and there is duplication across various parts of the system. It recommended the Apprentice Connect Australia model be independently evaluated ahead of the end of the initial contract period, including consideration of whether it is meeting user needs and opportunities to streamline service delivery

between Apprenticeship Connect Australia providers and group training organisations. Australian Industry Group considers this to be an important recommendation that should be actioned.

Non-completion

Employers and governments alike make substantial investments in apprenticeships and traineeships. Completion rates are an important component of ensuring the benefits from this investment are maximised – for employers, governments and for Australia’s skills needs. Employers and governments alike have a strong interest in ensuring that completion rates are as high as possible.

The proportion of apprentices and trainees that complete their training varies across industries and is influenced by a myriad of factors. The completion rate for all individuals who commenced an apprenticeship or traineeship in 2019 was 54.8%.¹⁸

As with any training and employment arrangement, it is unrealistic to expect that 100% of those who commence will complete. Indeed, apprenticeships and traineeships generally achieve higher completion rates than other education pathways. For example, the four-year completion rate for commencing domestic bachelor students is 40.9%¹⁹ and the completion rate for VET qualifications is 47.3%.²⁰ However, the non-completion of apprentices and trainees and the cost that this entails is an important contributor to the economic reality for an employer.

For example, where an apprenticeship is cancelled during the second year, the employer may have invested significant time and funds in training that apprentice but has not yet received the subsequent productivity benefits that arise in the later years of the apprenticeship and beyond. Some employers may seek to mitigate this risk by actively seeking

to employ apprentices that are already part-way through their apprenticeship. While these apprentices are generally more likely to complete, this can present other issues around the overall supply of apprenticeship opportunities for new entrants.

Many cancellations occur in the first few months of a training contract. For example, of apprenticeships that commenced in 2018, 32.7% were cancelled or withdrawn within the first year. This suggests poor matching of the apprentice or trainee to the work requirements is an important factor.²¹

Business conditions

Decisions about whether to employ apprentices and trainees and how many to employ are not made in a vacuum. These are long-term employment decisions spanning multiple years and are heavily influenced by broader economic conditions and business confidence, along with the perceived future financial performance of each individual firm.

Australia's economy is muddling through the lowest period of growth since the recession of the early 1990s. Business margins are falling, private sector employment and investment are weak, while productivity is barely moving. Uncertainty arising from global tariffs and turmoil is also beginning to weigh on the outlook.

There is evidence that points to the impact of economic conditions on apprenticeship and traineeship commencements, noting trade occupations are generally more responsive to the business cycle than non-trade commencements.²² Firms are more willing to take on an apprentice when demand for labour is strong and alternative hiring options are limited.²³

It should be noted that for the past several years, demand for labour has been very strong across Australia, with the labour market the tightest it has

been for decades. Yet, commencements appear to have largely reverted to a pre-pandemic trend level. The fact that this has occurred, even in the context of a very tight labour market, presents a significant concern.

The concern is two-fold. First, it points to significant structural barriers to the increased engagement of employers within the apprenticeship and traineeship system. This report shines a light on some of those structural barriers.



Second, there is evidence to suggest the labour market is already softening and will soften further in the period ahead.²⁴ This suggests Australia is at significant risk of having even fewer apprentices and trainees coming through the system, leading to an even greater shortage of skilled workers in the coming years.

Financial incentives



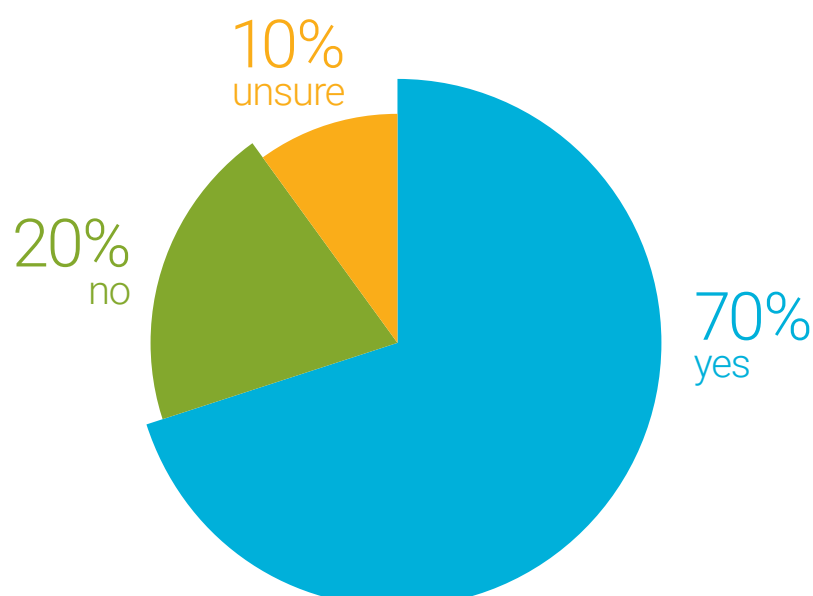
KEY POINTS

- Most employers of apprentices and trainees surveyed report currently receiving employer incentives through the Australian Apprenticeships Incentives System.
- Financial incentives do not solely drive decision making for employers, but they represent an important part of the overall economic equation.
- Around half of employers surveyed report that their employment of apprentices and trainees would reduce if they no longer received financial incentives.

Financial incentives for employers have been a feature of the apprenticeship and traineeship system for many years. In 1962, the Country Apprenticeship Scheme became the first national scheme to provide financial support for apprenticeships. It was incorporated into the new National Apprenticeship Assistance Scheme in 1973.²⁵

The majority of employers surveyed reported being aware of receiving financial incentives through the Australian Apprenticeships Incentive Program. These financial incentives form an important part of the economic equation referenced in the previous chapter of this report and need to be considered as part of this broader economic reality.

Figure 8: Do you currently receive financial incentives through the Australian Apprenticeships Incentives System?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025

There has been significant recent policy focus on matters relating to employer incentives linked to the 2024 *Strategic Review of the Australian Apprenticeship Incentive System*. This review made a number of recommendations that, if accepted and implemented by the Australian Government, would significantly change the availability and targeting of these incentives and limit the number of employers that receive them.

Much research has been conducted on issues relating to these incentives over the years. However, little has been done to understand the employer experience of these incentives, including how they are being used and what the impact may be if incentives were to be significantly changed or removed.

Given the current focus on these issues, Australian Industry Group Centre for Education and Training incorporated a number of specific questions into its research to generate new insights on these issues to inform decisions by policymakers.

The key message is clear: employer incentives form an important part of the complex economic equation outlined in this report. Any change to employer incentives that substantially reduces the availability of these incentives, including through

recommendations made in the Strategic Review, has significant risk of negatively impacting the engagement of employers in the system, and ultimately exacerbating Australia's shortage of skilled workers.

How are incentives being used by employers?

The financial incentives received by employers are utilised in a variety of ways. Around two-thirds of employers report using incentives to offset the costs or reduced productivity associated with employing apprentices and trainees. Around one-third report using these funds to support the employment of an apprentice master or supervisor within the business. These findings emphasise the direct influence of financial incentives on the overall economic equation.

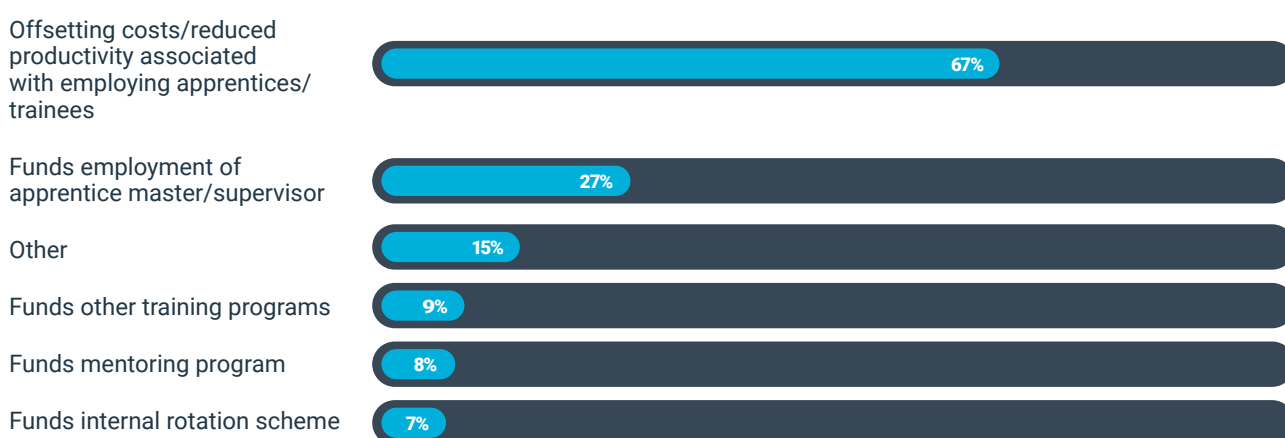


Current employer incentives available to employers

A Priority Hiring Incentive of up to **\$5,000** in the first 12 months if the apprenticeship or traineeship occupation is listed on the Australian Apprenticeships Priority List

Access to **Disability Australian Apprentice Wage Support** of **\$104.30** per week for employing eligible apprentices with disability.

Figure 9: How are financial incentives for apprentices and trainees used in your company?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025. NB: Survey respondents were able to select more than one option where applicable.

To what extent do incentives drive decision making by employers?

The employer incentives that have been a longstanding feature of Australia's system for many years in various forms, in and of themselves, are rarely the sole determinant of whether an employer employs an apprentice or trainee. Like any long-term employment decision, a wide array of contributing factors are at play.

The exception is where very large incentives and wage subsidies have been offered on a short-term basis, such as occurred in recent years during the pandemic. This resulted in a significant increase in commencements during this period, albeit at significant taxpayer cost. There are few who suggest that it is feasible for governments to offer incentives of this magnitude on any long-term basis.

In surveying and interviewing employers to inform this report, a clear message from employers of all sizes is that while incentives are not the sole

determinant of the decision, they are also far from meaningless. They form a critical part of the complex economic equation referenced numerous times in this report.

What would the impact be if incentives were removed?

Further reductions in employer incentives would likely to lead to a reduction in the apprenticeship and traineeship opportunities made available by employers. This was a very clear message from both the survey results and from the detailed interviews with employers. Around half (51%) of employer survey respondents reported that their employment of apprentices and trainees would reduce if they no longer received financial incentives.

Around half of employers surveyed report that their employment of apprentices and trainees would reduce if they no longer received financial incentives.

Case study: G.James Glass and Aluminium

G.James is a family-owned manufacturing business specialising in the Australian-based production of aluminium windows & doors, building facades and aluminium extrusions, and processor of secondary glass products including laminated, toughening and insulated glass units.

Sustained growth has seen the business expand from a single factory in Brisbane to today supporting over 1800 employees across 35 locations across Australia. In 2017, G.James achieved the significant milestone of 100 years in business.

Apprenticeships form a vital part of the skills development pipeline at G.James, both for new entrants and as a career pathway for existing staff to move into higher skilled roles. More than 50 apprentices are employed across glass and glazing, electrical, carpentry and engineering trades. These apprentices are spread across 20 locations, most of which are outside of capital cities.

Having this number of apprentices spread across many sites creates a significant logistical and coordination challenge. G.James actively rotates apprentices across different areas of the business to ensure they are fully competent in all aspects of their trade. Additional complexity is also created by the numerous differences in how the apprenticeship system operates across each state.

G.James has employed a dedicated apprentice coordinator to help manage this logistical challenge. Through the dedicated support provided by this position, G.James is able to maximise the number of apprentices that can be appropriately trained and supported within the business at any one time.

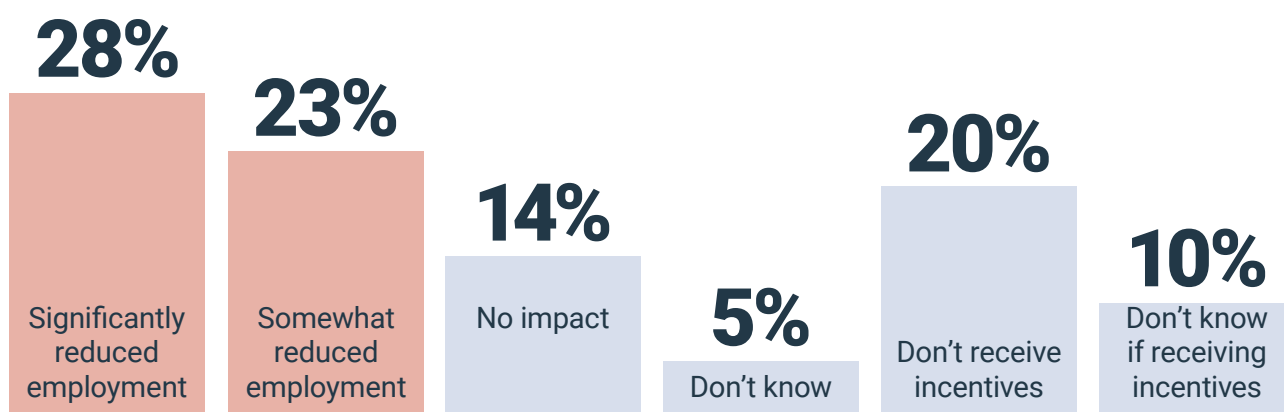
The duties of this position extend well beyond traditional human resources functions to include sign-ups, TAFE inductions and bookings, monitoring of competency verifications and progressions, coordinating internal rotations and providing guidance and support to apprentice supervisors.

The apprentice coordinator also provides regular mentoring with apprentices, which contributes to a completion rate that is well above average.

The cost of the apprentice coordinator position is offset through the employer incentives that G.James receives through the Australian Apprenticeship Incentive System. These incentives are a key consideration for the business in determining how many apprentices to employ and how the apprenticeship program is structured.

G.James invests significantly in its apprenticeship program and is committed to building its skills pipeline in this way. However, it is increasingly costly and complex to maintain an apprenticeship program at the current scale. Support from government, including through continued access to employer incentives, will be an essential element of ensuring that G.James can maximise the number of apprentices undertaking and successfully completing apprenticeships into the future.

Figure 10: What would be the impact upon your employment of apprentices and trainees if existing financial incentives were no longer available?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.

In surveying and interviewing a broad range of employers of apprentices and trainees on the impact of incentives, few employers reported they would cease employing apprentices and trainees entirely if incentives were removed.

However, a significant proportion – across all business sizes and a range of industries – reported that the number of apprentices and trainees they would be able to employ into the future would decrease, often by a considerable margin. This would be an extremely concerning scenario for the future skills needs of our country.

The potential impacts of removal of employer incentives extend beyond simple black and white decisions about whether or not to employ an apprentice or trainee. The employers surveyed and interviewed consistently pointed to a range of other potential direct and indirect impacts that would be created by this change to the overall economic equation. These include:

- Reduced feasibility of paying adult apprenticeship wages, which generally represent higher wage rates for apprentices aged over 21.

This is likely to result in a weighting of future apprenticeship employment towards junior apprentices, thereby reducing the number of adult apprenticeship opportunities on offer.

- An inability to justify the ongoing employment of a dedicated in-house apprenticeship coordinator and/or mentor positions. Several large employers pointed to the ability to justify these positions on an ongoing basis being directly linked to the ability to offset the costs against the incentive payments received. If this offset were removed, the ability to then fully fund these positions within tight operating budgets becomes highly questionable. The impact of the removal or down-scaling of these positions would be in the form of reduced support for apprentices, potentially leading to lower completion rates. It would also result in the coordination and administration workload associated with the program being transferred to other parts of the business which would likely reduce the overall number of apprentices that the company could feasibly employ at any one time.

Case study: Early Childhood Education and Care

One early childhood education employer based in Victoria employs hundreds of people across various centres.

They have numerous trainees, most studying the Certificate III in Early Childhood Education and Care. Some are enrolled in the Diploma of Early Childhood Education and Care.

Childcare centres are required to have minimum ratios of trained staff per child. Half of the staff must hold the Diploma with the balance holding the Certificate III to be included in the ratio. Studying towards a qualification, possibly through a traineeship, counts towards meeting the ratio requirements.

One of the challenges the company faces for their trainees is when they are undertaking their formal studies. At those times, they will be outside of the childcare room and cannot be included in the ratio. Similarly, if a supervisor is supporting a trainee to complete the formal aspects of their studies, they also cannot be included. In those circumstances, the company may backfill with casuals to maintain ratios.

The financial incentives received for commencing trainees goes some way to covering the cost of casual workers employed to backfill. If the incentives were to be discontinued, the company would be unlikely to continue employing Certificate III-level trainees, instead probably preferring to employ applicants that had already completed the qualification.

There are two other challenges the traineeship model brings to this company. The first is when they sign up a new trainee. Until all of their paperwork is completed and they are enrolled with the RTO, they cannot be included in the ratio. During this time, which can take months, they are supernumerary even though they may have been hired to fill a vacancy.

The second challenge relates to those studying the Diploma. The company encourages staff to progress to the Diploma, but the drop out rate can be quite high. This is common across all early childhood education providers, not only this company.



The challenge is that the study requirements are relatively burdensome for people who work in early childhood centres, who may not be academically minded. Often they will come from a non-English speaking background, with low levels of digital skills, and their own family responsibilities outside of work. Access to RPL for the Diploma is not easy, even though these trainees have completed the Certificate III and will have years of experience.

How do employers think the system is working?



KEY POINTS

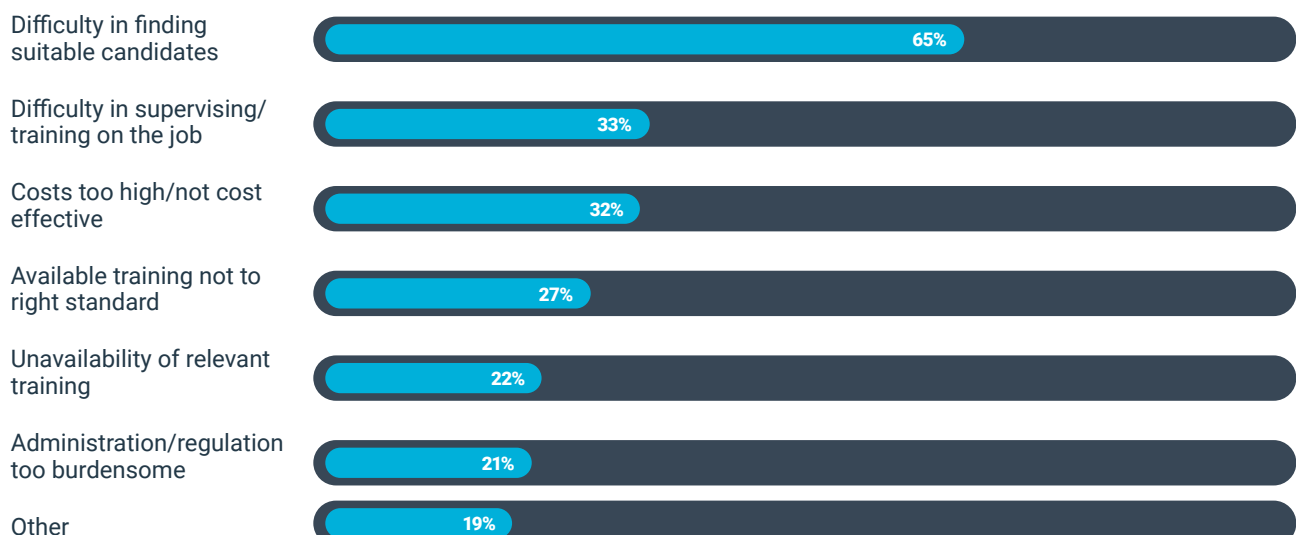
- Employers continue to find it very difficult to attract good candidates for apprenticeships, especially those that employ in lesser-known occupations.
- Providing good supervision can be a challenge, not only to ensure required ratios are met, but keeping skilled workers engaged in supervising.
- The training system needs improvement in how it communicates with employers and how it trains and assess apprentices.

Barriers to hiring an apprentice or trainee

We asked employers to nominate what factors were the main barriers to hiring an apprentice or trainee and provided the opportunity to offer comment. A total of 96% of survey respondents said they faced barriers when hiring apprentices or trainees.

Nearly seven in 10 employers reported being impacted by more than one barrier, with nearly four in 10 reporting being impacted by three or more separate barriers. This further highlights the multifaceted nature of issues relating to apprenticeships and traineeships from the perspective of employers and the complex economic equation referenced previously in this report.

Figure 11: What factors are the major barrier to your hiring of apprentices or trainees?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.



Difficulty in finding suitable candidates

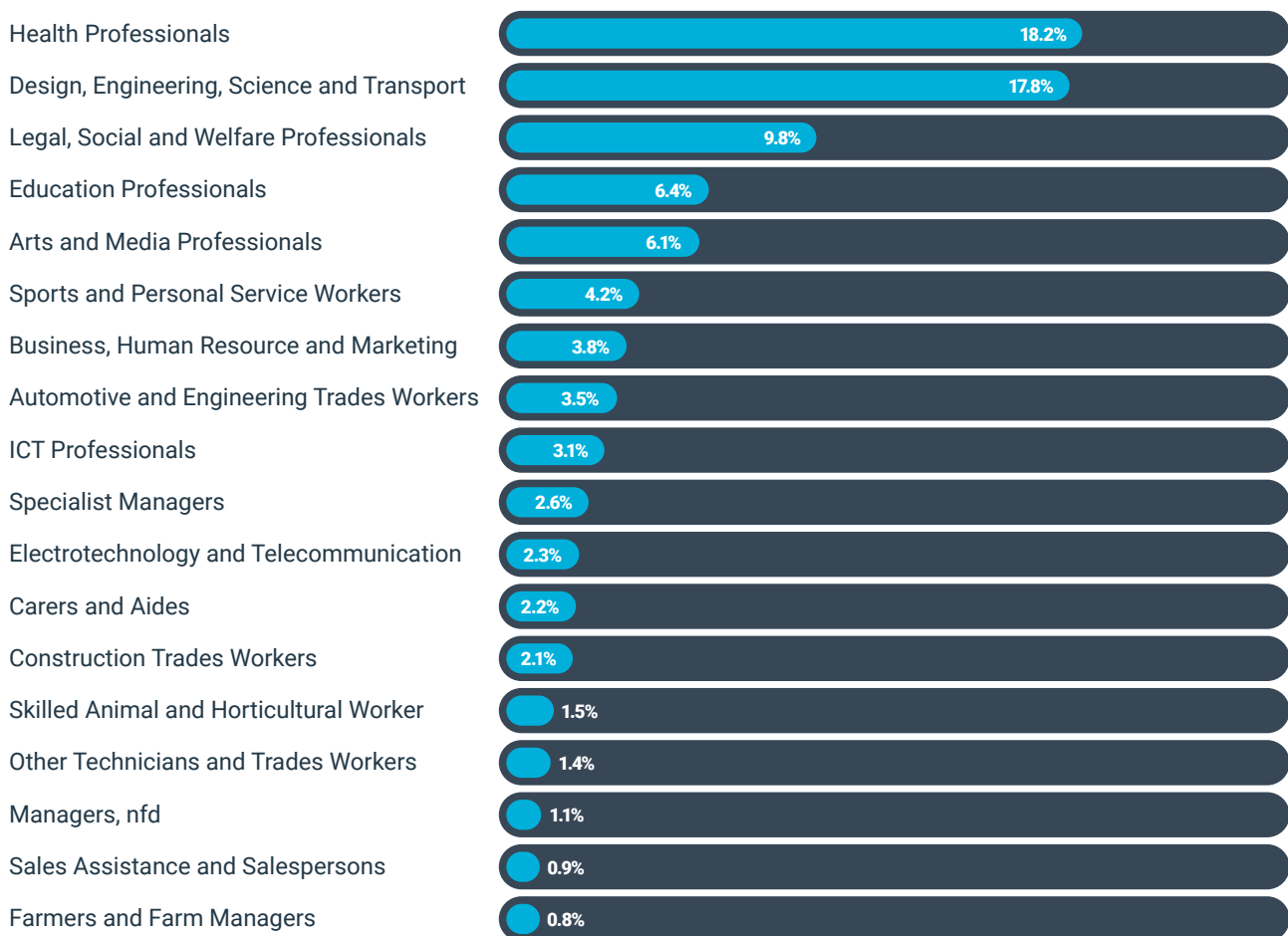
The No.1 issue for employers is the continuing difficulty in trying to find suitable candidates for apprenticeships and traineeships. This has been a concern for many years. The responses to the survey suggest employers believe people are generally not attracted to apprenticeships or traineeships in their own right and, for those who are, they are not attracted to work in their particular industry.

Data from Jobs and Skills Australia indicates recruitment difficulty for apprentice positions varies by industry. For example, employers in the Manufacturing and Other Services industries had considerably more difficulty recruiting apprentices compared with employers in the construction industry.²⁶ This mirrors feedback received from employers by Australian Industry Group Centre for Education and Training.

The Generation Study is a research project commissioned by the Australian Government Department of Education and all Australian state and territory governments. The Study asks Year 10 students their career and educational plans plus their views on other matters. It found more than 60% of students expected to have a professional occupation by the time they turned 30.

This bias towards professional occupations is reflected in the chart below. While apprenticeships and traineeships do exist across many occupations, those occupations that most commonly utilise apprenticeships and apprenticeships do not appear within the most popular occupational expectations.

Figure 12: Most popular occupational expectation among Year 10 students in 2022



Source: Chowdhury, I.S. & Edwards, B. GENERATION Post-School Destination Survey. Social Research Centre, Australian National University, 2022.



With relatively few young people expressing an interest in trades or traineeship occupations, employers are faced with a small field of potential applicants. Of those, the perception is that they are more attracted to better known or higher paying sectors. Some of the comments that were added to survey responses included:

- “...everyone wants to be an electrician”
- “Plastics injection and blow moulding is not an industry that is ‘visible’ to young people”
- “this (fitter and turner) trade is not as well known compared to building related trades - carpenter, plumber, electrician...”
- “No one wants to be a hairdresser”
- “the talent pool is being sucked into the Big Build projects by inflated wages.”

Other companies note that they are ill-equipped to find suitable candidates.

“ One of our main barriers is a lack of understanding of where to find candidates, how to go about the process, who can help on the TAFE side and who can help from the government side. We would love to have more . . . school leavers. We currently have many more people internally look to take on an adult apprenticeship.”

— Logistics equipment manufacturer, Queensland

Many employers said there was a need to better promote apprenticeship and traineeship pathways in schools. This reflects key recommendations of the Inquiry into the perceptions and status of vocational education and training by the House of Representatives Standing Committee on Employment, Education and Training in 2024 as well as the *Strategic Review of the Australian Apprenticeship Incentive System*.

Case study: Inver Engineering



Inver Engineering is a well-established business in Melbourne's western suburbs predominantly servicing the rail industry.

The company has operated since 1989 and has six divisions designated for various functions, including wheelsets, bogie, traction motor and gearbox overhauls.

Inver Engineering has a comprehensive apprenticeship training scheme to maintain a skilled workforce across all areas. Some years ago, the company's board made a decision to aim to employ 10% of its skilled workforce as apprentices and this currently sits as seven apprentices, working in the mechanical engineering and electrical machine repair fields.

Inver's present direction provides for a mix of mature aged apprentices, usually employees who have worked as trades assistants, and young apprentices straight from school. Over the years, the company has developed excellent relations with the local community, especially the local secondary colleges, and offers tours for school VCAL students and work experience placements each year to ensure a steady stream of applicants for apprenticeships. Inver also encourages internal referrals for apprentices. One recently commenced first year is the son of their longest serving employee.

Inver's retention rate for apprentices is very high, because many are existing workers possessing

knowledge of the business and skills required prior to undertaking their training program. However, when employing young apprentices from school, the company takes the time to make sure the apprentices, and their parents, are familiar with the workplace before making any commitment. The view is that the company employs apprentices for the long term, not just for a four-year contract, educating apprentices for a career within the trade and the business.

Inver has established strong relations with the TAFE providers at VU Polytechnic and Bendigo Kangan TAFE (Victoria's only electrical machine repair trainer), ensuring to maintain open communication streams. Those apprentices undertaking their apprenticeship in the electrical fitting stream with Kangan are required travel to Bendigo one week per month for the first two years. This puts a strain on the company, having to cover wages, accommodation, travel and meals while the apprentices are away, but there are no alternatives. In the later years the apprentices are able to complete training via a mobile machine repair unit that visits them, and to complete work-based projects supervised by the company's own skilled workers.

Supervising the apprentices has an impact on the productivity of the skilled tradespeople, most notably in their rotations through the machine shop and in their formative time within workgroups, but what is lost in productivity is gained by developing and retaining a highly skilled and loyal workforce.

Difficulty in supervising/training on the job

Many employers raise the difficulty of supervising apprentices and trainees in the workplace and providing them with relevant training as a key barrier to hiring. For some, there are specific concerns with ratios set by state governments regarding the maximum number of apprentices or trainees per supervisor. This can be a direct barrier, in that if there is a one to one ratio, a company is limited by the number of skilled workers available to supervise.

“ Supervision limits that have just been increased ... will mean we are restricted on the number we can hire. We don't want to hire a lot more, but it will impact us by one or two additional staff.”

— Electrical contracting company (Victoria)

A related, but different concern relating to supervision is a company's ability to retain key supervisory personnel. Several employers raised the issue of competing for staff with large infrastructure projects or the mining sector. This seems to affect not only those companies operating in the construction sector, but also those in manufacturing. One manufacturing company in regional New South Wales said they were constantly recruiting for mechanical engineering tradespeople because staff were continually leaving for the higher wages they can earn on those projects. This regular turnover not only impacts on a company's ability to complete work, but also on their ability to supervise apprentices.

Another aspect of supervision issues was highlighted by a company working in the childcare sector. When the supervisor is supporting the trainee to complete their training requirements outside of the childcare room, they cannot be included in minimum numbers set for each room, and need to be backfilled by casual staff.

Costs too high/not cost effective

A lot of companies reported the overall cost of employing apprentices and trainees made it difficult to justify increasing numbers. These costs are the sum of all related activities, including wages, the cost of supervisors and backfilling requirements, the cost of absences to attend training and the cost of RTO fees – that is, the overall economic equation outlined earlier in this report. For all of them, the incentives go nowhere in meeting those costs, but they do help with some aspects.

“ Commencing an apprentice takes a large amount of investment in my time to develop their skills to a necessary foundation before they can work effectively on their own. This cost burden at the start of an apprenticeship means...there is significant challenge in taking on an employee with no previous experience in these roles.”

— Manufacturing company, Queensland

Case study: Bowhill Engineering



Bowhill Engineering is a specialist fabricator of heavy and complex structural steel. The company collaboratively builds structures, from design optimisation to installation, across Australia.

The company has been in business since the early 1970s, starting as a small rural machinery, maintenance, repair and modification workshop. It is located at Bowhill South Australia, not far from Murray Bridge, and about 124km from Adelaide.

Bowhill Engineering employs around 60 staff with about 14 apprentices working in engineering fabrication and one trainee in the office. Two trainees working in surface preparation and coating were also recently graduated.

The company is committed to employing four metal fabrication apprentices each year to develop a pipeline of talent. The financial incentives are an important factor in those plans, because they help contribute to the cost of TAFE training.

Bowhill Engineering's relatively remote location can pose challenges with recruitment. To help with apprentice recruitment, the company has developed good relations with local schools and

offer regular work experience placements each year. The regional location means the company recruits from quite a wide area. Currently there are four apprentices from outside the local Murraylands area. For apprentices who are under 18 or don't have a licence, a carpooling arrangement to help get to and from work is provided. Training takes place at the regional TAFE SA Murray Bridge.

More careers promotion is needed - for the industry and for Bowhill Engineering. It has been working with the Australian Steel Institute (ASI) in developing initiatives such as student resources and careers promotion activities, as the industry had no regular representation at careers events such as a university or other industry groups would. Recent improvements including state career event participation now helps with raising the Steel Industry profile with young people to feed this industry's trade skills shortages and future work pipeline.

Bowhill Engineering has a good relationship with their local TAFE. It is aware that there are plans in South Australia for new accelerated apprenticeships reducing the apprenticeship completion time to 36 months. The company is generally supportive but feels a greater employer contribution via internal, structured training will be required to support current Certificate III Engineering (Fabrication) training and has already implemented changes with internal workforce training in preparation for this.

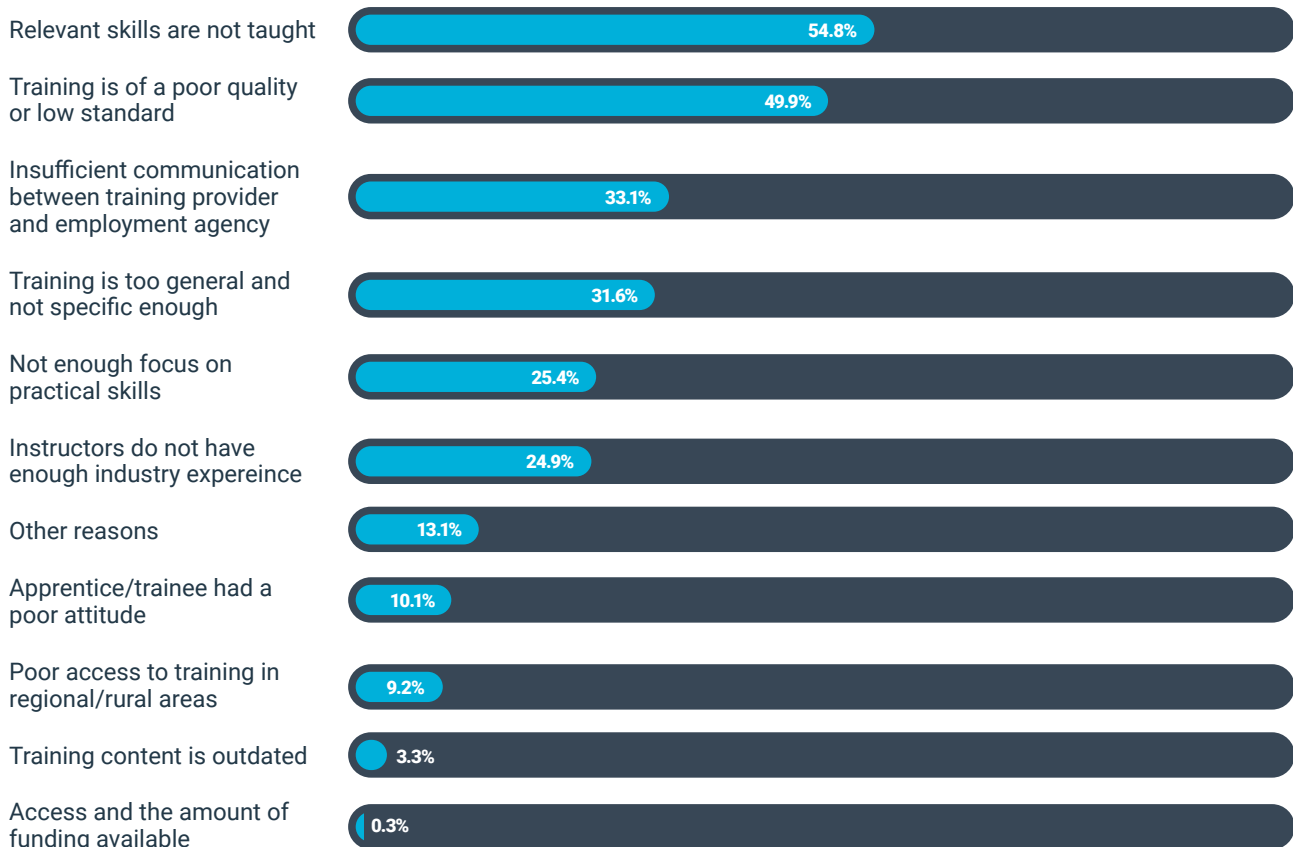
Available training not to right standard

Another common response to barriers to hiring apprentices or trainees was that the available training is not to the right standard. This reflects the findings of NCVER's biennial survey into Employers' Use and Views of the VET System. This research asks employers about their level of satisfaction with the formal training provided to apprentices and trainees.

For those who are dissatisfied, there is a follow-up question about the reasons for that dissatisfaction.

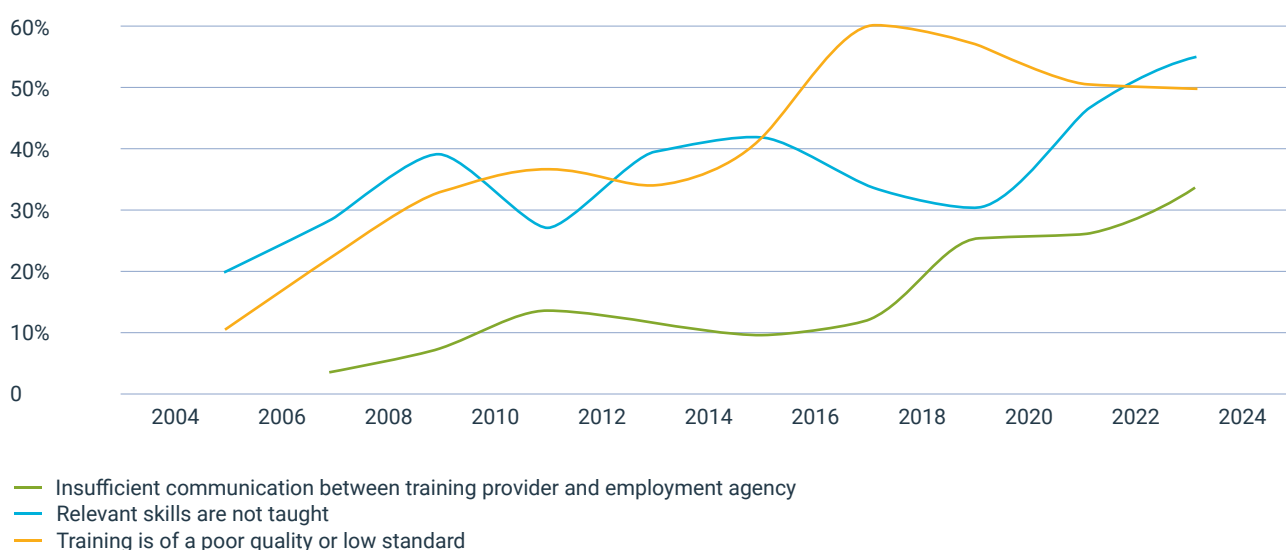
For those employers dissatisfied with the formal training provided to apprentices and trainees, the three most common complaints are that 'relevant skills are not taught', 'training is of a poor quality or low standard' and 'insufficient communication between training provider and employment agency'. Not only are these the most common complaints, but the concerns have been growing over recent years.

Figure 13: Reasons for dissatisfaction with apprentices and trainees



Source: NCVER 2023, Employers' use and views of the VET system 2023: data tables, NCVER, Adelaide.

Figure 14: Top three reasons for dissatisfaction with apprentices and trainees, 2004-2024



Source: NCVER 2023, *Employers' use and views of the VET system 2023: data tables*, NCVER, Adelaide.

Some of the comments from employers to our questions about barriers illuminate those three concerns raised in the NCVER research.

Poor quality/low standard

“The standard and scheduling of coursework requires improvement.

— Engineering consulting company, NSW

“...the training is not well supported and very self-directed which means young people often do not complete.”

— Community care company, Queensland

“The education system is currently just churning hairdressing apprentices out of the system who are simply not employable: unskilled and inadequately trained by a system that is collapsing under the weight of bureaucracy and lack of funding.”

— Hairdressing company, NSW



Relevant skills not taught

“ The trades we require, for example vehicle body building, are only offered in one Sydney TAFE which requires long travel, particularly when using public transport, and can be a disincentive to take on a trade apprenticeship.”

— Vehicle component manufacturing company, NSW

“ Currently there is no User Choice enrolment fee subsidised by the Qld Government for this qualification so would be full fee to the RTO. Fee free training in this space would be beneficial.”

— Food manufacturing company, Queensland

Insufficient communication

“ There is very limited follow up and support for the trainee and they don't keep employers informed.”

— Community care company, Queensland

“ TAFE is very difficult to get answers from... We don't get regular transcripts on apprentices' competency or if they are having problems... at the moment we only receive snippets from the apprentices when we push for information.”

— Vehicle component manufacturing company, NSW

Competency-based wage progression

Fair Work Australia amended several industrial awards in 2013 to provide for competency-based wage progression of apprentices instead of fixed-term nominal durations.

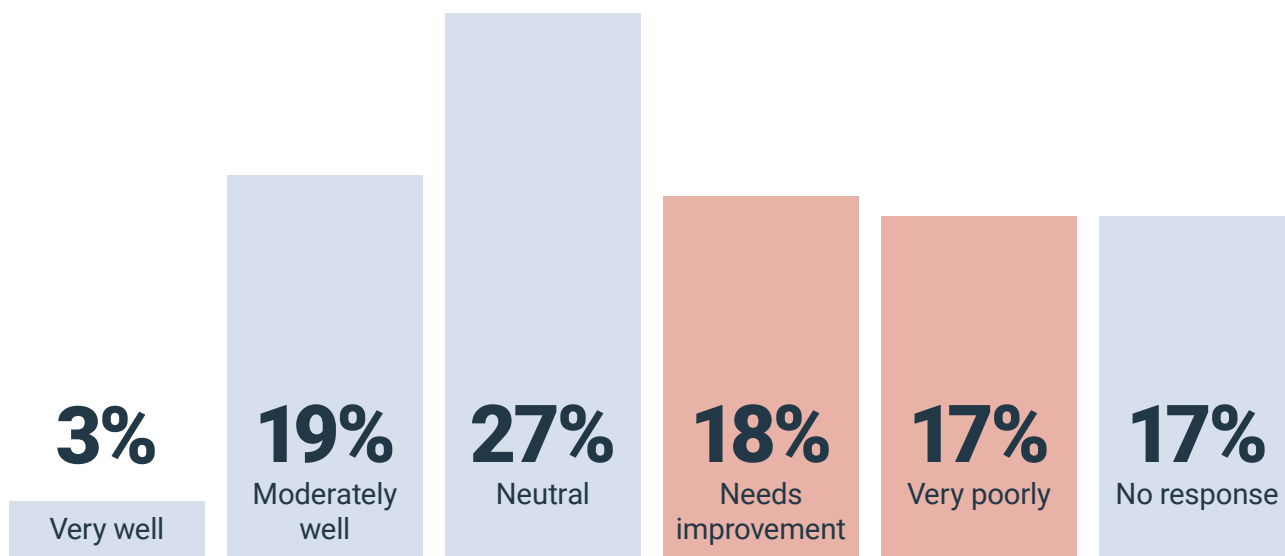
Various awards now contain apprentice wage rates based on stages of the apprenticeship rather than years of service, with progression points aligned to achievement of a percentage of competency units. Clauses were inserted into awards to define how competency is achieved, and requiring the RTO, employer and apprentice to agree that competency requirements have been met.

The RTO provides the employer with written advice that they have assessed the apprentice as having met requirements, and the employer has 21 days to agree or disagree with that assessment.

Ten years after these changes were implemented, the system is still causing issues for employers. More than a third reported the system works poorly or needs improvement.

More than a third of employers surveyed report the system for competency-based wage progression works poorly or needs improvement.

Figure 15: How well do you think the confirmation process is working in relation to your business?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.

Much of the criticism from employers relates to how well the system has been implemented by training providers, with the primary concern relating to communication.

“ I had to call the trainer to advise our apprentice was on his third year and needed the sign off from them to move them up the pay scale. That was two months ago. The only response I got was that was the decision of our company if we moved him up to third year.”

— Thermal insulation company, Victoria

“ There is no specific contact from the RTO, hence wage progression usually reverts to anniversary date, subject to block training milestones.”

— Building products manufacturer, Queensland

Other companies express concern that apprentices are being pushed through by the training system before they are ready.

“ Due to government regulation in reducing apprentice training periods, they are by no means qualified enough to be called

a tradesperson. Cutting back on their TAFE training and pushing through any training periods to sign off on early apprenticeship completion is very bad for any industry...”

— Construction company, NSW

“ The RTO does not seem to be concerned about whether the apprentice is competent. They appear to be enthusiastic about signing the apprentice off regardless of concerns raised by the employer in relation to the apprentice’s competency.”

— General engineering company, South Australia

Other companies know little about competency-based wage progression. One manufacturing company in Victoria thought it was too early to tell if the system was operating appropriately, despite it being a feature of their award for more than a decade. Another manufacturer in Queensland said they “pay based on skill level and competency in general”, suggesting a poor understanding of the process.

Most of the responses to this question suggest a need to improve communications to employers about competency-based progression and to support RTOs to develop better systems for implementation.

Recognition of Prior Learning

Recognition of Prior Learning (RPL) is an integral part of the training system but has never worked as hoped. In apprenticeships and traineeships, RPL is critical if mature-aged workers are going to be enticed to sign training contracts. RPL recognises the skills they have already gained, through previous employment or training completed. RPL can mean a skilled operator can transition from one career to another without needing to go back to the beginning.

However, RPL is little used in Australia and less for apprentices and trainees than for those who complete subjects outside of the apprenticeship system. In 2023, only 2.9% of subjects successfully completed by an apprentice or trainee were through the granting of RPL. This compared to 5.8% of subjects successfully completed by students who were not apprentices or trainees.²⁷

A 2020 NCVER report examining RPL in vocational training identified a number of benefits that arise from RPL, such as saving time and money for the individual and improving workplace productivity by minimising time spent off the job. But the report also identified challenges in delivering RPL. These include cost to the RTO. For example, some states fund RPL at a lower level than the full delivery of training, even though RPL can be time-consuming. Another challenge identified was that not all students are aware it is an option, and for those who are aware, the complexity of the assessment process can act as a deterrent.²⁸

But RPL for trades can be delivered successfully. In NSW, the Trade Pathways for Experienced Workers program has seen more than 1200 students gain their trade qualification in an average time of seven months. These are people who have been working in their industry sectors for years and have not had the opportunity to gain a trade qualification.

The Labor Party announced during the federal election campaign that it would invest \$78 million to establish the Advanced Entry Trades Training program, based on the NSW model, to fast track the qualification of 6000 tradespeople.

The survey asked employers their thoughts about RPL — if they had apprentices and trainees who had applied for it in the past. Responses were mixed. Many respondents had little experience of RPL. Others had little understanding of what it involved, dismissing it as fast-tracking or linking it to poor training outcomes.

For employers with apprentices or trainees that had experienced RPL, responses fell into several camps. One commonly expressed view was that the RPL system is too cumbersome and time-consuming.

“ We did attempt to guide an employee through the process, but they found the process burdensome and clunky.”

— Trailer manufacturing company, Queensland

“ RPL assessments take considerable time, are unclear on the expectations of evidence and other requirements and the response times of assessors is not speedy.”

— Machinery manufacturing company, South Australia

Other companies expressed the view that RPL can be too narrow in what it will accept, not recognising skills obtained in similar occupations.

“ The RPL process is currently too arduous and under-resourced, which has created a significant barrier for skilled workers from adjacent industries seeking to transition into manufacturing. Despite having highly relevant experience, ...individuals are often required to undertake a full Certificate III.... to be deemed qualified for engineering roles in manufacturing. This lack of flexibility and investment in streamlining the RPL process limits our ability to tap into a broader, capable workforce at a time when industry is facing critical skills shortages...”

— Heavy industry manufacturing company, Victoria

A further common theme emerging from the responses was that employers believe RTOs are reluctant to apply RPL.

“ Trade schools show little to no interest in being able to assist with this. It seems in their interest to not do this so they will get more training funding for the apprentice.”

— Precision engineering company, South Australia

Some employers reported good experiences with RPL.

“ We have had ex-defence people working through adult apprenticeships. Their skills have been recognised, and I believe the process was fairly easy.”

— Engineering services and solutions company, Queensland

“ Yes, this process was very easy and managed well.”

— Advanced manufacturing company, Queensland

The overall view from employers was that RPL is strongly supported when it can help apprentices and trainees with previous experience to progress more quickly through their training contracts. This is especially relevant for mature-aged workers. However, generally, for those with experience of RPL, it is clunky, inconsistently applied and perceived as something RTOs are reluctant to proactively offer.

Case study: SPH & Co



SPH & Co is a professional hairdressing salon located in Adelaide.

The company has been in operation for 27 years and has employed many apprentice hairdressers over that time. Currently they have three apprentices at different stages of their apprenticeship training.

SPH & Co spends a lot of attention on providing a good on-the-job training experience for their apprentices. The senior hair stylist and senior colourist are paid a weekly allowance above their normal salary to 'buddy' the apprentices and train them on the job. To help with this role, they have each been supported to complete a Train the Trainer program.

The company allocates extra hours (1900) in the workplace for training the apprentices. They maintain logbooks of the training they do, and sign them off when they successfully complete skills. Despite this proactive approach to training their apprentices, the RTO does not provide any recognition of the skills they gain. Regardless of their efforts, the apprenticeship seems to take a fixed 3 ½ years to complete.

SPH & Co manager, Steven D'annonzio, believes that RPL appears to have been discouraged in the interests of RTO sustainability, with RTOs receiving higher levels of funding if they don't provide RPL. A better system of reviewing the skills learnt in the workplace, endorsed by an accredited person within a business, would help an apprentice gain credit and progress through the apprenticeship more quickly.

Steven believes that a lot of employers in his industry seem unaware about their rights and responsibilities towards apprentices. At the same time, a lot of apprentices have no idea about employment matters and no idea of where to go if they need help. Both apprentices and their employers could complete some basic training before commencing an apprenticeship.

Steven uses the financial incentives to cover the cost of the formal training program. He would like to see incentives for employers and apprentices paid across the full duration of the apprenticeship, payable as apprentices pass certain competency levels. This would help encourage apprentices to complete their training.

What is needed to strengthen the system?



KEY POINTS

- To meet future skills needs, a renewed and concerted effort needs to be placed on growing apprenticeships and traineeships.
- This requires a focus on ensuring the system remains viable so that new employers participate and those already participating can maximise the apprenticeship and traineeship opportunities they provide.
- Six priority areas for reform have been identified to strengthen the apprenticeship and traineeship system and ensure it can deliver the skills and capabilities Australia needs.

In an environment of widespread skills and workforce shortages and significant projected skills demand in the coming years, the fact commencements in the system appear to be reverting to pre-pandemic levels is cause for significant concern. This requires urgent attention.

To meet our future skills needs, we don't just need the system to maintain current levels. We need it to grow. We need more employers willing and able to take on apprentices and trainees and maximise the opportunities they can provide. We also need people of all ages to aspire to the career pathways that can be accessed through the system and be supported to successfully undertake and complete their training.

To meet our future skills needs we don't just need the system to maintain current levels. We need it to grow.

A renewed and concerted effort needs to be placed on ensuring the apprenticeship and traineeship system is and remains a cornerstone of our skills development system. This can only occur if a renewed and concerted effort is placed on ensuring the system remains viable for employers into the future.

The risk of inaction is immense and will present in the

form of persistent and embedded skills shortages that will continue to stifle business activity, constrain growth and limit Australia's global competitiveness.

The following recommendations, aligned to six areas of priority for reform, outline a series of actions that can be taken to strengthen the apprenticeship and traineeship system from the perspective of employers. While the perspective of employers is not the only one that matters, it is vital. After all, without employers, there are no apprentices and no trainees.

To guide the effort required, quality data and evidence is needed. In particular, improved data is required to quantify the scale of the skilling challenge relevant to apprenticeships and traineeships to meet long-term skills demand, so that progress against this ambition can be measured. It is also important that the scale of investment in this critical system from governments is commensurate with the scale and importance of the challenge and helps to support private sector investment.

Australian Industry Group stands ready to work in partnership with governments and other stakeholders to drive the actions and reforms needed to strengthen our apprenticeship and traineeship system so that it can deliver the skills and capabilities Australia needs – now and into the future.



Ensuring the economic equation remains viable

The economic equation referenced in this report will be central to ensuring employers currently employing apprentices and trainees continue to employ the same number into the future, and wherever possible, expand the number of apprenticeships and traineeships they offer. This economic equation, along with the increasing cost and complexity of the system as reported by employers, must remain at the heart of policymaking in relation to this system. Policy settings by both the federal and state governments matter and directly impact this equation. Any change to one element of the system can have a range of flow-on impacts to this equation more broadly.

The economic equation for employers must remain at the heart of decision making in relation to apprenticeships and traineeships.

This report has found employer incentives form an important part of the economic equation for employers in employing apprentices and trainees. Any change to employer incentives that reduces the availability of these incentives poses a significant risk of negatively impacting the engagement of employers in the system and ultimately exacerbating Australia's shortage of skilled workers. There is also a range of other potential unintended consequences that may be generated by changes to the overall economic equation for employers.

The recent *Strategic Review of the Australian Apprenticeship Incentive System*, released in early 2025, made recommendations to significantly change eligibility for employer incentives. This includes removing eligibility for incentives for employers with more than 200 staff, alongside the establishment of an innovation fund employers can apply for. The recommendation also includes establishing a 'gateway' model that directs incentives only to government economic and social objectives following consideration of national, state and regional skills shortages.

Any change to employer incentives that substantially reduces the availability of these incentives has significant risk of negatively impacting the engagement of employers in the system, and ultimately exacerbating Australia's shortage of skilled workers.

Australian Industry Group has a range of concerns with this approach, including the proposal to remove incentives from employers with more than 200 staff. The research outlined in this report highlights the critical role that these employers play in the system and the high risk of overall negative impacts on the apprenticeship and traineeship system and the future skills pipeline for the country should this change be implemented.

These proposals could also be anticipated to have the following implications:

- reducing the viability of employers in a range of sectors offering apprenticeships and traineeships, given their importance as a skills and workforce development pathway for most industries.
- adding complexity and confusion through linking incentives to economic and social equity objectives, as well as shortages. Given the system complexity that already exists, the focus should be on increasing, not decreasing, the level of certainty employers have in policy settings that directly impact the economic equation for apprenticeships and traineeships.
- a gendered impact if traditional trade apprenticeships are primarily prioritised over non-trade apprenticeships. It is likely that the negative impacts would be weighted towards women, given the demographic makeup of many of these sectors and occupations.

Apprenticeships and traineeships provide an important work-based training pathway across all parts of our economy.

Australian Industry Group strongly supports the role that work-based learning through apprenticeships and traineeships plays in enhancing productivity through contextualised learning and deep workplace connection.²⁸ An approach that limits the opportunity for contextualised, work-based learning experiences can be anticipated to miss significant productivity opportunities.

Forty years ago, when the apprenticeships system was expanded to include traineeships as recommended by the Kirby Report, the system opened up to a broader range of industries and occupations. It provided opportunities for work-based learning in occupations in which more women worked and facilitated pathways to employment for disadvantaged early school leavers. While significant time has passed, the direction of policy settings appears to have lost these earlier objectives. Australian Industry Group considers that a broader-based apprenticeship and traineeship system is important in meeting both economic and social objectives, building on learnings from the model to date.

RECOMMENDATIONS

- 1 All decision making by governments in relation to apprenticeships and traineeships should closely consider the economic equation for employers, noting consistent reports that the costs and complexity of employing apprentices and trainees is increasing.
- 2 Commencement incentives should be provided to employers of apprentices and trainees across industries, regardless of size, with additional incentives for employers to attract and retain apprentices in priority sectors and skills shortage occupations. Additional incentives would also assist employers to attract and retain apprentices in underrepresented cohorts.



Widening the pool of employers offering apprenticeships and traineeships

Increasing the number of employers offering apprenticeships and traineeships will necessitate actions to target two cohorts of employers:

- Those who have previously employed apprentices or trainees but no longer do and
- Those who have never employed an apprentice or trainee.

For those who have previously employed apprentices or trainees, addressing the barriers we have identified in this report will go some way towards helping to encourage them back into the system. For example, further attention to the problem of finding suitable candidates may help some employers re-engage. Although outside the scope of this survey, anecdotally, Australian Industry Group has heard from various employers that they no longer advertise for apprentices because they receive few or no suitable applications when they do.

The cost and complexity of the apprenticeship system have also deterred some previously active employers and make it daunting for those who have never employed apprentices or trainees.

Group training offers a ready solution to address complexity and supports employers who have not previously engaged in the apprenticeship and traineeship system to do so. It also provides a solution to employers unable to offer work that covers the full scope of a skilled occupation.

For some small businesses, group training may be suitable but not cost-effective. Better access to affordable group training may help attract those businesses.

There may be opportunities for larger companies to support smaller companies in employing apprentices and trainees, especially those in their supply chain. There have been good examples in the past where a large company has employed apprentices and 'hosted' them to smaller companies in their supply chain for the first one or two years of their training. By training the apprentices during the early stages, the smaller company could enjoy the benefit of their work without being responsible for their wages. Meanwhile, the arrangement allowed the large company to take the apprentices on board with well-developed skills.

The final report of the *Strategic Review of the Australian Apprenticeships Incentive System* recommended the establishment of an innovation fund which could accommodate programs along these lines.

Also in the past, government-owned entities played a strong role in the provision of apprenticeship opportunities to the benefit of the industry or supply chain. To this end, there is the opportunity for government entities to again lead by example.

The proposed innovation fund recommended in the final report of the Strategic Review is supported in principle insofar as it would provide a mechanism for large employers to scale up apprenticeships beyond their own business needs and across their supply chains. However, any fund established should not be considered a replacement for employer incentives and careful consideration should be given to ensuring the operation of such a fund does not add further complexity to the system.

RECOMMENDATIONS

- 3 Explore opportunities to make group training more accessible, particularly for small employers that have never employed apprentices or trainees. The Group Training Organisation Reimbursement Program is a good model that could be considered for expansion to accommodate returning or first-time businesses.
- 4 In partnership with industry, identify and implement options to explore how larger businesses can support their supply chain by overtraining, including government-owned entities leading by example.



Ensuring a strong future pipeline of apprentices and trainees

In an environment of skilled worker shortages, significant projected future demand for skilled workers and apprenticeship and traineeship commencements appearing to be reverting to pre-pandemic trends, significant focus must be placed on maximising the number of Australians participating in this critical skills development pathway. For many of our most-needed technical and trade skills, this is the only pathway to increase the supply of these skills in Australia outside of inbound migration, which often presents its own significant challenges.

Employers consistently report that difficulty in finding suitable candidates for apprenticeships and traineeships is a major issue. This issue has many contributing factors, but there is clear research to indicate that the perception of VET pathways and trade careers across many parts of society continues to negatively influence in this area. It is imperative that action is taken to implement the learnings from this research and relevant reviews in this area.

There is also evidence to suggest that pre-apprenticeship pathways and school-based apprenticeships and traineeships can play a successful role in enabling successful pathways into apprenticeships and traineeships. Recent NCVER research shows that apprentices that have undertaken a pre-apprenticeship are notably more likely to complete their apprenticeship, particularly in the trades.²⁹ Priority should be placed on expanding access to these important training pathways where they are leading to successful outcomes.

The focus of pre-apprenticeship programs should also be considered. Because each program is developed for a particular occupation, it requires a student to preselect where they will pursue a career. Pre-apprenticeship programs that expose a student to a range of different trades will help to develop an appreciation of which trades may suit an individual's own preferences and may subsequently help to ensure a better fit if they do apply for an apprenticeship at a later date.

The education system in Queensland actively encourages and enables school-based apprenticeships and traineeships. This is evidenced by the fact that about half of all school-based apprenticeships and traineeships take place in Queensland. There would be benefit in jurisdictions across Australia considering how school-based apprenticeships and traineeships can be similarly encouraged and enabled within their respective education systems in a manner that is aligned to industry needs.



RECOMMENDATIONS

- 5 Governments, industry and the education and training sector work collaboratively to strengthen the perceptions and status of apprenticeships and traineeships in a broad range of industries. This should build upon existing successful activities and include actioning recommendations 3.1 to 3.4 in the *Strategic Review of the Australian Apprenticeship Incentive System* focused on career information and advice and lifting the status of apprenticeships and traineeships as a valuable career pathway.
- 6 Expand opportunities to develop pre-apprenticeship programs, particularly those that provide exposure to a wide range of trade occupations. The Multi Industry School Based and Pre-Apprenticeship Support Project piloted by the Apprentice Employment Network provides a good example of what this might look like.



Expand the apprenticeship model into new areas

As a country, we should be looking at ways to expand the apprenticeship model beyond the traditional trade area. There is enormous potential for exploring opportunities to expand the model to higher levels, including at the degree level.

Australian Industry Group has been a longstanding advocate for expansion of the apprenticeship model into higher qualification levels.³⁰ Several successful models are underway. This includes a Bachelor of Software Engineering in South Australia, delivered by Uni SA in partnership with industry. A Mechanical Engineering degree apprenticeship program is also underway in Victoria through RMIT. More needs to be done to build the availability and uptake of these models nationally at scale, where demand exists.

46% of employers reported that apprenticeship-type programs for occupations at Diploma or Degree levels would be appropriate for their business.

While higher and degree apprenticeships may not be suitable in every instance, there is widespread employer interest in the model. In our survey, nearly half (46%) of all employers identified that apprenticeship-type programs for occupations at Diploma or Degree levels would be appropriate for their business.

Australian Industry Group strongly supports the work currently underway through Skills Ministers to examine the barriers to developing apprenticeships at higher levels. It is important that this work leads to meaningful steps to continue to build on the momentum around higher and degree

apprenticeships that already exists. This includes the removal of structural impediments to the further uptake of degree apprenticeships, including Fringe Benefits Tax rules that effectively mean an employer pays twice for the same training. Australian Industry Group will continue to be an active participant and partner in these processes.

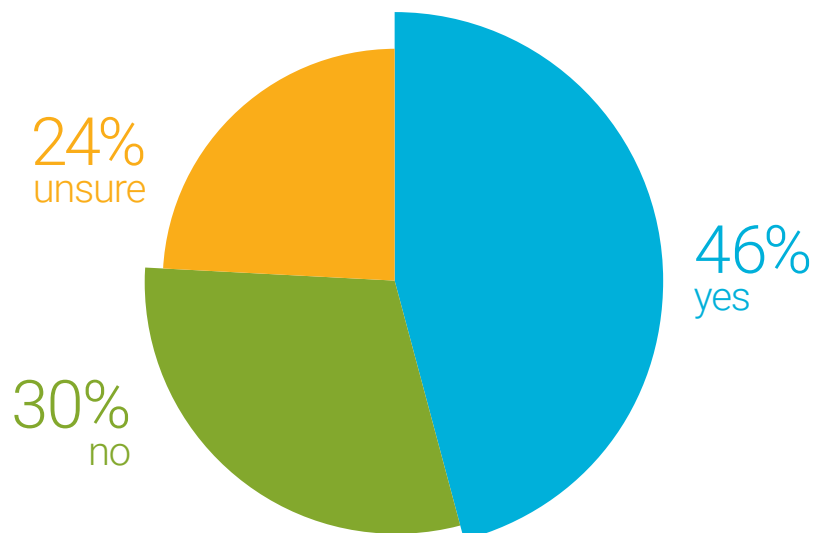
“ We desperately need pathways for para-professionals to extend their qualifications to degree level via a combination of workplace and classroom block learning... We have a lot of mature-age workers who would be suitable to improve their qualifications and be able to take on professional roles, but they are unlikely to complete traditional university degrees and can't afford to be unpaid.”

— Community Services organisation, Queensland.

It is important to note that degree-level apprenticeships do not currently receive system-level supports in the same way as other apprenticeships. For example, they are not eligible for any employer incentives, despite the fact employers would spend as much, if not more, time supervising and monitoring the skills development

of a degree level apprentice as any other apprentice. Extending government support, such as incentives or access to mentoring and other services, to approved degree-level apprenticeships would demonstrate formal support for these programs and encourage more employers to participate.

Figure 16: Would apprenticeship-type programs for occupations at Diploma or Degree levels be appropriate for your business?



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025.

RECOMMENDATION

- 7 The Australian government and state and territory governments use policy settings to encourage and enable greater uptake of higher and degree apprenticeships. This should include, but not be limited to, removing Fringe Benefits Tax barriers and making degree apprenticeships eligible for system supports such as employer incentives and mentoring.



Minimise inconsistency across jurisdictions

The responsibilities for apprenticeships and traineeships are shared between the Commonwealth Government and the states and territories. The Commonwealth has responsibility for the Apprentice Connect Australia Network, the regulation of training standards through the Australian Quality Skills Authority (noting that not all jurisdictions are fully covered by this 'national' authority), administration of incentive payments, the promotion of apprenticeship and training pathways and the architecture that determines national training packages.

States and territories also have responsibility for their respective systems including administering training contracts, managing their own incentive funding systems and programs and the general funding of formal training based on differing entitlement models.

The result of this very complex mix is a lack of national consistency that frustrates and creates additional complexity for employers, especially those operating nationally or across multiple jurisdictions. The labour market operates on a national basis, as do national training packages. State-based differences can be an impediment to labour mobility and productivity.

Differences in occupational licencing for a variety of trades and other occupations, many of which are tied to qualifications attained through the apprenticeship system, also play a part in this complexity. Australian Industry Group welcomes the recent focus by the Productivity Commission on this issue, as antiquated occupational licensing arrangements have no place or role in a modern and productive Australia.

RECOMMENDATION

8

The Australian Government and state and territory governments, in consultation with industry, work collectively to identify and resolve national inconsistencies that increase complexity for employers of apprentices and trainees.





Support high quality apprenticeship and traineeship experiences

There is no doubt that the employer and other people in the workplace play a key role in determining the quality of an individual's experience as an apprentice or trainee, which is a key contributor to completion rates. The workplace is where the apprentice or trainee learns their craft. There is formal off-the-job training that might provide some underpinning knowledge or skills training in an area the employer can't cover, but the workplace has always been at the heart of an apprenticeship.

Many employers provide a fantastic experience for their apprentice or trainee. These are often companies that have employed apprentices for years, have well-established processes in place and have strong completion rates. They are often medium to large businesses with human resource departments and, sometimes, apprentice coordinators.

Some companies do not fare so well with apprentices or trainees. Generally, they are smaller companies not large enough to run a HR department. They may not fully understand their responsibilities such as releasing the apprentice or trainee to attend formal training, providing suitable work related to the occupation and providing adequate supervision.

One way to support employers to provide high quality apprenticeship and traineeship experiences, especially those new to the system and those who have previously had issues, is to provide apprentice supervisor training. This training is focussed on the responsibilities of the employer along with good

supervision and mentoring techniques. Numerous employers surveyed and interviewed identified training of this nature, through a short course, would be beneficial to them and their employees. Short courses of this nature already exist.³¹

Australian Industry Group has previously delivered this form of training with good results. When government support for this training was available, it helped to encourage broad participation. Our experience was that many of those who attended were already doing well and were seeking to improve further. Finding a way to encourage those employers who would benefit the most from the training to attend is also important.

Better recruitment practices and improved matching of apprentices to work requirements will also help an employer improve their own completion rate. Support for smaller businesses to improve their recruitment techniques, including setting suitable selection criteria, explaining the role and remuneration clearly and providing comprehensive inductions, may help ensure apprentices and trainees are better suited to the role. Information about recruitment practices could be included in a broader supervisor training program.

More attention is needed to ensure off-the-job training for apprentices and trainees is high quality and delivered in a timely manner.

This is a complex area heavily influenced by government policy and funding at both federal and state levels. Many training providers are also impacted by the same workforce shortages that are occurring across the economy.



All registered training organisations, whether public or private, should pay close attention to the experiences of employers outlined in this report. The best training outcomes will occur when there is close alignment and coordination between the training delivered on and off the job, meeting the needs of both the employer and apprentice. This requires modern and accessible training facilities, a clear understanding of industry needs, skilled

and experienced trainers, flexibility in delivery, good communication, proactive use of recognition of prior learning and more. Above all, it requires system and funding settings that effectively enable registered training organisations to deliver these high quality off-the-job training experiences for employers and apprentices and trainees alike.

RECOMMENDATIONS

- 9** Make supervision training for supervisors and new employers of apprentices and trainees more widely available. This training is likely to be most effective if delivered in an industry-specific manner in partnership with relevant industry bodies, as recommended through the Strategic Review of Australian Apprenticeship Incentives.³²
- 10** In consultation with industry, ensure policy and funding settings enable, rather than constrain, the ability of registered training organisations to deliver high quality off-the-job training that meets the needs of employers in context of the challenges highlighted through this report.

About this research

While there have been countless reviews and research reports focussed on apprenticeships and traineeships in Australia in recent decades, few have considered in detail the direct experiences of employers in the system.

Australian Industry Group seeks to strengthen the evidence base in this area, drawing on its deep connections with businesses of all sizes and across a wide cross-section of the Australian economy.

This research was underpinned by the insights and evidence contained within Australian Industry Group's dedicated Centre for Education and Training, interviews with a broad range of Australian Industry Group members and a survey of employers conducted in April and May 2025.

The survey received 138 individual responses from a wide range of Australian businesses in sectors that employ apprentices and trainees. Collectively, they employ about 30,000 employees, including 1630 apprentices and 945 trainees.

The majority of survey responses came from the east coast of Australia (Queensland, NSW, ACT and Victoria), accounting for 85% of survey respondents. Western Australia, South Australia and Tasmania accounted for 15% of survey respondents.

Represented in the survey are companies from a range of industry sectors including manufacturing (41%), construction (28%), services (22%) and mining (5%).

The majority of respondents (82%) represented small and medium-sized businesses, while companies employing at least 200 full-time equivalent (FTE) staff represented 18% of respondents.³³

Figure 17: Survey Respondents by industry

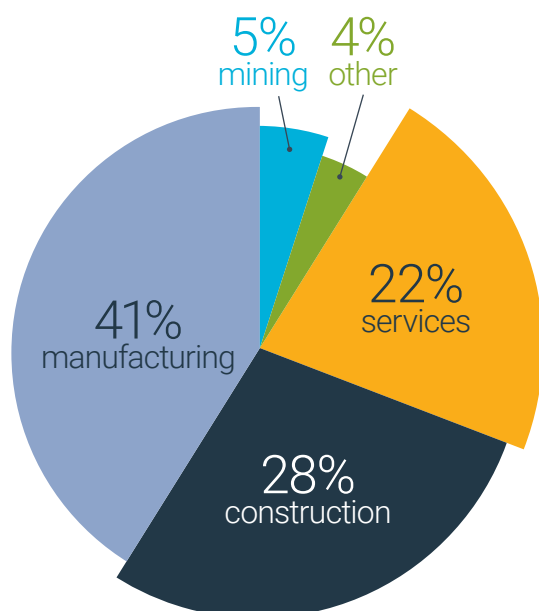
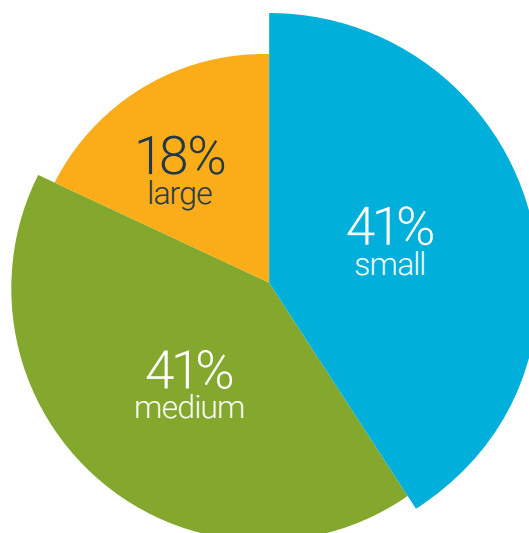


Figure 18: Survey Respondents by company size



Source: Ai Group CET Apprenticeships and Traineeships Survey 2025

Endnotes

- 1 Jobs and Skills Australia, [Employment Projections](#) accessed 11/06/2025
- 2 Housing Industry Association, [83,000 more tradies urgently needed](#) accessed 11/06/2025
- 3 Ai Group, [Australian Industry Outlook for 2025](#)
- 4 Ai Group Centre for Education and Training, [Skills and Workforce Survey: Listening to Australian businesses on workforce and skills 2024](#)
- 5 OECD, [Seven Questions about Apprenticeships: answers from international experience](#)
- 6 NCVER, [Employers' use and views of the VET system](#), 2023
- 7 Ai Group Centre for Education and Training, [Connecting the Dots: Exploring young Australian's pathways from education and training into work](#), 2023.
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