Apprenticeship Priority List
Revised Methodology

October 2025

Australian Subcontractors Alliance
Joint Submission

AMCA AUSTRALIA

MASTER PLUMBERS AUSTRALIA AND NEW ZEALAND

neca national electrical and communications association

National Fire Industry Association Australia Contractors at the Frontline of Fire Protection

RACCA AUSTRALIA

Specialist Contractors Association

Surveyors Australia

Introduction

The Australian Subcontractors Alliance (ASA) appreciates the opportunity to contribute to the consultation on the revised methodology for the Australian Apprenticeship Priority List (APL).

The ASA is a peak representative body alliance, bringing together the leading national associations whose members are at the frontline of building, servicing, and maintaining Australia's future. Our alliance includes the Air Conditioning and Mechanical Contractors' Association (AMCA), Master Plumbers Australia and New Zealand (MPANZ), the National Electrical and Communications Association (NECA), the National Fire Industry Association (NFIA), and Surveyors Australia.

Our members, who are predominantly small and medium-sized enterprises (SMEs), are the single largest investors in the apprenticeship and traineeship system. They are the employers who train the skilled workforce required to deliver on every key national priority, from the Net Zero transition and digital transformation to public health, life safety, and the government's housing and infrastructure agenda.

We support a transparent, evidence-based methodology. However, for the APL to succeed, it must be stable, simple to administer for the SMEs who use it, and strategically aligned with the true costs and bottlenecks in the skills pipeline. This submission presents a synthesised, evidence-based position on behalf of these critical industries.

Executive Summary

The ASA's recommendations are built on the consistent, evidence-based arguments from across Australia's core subcontracting sectors. We find that the current system's volatility and its misalignment with the real-world costs of training are its primary failures.

The ASA proposes a revised methodology founded on six key principles:

- **Embrace Stability:** Move from a volatile annual list to a triennial (three-year) review cycle to provide the investment certainty that businesses require to commit to multi-year apprenticeships.

- **Prioritise SMEs:** Actively design the system for SMEs, who are the backbone of the apprenticeship system, by reducing administrative complexity and targeting support.

- **Prioritise GTOs:** Equally design the system to accommodate the complexities of GTOs who are also the backbone of the apprenticeship system, achieving far higher retention rates and completion of the full scope of training.

- **Prioritise financial support for adult apprentices** in the first two years of the apprenticeship a cohort of disenfranchised applicants to a trade career pathway who historically had retentions rates similar to GTOs.

- **Align Incentives with True Costs:** Restructure incentives to reflect the high initial cost of training. Current incentives are a fraction of the real cost, which MPANZ calculates at over $250,000 per apprentice over four years.

- **Recognise 'Critically Enabling' Professions:** While maintaining a focus on OSCA Groups 3 and 4, the methodology is illogical if it excludes 'critically enabling' professions (like Surveyors, OSCA Group 2) whose shortages create systemic bottlenecks for all other priority trades.

- **Reward Quality Training:** Incentivise proven, high-quality training models. NFIA and NECA report completion rates exceeding 90% through industry-led RTOs and Group Training Organisations (GTOs), far more than the national average.

- **Implement Flexible Targeting:** A single national list is a blunt instrument. The methodology must be flexible enough to target acute regional shortages and respond to emerging occupations driven by new technology and licensing.

Recommendations – The Detail

Stability and Certainty as a Core Principle

A constant theme across all ASA member organisation submissions (NFIA, 2025; Surveyors Australia, 2025) is that business certainty is essential for a multi-year training investment. A list that changes annually undermines employer confidence and disrupts workforce planning.

Furthermore, this volatility creates significant sovereign risk for long-term national objectives. As the Productivity Commission (2023) notes, policy stability is a key driver of business investment. An employer cannot confidently commit to a four-year training contract if the support framework is subject to annual, unpredictable change.

Recommendation:

- The APL's core occupational list must move to a **triennial (three-year) review cycle**, aligned with major Jobs and Skills Council (JSC) and National Skills Agreement reviews.
- An annual mechanism should exist *only* to *add* new or emerging occupations based on urgent JSC advice, not to remove existing ones.
- All incentives for an apprentice commenced under a valid APL must be **grandfathered for the full duration** of their training contract.

A Strategic Focus on Small and Medium Enterprises (SMEs)

Our ASA member organisations (NFIA, 2025; Surveyors Australia, 2025) represent industries dominated by SMEs. These businesses are the foundation of the VET system, with the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) (2023) confirming they employ the majority of all apprentices and traineeships in Australia.

Despite this, SMEs face the highest proportional burden from administrative complexity and cash-flow constraints (ASBFEO, 2023, p. 19). A complex, difficult-to-navigate incentive system actively discourages these employers from participating.

Recommendation:

- The methodology must prioritise simplicity and accessibility for SMEs.
- The government should partner with JSCs and peak industry bodies to reduce the administrative burden and streamline the claims process.

Aligning Incentives with the True Cost and Risk of Training

The current incentive model is fundamentally misaligned with the financial reality of training an apprentice. MPANZ (2025) calculates the total employment cost of a plumbing apprentice at over

$250,000 over four years, with approximately **$47,000** of that cost being "unproductive" wages paid while the apprentice attends college. The current $5,000 employer incentive represents only 2% of the total cost and just 10% of the direct college cost (MPANZ, 2025).

This cost is heavily skewed to the first two years, where supervision is highest and productivity is lowest. This is supported by independent analysis from the National Centre for Vocational Education Research (NCVER) (2022), which identifies a significant "net cost to the employer in the initial years" (p. 11) of most trade apprenticeships.

AMCA (2025) proposes a front-loaded model to address this, offsetting the high costs of initial supervision and discouraging the "poaching" of third or fourth-year apprentices, which penalises the employers who made the initial training investment.

Recommendation:

- The incentive structure must be **front-loaded to the first and second years** to align with the period of highest employer cost and risk.
- The government must commission independent analysis to model the *true* net cost of training across priority trades and recalibrate incentive quantum to be a meaningful contribution.

Expanding the Scope to 'Critically Enabling' Professions

A major flaw in the proposed methodology is its rigid reliance on OSCA Major Groups 3 and 4. This excludes professions that are fundamentally essential to the *entire* construction and infrastructure pipeline.

As Surveyors Australia (2025) argues, "no construction or infrastructure project (the core business of Group 3) can commence without them" (p. 6). A methodology that incentivises trades but ignores the professions that *enable* their work is illogical and self-defeating.

This is not a theoretical problem. Jobs and Skills Australia (JSA) (2023) lists Surveyors (Group 2) as being in national shortage with "strong future demand" (p. 78), alongside electricians (p. 81) and Plumbers (p. 82). The APL must be smart enough to recognise that a bottleneck in a Group 2 "enabling profession" creates a systemic failure for all of Group 3.

Recommendation:

- The methodology must be expanded to include a new category for **"Critically Enabling Professions."**
- An occupation in any OSCA group must be eligible for the APL if a national shortage is confirmed by JSA *and* that shortage is proven to be a critical bottleneck for the delivery of national priorities (e.g., housing, energy, infrastructure).

Rewarding High-Quality, Industry-Led Training Models

The methodology should not be blind to the *quality* of training delivery. A core theme from our members is the proven success of structured, industry-led training models.

NECA (2025) and NFIA (2025) both report that their industry-specific GTOs and industry-led RTOs achieve **apprentice completion rates exceeding 90%**. This contrasts sharply with significantly lower national averages of less than 60% (NCVER, 2023). These high-performing models succeed through rigorous candidate screening, strong pastoral care, and dedicated mentoring (NECA, 2025). This aligns with NCVER (2023) research, which finds that apprentices with GTOs report high levels of satisfaction with "off-the-job" and "on-the-job" support (p. 24).
It is further acknowledged that GTOs are generally more able to provide the full scope of “on the job” training in all components of the qualifications.

Recommendation:

- The methodology should create pathways to **recognise and reward high-quality training models** that demonstrably achieve above-average completion rates.
- This could include supplementary incentives for employers who partner with accredited GTOs or industry-RTOs that meet a defined quality standard.

Flexibility for Regional Needs and Emerging Occupations

Finally, the APL must be a flexible tool, not a blunt instrument. A single national list fails to address acute skills deficits in regional Australia (Surveyors Australia, 2025). Furthermore, it is too slow to adapt to new technologies and licensing regimes.

AMCA (2025) highlights the emergence of "duct installation" as a licensed trade in NSW, a role critical to fire safety and energy efficiency, which is not yet captured by traditional apprenticeship pathways. Similarly, the transition to new refrigerants and heat-pump technology (AMCA, 2025; MPANZ, 2025) requires a system that can adapt.

Recommendation:

- The methodology must incorporate **jurisdictional and regional overlays** to allow states and territories to target acute local shortages.
- The JSCs must be empowered to provide real-time advice on **emerging occupations and pathways** to ensure the APL remains aligned with technological and regulatory changes.

Conclusion

The members of the Australian Subcontractors Alliance are committed partners in developing Australia's skilled workforce. Our members employ and train the technicians, tradespeople, and

professionals who will build Australia's homes, secure its energy grid, and ensure its public safety.

We urge the Department to adopt a methodology that is stable, commercially realistic, and strategically intelligent. By providing long-term certainty, aligning incentives with the true cost of training, and recognising all professions critical to the pipeline, the government can build a robust skills base capable of delivering our shared national objectives.

The ASA and its members would welcome the opportunity to discuss these recommendations further.

ASA Member Organisations

AMCA Australia is the national industry body for businesses in the heating, ventilation and air conditioning (HVAC) sector. We represent companies involved in the manufacture, supply, design, installation and maintenance of air conditioning systems that create safe, healthy and productive indoor environments. With a presence across all states and territories, we offer strong national advocacy alongside locally tailored support.

The Master Plumbers Australian and New Zealand (MPANZ) is the collective voice for the Australian and New Zealand plumbing industry and collaborate on a national and international level. Our members are individuals or companies engaged in the installation of Gas, Water Reticulation and Irrigation Systems, Fire Protection Services, Heating and Cooling, Mechanical Services/Air Conditioning Systems, Sanitary Disposal, Drainage, Metal Roofing, Wall Cladding and other Plumbing Services.

The National Electrical and Communications Association (NECA) is the peak industry body representing the interests of over 6,500 electrical and communications contracting businesses across Australia. NECA is run by contractors, for contractors, and represents members in all states and territories of Australia. Our boards (national and state) are made up of electrical and/or communications contractors from a range of small, medium and large enterprises ensuring that contractors are well represented.

The National Fire Industry Association, Australia (NFIA) is an Australia-wide community of fire protection contractors, their people, suppliers, consultants and industry stakeholders representing a wide and varied membership from the smallest sub-contractor through to large Australia-wide construction and service businesses. Our Members work at the frontline of fire protection with an estimated 80 per cent of the fire protection work undertaken in Australia completed by Members of NFIA.

The Refrigeration and Air Conditioning Contractors Association (RACCA) is an organisation that represents the interests of refrigeration and air conditioning contractors across Australia, from employers and businesspeople.

Surveyors Australia is the national peak body representing over 600 professional surveying firms across the country. Our members are the foundational layer of Australia's built environment, underpinning every infrastructure, housing, mining, and development project from inception. No building can begin without a surveyor – they are the first on-site, defining the legal boundaries, mapping the terrain, and enabling construction to proceed with certainty and precision.

The Specialist Contractors Association is comprised of leading industry trade associations in the South Australian building and construction industry the members of which collectively represent the subcontractor sector including electrical, communications, plumbing, mechanical services, refrigeration and air conditioning, fire and security.

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