



79 Constitution Avenue
Campbell ACT 2612
02 6245 1300

20 October 2025

Department of Employment and Workplace Relations
AETT@dewr.gov.au

Revised methodology for the Australian Apprenticeship Priority List

Dear Sir/Madam

Thank you for the opportunity for the Housing Industry Association (HIA) to provide comment on the revised methodology for the Australian Apprenticeship Priority List.

HIA acknowledges the Australian Apprenticeship Priority List (AAPL) is an important tool to enable government and industry to focus and prioritise those industries most in need of assistance.

It is well established that Australia is in a national housing crisis and current housing forecasts showing that Australia is expected to fall at least 200,000 homes short of the Australian Government's target to build 1.2 million new homes by 2029.

These housing shortages are being felt across every region of the country, and it has a snowball effect to all areas of the economy, affecting housing, rental availability, cost of living and employment outcomes.

These shortages of housing reflect a significant, long term shortfall of supply and will only become more pronounced in future years with long term population predictions indicating Australia's population will grow to 34-43 million by 2050.

For housing construction there is no single issue solution to fix the supply crisis. It cuts across land availability, access to secure long term material, regulation setting, planning delays, infrastructure investment and means to support greater innovation and productivity.

Fundamental to all of this is having the availability of labour to deliver these homes. Unfortunately, Australia faces a chronic shortfall in the workforce capacity to deliver the number of homes Australia needs.

Achieving the level of new home building activity needed to build the Federal Government's commitment of 1.2 million homes equates to a 39% increase from the 2023 level.

To enable this level of home building, HIA estimates that the residential building industry trades workforce needs to increase by at least 30%. This means the industry needs over 83,000 additional trades workers to achieve the Governments home building target.

This was further reinforced by BuildSkills Australia highlighting that the 1.2 million new homes by 2029 is at risk, with fresh analysis warning the country will need an extra 116,700 construction workers.

Critical role of employer incentives

With boosting housing supply so intrinsically linked to all areas of the economy and cost of living for homeowners. This was further witnessed in the recent Economic Reform Roundtable, where boosting housing supply and productivity were key items prioritised arising from the Roundtable.

Whilst reducing red tape and reforming environment and planning approvals were important items arising, key to increasing the number of homes being delivered is getting all hands on deck in housing construction.

For housing construction this means significantly boosting the number of apprentices in housing and boosting the completion rates for those undertaking an apprenticeship.

One of the most effective tools the Federal Government can pull to increase apprentice numbers is through support (incentive) payments for employers to take on and mentor apprentices in housing construction.

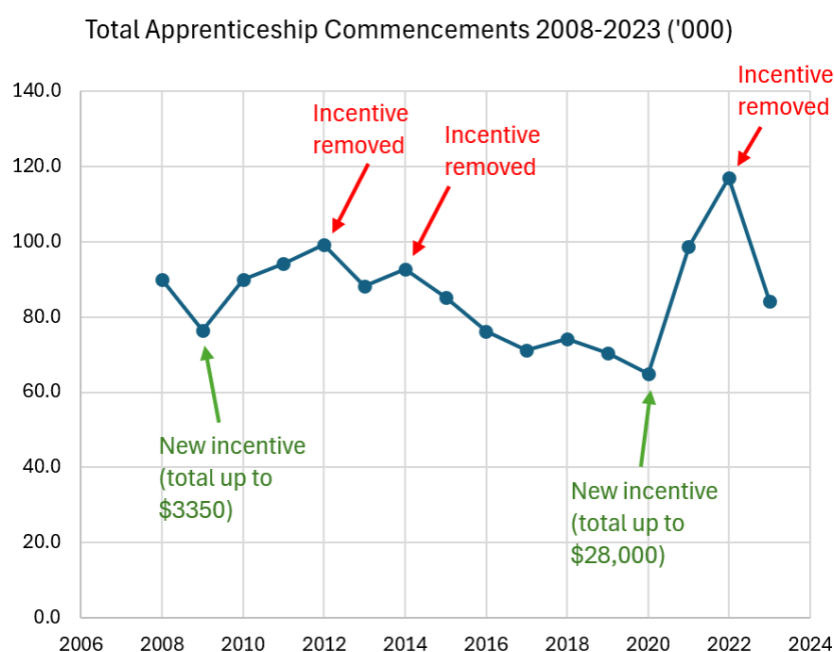
Whilst schemes to support apprentices to undertake an apprenticeship are important, without an employer or “host” there is no employment opportunity for the apprentice. The two work hand in hand.

This is particularly important to support and incentivise small and micro businesses to take on, train and mentor apprentice through their four years of an apprenticeship.

With many competing workplace requirements, the mentoring, training and support role of the employer or host is critically important and often misunderstood.

Equally for apprentices going through a Group Training Scheme (GTO) when costs are generally higher and risks more pronounced for GTO employers it can provide an important boost to take on more apprentices and support them through to completion.

As shown in the table below, apprentice numbers are highly cyclical and past employer incentives and their subsequent removal have played a pivotal role in numbers of apprentices coming, or not coming, through. This illustration paints a compelling picture of the important role employer incentives can play for priority industries like construction.



HIA recommendations for financial support for employers

The residential building industry employs a large number of apprentices, many of whom are employed by small businesses. These businesses operate in a highly cyclical industry and manage their workforce accordingly.

The apprentice employment opportunities they create are subject to this cyclicality. Wage subsidies assist employers maintain apprenticeships throughout business and economic cycles.

Consequently, supporting the employers who create learning opportunities for apprentices is critical to both attracting and retaining apprentices for the entire duration of an apprenticeship.

The Strategic Review of the Australian Apprenticeship Incentive System (the Strategic Review) recommended transitioning to an incentives gateway that is aligned with the government's economic priorities.

The Priority Wage Subsidy, which assists by offsetting the cost of apprentice wages for up to three years, has proven vital in sustaining employers who have engaged apprentices. Programs of this type have demonstrated the efficacy of wage subsidies in lifting apprentice numbers.

An aspiration of more targeted apprenticeship gateways to improve economic and social outcomes is welcome as an open model for all sectors is not budget sustainable.

Therefore, HIA is supportive of targeted industries, critical to the nation's economy and policy priority areas like housing, health, net zero transition and future made in Australia.

In the short term, the Government should commit to an extension of the financial supports provided to both apprentices and employers via the Australian Apprenticeships Incentive System, including the Priority Wage Subsidy.

This should remain in place until the revised methodology for the AAPL has been finalised and a comprehensive plan for reform developed.

Thank you for considering our views on this important matter and more detailed responses to the discussion paper are provided at Appendix A.

If you wish to discuss any aspects of this submission I can be contacted on 02 6245 1352 or via email (s.croft@hia.com.au).

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED



Simon Croft
Chief Executive – Industry & Policy

Questions for discussion

1. What, in your view, should be the core purpose and scope of the Priority List?

The core purpose and scope of the Priority List should be to provide government the opportunity, based on contemporary evidence, to make decisions of what assistance is required for those industries experiencing a skills shortage. This will assist to ensure those industries remain productive, with positive economic and social outcomes.

The Priority List should be contained to those industries that have the greatest national productivity impact.

2. How should Australia's economic and social equity objectives be defined?

- What is the best option to articulate Australia's economic and social equity objectives to guide the Priority List? E.g. NSA, the National Agreement on Closing the Gap, Employment White Paper or other?
- Is it feasible to consider macro-economic conditions in determining eligibility?
- Would it be appropriate to remove eligibility for occupations with low wage premiums and /or persistent levels of non-compliance with workplace laws? Would there be any perverse outcomes as a result?

Australia is currently experiencing an unprecedented degree of competition for skills, particularly in the construction sector. Australia is in the fortunate position of having several large-scale projects running concurrently, to mention a few AUKUS, National Housing Agenda, Brisbane Olympics 2032, Net Zero and energy efficiency targets and other various significant state infrastructure projects. Though this creates a strain on (human) resources and in many instances necessitates the need for workers to develop new skills and or deepen existing skills.

Australia's economic and social equity objectives must be cognisant of the current competition for skills and the impact this is having on productivity presently and in the foreseeable future.

Eligibility should be determined based on a balanced consideration of a range of economic conditions, and as appropriate pertinent to time and location.

Subject to an appropriate degree of caution macro-economic conditions are feasible for guiding eligibility requirements.

3. To what extent should the Incentive System be able to flex up and down (i.e. quantum and eligibility) in response to shifting economic conditions and how might this be balanced with ensuring objectivity and certainty?

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

An Incentive System requires design and implementation that is both flexible and responsive to market yet also provides certainty for industry. It is acknowledged this is a delicate balance, though is considered achievable provided the Priority List is based on contemporary statistical evidence and thorough engagement with industry to factor in the current state of play and trends that can be reasonably forecast.

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

Periodic review of the Priority List would provide the degree of certainty industry requires. A period of every three years would be reasonable with an industry consultation lead in of six months prior.

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

It would be viable that select non-apprenticeship pathways have access to incentives. These would need to be based on rigorous criteria as to their contribution to national productivity.

HIA submit the residential construction industry has several non-apprenticeship roles that make a significant contribution to national productivity and suffer from a skills shortage. It is these non-apprenticeship roles that would be viable to have access to incentives.

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

As mentioned in our response to Q3. A balance of flexibility and certainty in the design and implementation will be crucial to the success of the Priority List.

To capture and support new and emerging occupations or apprenticeship pathways will be a specific element of industry consultation and opportunity may need to be provided for this to occur outside of any periodic review that may be determined. That is the new and emerging occupations or apprenticeship pathways be identified and flagged outside of a review but not included till the Priority List is refreshed so as not to distort or compromise existing incentives being delivered.

7. Should the Priority List have a jurisdictional or regional element to it?

Yes. The Priority List should be able to distinguish and target if needs are different based on location. Acknowledging a system such as this does not want to become overly complex it is important that mechanisms are built in to avoid a one size fits all approach.

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

Yes. However, a narrower Priority List should be approached with a degree of caution. Notwithstanding perceived efficiencies that might be able to be gained there is also a risk of unintended and yet unknown consequences.

The Priority list must be restricted to occupations that are in shortage and identified as a national priority. A narrower scope for the Priority List should equate to increased support for occupations that are on the list.

HIA submit that relatively small incentives do not change behaviour, incentives need to be greater to entice an employer to take on an apprentice.

Further detail is required to fully comprehend and determine what might be the pros and cons of a narrower Priority List.

9. Should the Priority List identify different types of occupation shortages (i.e., attraction, completion or retention gaps) so that incentives can be tailored accordingly?

In principle HIA supports the Priority List identifying different types of occupation shortages (i.e., attraction, completion or retention gaps) so that incentives can be tailored accordingly. Yes. Though as attraction, completion and retention can be interdependent there may be difficulties in achieving this. Further discussion is required.

10. The current Priority List methodology is focused on OSCA Major Groups 3 (Trades and Technicians) and 4 (Community and Personal Service Workers), should this be expanded to other Major Groups and on what basis?

The Australian Apprenticeship Priority List should be focussed on occupations for which an apprenticeship is the main training pathway. The list should consider occupations on the basis of the training pathway rather than the OSCA classification.