

Australian Apprenticeships  
Department of Employment and Workplace Relations  
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Dear Australian Apprenticeships Priority List team

### **A revised methodology for the Australian Apprenticeship Priority List**

#### **Introduction**

The Council of Small Business Organisations Australia (**COSBOA**) is the peak industry body representing the interests of Australia's 2.5 million small businesses. Small businesses constitute 97.3% of all Australian businesses and collectively employ a significant portion of the Australian workforce. The ATO defines small business as those employing between 1-20 employees. Within this, there are approximately 693,000 businesses with 1-4 employees, 232,000 with 5-19 employees. The remainder is made up of approximately 1.6 million self-employed businesses.

Small businesses play a crucial role in the apprenticeship ecosystem, providing hands-on, personalised training experiences that larger organisations often cannot match. Despite this vital contribution, the current Australian Apprenticeship Priority List methodology does not sufficiently account for the unique circumstances and needs of small business employers.

Our response to the questions outlined in the Discussion Paper are as follows.

#### **Core Purpose and Scope of the Priority List**

The Priority List should serve as a tool to direct apprenticeship incentives towards occupations facing genuine national, regional, or emerging skills shortages, supporting Australia's economic productivity and community needs. Its scope must include both historic areas of shortage and sectors critical to future growth. For small businesses, this can mean coverage of trades, care, and service roles, as well as new and emerging sectors tied to Australia's strategic objectives.

#### **Defining Australia's Economic and Social Equity Objectives**

We consider the objectives should holistically consider various factors such as the National Skills Agreement, the National Agreement on Closing the Gap, Employment White Paper as well as macroeconomic conditions. Macro-economic conditions should inform eligibility flexibly but at the same time does not overcomplicate access for employers.

We consider that removing occupations with low wage premiums or persistent non-compliance may result in unintended consequences such as shrinking important but undervalued industry pathways. Additionally, we consider these to be a matter for the State governments, not for the purpose of incentives or the priority list.

#### **Flexibility versus certainty in the Incentives System**

The system should be responsive to changing conditions such as skills demand, economic factors, and workforce diversity. COSBOA's Small Business Skills and Training Needs Survey report found that

the biggest challenges members found when starting or providing training to employees was due to the time and cost investment required. Other challenges also highlighted outdated training programs, lack of flexibility, and the use of stereotypes and biases in training.

As a result, COSBOA considers settings should be reviewed annually, with the ability to respond to any major economic shifts built into the system. Whilst small businesses require flexibility, certainty is essential for small business planning and ongoing business growth.

#### Priority List

The most effective process for identifying and making updates to the Priority List is one that is transparent, features open consultation and considers small business needs. An annual review should provide adequate frequency and an ability to adjust to economic shocks.

#### Incentives for Occupations with Non-Apprenticeship Pathways

Yes, as mentioned previously, small businesses require flexibility that meets business needs. Small businesses rely on a wide mix of learning beyond traditional apprenticeships, including informal learning, micro-credentials, traineeships, cadetships, internships, and on-the-job upskilling. Lifelong learning and the role of micro-credentials to reskill and upskill existing workers, are extremely important in the workplace.

#### Capturing New and Emerging Occupations

The Priority List must integrate mechanisms to rapidly identify and support new occupations, or emerging skills needs. Consultation with peak industries like COSBOA can help reveal gaps and provide on the ground data and insight.

#### Jurisdictional or Regional Consideration

The Priority List must include regional and jurisdictional elements. Some local skill shortages may not appear nationally but are vital for regional economies. By tailoring regional incentives, small businesses in rural and remote areas will be empowered to train and employ apprentices. What the appropriate weighting looks like is a matter for consideration by Jobs and Skills Australia and the Regional Development Authority.

#### Narrow Targeting of Incentives

The Government taking a narrower approach to the Priority List to target incentives is not an ideal approach. Whilst it may help address skill shortage, there is a concern that additional incentives focussed on one cohort may take away incentives from another area. This may be better left for the States to address.

#### Identifying Shortage Types within the List

COSBOA considers that different types of occupation shortages (i.e., attraction, completion or retention gaps) should be identified in the Priority List. This can allow incentives to be tailored and help small businesses invest in successful training outcomes and workforce development. However, consistent with our previous response, we need to consider how the priority list will be assessed.

#### Expanding to Other Major Groups

COSBOA considers that expansion beyond the current OSCA Major Groups 3 and 4 is necessary as critical shortage areas emerge in new industries (such as digital or care sectors). This should be based on clear labour market data and consideration of emerging sectors.

## Conclusion

Revising the Australian Apprenticeship Priority List methodology represents a critical opportunity to strengthen the nation's skills pipeline by better engaging the small business sector. COSBOA is ready to collaborate with the relevant government departments and agencies to develop and implement these improvements with small business at the forefront. Together, we will be able to unlock the full potential of small businesses as training providers and create more sustainable pathways for skills development across Australia.

Kind regards,



**Matthew Addison**  
Chair, COSBOA