

*VACC Submission*

# VACC Response to the Consultation on the Australian Apprenticeships Priority List

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## Contact

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## About VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians. VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), tyre dealers and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.



## Introduction

The Victorian Automotive Chamber of Commerce (VACC) welcomes the opportunity to respond to the Department of Employment and Workplace Relations Discussion Paper on recommendations to support a more targeted apprenticeship gateway to improve economic and social outcomes.

VACC is the peak retail automotive retail association in Victoria and Tasmania and employs over 550 auto apprentices through its Group Training Scheme as well as being a key contributor to national automotive industry industrial relations consultations.

The Victorian automotive industry is currently managing a significant workforce challenge, with businesses across the state working to address gaps in critical positions. In a comprehensive analysis by Deloitte Access Economics, commissioned by the VACC, data shows that 37% of advertised roles were successfully filled in 2024, below the 67% threshold Jobs and Skills Australia (JSA) uses to determine occupational shortages. This context has informed VACC's response to the Discussion Paper questions.

VACC would also note that it supports the recommendations outlined by the Motor Trades Association of Australia (MTAA) in their submission.

## VACC response to discussion questions

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

The core purpose of the Australian Apprenticeships Priority List should be to identify and support trades and occupations critical to Australia's current and future economic growth that currently face, or are likely to face, national skills shortages. The scope should include emerging skills and occupations, and occupations that contribute significantly to national priorities such as environmental sustainability.

Furthermore, the Priority List should be adaptable to demographic changes and facilitate the inclusion of underrepresented populations, including women in automotive trades, which have historically been male-dominated, as well as apprentices residing in regional and remote locations, and mature age apprentices.

Finally, the Priority List should be focused on rewarding best-practice, supporting apprentice retention, and building an adaptable, skilled workforce that meets both current and future demands.

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

#### i. 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?

VACC does not consider the Australian Apprenticeship Incentive System to be the appropriate framework under which to define economic and social equity objectives – these should be clearly articulated by the Australian Government through the Federal Budget or an alternative centralised framework, to ensure policymaking across all branches of government works towards a consistent and transparent set of goals.

#### ii. Is it feasible to consider macro-economic conditions in determining eligibility?

VACC considers that while it may be feasible to consider macroeconomic conditions when determining eligibility under the Incentive System, doing so would add considerable complexity to existing processes and create uncertainty for industry.

The dynamic nature of macroeconomic conditions, such as fluctuations in employment rates, inflation, and global market influences, means that eligibility criteria could be subject to frequent changes, making it challenging for both employers and apprentices to plan for the future. This unpredictability could deter participation in apprenticeship programs, as stakeholders may be reluctant to invest time and resources to keep up with changing eligibility rules. Such reactive policy changes may also inadvertently exclude deserving candidates or industries during periods of economic volatility.

Further, the administrative resources required to continually monitor and adjust eligibility in line with economic indicators would be significant, given the frequency with which macroeconomics shocks affect the Australian economy, the unknown duration of such shocks, and the difficulty in determining causal links between macroeconomic changes and outcomes for apprentices in any particular market (particularly any lagging impacts). VACC considers that resources could be better utilised by focusing on other aspects to improve the Incentive System, such as better support and guidance for small business and regional employers.

### **iii. 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?**

VACC does not support removing eligibility for occupations with low wage premiums and/or persistent levels of non-compliance with workplace laws under the Australian Apprenticeship Incentives System.

The Priority List reflects occupations in shortage at a point in time. However, wages are affected by a range of longer-term factors, including economy-wide factors such as labour force participation, and industry-specific factors such as technological advancement or training requirements. Any inferences made from assessing wage premiums at a point in time carry significant risk of inaccurately measuring the value of those occupations to the employers and to the economy more broadly – as well as to the apprentices themselves, through the career pathways provided in industries such as automotive.

VACC also cautions against attempting to use the Priority List to enforce workplace laws, as there is already an existing regulatory framework that is better equipped to address non-compliance.

Alternatively, some focus should be given to rewarding industry best-practice and employers who demonstrate good apprentice retention outcomes.

### **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?**

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

See VACC response to question 2 (ii).

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

VACC considers the current process of updating the Priority List annually on 1 January to be appropriate for identifying new occupations in shortage. Occupations already on the Priority List would be more appropriately reassessed for continued inclusion every 2 or 3 years, to minimise policy uncertainty and regulatory burden on employers.

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

No. VACC strongly supports targeting incentives exclusively to occupations for which apprenticeships are the primary entry pathway. This will help support the sustainability of the vocational education and training sector as well as provide signals to training providers as to where they should prioritise investment.

It would be more appropriate to establish a separate framework or process to determine the needs of non-apprenticeship occupations.

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

To ensure the Australian apprenticeships Priority List captures and supports new and emerging occupations, VACC considers it important to establish processes for regular consultation with industry stakeholders, training organisations, and regional representatives to identify skill demands as they arise, particularly in sectors experiencing rapid

technological change or growth. Incorporating mechanisms for fast-tracking the inclusion of occupations identified through industry-led market intelligence would further enhance the framework's agility and responsiveness.

Additionally, the Priority List could benefit from a dedicated process for reviewing emerging trends with industry participation, or by allowing for provisional or conditional listing for occupations or pathways that are anticipated to become critical in the short-to-near term, but which may not yet have widespread uptake. This approach would help ensure that incentives remain relevant and that Australia's skills development strategy keeps pace with both current and future needs, ultimately supporting new industries and career opportunities as they evolve.

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

VACC supports the inclusion of regional or jurisdictional components to the Priority List that are informed by an evidence-based, consultative and transparent process.

Regional labour markets across Australia often face distinct challenges, such as skills shortages in specific industries, differing population growth rates, and unique economic drivers, that may not be adequately captured by a national-level approach alone. For example, regional automotive employers are more exposed to thin markets, where current funding structures and RTO business models fail to accommodate small training groups (typically five or six students), often leaving these employers without a readily available pool of skilled workers.

Expanding the Priority List to recognise regional differences and challenges would allow government investment to be better tailored to address localised skills shortages, and ensure incentives are directed where they will have the greatest impact.

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

VACC supports an objective, transparent and nuanced approach to the Priority List that accurately identifies current and emerging occupational skills shortages requiring priority investment from the Australian Government.

Accordingly, VACC supports a narrower and deeper targeted investment in a subset of priority occupations where needs in particular occupations are particularly acute, or where this additional investment supports existing government objectives.

## **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?**

VACC agrees that the Priority List should identify different types of occupation shortages, such as attraction, completion, or retention gaps, so that incentives can be more effectively tailored to address the specific challenges faced in each area.

By recognising the unique barriers impacting workforce supply, targeted incentives can be developed to not only attract new entrants but also support completion of training and improve retention within critical occupations. This approach ensures that resources are allocated where they will have the greatest impact, helping to address shortages more strategically and sustainably.

## **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?**

VACC does not recommend expanding the current Priority List to any other groups.

