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17 October 2025

Department of Employment and Workplace Relations
GPO Box 9828
Canberra ACT 2601
Australia

RE: Australian Apprenticeship Priority List

On behalf of the Air Conditioning and Mechanical Contractors' Association of Australia Limited (AMCA), please find enclosed our submission in response to the consultation on the revised methodology for the Australian Apprenticeship Priority List.

AMCA represents specialist mechanical-services contractors across Australia who design, install, commission, and maintain heating, ventilation, air conditioning, and refrigeration (HVAC&R) systems — a trade sector with critical links to energy, health, safety, and digital infrastructure.

Drawing on our members' operational experience, this submission proposes reforms to align incentives with public and economic benefit better, strengthen stability and transparency in the system, and accommodate evolving technologies and state licensing differences. It emphasises the central role of HVAC&R — and previously unrecognised trades such as duct installation — in contributing to Australia's net zero commitments, energy efficiency goals, cold-chain resilience, building safety, and data infrastructure viability.

Our recommendations will enhance the effectiveness of the Priority List, strengthen the pipeline of skilled entrants, and support both national and regional workforce priorities.

We would welcome the opportunity to meet with your team to discuss any aspect of our submission and explore strategies for implementation.

Thank you for considering AMCA's views. We look forward to supporting the Department in redesigning a robust and future-proof Priority List.

Yours sincerely,

Ben Hawkins
Chief Executive Officer

Submission

Australian Apprenticeship Priority List

October 2025

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EXECUTIVE SUMMARY

The Air Conditioning and Mechanical Contractors' Association of Australia (AMCA) welcomes the opportunity to provide feedback on reforms to the Apprenticeship Priority List. The Priority List is a critical policy tool determining how incentives are allocated, directly shaping which industries attract apprentices and how Australia develops the skilled workforce needed to meet national challenges.

AMCA supports reforms to ensure the Priority List is transparent, evidence-based, and aligned with national objectives. However, reforms must focus on occupations where incentives deliver the greatest public and economic benefit, particularly in high-risk, compliance-driven trades essential to energy, health, and digital priorities.

For the HVAC&R sector, the stakes are particularly significant:

- HVAC&R systems account for up to 70% of energy use in commercial buildings, making technicians critical to energy efficiency and the net-zero transition.
- Refrigeration and building cooling underpin community health and resilience through cold storage for hospitals, aged care, pharmaceuticals, and food supply chains. They are also fundamental trades in the fire protection space through smoke management systems.
- Data centres, a cornerstone of the digital economy, rely on HVAC&R for up to 50% of operational energy and over 20% of build costs. Skilled technicians are fundamental to their viability.

AMCA recommends that the revised methodology:

- Narrow the list to concentrate incentives on trades that deliver clear public and economic benefit.
- Provide flexibility to incorporate emerging pathways, such as duct installation and updated refrigerant training, as technologies and licensing evolve.
- Recognise jurisdictional and regional differences until a nationally consistent licensing framework is achieved.
- Tailor incentives to the type of shortage faced—attraction, completion, or retention—to ensure effective investment.
- Retain Major Groups 3 and 4 as the appropriate foundation for the Priority List, with flexibility to recognise evolving technical roles within these groups.

AMCA's proposed Employer Incentive Model complements the revised Priority List by ensuring that incentives are weighted toward the early years of training—when employer costs are highest—and linked to long-term retention and completion. This approach reflects the actual cost of supervision and compliance in high-risk trades such as refrigeration, air conditioning, and mechanical plumbing, while incorporating safeguards to prevent late-stage apprentice recruitment. In doing so, it promotes fairness, reduces poaching, and directs funding to employers who make the most significant training investment.

A more targeted and responsive Priority List, underpinned by a fair and balanced employer incentive framework, will build a skilled workforce that supports Australia's energy transition, safeguards public health, and strengthens digital and economic infrastructure. AMCA stands ready to work with government and industry to ensure the revised methodology and incentive model deliver these outcomes.

ABOUT OUR INDUSTRY

Heating, air conditioning and ventilation (HVAC) is a significant industry. It contributes over $8 billion to the Australian economy annually, has over 6,400 businesses, and employs over 18,900 people.

The services provided by these businesses are omnipresent in the homes, workplaces and public buildings occupied by the entire community, providing safe, comfortable, healthy, and productive spaces for people to live, work, and recreate.

These services include:

- Heating and cooling for comfort, well-being, and productivity
- Ventilation and indoor air quality
- Fire and smoke control systems
- Air purification for hospitals, laboratories, and other sensitive environments
- Climate control and air quality for commercial and industrial facility premises

Post-COVID, the importance of our industry has become even more widely recognised due to the HVAC&R systems' role in supplying the air we breathe. With people spending around 90% of their time indoors, the air supplied by HVAC&R systems is a critical factor in respiratory health, mental health and well-being, workforce productivity, and general quality of life.

The sector's importance is further emphasised by the fact that HVAC&R systems account for approximately 50% of a building's energy consumption. Indeed, in buildings with older or less efficient systems, HVAC&R can account for over 75% of total energy usage.

CONSULTATION FOR THIS SUBMISSION

In preparing this submission, AMCA Australia has consulted the following groups:

- Our state-based advisory boards comprise business leaders from large, medium, and small mechanical contracting, services, and maintenance businesses nationwide.
- Our National Technical Working Committee comprises mechanical engineers registered under Various state-based registration Schemes.
- Our National Services and Maintenance Committee comprises technicians, site managers, and service managers.

These groups would welcome the opportunity to discuss any issues or views raised in our submission.

OPENING STATEMENT

The Apprenticeship Priority List is the gateway through which government incentives are directed. Its structure directly impacts apprentice attraction, employer participation, and, ultimately, industries' capacity to meet national skills needs.

AMCA acknowledges the concerns identified in the Strategic Review, including the risk of occupations being included without substantial public benefit, the exclusion of regional or jurisdictional shortages, and the lack of transparency in updates. We support reform to address these issues, but emphasise that reforms must retain a focus on trades with mandatory apprenticeship pathways.

The HVAC&R and refrigeration sector is at the centre of Australia's economic transformation towards net zero. HVAC&R roles, through refrigeration technicians, mechanical plumbers, and duct installers. HVAC&R roles are on the electrification agenda's frontline: installing, servicing, and commissioning heat pumps that rapidly replace gas systems in homes, commercial buildings, and industrial processes. This transition cannot occur without a skilled, licensed workforce; apprenticeships are the only sustainable pathway to producing that workforce.

Commercial buildings consume a significant proportion of Australia's electricity, with HVAC&R systems accounting for up to 70 per cent of total energy use in some facilities. Technicians who are trained not only to install but also to design, balance, and commission more efficient systems are therefore critical to improving energy performance and meeting national climate goals. Australia risks falling short of its net-zero commitments without targeted incentives to attract and retain apprentices in this trade.

Beyond emissions reduction, HVAC&R underpins community health and resilience. Reliable cold storage is essential to hospitals, aged care, pharmaceutical supply chains, and food security. Inadequate or poorly maintained refrigeration systems place lives at risk, particularly during health crises or supply disruptions. Therefore, a robust apprenticeship pipeline in refrigeration is directly tied to public safety and community well-being.

As Australia transitions into a digital economy, the role of HVAC&R will only become more pronounced. Data centres are now a cornerstone of economic activity, supporting industries from finance to logistics to communications. HVAC&R systems account for up to 50 per cent of their operational energy and represent more than 20 per cent of capital build costs. Efficient design, installation, and maintenance of these systems are fundamental to the sector's viability. Skilled HVAC&R technicians are not only keeping Australia's data infrastructure running — they are central to its competitiveness on the global stage.

The HVAC&R sector is thus uniquely positioned at the intersection of energy, health, and digital transformation. A stable, well-targeted Priority List that maintains incentives for this sector is essential for industry sustainability, public safety, and achievement of national climate and productivity objectives.

CORE PURPOSE AND SCOPE OF THE PRIORITY LIST

The Priority List must be more than a technical register of occupations in shortage. The central policy tool determines how limited government resources are allocated to sustain and grow the skilled trades workforce. By shaping the incentives flow, the Priority List directly influences which industries attract apprentices, where employers choose to invest in training, and how Australia develops the capabilities needed to meet its future economic and social objectives. For this reason, the methodology underpinning the list must balance transparency, stability, and responsiveness, while remaining firmly anchored in occupations where apprenticeships are the critical entry pathway.

The Priority List should serve three clear purposes:

1. Direct incentives to occupations where an apprenticeship is the mandatory or dominant pathway to a licence or qualification.

2. Target shortages with demonstrable public benefit and alignment with national priorities, such as energy transition and housing supply.

3. Provide certainty for employers and apprentices by avoiding year-to-year volatility in eligibility.

Together, these purposes create a framework that ensures incentives are applied where they deliver the most significant long-term value. This means focusing on high-skill, high-risk trades that underpin public safety, building compliance, and national priorities such as decarbonisation. It also means resisting the temptation to broaden the list in ways that dilute its effectiveness or undermine confidence among employers and apprentices. By clearly defining its core purpose, the Priority List can deliver a sustainable pipeline of skilled workers, support Australia's transition to net zero, and strengthen the resilience of critical industries across the economy.

Defining Economic and Social Equity Objectives

What is the best option to articulate Australia's economic and social equity objectives to guide the Priority List?

The most effective way to define and embed objectives is to align the Priority List methodology with enduring frameworks such as the National Skills Agreement (NSA) and the Employment White Paper. These frameworks already provide a structured articulation of economic and social priorities, capturing areas such as Closing the Gap, gender equality, disability inclusion, clean energy transition, food security, and sovereign capability. Anchoring the Priority List in these frameworks ensures that objectives are transparent, measurable, and consistent across governments.

These objectives are directly relevant to the HVAC&R sector. The transition to low-emission refrigerants and electrification through heat pump technology links the trade to climate and energy priorities. At the same time, refrigeration's role in hospitals, pharmaceuticals, and food supply chains ties directly to social equity outcomes. Apprenticeship incentives,

therefore, help address not only economic shortages but also broader health and community needs.

Is it feasible to consider macro-economic conditions when determining eligibility?

Yes, but with caution. Macro-economic conditions such as unemployment rates, wage growth, or the broader business cycle can provide valuable context for determining the scale of incentives. However, they should not override the core principle that incentives belong in occupations with apprenticeship-based entry pathways and licensing requirements.

For example, HVAC&R apprenticeships are exceptionally responsive to shifts in the business cycle. During downturns, commencements fall sharply, even though demand for services remains. In these cases, flexing incentives upwards could help stabilise the pipeline. Conversely, incentive settings may not need to be as high in periods of strong demand. Therefore, a methodology incorporating macro-economic conditions must be carefully designed to avoid volatility, provide stability, and support long-term planning.

Would it be appropriate to remove eligibility for occupations with low wage premiums and/or persistent non-compliance with workplace laws? Would there be any perverse outcomes as a result?

Removing occupations based on low wage premiums or persistent non-compliance risks may have unintended consequences. Some occupations with lower wage premiums—such as hairdressing or aged care—provide high public value and meet essential social equity objectives. Similarly, trades such as refrigeration, which carry licensing obligations and deliver community-critical services, should not be excluded solely because market wages do not reflect their public importance.

A better approach is to retain incentives for occupations essential to safety, health, or national priorities, while addressing persistent non-compliance through more vigorous enforcement and regulatory oversight. If low-premium occupations are removed outright, there is a risk of worsening shortages in areas already struggling to attract apprentices, undermining economic and social policy objectives.

Flexibility and Stability

Apprenticeships are multi-year commitments, and employers and apprentices require certainty that incentives will remain available for the training journey. While flexibility is needed to respond to emerging shortages or shifts in the economy, volatility in eligibility criteria risks undermining confidence in the system and discouraging participation. A methodology that strikes the right balance between responsiveness and predictability will be crucial to the long-term credibility of the Priority List.
AMCA recommends:

- Grandfathering eligibility for the whole duration of an apprenticeship once commenced.
- Biennial reviews rather than annual reviews, to smooth volatility and provide employers with greater planning certainty.

- Persistence rules to retain occupations that have experienced a shortage in the last three years, reducing the risk of sudden reversals.

These safeguards would allow the system to adjust to economic shifts without destabilising investment in apprenticeships. A more predictable framework will help employers confidently plan training intake and assure apprentices that their qualification pathway will remain supported from start to finish. This stability will strengthen long-term workforce planning in industries such as HVAC&R, where skills shortages are acute and training pathways are complex.

Updating the Priority List

Updating the Priority List is one of the methodology's most essential functions. If updates are too frequent or unpredictable, employers may disengage. If they are too infrequent, the list risks becoming outdated and unresponsive to real needs. The goal must be a transparent, consultative process linked to reliable data.
A reformed methodology must be:

- Evidence-based, drawing on data from Jobs and Skills Australia, state workforce strategies, the Employment white paper and regulator input.
- Transparent, with published criteria and rationale for all inclusions or exclusions.
- Consultative, with structured engagement of industry, unions, and training providers to capture practical insights.

Annual reviews of qualifications are appropriate to keep pace with technological change, but occupational eligibility should be reviewed on a biennial cycle. This approach balances responsiveness with stability and ensures employers and apprentices can make long-term commitments without fear of sudden policy changes. A straightforward, defensible update process will also improve trust in the system and provide a robust foundation for government accountability.

Non-Apprenticeship Pathways

The guiding principle of the Priority List should continue to be that incentives are directed to occupations where an apprenticeship is the mandatory or preferred pathway. This ensures that incentives support the long-duration training required for high-risk, compliance-critical trades. However, there are circumstances where valuable occupations do not yet have a fully established apprenticeship pathway, but they warrant inclusion.

One example is duct installation. This trade is integral to HVAC&R systems and is associated with high-risk work: handling large and heavy components at heights, managing fire and smoke containment pathways, and ensuring energy efficiency outcomes for entire buildings. Despite these risks, duct installation currently lacks a nationally recognised apprenticeship. In practice, this creates a risk of workforce shortages at a time when duct installers are essential to delivering safe, healthy, and energy-efficient buildings. Incentivising pathways into duct installation—even before a formal apprenticeship model is

finalised—would help address immediate shortages while supporting transitioning to a licensed and nationally recognised qualification framework.

The inclusion of non-apprenticeship pathways should therefore be limited to cases where:

- The occupation is subject to licensing requirements or is progressing towards licensing.
- The occupation contributes to key economic and social objectives, such as energy efficiency, decarbonisation, building safety, or public health.
- The trade is recognised as high-risk, with clear consequences for workforce capability and compliance if shortages persist.

Adopting this balanced approach ensures that the Priority List can remain targeted and robust while accommodating critical trades outside the traditional apprenticeship structure. The methodology will support the workforce development needed for trades such as duct installation today, while laying the foundation for their evolution into future apprenticeship-based pathways.

Emerging Occupations and Pathways

The Australian economy is undergoing rapid transformation, with technological change, regulatory reform, and the transition to net zero reshaping the nature of work across many industries. In this context, the Apprenticeship Priority List must be designed to capture not only existing occupations in shortage, but also emerging occupations and evolving training pathways critical to meeting national objectives. If the methodology is too rigid, it risks overlooking trades essential to safety, compliance, and economic priorities simply because their training models have not yet been fully updated.

There are two dimensions to this challenge. The first is entirely new occupations that are coming into focus, often due to regulatory changes. Duct installation is one such example. Although duct installation has long been part of HVAC&R project delivery, it is now becoming better recognised as a trade in its own right, with NSW committing to a duct installer's license, due to the high risks associated with installation work, its critical role in fire safety, and its direct impact on energy efficiency and indoor air quality. Workforce shortages in duct installation are already evident, yet no nationally recognised apprenticeship pathway exists. Work is underway to create a portable skillset to underpin some jurisdictions' licensing arrangements. In this transition period, the Priority List is vital in signalling the value of duct installation as a career and supporting incentives that will attract new entrants.

The second dimension is existing occupations where the trade itself is stable, but training pathways must evolve to reflect new technologies and regulatory requirements. Refrigeration and air conditioning technicians and mechanical services plumbers provide two clear examples. The traditional Certificate III remains the mandatory qualification for both of these qualifications. Still, the technical content is shifting dramatically with the introduction of natural refrigerants, more flammable refrigerants, and the widespread electrification of heating through heat pumps. Apprenticeship training pathways must be updated to reflect these technological changes, ensuring new entrants have the skills to meet contemporary safety and energy efficiency requirements. Without the ability to adapt

the Priority List to reflect such changes in training pathways, there is a risk that incentives will fail to align with the skills the economy requires.
The same principle applies to emerging higher apprenticeships in digital building management systems, data-driven commissioning, and advanced energy technologies. These pathways will likely become more prominent as the built environment becomes more interconnected and reliant on digital infrastructure. Ensuring the Priority List is flexible enough to recognise such pathways will help Australia remain competitive and avoid lagging behind global best practice in training delivery.
For these reasons, the Priority List methodology should:

- Provide a mechanism to recognise emerging occupations critical to safety and national priorities, even where apprenticeship pathways are not fully developed.
- Ensure that updates to training pathways within existing trades (such as refrigeration and HVAC) are reflected promptly, so incentives remain aligned to evolving industry needs.
- Incorporate new qualification types such as higher apprenticeships, provided they meet the test of being linked to genuine workforce needs in high-risk or compliance-critical areas.

By embedding this flexibility, the Priority List will become a forward-looking tool that responds to current shortages and anticipates and supports the workforce transformations required for Australia's economic future. Whether it is new licensing categories like duct installation, updated training for refrigerant transition, or higher apprenticeships in digital systems, the Priority List must be capable of supporting pathways that ensure the workforce of tomorrow is equipped for the challenges ahead.

Jurisdictional and Regional Priorities

While the Priority List is designed to operate as a national framework, it must be flexible enough to reflect that skills needs, licensing arrangements, and workforce challenges differ across jurisdictions and regions. A uniform national approach that fails to account for these variations risks missing critical shortages or undermining state-based licensing reforms that are already underway. Recognising jurisdictional and regional priorities within the methodology will ensure that incentives remain relevant, targeted, and effective in addressing real-world workforce gaps.

Jurisdictional differences in regulation and licensing provide a strong case for tailored approaches. For example, New South Wales has introduced mechanical services licensing, which explicitly recognises duct installation as a trade. At the same time, Victoria maintains a dual licensing framework across refrigeration, plumbing, and electrical systems. These differences mean that the demand for apprentices and their pathways can vary significantly across states. A methodology that ignores these realities risks creating inconsistencies between the Priority List and local regulatory frameworks, confusing employers and apprentices, and potentially undermining compliance.

Regional priorities also deserve explicit recognition. Shortages are often most acute outside metropolitan centres, particularly in critical service areas. For example, regional hospitals frequently face challenges in attracting qualified HVAC&R technicians to maintain indoor air quality, refrigeration systems for pharmaceuticals, and life-safety smoke control systems.

Similarly, food security in regional and remote communities depends on reliable refrigeration infrastructure, which cannot be sustained without a stable pipeline of qualified technicians. Without acknowledging regional priorities, the Priority List risks concentrating incentives in metropolitan markets and leaving rural and remote communities underserved.

The HVAC&R sector demonstrates how jurisdictional and regional overlays can add value. Licensing differences across states affect who can lawfully undertake refrigeration, plumbing, and electrical tasks, while regional shortages place disproportionate pressure on a smaller pool of local contractors. A Priority List methodology that explicitly incorporates these factors would give governments the flexibility to respond to unique local needs while maintaining the coherence of a national framework.
To achieve this balance, the methodology should:

- Allow for state and territory overlays that align the Priority List with licensing requirements and regulatory reforms already implemented by jurisdictions.
- Provide scope to address regional shortages in critical services such as healthcare, food supply, and emergency infrastructure.
- Ensure that adjustments at the jurisdictional or regional level remain transparent and evidence-based, with published criteria and consultation processes.

Incorporating jurisdictional and regional priorities will make the Priority List a more powerful and practical tool. It will strengthen the link between national workforce planning and local labour market realities, ensuring that incentives flow to the occupations and regions where they are most needed. For HVAC&R, this could mean supporting incentives that reflect the specific licensing frameworks of each state and the urgent demand for technicians in regional hospitals, schools, and food supply chains. By embedding this level of responsiveness, the Priority List can balance national consistency and local adaptability, ultimately delivering better outcomes for apprentices, employers, and the broader community.

Narrower Targeting of Incentives

The Priority List must operate within a finite funding envelope. This means the system's effectiveness depends on carefully targeting incentives to occupations that will deliver the most significant public value. Broad coverage risks diluting the impact of incentives across too many occupations, while a more focused approach can ensure that the most critical trades receive meaningful support. The challenge is to define “narrower targeting” to enhance workforce capability without excluding trades essential to compliance, safety, or national priorities.

In practice, this means concentrating incentives on occupations where apprenticeships are either mandatory or the dominant pathway and where the outcomes directly support Australia’s economic and social goals. For example, HVAC&R technicians deliver significant public benefit in energy efficiency, decarbonisation, public health, and safety-critical systems. Similarly, occupations such as duct installation, which are moving towards licensing and carry high-risk responsibilities, must also be considered for targeted inclusion. By narrowing the scope of incentives to these safety- and compliance-critical trades, government investment can achieve a more substantial return and build resilience in industries that underpin the economy.

There is a strong case for ensuring that this narrower targeting does not inadvertently overlook occupations with high public value but modest wage premiums. If financial return is the only measure, the system risks under-supporting sectors such as care, community services, or refrigeration — all of which are central to public safety and equity outcomes. Therefore, the methodology must weigh economic efficiency and social equity in determining where targeted incentives are applied.
The key benefit of narrowing the Priority List is that it allows for greater incentives for each occupation included. This improves the attractiveness of apprenticeships to potential entrants and strengthens employer participation, particularly in trades where completion rates are tied closely to the quality and duration of training. For HVAC&R, where apprenticeships run for four years and carry multiple licensing requirements, meaningful incentives are essential to supporting commencements and completions.

A narrower list also provides a safeguard against misuse of the system. When incentives are spread across a set of occupations that are too broad, there is a risk that employers may be motivated more by the availability of subsidies than by genuine workforce needs. By directing incentives only to occupations where shortages are critical, the methodology ensures that public funding is used responsibly and delivers long-term benefits.

Ultimately, narrowing the scope of the Priority List is not about reducing opportunities — it is about focusing resources where they will have the most significant impact. By concentrating incentives on high-risk, compliance-driven trades such as HVAC&R, refrigeration, and duct installation, the government can build a larger and more capable workforce capable of meeting Australia's economic, environmental, and social challenges.

Tailoring Incentives to Shortage Type

One key limitation of the current methodology is that it treats all occupational shortages as if they are the same. In reality, different trades face very different challenges in attracting, retaining, and supporting apprentices through to completion. A one-size-fits-all approach to incentives risks failing to address the actual causes of shortage and can result in limited improvements in workforce outcomes. A more effective methodology would distinguish between the type of shortage an occupation faces and tailor incentives accordingly.

For HVAC&R, the most pressing issue is attraction. The trade remains relatively unknown to school leavers compared with higher-profile occupations such as electrical or plumbing, despite being equally critical to safety and energy performance. This lack of visibility makes it difficult to draw sufficient candidates into the apprenticeship pipeline, even though long-term employment outcomes are strong. In this case, higher commencement incentives and targeted promotional campaigns would be the most effective measures to address the shortage.

By contrast, in some industries, the challenge is not attraction but completion. Significant numbers of apprentices may start but fail to finish due to poor workplace culture, lack of mentoring, or financial pressures. In these cases, incentives could be designed to encourage employers to provide stronger support throughout the apprenticeship or to reward completions rather than commencements.

A third category of shortage relates to retention in the workforce post-qualification. Even where apprentices complete their work successfully, some occupations face high attrition

rates, with qualified tradespeople leaving for alternative industries or roles. Here, incentives may need to be coupled with broader workforce strategies, such as improved career development, licensing structures, or wage frameworks.

Designing incentives around the type of shortage brings two significant benefits. First, it ensures that limited government resources are applied to address the root causes of shortages, rather than using uniform measures that may have little impact. Second, it allows the system to be more responsive to industry-specific conditions. For example, tailoring incentives to address shortages in HVAC&R helps secure the workforce needed to deliver energy efficiency, net zero, and public health outcomes, while addressing completion or retention challenges in other sectors ensures that government investment results in sustainable long-term workforce supply.

A methodology distinguishing between attraction, completion, and retention shortages would create a more nuanced and compelling system. It would allow the government to design incentives that respond to the specific needs of each occupation, ensure greater value for money, and improve the stability and resilience of Australia's skilled trades workforce.

Expanding Beyond Major Groups 3 and 4

The current Priority List methodology is anchored in Major Groups 3 (Technicians and Trades Workers) and 4 (Community and Personal Service Workers). These groups have historically provided an appropriate foundation for apprenticeship occupations, as they capture the trades and technical roles where apprenticeship pathways are either mandated or strongly preferred. AMCA supports the continued use of these groups as the basis for the Priority List.

However, the methodology within Major Groups 3 and 4 must be flexibly applied. As industries evolve, specific roles may emerge or change in ways that still fit within these groups but require updated recognition. For example, developing the duct installer skillset demonstrates how a trade that has long existed within construction can now be recognised more formally through licensing arrangements and structured training. While a full apprenticeship does not yet support duct installation, it represents the technical role that should be funded under the Priority List once qualifications are updated.

Flexibility is also needed where existing trades evolve in response to technological change. Refrigeration and air conditioning technicians, already classified within Major Group 3, are facing significant shifts in training requirements due to refrigerant transitions, the rise of A2L flammable refrigerants, and the electrification of heating through heat pumps. Recognising these training pathway updates within the existing occupational structure ensures that apprenticeships remain relevant and aligned with contemporary industry needs.

In this context, AMCA believes that Major Groups 3 and 4 remain the most suitable foundation for the Priority List. They capture the trades and technical roles where apprenticeships are the established workforce entry and progression mechanism. Provided the methodology allows for flexible recognition of evolving or emerging trade pathways within these groups, the structure will remain fit for purpose while still adapting to meet national economic and social priorities.

Proposed Employer Incentive Model

Based on AMCA members' feedback and the technical nature of mechanical and refrigeration apprenticeships, AMCA proposes the following incentive structure to complement the revised Priority List methodology. This model aligns with the Department's responsiveness, transparency, and fiscal neutrality objectives while ensuring that high-risk and compliance-critical trades remain attractive and sustainable.

A well-designed employer incentive system is central to the success of the Apprenticeship Priority List. Apprenticeships represent a shared investment between employers, apprentices, and the government, yet the distribution of costs across this lifecycle is highly uneven. Employers, particularly in high-cost and compliance-driven trades such as refrigeration, air conditioning, and mechanical plumbing, face significant upfront costs in the early years of training. These include supervision time, reduced productivity, and the cost of ensuring compliance with licensing and safety obligations.

To ensure long-term sustainability of these trades, the incentive model must reflect the relative cost and training intensity of each occupation, while also discouraging practices that undermine the system's integrity, such as late-stage apprentice recruitment ("poaching").

1. Weighting Incentives to Reflect Employer Cost

Employer costs are highest during the first and second years of an apprenticeship, when apprentices are least productive and require the most significant supervision and support.

By contrast, later years typically see increased productivity and reduced direct oversight. The incentive structure should therefore be weighted toward the early years, delivering proportionally higher payments when employer investment is most significant.

This approach ensures that incentives serve their intended purpose—offsetting the actual cost of training rather than rewarding completion—and encourages more employers to take on new entrants rather than waiting for apprentices to reach higher skill levels before employment becomes financially viable.

For example, an appropriate model could:

- Provide a front-loaded incentive payable at key milestones such as post-probation (e.g., three months) and at the end of the first year.
- Apply tapering payments in subsequent years to maintain engagement while recognising that costs decline over time.
- Allow adjustment of incentive weighting according to the relative supervision intensity and cost profile of each trade, ensuring parity across occupations with varying levels of complexity or risk.

2. Integrity Safeguards to Discourage Apprentice Poaching

To maintain fairness across employers and ensure incentives drive genuine training investment, eligibility should be tied to the whole duration of the apprenticeship with the same employer.

Under this model:

- Incentives apply only where the employer has engaged the apprentice from commencement to completion.
- Employers who take on apprentices partway through their training—such as in the third or fourth year—would not be eligible for incentive payments.

This safeguard recognises that the most significant training burden lies in the early years, where employers invest heavily in supervision, compliance, and on-the-job competency development. By preventing incentives from being claimed for apprentices near completion, the system discourages opportunistic recruitment. It ensures that support flows to those employers who have carried the actual cost of training.

3. Linking Incentives to Retention and Completion

To ensure value for public investment, incentive milestones should be evidence-based and outcome-focused, rewarding employers who support apprentices through to successful completion.

A progressive model could include:

- Initial payments tied to probation and first-year retention checkpoints;
- Subsequent payments at mid-point and completion, contingent on evidence of continued training progression; and
- Optional bonus weighting for completion in high-cost, high-risk trades.

Such a structure ensures that incentives are transactional and reward sustained commitment to workforce development, balancing early cost recovery with long-term retention.

4. Flexibility and Fiscal Neutrality

This model maintains fiscal neutrality by redistributing overall incentive funding based on trade complexity and supervision intensity. The relative value of incentives could be determined through periodic review of cost profiles across different apprenticeship pathways, using data from Jobs and Skills Australia and state training regulators.
In this way, government support remains flexible and adaptive—ensuring that high-cost trades such as refrigeration and mechanical services receive proportionate recognition, while maintaining equitable access for all sectors within the Priority List framework.

Summary

This proposed model ensures that employer incentives:

- Reflect real training costs and supervision intensity across different trades;
- Encourage early-stage engagement by weighting payments to the first years of training;
- Protect the integrity of the apprenticeship system by eliminating incentives for late-stage recruitment; and
- Deliver value and accountability through completion-linked milestones.

The government can strengthen apprentice commencements by embedding these principles within the revised Priority List methodology, improving retention, and safeguarding investment in Australia's most critical and compliance-driven trades.

CONCLUSION

The Apprenticeship Priority List is one of the most critical policy levers available to the government to shape the future of Australia's workforce. By determining where incentives are directed, it directly influences which industries can attract apprentices, which employers are able to invest in training, and how Australia develops the skilled workforce it needs to meet pressing national challenges.

AMCA supports reforms to strengthen the Priority List to be transparent, evidence-based, and responsive to emerging workforce needs. However, these reforms must remain anchored in the principle that incentives should be concentrated where they deliver the greatest public and economic benefit, particularly in high-risk, compliance-driven trades that are critical to national priorities.

The stakes are high for the HVAC&R sector. The industry is central to achieving national objectives across multiple fronts: delivering energy efficiency and emissions reductions in buildings, enabling the transition to electrification through heat pumps, safeguarding public health through refrigeration in hospitals and food supply chains, and ensuring the reliable operation of data centres and digital infrastructure. These goals cannot be met without a strong pipeline of skilled workers.

AMCA's proposed **Employer Incentive Model** provides a practical framework for achieving these outcomes. By weighting incentives toward the early years of training—when employer costs are highest—and linking support to long-term retention and completion, the model ensures that government funding flows to those who make the most significant investment in skills development. It also embeds integrity safeguards that prevent late-stage recruitment incentives, addressing the long-standing issue of apprentice poaching and ensuring fairness across the system. These reforms create a more balanced, sustainable, and accountable apprenticeship ecosystem.

The revised methodology must therefore strike a careful balance:

- Narrowing the list to focus incentives on high-risk, compliance-driven trades vital to safety, energy, and public health.
- Providing flexibility to incorporate emerging occupations and evolving training pathways, such as duct installation and refrigerant transition.
- Recognising jurisdictional and regional priorities until a nationally consistent licensing framework is achieved.
- Tailoring incentives to the type of shortage faced—whether attraction, completion, or retention—so that government investment addresses the root causes of workforce gaps.

Major Groups 3 and 4 remain an appropriate and suitable foundation for the Priority List, provided the methodology allows for flexibility in recognising evolving technical roles. This structure ensures stability while creating space for trades and pathways, adapting to new technologies and regulatory reforms.

In the end, the value of the Priority List will be judged by its ability to deliver tangible outcomes: more skilled workers commencing and completing in the occupations that Australia needs most, a fair and accountable incentive framework, and more substantial

alignment between government investment and national priorities. Focusing on public and economic benefit—whether through safety, compliance, energy efficiency, or community well-being—the Priority List can help secure the workforce essential to Australia's long-term prosperity.

AMCA stands ready to work with government, regulators, and training bodies to ensure that the revised Priority List and accompanying Employer Incentive Model achieve these outcomes and continue to support the long-term sustainability of the skilled trades that underpin Australia's built environment.