



Australian Government

Department of Finance

The Treasury

## PUBLIC RELEASE OF 2019 ELECTION COMMITMENT COSTING

<b>Name of proposal costed: Australian Apprentice Wage Subsidy Trial - expansion</b>	
<b>Costing Identifier:</b>	COA019
<b>Summary of costing:</b>	The proposal is to invest \$60.0 million to expand the Australian Apprentice Wage Subsidy Trial, providing wage subsidies for a further 1,630 eligible employers in rural and regional Australia to take on new apprentices.
<b>Ongoing or Terminating (including date)<sup>(a)</sup></b>	Terminating on 30 June 2023
<b>Person making the request:</b>	Prime Minister
<b>Date costing request received:</b>	9 May 2019
<b>Date of public release of policy:</b>	26 April 2019
<b>Date costing completed:</b>	15 May 2019
<b>Additional information requested (including date):</b>	Not applicable
<b>Additional information received (including date):</b>	Not applicable

(a) Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.

### Financial implications (outturn prices)<sup>(b)</sup>

Impact on	2018-19	2019-20	2020-21	2021-22	2022-23
Underlying Cash Balance (\$m)	0.0	-12.7	-23.6	-16.6	-7.1
Fiscal Balance (\$m)	0.0	-12.7	-23.6	-16.6	-7.1

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

**Where relevant, state that the proposal has been costed as a defined or specified amount.**

The proposal has been costed as a specified amount.

**Where relevant, include separate identification of revenue and expense components.**

Not applicable.

**Where appropriate, include a range for the costing or sensitivity analysis.**

Not applicable.

**Qualifications to the costing (including reasons for the costing not being comprehensive).**

Not applicable.

**Where relevant, explain effects of departmental expenses.**

Consistent with the costing request, the costing assumes that departmental expenses associated with the policy will be absorbed by the Department of Education and Training.

**Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.**

Not applicable.

**Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).**

Not applicable.

**Where relevant, include an explanation of the medium term implications of the proposal<sup>(c)</sup>.**

Not applicable.

(c) Information on the medium term implications will be provided if the cost of the policy is expected to be significantly different beyond the forward estimates period.

## Background information

### Costing methodology used:

- **Costing techniques**

The costing assumes that, consistent with the costing request:

- any funding provided to expand the Australian Apprentice Wage Subsidy Trial would be made within the capped funding amount of \$60.0 million over four years from 1 July 2019;
- incentive payments would be paid to employers of up to 1,630 eligible apprentices;
  - eligible apprentices are new workers undertaking apprenticeships full-time at the Certificate III and IV levels in occupations on the National Skills Needs List (NSNL) in rural and regional areas;
- consistent with the existing Australian Apprentice Wage Subsidy Trial, the Department of Education and Training would put in place strategies for managing program demand to align with the capped funding profile;
- apprentice numbers would be based on a per capita distribution across states;
- payments will be based on award wage rates, subsidising 75 per cent of the first year's wage, 50 per cent in the second year and 25 per cent in the third year; and
- apprenticeship durations of four years would have no subsidy provided for the fourth year.

- **Policy parameters**

Not applicable.

- **Statistical data used**

Not applicable.

### Behavioural assumptions used (as appropriate)

Not applicable.