



Policy costing

TAFE – pre-apprentices	
Party:	Australian Labor Party
<p>Summary of proposal:</p> <p>The proposal would provide funding for 10,000 new Apprentice Ready places over three calendar years.</p> <p>The proposal would provide:</p> <ul style="list-style-type: none">• \$4,000 per place (unindexed) to the providers of a 20-week, industry-endorsed pre-apprenticeship course for trades on the National Skills Needs List. Delivered through local technical and further education providers, Apprentice Ready would be targeted to young Australians who have been unemployed for six months or more• an additional incentive payment of \$1,000 (unindexed) to employers who hire Apprentice Ready apprentices. <p>Any departmental expenses for program administration would be included within the capped \$4,000 per place.</p> <p>The proposal would have effect from 1 January 2020 and terminate on 31 December 2022.</p>	

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$50.0 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$48.0 million and an increase in departmental expenses of \$2.0 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would not be expected to have an impact beyond the 2019-20 Budget forward estimates period.

The financial implications of this proposal are sensitive to the assumed take-up rate of Apprentice Ready places, the number of employers who hire Apprentice Ready apprentices, and the assumption that aggregate employment and demand for Commonwealth-subsidised training are unchanged as a result of the proposal.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-8.3	-16.7	-16.7	-8.3	-50.0
Underlying cash balance	-8.3	-16.7	-16.7	-8.3	-50.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Apprentice Ready places would be fully subscribed and apprentices would meet all of the requirements to complete the program.
- All Apprentice Ready participants would obtain employment through the program.
- The program would not result in an increase in aggregate employment or demand for Commonwealth-subsidised vocational and technical education.

Methodology

The administered expenses were estimated by multiplying the number of Apprentice Ready places to be provided in each financial year by the specified capped funding.

Departmental expenses were based on the cost of administering similar programs.

Attachment A – TAFE – pre-apprentices – financial implications

Table A1: TAFE – pre-apprentices – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<i>Administered expenses</i>	-8.0	-16.0	-16.0	-8.0	-48.0
<i>Departmental expenses</i>	-0.3	-0.7	-0.7	-0.3	-2.0
Total	-8.3	-16.7	-16.7	-8.3	-50.0

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

(b) Figures may not sum to totals due to rounding.