



Students must be paid for mandatory placements	
Party:	Australian Greens
Summary of proposal:  The proposal would pay students the minimum wage during work placements. The payment would be universal and not limited to specific degrees.  The proposal would be ongoing and start on 1 July 2025.	
Additional information (based on further advice provided):  The proposal would only apply to mandatory unpaid placements for the hours of work completed during the placement. The payment would be subject to income tax and apply to both university and VET placements.  Students cannot receive both the existing Commonwealth Prac Payment and payments under this proposal.	

## Costing overview

The proposal would be expected to decrease the fiscal balance by around \$8.7 billion and the underlying cash balance by around \$8.6 billion over the 2025-26 Budget forward estimates period (Table 1). This impact reflects an increase in administered and departmental expenses, offset by an increase in tax revenue and a reduction in the *Commonwealth Prac Payment*. The underlying cash balance impacts differ slightly from the fiscal balance impacts due to lags between when expenses are incurred and when payments are made.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Students must be paid for mandatory placements – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-2,080.5	-2,153.0	-2,214.5	-2,291.9	<b>-8,739.9</b>
Underlying cash balance	-1,990.5	-2,143.0	-2,204.5	-2,291.9	<b>-8,629.9</b>

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

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Uncertainties

The financial implications of this costing are highly uncertain, driven by assumptions about the number of affected students. For instance, each university has independent mandatory placement requirements and rules for unpaid placements. While some professional bodies require a certain

amount of practical experience for certification, this is distinct from the requirements to successfully complete a course, which are solely determined by the education providers. As such, there is no standardised list of placement requirements and associated student numbers available. In the absence of detailed data, the Parliamentary Budget Office (PBO) has estimated student numbers by applying survey results to population data as set out in the *Key assumptions* below.

The PBO has not made any assessment as to the viability of implementation by the specified start date. There may also be potential savings to the Commonwealth because of interactions between the payments created under this proposal and existing Commonwealth payments that students currently receive, including the *Commonwealth Prac Payment*. The PBO has included estimated savings from the *Commonwealth Prac Payment per Key assumptions* but is unable to quantify the impact on other payments due to a lack of sufficient data.

There is also considerable uncertainty about any behavioural response to the policy.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- The number of eligible students undertaking a mandatory unpaid VET or university placement in 2025-26 would be around 450,000.
  - This is informed by the *Unpaid Work Experience in Australia* report which suggests around 3% of individuals aged between 18 and 64 years old would undertake a relevant placement each year. The PBO estimates this equates to around 450,000 students in 2025-26.
- The number of students undertaking a mandatory unpaid placement would grow in line with the population.
- Relevant students undertake an average of 300 hours of compulsory unpaid placements each year.
  - This is informed by multiplying the estimated placement hours requirement for each field of study by the proportion of students undertaking placement in that field. The split of placements between fields of study was informed by the *Unpaid Work Experience in Australia* report. The number of required placement hours for each field was informed by a selection of qualifications with published placement requirements.
- The proposed payments are paid in addition to any existing Commonwealth payments a student receives (excluding the *Commonwealth Prac Payment*).
- The average marginal tax rate of the affected population is around 10%, and the payment would be subject to income tax withholding.
  - This is informed by the distribution of incomes of 18-24 year olds with a HELP debt in the 2022-23 personal income tax data, adjusted to reflect 2024-25 tax brackets.
- All eligible students would switch from the existing *Commonwealth Prac Payment* to the payment under this proposal.
  - In 2025-26, a student would be better off in the proposed payment where they have more than 13 hours of placement in a given week, where the minimum wage paid is greater than the fixed \$319.50 *Commonwealth Prac Payment*. Limited available data suggests that most mandatory unpaid placements are full time.

## Methodology

The administered costs were calculated as follows:

- The costs were calculated by multiplying the proposed payment rate by the respective number of eligible students and the relevant placement duration for each course.
- The PBO estimated profile of *Commonwealth Prac Payments* was deducted from the financial impact of this policy, given all students are expected to switch.

The revenue was calculated as follows:

- The administered costs were the proposed payment multiplied by the average marginal income tax rate specified in *Key Assumptions* above.

The departmental costs were calculated as follows:

- The cost of administering the payment was based on the cost of administering Austudy as reported by the Services Australia Funding Model, adjusted on a pro-rata basis to the weighted average length of the placement.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

Australian Bureau of Statistics (2024), [Education and Work, Australia](#), accessed 19 May 2025.

Centre for Population (2023) [2023 Intergenerational Report: population projections, Australia 2022-23 to 2062-63](#), accessed 19 May 2025.

Commonwealth of Australia (2024) [2024-25 Mid-Year Economic and Fiscal Outlook](#), Commonwealth of Australia.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Department of Employment and Workplace Relations (2016) [Unpaid Work Experience in Australia Report](#), accessed 19 May 2025.

Services Australia provided the Services Australia Funding Model as at the 2025-26 Budget.

The Australian Taxation Office provided personal income tax data for the 2022-23 assessment year.

Universities Australia (2019) [Career Ready Graduates](#), accessed 19 May 2025.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Students must be paid for mandatory placements – Financial implications

**Table A1: Students must be paid for mandatory placements – Fiscal balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Tax revenue</b>													
<i>Income tax</i>	238.0	247.0	256.0	265.0	274.0	284.0	294.0	304.0	315.0	325.0	334.0	1,006.0	3,136.0
<b>Expenses</b>													
<b>Administered</b>													
<i>Offset existing Prac Payment</i>	118.0	137.0	157.0	161.0	165.0	169.0	174.0	178.0	182.0	187.0	192.0	573.0	1,820.0
<i>Proposed minimum wage payment</i>	-2,420.0	-2,520.0	-2,610.0	-2,700.0	-2,790.0	-2,890.0	-2,990.0	-3,100.0	-3,200.0	-3,310.0	-3,410.0	-10,250.0	-31,940.0
<b>Total – administered</b>	<b>-2,302.0</b>	<b>-2,383.0</b>	<b>-2,453.0</b>	<b>-2,539.0</b>	<b>-2,625.0</b>	<b>-2,721.0</b>	<b>-2,816.0</b>	<b>-2,922.0</b>	<b>-3,018.0</b>	<b>-3,123.0</b>	<b>-3,218.0</b>	<b>-9,677.0</b>	<b>-30,120.0</b>
<b>Departmental</b>													
<i>Payment administration</i>	-16.5	-17.0	-17.5	-17.9	-18.6	-19.3	-20.1	-20.8	-21.6	-22.4	-23.1	-68.9	-214.8
<b>Total – expenses</b>	<b>-2,318.5</b>	<b>-2,400.0</b>	<b>-2,470.5</b>	<b>-2,556.9</b>	<b>-2,643.6</b>	<b>-2,740.3</b>	<b>-2,836.1</b>	<b>-2,942.8</b>	<b>-3,039.6</b>	<b>-3,145.4</b>	<b>-3,241.1</b>	<b>-9,745.9</b>	<b>-30,334.8</b>
<b>Total (excluding PDI)</b>	<b>-2,080.5</b>	<b>-2,153.0</b>	<b>-2,214.5</b>	<b>-2,291.9</b>	<b>-2,369.6</b>	<b>-2,456.3</b>	<b>-2,542.1</b>	<b>-2,638.8</b>	<b>-2,724.6</b>	<b>-2,820.4</b>	<b>-2,907.1</b>	<b>-8,739.9</b>	<b>-27,198.8</b>

(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.

**Table A2: Students must be paid for mandatory placements – Underlying cash balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Tax receipts</b>													
<i>Income tax</i>	238.0	247.0	256.0	265.0	274.0	284.0	294.0	304.0	315.0	325.0	334.0	1,006.0	3,136.0
<b>Payments</b>													
<b>Administered</b>													
<i>Offset existing Prac Payment</i>	118.0	137.0	157.0	161.0	165.0	169.0	174.0	178.0	182.0	187.0	192.0	573.0	1,820.0
<i>Proposed minimum wage payment</i>	-2,330.0	-2,510.0	-2,600.0	-2,700.0	-2,790.0	-2,890.0	-2,990.0	-3,090.0	-3,200.0	-3,300.0	-3,400.0	-10,140.0	-31,800.0
<b>Total – administered</b>	<b>-2,212.0</b>	<b>-2,373.0</b>	<b>-2,443.0</b>	<b>-2,539.0</b>	<b>-2,625.0</b>	<b>-2,721.0</b>	<b>-2,816.0</b>	<b>-2,912.0</b>	<b>-3,018.0</b>	<b>-3,113.0</b>	<b>-3,208.0</b>	<b>-9,567.0</b>	<b>-29,980.0</b>
<b>Departmental</b>													
<i>Payment administration</i>	-16.5	-17.0	-17.5	-17.9	-18.6	-19.3	-20.1	-20.8	-21.6	-22.4	-23.1	-68.9	-214.8
<b>Total – payments</b>	<b>-2,228.5</b>	<b>-2,390.0</b>	<b>-2,460.5</b>	<b>-2,556.9</b>	<b>-2,643.6</b>	<b>-2,740.3</b>	<b>-2,836.1</b>	<b>-2,932.8</b>	<b>-3,039.6</b>	<b>-3,135.4</b>	<b>-3,231.1</b>	<b>-9,635.9</b>	<b>-30,194.8</b>
<b>Total (excluding PDI)</b>	<b>-1,990.5</b>	<b>-2,143.0</b>	<b>-2,204.5</b>	<b>-2,291.9</b>	<b>-2,369.6</b>	<b>-2,456.3</b>	<b>-2,542.1</b>	<b>-2,628.8</b>	<b>-2,724.6</b>	<b>-2,810.4</b>	<b>-2,897.1</b>	<b>-8,629.9</b>	<b>-27,058.8</b>

(a) 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.

**Table A3: Students must be paid for mandatory placements – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Fiscal balance</b>	-40.0	-140.0	-240.0	-350.0	-470.0	-600.0	-740.0	-890.0	-1,050.0	-1,220.0	-1,410.0	-770.0	-7,150.0
<b>Underlying cash balance</b>	-30.0	-110.0	-210.0	-320.0	-440.0	-570.0	-700.0	-850.0	-1,010.0	-1,180.0	-1,360.0	-670.0	-6,780.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.

(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 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.

<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)