



### Tradie and trainee booster apprentice and trainee hiring incentive

Party: The Coalition

#### Summary of proposal:

The proposal would expand support to provide small and medium businesses with \$12,000 to support the wages of eligible new apprentices and trainees taking up training in areas of skills shortage for the first 2 years of their training. The proposal would start on 1 July 2025.

#### Additional information (based on further advice provided):

The proposal would expand the hiring incentive payment from the Australian Apprenticeship Incentive System (AAIS). Only apprenticeships and traineeships on the Skills Priority List are eligible.

The hiring incentive would be paid according to the following schedule and rates:

Time Period	Full-time Rate	Part-time Rate
6 months from commencement or recommencement	\$3,000	\$1,750
12 months from commencement or recommencement	\$3,000	\$1,750
18 months from commencement or recommencement	\$3,000	\$1,750
24 months from commencement or recommencement	\$3,000	\$1,750

#### Eligibility requirements:

For small and medium businesses to be eligible for the proposed Apprentice and Trainee Hiring Incentive:

- the employer must have fewer than 199 employees
- the Australian Apprentice must have:
  - commenced or recommenced with a new employer their Australian Apprenticeship between 1 July 2025 and 30 June 2028 or
  - recommenced their Australian Apprenticeship with their original employer between 1 July 2025 and 30 June 2028, where the period of cancellation or suspension was greater than:
    - 6 months if the commencement date was prior to 1 July 2025 or
    - 12 months if the commencement date was on or after 1 July 2025
- the Australian Apprentice must:
  - be undertaking a qualification at the Certificate II level leading to any occupational outcome; or be undertaking a qualification at the Certificate III, Certificate IV, Diploma or Advanced Diploma level where the qualification and/or occupational outcome are not listed on the Australian Apprenticeships Priority List and
- the Australian Apprentice must:
  - not be an existing worker and
  - must be in-training with their employer at the effect date.

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$511 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered expenses.

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.

The financial implications of this proposal are uncertain and sensitive to assumptions around the behavioural response of prospective apprentices and trainees, the impact on apprentice retention and completion rates, and uptake of business apprenticeships in response to the incentives.

Furthermore, the Skills Priority List, one of the eligibility criteria for the apprentices, is a dynamic list that adapts to skill needs depending on geographic and industry needs. The model does not predict fluctuations in this list but instead assumes that the occupations identified in the Skills Priority List (and consequently the proportion of apprentices and trainees eligible under the proposal), would remain unchanged over time.<sup>1</sup> This creates another form of uncertainty.

**Table 1: Tradie and trainee booster apprentice and trainee hiring incentive – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-30.0	-141.0	-184.0	-156.0	<b>-511.0</b>
Underlying cash balance	-30.0	-141.0	-184.0	-156.0	<b>-511.0</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.

## Key assumptions

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

- The predicted cohort size, priority skills and trade occupation proportions, commencement rates and completion rates of apprenticeships would be consistent with modelling and information used in prior budget measures. This assumes a small behavioural response of around 10,000 per year (over the 3 years), some of which represents a switch from non-priority commencement.
- The type of apprentice and completion rates consistent with the modelling and information provided by the Department of Employment and Workplace Relations (DEWR).
  - around 48% of apprentices would be employed in priority occupations
  - around 57% of apprentices would complete their apprenticeship.
- The forecasted number of annual commencements is held constant, to accommodate for any fluctuations.

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<sup>1</sup> The purpose of the Australian Apprenticeship Priority List is to identify occupations that are in national skills shortage and to target funding under the Australian Apprenticeships Incentive System. The Australian Apprenticeships Priority List, published by the Department of Employment and Workplace Relations, is based on the Skills Priority List published by Jobs and Skills Australia.

- The payment claiming time profile would be consistent with the modelling and information provided by DEWR.
  - Around 68% of the eligible apprentices and trainees would claim payments in the first quarter of eligibility, with another 28% claiming over the remaining eligible payment periods. Approximately 4% of eligible apprentices and trainees would not claim payments.
- The average duration of an apprenticeship or traineeship would be 3-4 years.
- The increased incentive payment is assumed to have no implications for income tax.
- The departmental costs of administering this proposal would be able to be absorbed within DEWR's existing departmental resourcing.

## Methodology

- The number of prospective apprentices, and the proportion of eligible apprentices under the proposal were calculated based on the modelling and information of the Australian Apprentice Incentive System.
- Information provided within the above model was used to determine the behavioural impact of an enhanced subsidy and incentive for each eligible cohort specified.
- The financial implications of the proposal were calculated as the net impact of increasing the hiring incentive for eligible apprentices and trainees.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>2</sup>

## Data sources

The Department of Employment and Workplace Relations provided modelling on the Australian Apprentice Incentive System payments as at the 2024-25 Budget.

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

Department of Employment and Workplace Relations, [Australian Apprenticeships Incentive System Factsheet](#), accessed 27 May 2025.

Department of Employment and Workplace Relations, [Australian Apprenticeships Priority List - 1 January 2024](#), accessed 27 May 2025.

Jobs and Skill Australia, [Occupation Shortage List | Jobs and Skills Australia](#), accessed 27 May 2025.

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<sup>2</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Tradie and trainee booster apprentice and trainee hiring incentive – Financial implications

**Table A1: Tradie and trainee booster apprentice and trainee hiring incentive – Fiscal and underlying cash balances (\$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>Expenses</b>													
<b>Total – administered</b>	<b>-30.0</b>	<b>-141.0</b>	<b>-184.0</b>	<b>-156.0</b>	<b>-45.0</b>	<b>-2.0</b>	-	-	-	-	-	<b>-511.0</b>	<b>-558.0</b>
<b>Total (excluding PDI)</b>	<b>-30.0</b>	<b>-141.0</b>	<b>-184.0</b>	<b>-156.0</b>	<b>-45.0</b>	<b>-2.0</b>	-	-	-	-	-	<b>-511.0</b>	<b>-558.0</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. 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.

- Indicates nil.

**Table A2: Tradie and trainee booster apprentice and trainee hiring incentive – 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>	<b>-0.7</b>	<b>-4.5</b>	<b>-11.9</b>	<b>-19.9</b>	<b>-25.2</b>	<b>-27.4</b>	<b>-28.7</b>	<b>-30.0</b>	<b>-31.3</b>	<b>-32.8</b>	<b>-34.3</b>	<b>-37.0</b>	<b>-246.7</b>
<b>Underlying cash balance</b>	<b>-0.5</b>	<b>-3.5</b>	<b>-10.0</b>	<b>-17.9</b>	<b>-23.9</b>	<b>-26.9</b>	<b>-28.4</b>	<b>-29.7</b>	<b>-31.0</b>	<b>-32.4</b>	<b>-33.9</b>	<b>-31.9</b>	<b>-238.1</b>

(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>3</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>3</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)