



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
Date Referred: 25/02/2019

Proposal No: Y072
Date Published: 18/03/2019

Proposal Title: Help Mature Aged Workers Get Back into the Workforce

Cluster: Industry

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	4,865	7,033	7,555	19,452
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	(4,865)	(7,033)	(7,555)	(19,452)

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	(4,865)	(7,033)	(7,555)	(19,452)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(4,865)	(7,033)	(7,555)	(19,452)
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Notes and costing assumptions

This policy proposes, between 1 January 2020 and 31 December 2024, providing free TAFE qualifications and careers counselling to mature aged workers who are (or will soon become) unemployed. A total of 30,000 scholarships will be provided over the life of the policy (approximately 7,500 each year), with eligible individuals able to complete any Certificate II, III or IV qualification on the NSW Skills List.

The policy sets the following criteria for eligible recipients:

- A person must be 35 years and older, and
- Be unemployed, made redundant, or their employer is closing down or undergoing significant structural adjustment.

The PBO estimates the cost of the policy to be \$19.5 million over the forward estimates, and an additional \$11.9 million for the final two years of the policy (2022-23 to 2023-24), based on an enrolment model prepared by TAFE NSW and Treasury. A breakdown by year is shown in Table A1 overleaf.

The costing uses assumptions provided by TAFE NSW and Treasury. These include the following:

- In the absence of this policy, 60% of eligible scholarship recipients are assumed to receive a concession fee for their course, while 40% would pay the full student fee (see Table A2 overleaf).
 - The PBO finds this assumption reasonable as it reflects the likelihood that a majority of target recipients will be unemployed and therefore eligible for a concession fee.
- 10% of recipients are assumed to enrol in Certificate II courses, and 45% in Certificate III and Certificate IV courses respectively (Table A2). The course and cost breakdowns are based on existing enrolment data.

Notes and costing assumptions continued:

- 60% of commencements are assumed to occur in the first half of each calendar year, and 40% in the second half of the year.
- The first semester of the policy (from 1 January 2020) will see a 75% commencement rate. This increased rate includes extra students who might have commenced in Semester 2 2019, but opt to wait until 2020 because of the free course offer.
- The program does not increase demand for enrolments under the Smart and Skilled/Targeted Priorities caps (and have implications for funding availability). As the policy is targeted to a relatively small cohort of mature aged, unemployed individuals, the PBO consider this assumption to be reasonable.
- Course attrition is estimated at 25% midway through a course and a further 25% before the end of the course, for a cumulative rate of 50%.

Table A1 - Cost of policy from 1 Jan 2020 to 31 Dec 2024

2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
-	4,865	7,033	7,555	7,881	3,989

Table A2 - Proportion of recipients by course and concession eligibility

Qualification level	Cost per student (\$)	Total recipients (%)
Certificate II - Concession	120	6
Certificate III - Concession	240	27
Certificate IV - Concession	240	27
Certificate II - Full fee	1,010	4
Certificate III - Full fee	2,190	18
Certificate IV - Full fee	1,990	18