



Australian Government

**A U S T R A L I A N  
A P P R E N T I C E S H I P S***Your Life. Your Career. Your Future.*Published on *Australian Apprenticeships* (<http://www.australianapprenticeships.gov.au>)[Home](#) > [Programs](#) > Trade Support Loans

## Trade Support Loans

### The Programme

#### What are Trade Support Loans?

Trade Support Loans are loans paid in instalments totalling up to \$20,000 over four years. The loans are intended to assist apprentices with everyday costs while they complete their apprenticeship. Eligible trade Australian Apprentices will be able to apply (opt-in) for regular instalments according to their needs.

#### When will this Programme start?

Trade Support Loans will be available from July 2014 (subject to passage of legislation). Eligible Australian Apprentices will have access to loans totalling up to \$20,000 over the course of their apprenticeship to assist with the costs of undertaking an apprenticeship.

#### Why is the Government introducing Trade Support Loans?

The Australian Government is strongly committed to Australian Apprenticeships and to apprentices' future training needs. While the number of trade commencements has been steadily increasing over the last decade, completion rates have remained relatively static.

Research suggests that the focus of financial incentives should be on ensuring Australian Apprentices are well supported and provided with the best possible chance of completion. The Programme will provide assistance with the expenses associated with living, learning and completing an apprenticeship and help apprentices focus on completing a trade qualification.

Following the Fair Work Commission's decision to increase apprentice wages, with some employers providing tools for their apprentices and most awards including a tool allowance it was timely to review apprentice programs.

Trade Support Loans are anticipated to be a more effective method of assisting apprentices with their everyday cost whilst they undertake their apprenticeship. The programme will provide apprentices and trainees with up to \$20,000 as an income contingent loan compared with the Tools For Your Trade payments which will cease from 30 June 2014.

Program	<i>Trade Support Loans</i>	<i>Tools For Your Trade</i>
Amount	Up to \$20,000	\$5,500
Payments	Monthly in arrears, adding to:	Lump sums:

Program	Trade Support Loans	Tools For Your Trade
	<p>occurs at income threshold of \$53,345.</p> <p>Once an apprentice successfully completes their apprenticeship, a 20% discount is applied to the loan amounts borrowed.</p> <p>Loan value is indexed in line with increases in the consumer price index to maintain real value.</p>	

### Where can more detailed information be accessed?

More detailed information is available from Australian Apprenticeships Centres. Contact details for Australian Apprenticeships Centre can be accessed using the "[Find my AAC](#) <sup>[2]</sup>" search tool or calling **13 38 73**.

## Eligibility

### Who is eligible to receive Trade Support Loans?

Trade Support Loans will be available to Australian Apprentices undertaking certificate III or IV qualifications leading to certain priority trade occupations that currently appear on [the National Skills Needs List](#) <sup>[3]</sup> and includes a number of agriculture and horticulture occupations at the certificate levels II-IV that are also currently eligible for Tools For Your Trade payments.

Once Trade Support Loan legislation has been passed by Parliament, the Minister will publish the priority occupations list specified in the legislation which identifies those occupations and qualifications that are eligible for the loan programme.

### Will current Australian Apprentices receiving Tools for Your Trade payments qualify for Trade Support Loans?

Most apprentices who are currently eligible for Tools for Your Trade payments, including those apprentices undertaking qualifications in agriculture and horticulture as outlined above, will be eligible for Trade Support Loans. More detailed information on eligibility can be accessed from Australian Apprenticeships Centres. Contact details for Australian Apprenticeships Centre can be accessed by using the "[Find my AAC](#) <sup>[2]</sup>" search tool or calling **13 38 73**.

### Are school-based and/or part-time apprentices eligible for Trade Support Loans?

Yes, subject to meeting eligibility criteria. Payments will be made at the same rate as for full-time apprentices.

### Is the Trade Support Loan compulsory for Australian Apprentices?

Uptake of the loan is optional. Eligible Australian Apprentices may decide if taking out the loan is the right choice for them. If they do choose to opt in, it will be for six-monthly periods and apprentices can choose to opt out at any time.

Programme information will be provided to eligible Australian Apprentices, including information about the debt burden and responsibility for repayment of the loan.

Additional information will be provided to eligible Australian Apprentices under 18 years of age to ensure they understand the implications and their obligations.

## **Payment Arrangements**

### **How much will an apprentice receive if they opt in to receive the Trade Support Loan?**

Eligible apprentices can apply for loans totalling up to \$20,000 over the life of an apprenticeship. Apprentices will opt in for six monthly periods with loan payments paid monthly in arrears. The amount an apprentice is eligible to receive as a Trade Support Loan will be determined by the year of their apprenticeship, that is, whether they are a first, second, third or fourth year apprentice.

Apprentices can receive up to \$8,000 in the first year of their training, \$6,000 in the second year, \$4,000 in the third year and \$2,000 in the fourth year. Apprentices can opt out at any time.

Apprentices who complete their apprenticeship will receive a 20 per cent discount, meaning that the amount they borrowed will be reduced by 20 per cent.

### **How will payments be made?**

Payments will be made directly to Australian Apprentices to their nominated bank account and paid monthly in arrears. Payments will provide regular income support to apprentices.

### **What is the time limit for payments - is there a waiting period to claim?**

Eligible Australian Apprentices will be able claim a Trade Support Loan payment only while undertaking their apprenticeship.

Unlike other personal benefit payments Australian Apprentices will not be able to claim Trade Support Loan payments retrospectively and there will be no waiting period to claim.

### **Will payments be made available in the three month probationary period of an Australian Apprenticeship?**

Yes, payments will be available in the three month probationary period as long as the Australian Apprentice qualifies for, and opts in to receive payments. This will ensure the apprentice has additional financial support from the beginning of their apprenticeship.

The existing waiting period for personal benefits under the Australian Apprenticeships Incentives Program does not apply.

### **Can payments be claimed in a period which is greater than one month?**

Apprentices will opt in for six month payment period with payments made in arrears on a monthly basis. Apprentices will opt-in which will allow them to receive the next six Trade Support Loan payments that fall due. Following this, apprentices will be required to opt-in again to receive further payments. Apprentices can opt-out of receiving payments at any time.

Apprentices will not be able to claim payments for instalments that have passed (except in very rare circumstances, such as administrative error).

**Will the full loan of \$20,000 be paid for shorter duration apprenticeships?**

No. If an apprentice completes before the end of four years, their payments cease on completion, even if they have not received the full \$20,000.

## **Repayment of the loan**

**When does the loan become repayable?**

The loan becomes repayable once the loan recipient's income reaches the income repayment threshold (\$53,345 in 2014-15), similar to repayment thresholds for the Higher Education Loan Programme (HELP).

**What if a loan recipient's income subsequently drops below the income threshold?**

The loan is repayable whenever and for as long as the loan recipient earns above the income threshold (\$53,345 per year in 2014-15). The loan will remain payable until it has been fully repaid. If the loan recipient's income is below the income threshold they will not be required to make repayments.

**How will loans be repaid?**

Loans will be indexed by the Consumer Price Index and repaid on an income contingent basis through the taxation system, similar to the way HELP loans are repaid. Apprentices who complete their apprenticeship will receive a 20 per cent discount meaning that the amount they borrowed will be reduced by 20 per cent.

The loan will be repayable through the tax system once apprentices are earning a sustainable income, (\$53,345 in 2014-15).

**Will the earnings of an Australian Apprentice affect eligibility for Trade Support Loans?**

The income of a loan recipient will not impact on their eligibility for a loan, however it may impact on their requirement to make repayments. Once a loan recipient reaches the income repayment threshold, the loan must start to be repaid, regardless of whether or not the apprentice is still receiving loan payments.

## **Conditions of the loan**

**Is there an approved list of what the loan can be used for?**

No. The loan provides ongoing and regular support for apprentices for their day to day living expenses, especially through the early years when wages are at their lowest. The loans are being made available to assist apprentices to complete their qualifications.

**Will apprentices need to provide receipts for expenditure of the loan?**

No. The loans are being provided to assist apprentices with every day costs associated with living, learning and completing their apprenticeship.

## **Administration of the Trade Support Loans**

## How do eligible Australian Apprentices apply for Trade Support Loans?

Australian Apprenticeships Centres, contracted by the Australian Government, will administer Trade Support Loans. They will determine eligibility for Trade Support Loans and assist recipients to make a claim for payments once the Programme commences.

Apprentices should contact their Australian Apprenticeships Centre for further details. Contact details for Australian Apprenticeships Centre can be accessed by using the "[Find my AAC \[2\]](#)" search tool or calling 13 38 73.

## Will Australian Apprenticeships Centres be collecting Tax File Numbers (TFN) for all apprentices accessing the Trade Support Loans?

Eligible apprentices will be required to provide their TFN to qualify for Trade Support Loans. Australian Apprenticeships Centres will be collecting TFNs as part of data that will be reported to the Australian Taxation Office. TFNs for Trade Support Loans purposes will be collected as part of the application process and will not require a separate TFN declaration form to be completed/provided.

## Register your interest

### Can I register my interest to receive support through the Programme?

If you are already in an apprenticeship, you can contact your Australian Apprenticeships Centre to register your interest in receiving support through the Programme. Contact details for Australian Apprenticeships Centre can be accessed by using the "[Find my AAC \[2\]](#)" search tool or calling 13 38 73. Please note, registering your interest does not guarantee that you will receive support through the Programme.

If you are not in an apprenticeship, there is no need to register your interest as information on the Programme will be given to you at the apprenticeship sign up.

## Further Information

### Where can I find out more?

For more information visit your local [Australian Apprenticeships Centre \[2\]](#) or call the Australian Apprenticeships referral line on 13 38 73 to find Australian Apprenticeships Centres in your region.

Source URL (retrieved on 01/07/2014 - 15:51): <http://www.australianapprenticeships.gov.au/trade-support-loans>

### Links:

[1] <http://www.australianapprenticeships.gov.au/publications/about-national-skills-needs-list>

[2] <http://www.australianapprenticeships.gov.au/find-my-aac/full-list>

[3] <http://www.australianapprenticeships.gov.au/national-skills-needs-list>

<b>Program</b>	<b>Trade Support Loans</b>	<b>Tools For Your Trade</b>
<b>Year 1</b>	Up to \$8,000	\$800 at 3 months \$1,000 at 12 months
<b>Year 2</b>	Up to \$6,000	\$1,000 at 24 months
<b>Year 3</b>	Up to \$4,000	\$1,200 at 36 months
<b>Year 4</b>	Up to \$2,000	\$1,500 on successful completion
<b>Indexation of Lifetime Limits of available support</b>	Indexed on 1 July 2017 and each later 1 July in line with increases in the consumer price index to maintain real value.	No indexation.
<b>Eligibility</b>	<p>Australian Apprentices undertaking certain trades at Certificate III or IV level qualifications leading to an occupational outcome on a priority list.</p> <p>This list is the same as occupations and qualifications currently eligible for Tools For Your Trade and primarily based on the National Skills Needs List (<a href="http://www.australianapprenticeships.gov.au/publications/about-national-skills-needs-list">www.australianapprenticeships.gov.au/publications/about-national-skills-needs-list</a> <sup>[1]</sup>), plus a number of agriculture and horticulture occupations at the certificate levels II-IV (where the Australian Apprentice is undertaking horticulture qualifications in a rural or regional location).</p>	
<b>Application</b>	Apprentices apply for a loan through their Australian Apprenticeships Centre in line with the year of their apprenticeship. They can then 'opt in' six monthly. Apprentices can opt out at any time.	Eligible apprentices paid on submission of a completed claim form within the prescribed time limit.
<b>Repayments</b>	<p>Loan amount repaid through the taxation system when the minimum income threshold is reached.</p> <p>In 2014-15 the minimum repayment</p>	No repayments. Grant payment to Australian Apprentices.