



Introduction of a new Commonwealth Prac Payment

The Australian Government will invest \$427.4 million over 2024-25 to 2027-28 to introduce a new Commonwealth Prac Payment from 1 July 2025 to support eligible teaching, nursing and midwifery, and social work students in higher education and VET complete their placements.

The new Payment will help ease the cost-of-living pressures experienced by many students when undertaking mandatory practicum placements as part of their degrees.

How will this initiative work?

The payment will provide around 68,000 eligible higher education students and over 5,000 eligible VET students each year with \$319.50 per week, during mandatory practicum placements as part of their degree.

The Commonwealth Prac Payment will be benchmarked against the single Austudy rate and is intended to support learning outcomes, where the financial impacts of placements may have otherwise influenced students to defer or withdraw from study.

The payment will be means-tested and available from 1 July 2025.

For higher education students, the Government will work with the higher education sector to introduce this new assistance payment, to be delivered through eligible providers.

For VET students, the Government will administer the payment through the Department of Employment and Workplace Relations.

The Government will work with the higher education and VET sectors to support the introduction of this new assistance to students.

The Commonwealth Prac Payment will operate alongside any support the States and Territories currently provide to support students undertaking these courses in different ways; it is not a replacement for these initiatives.

Why is it important?

There are two important reasons why the Australian Government has acted: to relieve cost of living pressures for these students; and to invest in critical workforces.

Firstly, students and unions have highlighted the very real concerns about placement poverty and cost of living pressures.

The Australian Universities Accord recommended (Recommendation 14) the Australian Government work with tertiary education providers, state and territory governments, industry, business and unions to introduce financial support for unpaid work placements, including funding by governments for the nursing, care and teaching professions, and funding by employers generally (public and private) for other fields.

The Commonwealth Prac Payment will help ease financial pressures for students during practicums and will help ensure they persist with their studies, graduate, and enter the workforce – helping to address shortages in these important sectors.

Secondly, the Australian Government’s 2023 Employment White Paper identified these professions as key enablers for the Australian economy.

Almost every Australian will interact with a nurse or a teacher throughout their life, and social workers are critical to the wellbeing of vulnerable people in the Australian community, including children being cared for by child protection and family support services, and women fleeing domestic or family violence.

Teaching, nursing and midwifery, and social work qualifications also predominantly comprise women and have high participation from low socioeconomic status and First Nations students. Many students in these cohorts also juggle full-time or part-time study with paid work as well as caring and parental responsibilities. Easing the cost-of-living pressures associated with tertiary education will encourage more students to aspire to university to enrol in areas of workforce shortage.

Who will benefit?

The new Commonwealth Prac Payment will provide up to 68,000 eligible higher education students and over 5,000 eligible VET students with financial relief of \$319.50 a week for domestic students undertaking mandatory practicum placements in Bachelor or Masters qualifications in teaching, nursing and midwifery, and social work.

The new payment will be available to eligible students on Australian Government income support and those students who need to work more than 15 hours per week during their normal university studies.

These students typically face the greatest financial pressure during mandatory practical placements due to their increased costs incurred and reduced capacity to undertake paid work.

How much will it cost?

The Australian Government will invest \$427.4 million over the forward estimates – \$369.2 million to support higher education students and \$58.2m to support VET students – with the Commonwealth Prac Payment available to students from 1 July 2025.