



Policy costing

Postgraduate income support	
Person/party requesting the costing:	Senator Richard Di Natale, Australian Greens
Date costing completed:	12 September 2018
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period <input checked="" type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>This proposal would extend existing Austudy payments to all full-time postgraduate students without changing the current eligibility criteria.</p> <p>The proposal would have effect from 1 July 2019.</p>	

Costing overview

This proposal would decrease both the fiscal and underlying cash balances by \$1,599 million over the 2018-19 Budget forward estimates period. This impact largely reflects an increase in administered expenses, offset by an increase in tax revenue.

The proposal would have an ongoing impact beyond the 2018-19 Budget forward estimates period. A breakdown of the financial implications from 2018-19 to 2028-29 is provided at [Attachment A](#).

The estimated financial implications are sensitive to changes in the number and characteristics of full-time postgraduate students. There is some uncertainty around the number of additional students that would take up Austudy under this proposal.

Table1: Postgraduate income support – Financial implications (\$m)^{(a)(b)}

	2018–19	2019–20	2020–21	2021–22	Total to 2021–22
Fiscal balance	-	-524	-530	-545	-1,599
Underlying cash balance	-	-524	-530	-545	-1,599

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Key assumptions

In costing this proposal, the Parliamentary Budget Office assumed the proportion of postgraduate students who study full-time would remain at similar levels over the costing period.

Methodology

Administered expense and tax revenue impacts were calculated by multiplying the estimated additional Austudy recipients under the proposal by the average payment rate.

This costing also includes departmental expenses for the Departmental Human Services to process payments for additional recipients. These expenses were calculated by multiplying the estimated number of additional recipients by the unit cost of processing the payments.

Additional tax revenue was calculated based on the income distribution of full-time students aged 25 years and above attending technical institutions, universities and other tertiary institutions.

Financial implications are rounded to the nearest \$1 million.

Data sources

Australian Bureau of Statistics, 2016. *2016 Census - Employment, Income and Education*.

Department of Social Services, 2018. *DSS Payment Demographic Data*. Available at: https://data.gov.au/dataset?q=dss&sort=extras_harvest_portal+asc%2C+score+desc [Accessed 22.8.2018].

Department of Social Services, 2016. *Austudy – Payment Trends and Profile Report June 2016*. Available at: <https://data.gov.au/dataset/dss-payment-trends-and-profile-reports/resource/5537f76b-c1e4-4144-8924-f0fdd089b8e5> [Accessed 22.8.2018].

Norton A, 2016. *Mapping Australian higher education 2016*. Grattan Institute.

Department of Education and Training, 2016. *Enrolment count by year by citizenship category by course level, 2016*. Available at: <http://highereducationstatistics.education.gov.au/> [Accessed 4.9.2018].

The Department of Finance provided indexation parameters as at the 2018-19 Budget.

The Department of Human Services provided unit prices for new policy proposals as at the 2018-19 Budget.

Attachment A – Postgraduate income support – financial implications

Table A1: Postgraduate income support – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	Total to 2021–22	Total to 2028–29
Revenue													
<i>Tax revenue</i>	-	39	40	41	41	42	43	44	45	46	47	119	427
Total – revenue	-	39	40	41	41	42	43	44	45	46	47	119	427
Expenses													
<i>Administered</i>													
<i>Austudy</i>	-	-549	-556	-572	-583	-595	-607	-619	-631	-643	-657	-1,677	-6,011
Total – administered	-	-549	-556	-572	-583	-595	-607	-619	-631	-643	-657	-1,677	-6,011
<i>Departmental</i>													
<i>Department of Human Services</i>	-	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-41	-137
Total – departmental	-	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-41	-137
Total – expenses	-	-563	-570	-586	-597	-609	-621	-633	-645	-657	-671	-1,718	-6,148
Total	-	-524	-530	-545	-556	-567	-578	-589	-600	-611	-624	-1,599	-5,721

- (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.
- (b) Figures may not sum to totals due to rounding.
- Indicates nil.