



## Policy costing

Expanding Paid Parental Leave (PPL) eligibility to PhD candidates	
Person/party requesting the costing:	Mr Andrew Wilkie MP, Member for Clark
Date costing completed:	26 June 2023
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 type="checkbox"/> Confidential <input checked="" type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal has two options that would extend current Paid Parental Leave (PPL) eligibility to include the following eligible postgraduate work in the scheme's work test.</p> <p><b>Option 1:</b> Enrolled in a course of study or research for a doctoral degree.</p> <p><b>Option 2:</b> Enrolled in a full-time course of study or research for a doctoral degree.</p> <p>In both options, the individual must perform study or research for the purposes of that course; where the enrolment is with an institution, or the study or research is performed, within Australia.</p> <p>For each option, the proposal requests following distributional analysis:</p> <ul style="list-style-type: none"> <li>total number of PhD candidates who would be eligible for PPL</li> <li>number of additional PhD candidates who would be eligible for PPL</li> <li>impact of the proposal by gender.</li> </ul> <p>The proposal would have effect from 1 July 2024.</p>	

## Costing overview

The proposal would reduce both the fiscal and underlying balance over the 2023-24 Budget forward estimates period by \$16.4 million for Option 1 and \$11.4 million for Option 2. The impacts reflect an increase in administered and departmental expenses that are partially offset by an increase in personal income tax revenue and savings from the Newborn Upfront Payment and Newborn Supplement.

The proposal would be expected to have ongoing financial implications beyond the 2023-24 Budget forward estimates period. A breakdown of the financial implications over the period to 2033-34 is provided at Attachment A. The distributional analysis is provided at Attachment B.

**Table 1: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Financial implications (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	Total to 2026-27
<b>Option 1: Extending PPL work test eligibility to PhD studies</b>					
Fiscal balance	-	-4.8	-5.4	-6.2	<b>-16.4</b>
Underlying cash balance	-	-4.8	-5.4	-6.2	<b>-16.4</b>
<b>Option 2: Extending PPL work test eligibility to full-time PhD studies</b>					
Fiscal balance	-	-3.3	-3.8	-4.3	<b>-11.4</b>
Underlying cash balance	-	-3.3	-3.8	-4.3	<b>-11.4</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.

- Indicates nil.

**Sensitivities and Uncertainties**

This costing is primarily assumption driven and highly sensitive to a number of factors, including:

- changes in the underlying population projections.
- the estimated number of PhD students already entitled to receive PPL (because they meet the current work test) as well as those made eligible under the proposal.
- the average PPL payment over the 2023-24 Budget forward estimates period and beyond.

Any behavioural responses to the proposal and impact on other policy areas (eg child care) could not be reliably estimated and have not been included in the costing. The impact of the proposal on Family Tax Benefit (apart from Newborn Supplement and Newborn Upfront Payment) is minimal and has not been included in this costing.

**Key assumptions**

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

- For the baseline and each option,
  - the average length of time male PhD students are on PPL is about 80% less than female PhD students
  - approximately 60% of PhD students receiving PPL are full-time students
  - the number of PhD students receiving PPL would grow in line with the historical growth of domestic PhD students.
- For the baseline,
  - approximately 80% of PhD students receiving PPL are female
  - approximately 0.5% of PPL recipients in 2024-25 are PhD students.
- For each option,
  - approximately 60% of PhD students receiving PPL are female
  - 6.5% of PhD students (or full-time PhD students for Option 2) aged between 20 and 49 would receive PPL

- approximately 45% of newly eligible PhD students were receiving Newborn supplement and Newborn upfront payment at the baseline.

## Methodology

The financial implications for each option represent the difference between total financial implications under the option and the 2023-24 Budget baseline.

For each option, the total additional administered expense was estimated by multiplying the number of impacted domestic PhD candidates by changes in their payment entitlement.

- The number of impacted domestic PhD candidates was estimated based on the 2021 ABS census data and 2022 high education statistics from Department of Education.
- Changes in the payment entitlement was the difference between the payment rate (eg. Newborn Upfront Payment and Newborn Supplement) individuals receive under current settings and the payment they would receive under each option.

Tax revenue was estimated by multiplying the net cost of each option by the marginal personal income tax rate.

Departmental impacts were calculated by multiplying the number of estimated additional recipients that would result from each option by the estimated annual cost of administering payments to each new recipient.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

Australian Bureau of Statistics (8 February 2023), Microdata and TableBuilder: Education and Work, Australia, ABS Website, accessed 12 June 2023.

Australian Bureau of Statistics (27 April 2023), Microdata and TableBuilder: Census of Population and Housing, ABS Website, accessed 12 June 2023.

Australian Bureau of Statistics (2021), Income and work, ABS Website, accessed 12 June 2023.

Department of Education (October 2022), Selected Higher Education Statistics – 2021 Student data, department of Education website, accessed 9 June 2023.

The Department of Social Services provided Paid Parental Leave forward estimates projections as at 2023-24 Budget.

Mason MA (October 2009), Why So Few Doctoral-Student Parents, University of California Berkeley, accessed 16 June 2023.

Rigler, K. L., Bowlin, L. K., Sweat, K., Watts, S., & Throne, R. (2017). Agency, socialization, and support: A critical review of doctoral student attrition. Paper presented at the 3rd International Conference on Doctoral Education, University of Central Florida, accessed 23 June 2023.

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Attachment A – Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – financial implications

**Table A1: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 1: Extending PPL work test eligibility to PhD studies - Fiscal balance and Underlying Cash Balance (\$m)<sup>(a)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Revenue</b>													
<b>Tax revenue</b>													
<i>Personal Income Tax</i>	-	2.7	3.1	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	9.2	35.8
<b>Total – revenue</b>	-	<b>2.7</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>9.2</b>	<b>35.8</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>PPL</i>	-	-8.4	-9.4	-10.5	-10.8	-11.1	-11.3	-11.6	-11.9	-12.2	-12.5	-28.3	-109.7
<i>Savings from Newborn Upfront Payment and Newborn Supplement</i>	-	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2	3.0	11.0
<b>Departmental</b>													
<i>Departmental Cost</i>	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-1.0
<b>Total – expenses</b>	-	<b>-7.5</b>	<b>-8.5</b>	<b>-9.6</b>	<b>-9.8</b>	<b>-10.1</b>	<b>-10.3</b>	<b>-10.6</b>	<b>-10.8</b>	<b>-11.1</b>	<b>-11.4</b>	<b>-25.6</b>	<b>-99.7</b>
<b>Total (excluding PDI)</b>	-	<b>-4.8</b>	<b>-5.4</b>	<b>-6.2</b>	<b>-6.3</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.1</b>	<b>-7.3</b>	<b>-16.4</b>	<b>-63.9</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.

- Indicates nil.

**Table A2: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 1: Extending PPL work test eligibility to PhD studies - Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b><i>Fiscal balance</i></b>	-	-0.1	-0.3	-0.5	-0.8	-1.1	-1.4	-1.7	-2.1	-2.5	-2.9	<b>-0.9</b>	<b>-13.4</b>
<b><i>Underlying cash balance</i></b>	-	-0.1	-0.3	-0.5	-0.8	-1.0	-1.3	-1.7	-2.0	-2.4	-2.9	<b>-0.9</b>	<b>-13.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table 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>2</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.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)

**Table A3: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 2: Extending PPL work test eligibility to full-time PhD studies - Fiscal balance and Underlying Cash Balance (\$m)<sup>(a)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b>Revenue</b>													
<b>Tax revenue</b>													
<i>Personal Income Tax</i>	-	0.9	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3	3.0	11.6
<b>Total – revenue</b>	-	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>3.0</b>	<b>11.6</b>
<b>Expenses</b>													
<b>Administered</b>													
<i>PPL</i>	-	-4.7	-5.3	-5.9	-6.0	-6.2	-6.3	-6.5	-6.7	-6.8	-7.0	-15.9	-61.4
<i>Savings from Newborn Upfront Payment and Newborn Supplement</i>	-	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	1.8	6.3
<b>Departmental</b>													
<i>Departmental Cost</i>	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-1.0
<b>Total – expenses</b>	-	<b>-4.2</b>	<b>-4.8</b>	<b>-5.4</b>	<b>-5.5</b>	<b>-5.7</b>	<b>-5.8</b>	<b>-6.0</b>	<b>-6.1</b>	<b>-6.2</b>	<b>-6.4</b>	<b>-14.4</b>	<b>-56.1</b>
<b>Total (excluding PDI)</b>	-	<b>-3.3</b>	<b>-3.8</b>	<b>-4.3</b>	<b>-4.4</b>	<b>-4.5</b>	<b>-4.6</b>	<b>-4.8</b>	<b>-4.8</b>	<b>-4.9</b>	<b>-5.1</b>	<b>-11.4</b>	<b>-44.5</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.

- Indicates nil.

**Table A4: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 2: Extending PPL work test eligibility to full-time PhD studies - Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Total to 2026-27	Total to 2033-34
<b><i>Fiscal balance</i></b>	-	-0.1	-0.2	-0.3	-0.5	-0.6	-0.8	-1.0	-1.2	-1.5	-1.7	-0.6	-7.9
<b><i>Underlying cash balance</i></b>	-	-	-0.2	-0.3	-0.4	-0.6	-0.8	-1.0	-1.2	-1.4	-1.7	-0.5	-7.6

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table 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.

- Indicates nil.

<sup>3</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)

## Attachment B – Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Number of eligible PhD students and impact distributional analysis by Gender

**Table B1: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 1: Extending PPL work test eligibility to PhD studies<sup>(a)</sup>**

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
<b>Option 1</b>										
Total number of eligible PhD candidates	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930
Number of additional eligible PhD candidates	980	980	980	980	980	980	980	980	980	980

(a) Rounded to the nearest ten.

**Table B2: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 2: Extending PPL work test eligibility to full-time PhD studies<sup>(a)</sup>**

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
<b>Option 2</b>										
Total number of eligible PhD candidates	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080
Number of additional eligible PhD candidates	550	550	550	550	550	550	550	550	550	550

(a) Rounded to the nearest ten.

**Table B3: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 1: Extending PPL work test eligibility to PhD studies (\$m)**

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
<b>Option 1</b>										
Female	-3.4	-3.9	-4.4	-4.5	-4.7	-4.8	-4.9	-5.0	-5.1	-5.3
Male	-1.4	-1.6	-1.7	-1.8	-1.8	-1.9	-1.9	-2.0	-2.0	-2.1
<b>Total<sup>(a)</sup></b>	<b>-4.8</b>	<b>-5.4</b>	<b>-6.2</b>	<b>-6.3</b>	<b>-6.5</b>	<b>-6.6</b>	<b>-6.8</b>	<b>-6.9</b>	<b>-7.1</b>	<b>-7.3</b>

(a) Total may not correspond with the sum of separate figures due to rounding.

**Table B4: Expanding Paid Parental Leave (PPL) eligibility to PhD candidates – Option 2: Extending PPL work test eligibility to full-time PhD studies (\$m)<sup>(a)</sup>**

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
<b>Option 2</b>										
Female	-2.4	-2.7	-3.0	-3.1	-3.2	-3.3	-3.4	-3.5	-3.5	-3.6
Male	-0.9	-1.1	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4
<b>Total<sup>(a)</sup></b>	<b>-3.3</b>	<b>-3.8</b>	<b>-4.3</b>	<b>-4.4</b>	<b>-4.5</b>	<b>-4.6</b>	<b>-4.8</b>	<b>-4.8</b>	<b>-4.9</b>	<b>-5.1</b>

(a) Total may not correspond with the sum of separate figures due to rounding.