



Women policy portfolio - Women's economic security - Paid parental leave	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would modify the Paid Parental Leave system by:</p> <ul style="list-style-type: none">• doubling the Parental Leave Pay (PLP) entitlement from 26 weeks to 52 weeks by 2030• increasing the rate of PLP to match replacement wage, with the government contributing up to \$100,000 and employers topping up to replacement wage for those earning above \$100,000• increasing the 'use it or lose it' component for secondary carers from 4 weeks to 12 weeks• expanding the PLP eligibility to all PhD students (irrespective of employment status)• paying superannuation on PLP entitlements. <p>The proposal would commence on 1 July 2025 and be ongoing.</p>	
<p>Additional information (based on further advice provided):</p> <ul style="list-style-type: none">• The maximum government contribution of \$100,000 per year would be indexed by the Consumer Price Index (CPI).• The PLP entitlement would be increased as follows:<ul style="list-style-type: none">– 30 weeks on 1 July 2026– 36 weeks on 1 July 2027– 42 weeks on 1 July 2028– 48 weeks on 1 July 2029– 52 weeks on 1 July 2030.• Consistent with current arrangements, the secondary carer's entitlement is included in the PLP entitlement outlined above.• Superannuation contributions would apply to the additional PLP entitlement at the current superannuation guarantee rates, with the Commonwealth paying the Government-funded portion of the PLP entitlement.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$12.2 billion over the 2025-26 Budget forward estimates period (see Table 1). The financial impact is driven primarily by an increase in administered expenses for PLP, partially offset by decreases in the Child Care Subsidy (CCS) and other welfare payments, as well as increases in tax revenue.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Women policy portfolio - Women's economic security - Paid parental leave – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-1,170.1	-2,163.1	-3,682.1	-5,225.1	-12,240.4
Underlying cash balance	-1,170.1	-2,163.1	-3,682.1	-5,225.1	-12,240.4

(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.

Uncertainties

The financial implications of this proposal are uncertain and sensitive to a range of factors, including the assumptions related to:

- The PLP sharing arrangements between the primary and secondary carers and the potential flow-on impact of their childcare decisions.
 - The PLP sharing arrangements between the primary and secondary carers could have a significant impact on the financial implications of the proposal. In the event where a secondary carer in the baseline earns significantly more than the primary carer, there is a strong financial incentive for the couple to switch roles.
 - In practice, the extent of such role-switching between carers and the resultant budget impact would depend on a range of other factors, such as the nature of the work, their pay gap and their parenting preferences – all are uncertain and difficult to quantify reliably based on available data. As such, the financial impact from such potential behavioural responses have not been incorporated into this costing.
- The eligible population and their wage levels in the baseline and under the proposal.
- The size of the PhD student cohort and their employment status in the baseline and under the proposal.
- Economic parameters such as the Consumer Price Index (CPI).

Key assumptions

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

- Approximately 3% of domestic PhD students would become eligible for the PLP in 2025-26 under the proposal, based on data published by the Department of Education. This cohort would grow over the costing period at the average historical growth rate observed for PhD students.
 - Approximately 65% of them would be secondary carers (taking up to 20% of the PLP entitlement) and the remaining 35% would be primary carers (taking up the remaining total entitlement).
- The average payment rate for the newly eligible PhD students in 2025-26 was estimated to be around \$200 per week based on the ABS 2021 Census income data and then grown over the costing period in line with average weekly earnings.

- The personal income tax impact from these newly eligible PhD students would be negligible as they are low-income parents who currently cannot meet the PLP work test in the baseline.
- The existing eligible population would grow in line with the PLP claimant projections provided by the Treasury.
- The income of the existing eligible population would grow in line with average weekly earnings.
- The eligible primary carers would work for approximately 10 weeks in the first year of the childbirth in the baseline, informed by research by the Australian Institute of Family Studies.
 - The eligible primary carers would work approximately 10 weeks in 2026-27, 9 weeks in 2027-28, 7 weeks in 2028-29, 4 weeks in 2029-30 and zero weeks from 2030-31 onwards under the proposal.
- Approximately 2% of the eligible families would reduce their use of childcare services by the same amount as the increases in their PLP entitlements under the proposal.
- Family incomes under the proposal would be the same as those projected in the baseline.
- Secondary carers who earn more than their partner would utilise approximately 25% of the couple's total PLP entitlement.
- There would be a one-off departmental cost of \$2 million to implement the proposed policy changes.
- The overall fertility rate would not change under the proposal.
- 92% of personal income tax revenue and tax revenue on superannuation would be collected in the same financial year as the PLP payment occurs, while the remaining 8% would be collected in the following year.
- Arrangements would be put in place to ensure employers will top up PLP to match recipients' wages and provide the corresponding superannuation contributions.
- The rate of return on superannuation balances in the accumulation phase is 7.5% per year.

Methodology

The administered expenses (primarily from the existing recipients) were estimated using a microsimulation model of Australia's personal income tax and transfer payment system as at the 2023-24 MYEFO and updated for the 2025 PEFO parameters.

- The additional revenue associated with employers' contributions to PLP and superannuation was estimated using historical average wages of PLP recipients projected over the costing period as per *Key Assumptions*.
- The policy impact of the newly eligible PhD students was modelled separately with the eligible population, average payment rates and uptake of PPL entitlements projected over the costing period as per *Key Assumptions*.

Offsets from CCS, resulting from reduced use of childcare services in response to an increase in PLP entitlements, were estimated as the product of:

- the average hourly fees,
- the reduced hours of care needed as per *Key Assumptions*, and

- the number of eligible families, which was estimated using PLP claimant projections provided by the Treasury.

Ongoing departmental impacts were calculated by multiplying the number of estimated additional recipients by the estimated per-recipient administrative costs provided by Services Australia.

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

The Department of Finance provided indexation parameters as at the 2025-26 Budget.

Services Australia provided per recipient administrative costs as at the 2025-26 Budget.

The Treasury provided expenditure and population forecasts for PPL claimants as at the 2025-26 Budget.

The Treasury provided estimated average taxable income for PPL claimants for 2018-19.

Australian Bureau of Statistics (2024) [Education and Work, Australia](#), ABS TableBuilder, accessed 12 June 2024.

Australian Bureau of Statistics (2022) [Income and Work: Census 2021](#), ABS website, accessed 12 May 2024.

Department of Education (2023) [Selected Higher Education Statistics – 2022 Student data](#), Department of Education website, accessed 10 May 2024.

Department of Education (2025) [Quarterly reports on usage, services, fees and subsidies](#), December quarter 2024, Department of Education website, accessed 22 May 2025.

Australia Institute of Family Studies (2008) *Timing of mothers' return to work after childbearing*, Australian Institute of Family Studies, accessed 10 May 2024.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Women policy portfolio - Women's economic security - Paid parental leave – Financial implications

Table A1: Women policy portfolio - Women's economic security - Paid parental leave – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Receipts													
Administered tax													
<i>Personal income tax</i>	550.0	830.0	1,210.0	1,670.0	2,080.0	2,270.0	2,470.0	2,620.0	2,810.0	2,970.0	3,130.0	4,260.0	22,610.0
<i>Tax on superannuation contributions</i>	34.0	58.0	92.0	128.0	171.0	207.0	225.0	236.0	250.0	271.0	288.0	312.0	1,960.0
<i>Tax on superannuation earnings</i>	3.0	7.0	13.0	23.0	36.0	52.0	70.0	89.0	111.0	136.0	163.0	46.0	703.0
Total – receipts	587.0	895.0	1,315.0	1,821.0	2,287.0	2,529.0	2,765.0	2,945.0	3,171.0	3,377.0	3,581.0	4,618.0	25,273.0
Payments													
Administered													
<i>Paid Parental Leave</i>	-1,600.0	-2,800.0	-4,600.0	-6,500.0	-8,700.0	-10,500.0	-11,300.0	-11,900.0	-12,500.0	-13,200.0	-14,000.0	-15,500.0	-97,600.0
<i>Family Tax Benefits and other transfer payments</i>	45.0	73.0	127.0	190.0	238.0	262.0	277.0	290.0	303.0	320.0	338.0	435.0	2,463.0
<i>Superannuation Guarantee on Paid Parental Leave</i>	-200.0	-340.0	-550.0	-780.0	-1,040.0	-1,260.0	-1,350.0	-1,420.0	-1,500.0	-1,590.0	-1,680.0	-1,870.0	-11,710.0
<i>Low Income Superannuation Tax Offset</i>	0.0	-1.0	-4.0	-6.0	-7.0	-8.0	-7.0	-7.0	-7.0	-7.0	-8.0	-11.0	-62.0
<i>Child Care Subsidy</i>	0.0	10.0	30.0	50.0	80.0	100.0	110.0	110.0	120.0	120.0	130.0	90.0	860.0
Total – administered	-1,755.0	-3,058.0	-4,997.0	-7,046.0	-9,429.0	-11,406.0	-12,270.0	-12,927.0	-13,584.0	-14,357.0	-15,220.0	-16,856.0	-106,049.0
Departmental													
<i>Services Australia</i>	-2.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-2.4	-3.1
Total – payments	-1,757.1	-3,058.1	-4,997.1	-7,046.1	-9,429.1	-11,406.1	-12,270.1	-12,927.1	-13,584.1	-14,357.1	-15,220.1	-16,858.4	-106,052.1
Total (excluding PDI)	-1,170.1	-2,163.1	-3,682.1	-5,225.1	-7,142.1	-8,877.1	-9,505.1	-9,982.1	-10,413.1	-10,980.1	-11,639.1	-12,240.4	-80,779.1

(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.

- Indicates nil.

Table A2: Women policy portfolio - Women's economic security - Paid parental leave – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	-30.0	-100.0	-240.0	-450.0	-740.0	-1,130.0	-1,590.0	-2,100.0	-2,660.0	-3,270.0	-3,930.0	-820.0	-16,240.0
<i>Underlying cash balance</i>	-20.0	-90.0	-210.0	-400.0	-670.0	-1,030.0	-1,480.0	-1,970.0	-2,520.0	-3,110.0	-3,770.0	-720.0	-15,270.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals 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 glossary².
- (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.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)