



Secure prac payments for allied health students (including psychologists) and medical students	
Party:	Independent Member for Indi
<p>Summary of proposal:</p> <p>The proposal would expand the Commonwealth Prac Payment (CPP) to include medical students and allied health students.</p> <p>The proposal would be ongoing and start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>Allied health encompasses a wide range of professions, including but not limited to: chiropractors, dietitians, occupational therapists, osteopaths, paramedicine practitioners, physiotherapists, psychologists and speech pathologists</p> <p>Existing eligibility criteria (work hours and income support payment) and indexation arrangements within the current CPP would continue to apply.</p>	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$290.4 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered and departmental expenses.

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: Secure prac payments for allied health students (including psychologists) and medical students – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-53.6	-66.6	-81.6	-88.6	-290.4
Underlying cash balance	-53.6	-66.6	-81.6	-88.6	-290.4

(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 costing are sensitive to the assumptions on the eligible population and the classification of what types of placements would be eligible.

The population estimate for allied health students is inherently uncertain as the available data reflects new workforce entrants rather than student numbers participating in placements. Depending on the specific definition of allied health, this approach may underestimate the number of students eligible as data on certain allied health categories were unavailable.

Further, this costing assumes that the proportion of students who would meet the work or income support eligibility requirement is similar to the current CPP, however due to demographic differences between field of study, this assumption is highly uncertain.

## Key assumptions

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

- All medical students would undertake 2,000 hours of unpaid mandatory placements evenly distributed over years 4, 5 and 6 of their medical degree.
- All allied health students would undertake 1,000 hours on average of unpaid mandatory placements in the last year of their degree.
- The take-up rate for the expanded CPP would be consistent with the take-up rate for the current CPP.
- The percentage of students on income support payments and meeting work test requirements would be consistent with the proportions for the current CPP.
- The CPP amount would growth in line with the Consumer Price Index.
- Students in receipt of income support payments would have no flow on impacts to their income support payment from receiving the CPP.
- Student numbers would grow in line with the average annual growth over the past 10 years. This is approximately 7% for allied health students and 0.6% for medical students.
- Departmental costs and provider costs would be proportionally in line to the current CPP.

## Methodology

### Population

The number of medical students in years 4, 5 and 6 of their degree was obtained from the Medical Deans of Australia and New Zealand.

To estimate the population of allied health students, data was taken from Department of Health and Aged Care National Health Workforce Dataset (which excludes dietitians and speech pathologists). As a proxy for the number of allied health students who would have graduated, data on the number of practitioners who had Australia as their initial country of qualifications and have worked in the profession for one year was used. For dietitians and speech pathologists, the average growth in the number of registered practitioners with Dietitians Australia and Speech Pathology Australia was used as a proxy for new graduates.

The total population of students was multiplied by the percentage of students on income support payments and those meeting work test requirements multiplied by the take-up rate to produce the number of students eligible for the payment.

### Costs

Administered expenses were estimated by multiplying the number of eligible students with the estimates duration of placement as outlined in *Key Assumptions*. A 5% cost is added on top to reflect administration costs for providers.

Departmental costs have been estimated based on the cost of administering the current CPP.

The impact on tax revenues is expected to be negligible as the CPP is targeted towards students on income support or supporting themselves through work and is means tested.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

## Data sources

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

Department of Health and Aged Care National Health Workforce Dataset, [Health Workforce Data Tool](#), accessed 26 May 2025.

Dietitians Australia annual reports, [Our annual report | Dietitians Australia](#), accessed 26 May 2025

Medical Deans of Australia and New Zealand Medical School Numbers – Australia, [Power BI](#), accessed 26 May 2025

Speech Pathology Australia annual reports, [Annual reports - Speech Pathology Australia](#), accessed 26 May 2025

The Department of Education and the Department of Employment and Workplace Relations provided the costing models for the current Commonwealth Prac Payment included in the 2024-25 Budget

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

## Attachment A – Secure prac payments for allied health students (including psychologists) and medical students – Financial implications

**Table A1: Secure prac payments for allied health students (including psychologists) and medical students – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	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
<b>Tax revenue</b>													
<i>Income tax</i>	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Expenses</b>													
<b>Administered</b>													
<i>Practicum Payment</i>	-53.0	-66.0	-81.0	-88.0	-95.0	-104.0	-113.0	-123.0	-134.0	-145.0	-158.0	-288.0	-1,160.0
<b>Departmental</b>													
<i>Payment administration</i>	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.8	-0.9	-0.9	-2.4	-7.7
<b>Total – expenses</b>	<b>-53.6</b>	<b>-66.6</b>	<b>-81.6</b>	<b>-88.6</b>	<b>-95.6</b>	<b>-104.7</b>	<b>-113.7</b>	<b>-123.7</b>	<b>-134.8</b>	<b>-145.9</b>	<b>-158.9</b>	<b>-290.4</b>	<b>-1,167.7</b>
<b>Total (excluding PDI)</b>	<b>-53.6</b>	<b>-66.6</b>	<b>-81.6</b>	<b>-88.6</b>	<b>-95.6</b>	<b>-104.7</b>	<b>-113.7</b>	<b>-123.7</b>	<b>-134.8</b>	<b>-145.9</b>	<b>-158.9</b>	<b>-290.4</b>	<b>-1,167.7</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. 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.

.. Not zero but rounded to zero.

**Table A2: Secure prac payments for allied health students (including psychologists) and medical students – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	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
<b><i>Fiscal balance</i></b>	-1.2	-3.9	-7.4	-11.5	-16.1	-21.3	-27.1	-33.6	-41.0	-49.2	-58.5	<b>-24.0</b>	<b>-270.8</b>
<b><i>Underlying cash balance</i></b>	-0.9	-3.2	-6.5	-10.5	-14.9	-20.0	-25.6	-32.0	-39.2	-47.2	-56.2	<b>-21.1</b>	<b>-256.2</b>

- (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 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.

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