



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	A Better Paid Parental Leave scheme
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	23 July 2013, Senator Milne/ Senator Hanson-Young http://www.greens.org.au/better-paid-parental-leave
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	<p>A paid parental leave scheme to replace the current scheme with the following elements:</p> <ul style="list-style-type: none"> • 26 weeks of paid parental leave at 100% of replacement wage up to a maximum salary of \$100 000 per annum, or the minimum wage whichever is greater. • Additional 2 weeks paid partner leave on same terms • Include superannuation contributions at the mandatory rate • Same work and eligibility requirements as the current scheme • To be paid by and administered by the Office of Family Assistance <p>To be paid by:</p> <ul style="list-style-type: none"> • Redirecting the cost of the current scheme • 1.5% levy on companies with taxable income over \$5m with the levy applying only to taxable income over \$5m
What is the purpose or intention of the policy?	To replace the current paid parental leave scheme. As working women face increasing pressure, a more caring paid parental leave scheme will give families a better start.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No
Where relevant, is funding for the	Demand driven

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policy to be demand driven or a capped amount?				
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No			
Are there associated savings, offsets or expenses? If yes, please provide details.	Yes, the cost of the current paid parental leave scheme			
Does the policy relate to a previous budget measure? If yes, which measure?	Yes, the current paid parental leave scheme			
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No			
Will the funding/program cost require indexation? If yes, list factors to be used.	No, there is implicit indexation as the payments are linked to the recipient's salary.			
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
PPL payments	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	-5	-1735	-2625	-2755
Fiscal balance (\$m)	-5	-1725	-2615	-2755
Company levy	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	200	100	2300	2600
Fiscal balance (\$m)	200	100	2300	2600
(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 positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	See PBO costing			

**PBO POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR
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<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	<p>Yes, by the PBO on 25 June 2013.</p>
<p>What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	
<p>Administration of policy:</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?</p>	<p>Office of Family Assistance</p>
<p>Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	<p>Yes</p>
<p>Intended date of implementation.</p>	<p>1 July 2014</p>
<p>Intended duration of policy.</p>	<p>Ongoing</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>No</p>
<p>List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).</p>	
<p>Are there any other assumptions that need to be considered?</p>	<p>No</p>
<p>NOTE: <i>Please note that:</i></p> <ul style="list-style-type: none"> <i>The costing will be on the basis of information provided in this costing request.</i> 	

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- *The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.*