Parliament of Australia
Parliamentary Budget Office

Policy costing request—during the caretaker period for a general election

Name of policy:	Investing in Early Childhood Educators
Person requesting costing:	Richard Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	28 June 2016
Note: This policy costing request and the response to this request will be made publicly available.	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	http://greens.org.au/childcare
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The proposal would waive the Higher Education Loan Program (HELP) repayments for early childhood education graduates employed in Long Day Care (LDC) centres. No HELP repayments would be required, and HELP debt equivalent to the repayment that would otherwise be required for financial year would be written down. In addition, graduates working in LDC centres in remote or low socio-economic areas would have the amount of debt written down doubled compared to graduates working in other LDC centres.
What is the purpose or intention of the policy?	Assist workers to get qualified and grow the workforce of ECEC educators Responding to workforce pressures brought on by the onset of the NQF by providing an incentive for well qualified professionals to stay working in childcare.
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	No

Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Demand driven but expecting around 3000 people to take advantage
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?	Primarily Commonwealth funding and delivery.
Are there associated savings, offsets or expenses? If yes, please provide details.	No direct savings or offsets.
Does the policy relate to a previous budget measure? If yes, which measure?	Bonded HECs related to following existing measures – some benefit of which would be replaced: HECS-HELP Benefit for early childhood education teachers and HECS-HELP Benefit for education graduates
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	N/A
Will the funding/program cost require indexation? If yes, list factors to be used.	N/A

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)]				
	2016–17	2017–18	2018–19	2019–20
Fiscal balance ($m)	-	-9	-10	-11
Underlying cash balance ($m)	-	-2	-2	-3
Headline cash balance ($m)	-	-8	-10	-11
(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)?	
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No
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?	Child care workers will have more disposable income and encourage careers in early childhood education
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	Australian Tax Office and Department of Education
Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).	No There will be some Departmental costs but these are not significant and can be expected to be absorbed.
Intended date of implementation:	1 July 2017
Intended duration of policy:	Ongoing

Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	
Are there any other assumptions that need to be considered?	No

NOTE:

Please note that:

The costing will be on the basis of information provided in this costing request.

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.