



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

Name of policy:	Fairer Paid Parental Leave
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	1 July 2016
<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 (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):	30 June 2016 – Adam Bandt http://greens.org.au/workplace
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	<ul style="list-style-type: none">• increasing PPL entitlement for the primary carer to 26 weeks paid at the carer’s replacement wage capped at \$100,000;• allowing two weeks of primary carer’s entitlement to be accessed by the partner at their replacement wage (thus reducing the primary carer’s entitlement to 24 weeks);• If the parent is the nominated primary carer, they would be able to receive the lower of:<ul style="list-style-type: none">○ their actual wage, or○ the higher of: the mother’s actual wage or the National Minimum Wage.• including superannuation contributions on all Commonwealth PPL payments at the Superannuation Guaranteed (SG) rate;• allowing Commonwealth, State and Territory public sector employees to choose to take either their negotiated workplace parental leave entitlement or the proposed PPL scheme (but not both);• administering the payments through the Department of Human Services, rather than the employers of the recipients.
What is the purpose or intention of the policy?	To replace the current paid parental leave scheme with a fairer more comprehensive scheme.
What are the key assumptions that have been made in the policy, including:	

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<p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p>	<p>No</p>
<p>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?</p>	<p>Demand driven</p>
<p>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?</p>	<p>No, however interaction with state public sector schemes.</p>
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>No</p>
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>Yes, the current paid parental leave scheme and the existing Commonwealth and State public sector parental leave schemes.</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	<p>Associated departmental costs are expected to continue under the new scheme.</p>
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	<p>No</p>

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
Underlying cash balance (\$m)				
Fiscal balance (\$m)				
(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 the PBO’s “Post-election report of election commitments – 2013 Election”			
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?	See the PBO’s “Post-election report of election commitments – 2013 Election”			
Administration of policy:				
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	The Australian Government through the Family Assistance Office.			
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).				
Intended date of implementation:	1 September 2016			
Intended duration of policy:	Ongoing			
Are there transitional arrangements associated with policy implementation?	No			

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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?	
NOTE: <i>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.</i>	