

APPENDIX C – PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT¹

Name of policy	The Coalition's Policy to Protect Vulnerable Workers
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	19 May 2016
Date of request to cost the policy:	17 June 2016
Summary of policy (please attach copies of relevant policy documents):	The proposal is provide the Fair Work Ombudsman (FWO) 36 ASL to enable FWO to have more direct engagement with ethnic communities, expand its Overseas Workers Team and undertake a digital minimum wage communications campaign.
Intention of policy:	The proposal seeks to strengthen the enforcement provisions in the Fair Work Act 2009 to more effectively deal with employers who intentionally exploit workers and establish an enforcement regime.
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office	This costing has not been submitted to the Parliamentary Budget Office.
Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)	
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 policy to be demand driven or a capped amount?	N/A
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.

¹ An electronic version of this pro-forma can be found at www.electioncostings.gov.au/templates.

<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	<p>No.</p>
<p>Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request) What are the key assumptions that have been made in the policy including: (continued)</p>	
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	<p>No.</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the programme? Will funding/cost require indexation? If yes, list factors used.</p>	<p>No.</p>
<p>What are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	<p>The policy will have a negative fiscal and underlying cash balance impact of \$20.5 million over the forward estimates to 2019-20: 2016-17: -\$5.1 million 2017-18: - \$5.1 million 2018-19: - \$5.1 million 2019-20: - \$5.2 million</p>
<p>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)?</p>	<p>See attached.</p>
<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>No.</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>The proposal seeks to strengthen the enforcement provisions in the Fair Work Act 2009 to more effectively deal with employers who intentionally exploit workers and establish an enforcement regime.</p>
<p>NOTE: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.</p>	

Administration of policy	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	Fair Work Ombudsman
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 programme management (by policy agencies) and additional transactions/processing (by service delivery agencies).	Funding from this policy will be directed to the Fair Work Ombudsman.
Intended date of implementation.	As soon as practicable in the 2016-17 fiscal year.
Intended duration of policy.	Ongoing but subject to a review in 2019-20.
Are there transitional arrangements associated with policy implementation?	No.
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	N/A
Are there any other assumptions that need to be considered?	The policy will be reviewed in 2019-20 to evaluate the impact of employer responses to legislative changes to enforcement and penalties and the ongoing size of the taskforce.

Costing Assumptions

Direct engagement with relevant ethnic communities – Increase in ASL only

It is assumed that the 6 ASL would have the following profile:

APS 3	1
APS 4	1
APS 5	2
APS 6	1
EL 1	1
Total	6

This is based on the span of control in FWO as at 2015 (with rounding) as per FWO's 2014-15 Annual Report. Further information is required on the activities these ASL would undertake to determine if this profile would be appropriate. Financial Implications:

(rounded)	2016-17	2017-18	2018-19	2019-20	Total
\$ millions	0.751	0.756	0.761	0.766	3.034

FWO 's Overseas Workers Team – Increase in ASL only

It is assumed that the 30 ASL would have the following profile:

APS 3	5
APS 4	5
APS 5	9
APS 6	6
EL 1	4
EL 2	1
Total	30

This is based on the span of control in FWO as at 2015 (with rounding) as per FWO's 2014-15 Annual Report. Further information is required on the activities these ASL would undertake to determine if this profile would be appropriate. Financial Implications:

(rounded)	2016-17	2017-18	2018-19	2019-20	Total
\$ millions	3.810	3.836	3.859	3.885	15.390

Communication costs:

It is assumed that the digital minimum wage communications campaign is ongoing and would cost up to \$500,000. This cost is considered reasonable compared to other recently developed communications campaigns.

Average Staffing Level:

Entity	2015-16	2016-17	2017-15	2018-19	2019-20	2020-21
<i>Fair Work Ombudsman</i>	36	36	36	36	36	36
<i>Total</i>	36	36	36	36	36	36