



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

<b>Name of policy:</b>	A new assistance payment for Childcare
Person requesting costing:	Senator Richard Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	28 June 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):	9 June 2016 Senator Sarah Hanson Young and Adam Bandt MP <a href="http://sarah-hanson-young.greensmps.org.au/content/media-releases/childcare-overhaul-%E2%80%98universal-access%E2%80%99-model-proposed-greens">http://sarah-hanson-young.greensmps.org.au/content/media-releases/childcare-overhaul-%E2%80%98universal-access%E2%80%99-model-proposed-greens</a>
<b>Description of policy</b>	
Summary of policy (as applicable, please attach copies of relevant policy documents):	The proposal would make the following changes to the early childhood education and care system: <u>Component A:</u> Bring forward the implementation of the Child Care Subsidy (CCS) system from 1 July 2018 to 1 July 2017. <u>Component B:</u> Change the current activity test so that families with a parent who undertakes 0-16 hours per fortnight of approved activity would receive 48 hours of subsidised childcare per fortnight. <u>Component C:</u> Provide a capped ‘Reducing Waiting Lists’ grant of \$200 million dollars to childcare centres to expand services and upgrade facilities. <u>The proposal would have effect from 1 July 2017.</u>
What is the purpose or intention of the policy?	These initiatives are aimed at: <ul style="list-style-type: none"><li>- guaranteeing a minimum level of access to early childhood education and care for all Australian families and</li><li>- addressing the rising cost of childcare for parents; and</li><li>- addressing long waiting list at many childcare centres.</li></ul>
<b>What are the key assumptions that have been made in the policy, including:</b>	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	It interacts with the government’s childcare policy, as announced in May 2015 and included in the 2015/16 Federal Budget.

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<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>	<ol style="list-style-type: none"> <li>1. Universal Childcare – demand driven</li> <li>2. Reducing Waiting Lists Scheme – capped</li> </ol>
<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.</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. These changes are intended to interact with the government’s childcare policy, as announced in May 2015 and included in the 2015/16 Federal Budget.</p>
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	<p>No.</p>
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	

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<b>Expected impacts of the proposal</b>				
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?				
<b>Estimated financial implications (outturn prices)<sup>(a)</sup></b>				
	2016–17	2017–18	2018–19	2019–20
<b>Component A – Bringing Forward CCS System:</b>				
<i>(i) Underlying cash balance (\$m)</i>				
Administered	-	-1,135	-78	71
Departmental	-	-7	9	8
<i>(ii) Fiscal balance (\$m)</i>				
Administered	-	1,217	-3	78
Departmental	-	-8	9	8
<b>Component B – Changing the CCS activity test:</b>				
<i>(i) Underlying cash balance (\$m)</i>				
Administered	-	-295	-361	-403
Departmental	-	-2	-2	-2
<i>(ii) Fiscal balance (\$m)</i>				
Administered	-	-328	-364	-407
Departmental	-	-2	-2	-2
<b>Component C – ‘Cutting the Waitlist Fund’:</b>				
<i>(i) Underlying cash balance (\$m)</i>				
Capped grants (administered)	-	-50	-50	-50
Flow-on to child care system (administered)	-	-35	-115	-206
Departmental	-	..	-1	-2
Departmental- DET	-	-2	-2	-2
<i>(ii) Fiscal balance (\$m)</i>				
Capped grants (administered)	-	-50	-50	-50
Flow-on to child care system (administered)	-	-39	-123	-215
Departmental	-	..	-1	-2
Departmental- DET	-	-2	-2	-2

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<p>(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.</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>The \$200 million capital grants fund is not intended to be spent in equal portions, but the amount must be contracted by 30 June 2021.</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>1.5 million Australian children access childcare.  These proposals would positively impact the quality, availability and cost of early childhood education and care for the Australian community.</p>
<p><b>Administration of policy:</b></p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>	<p>Federal Department of Education</p>
<p>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).</p>	<p>Departmental costs are expected to be absorbed.</p>
<p>Intended date of implementation:</p>	<p>1 July 2017.</p>
<p>Intended duration of policy:</p>	
<p>Are there transitional arrangements associated with policy implementation?</p>	
<p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>	
<p>Are there any other assumptions that need to be considered?</p>	

**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.*