



## Policy costing

Gender pay equity	
Party:	Australian Labor Party
Summary of proposal: This proposal has two components. <ul style="list-style-type: none"><li>• Component 1: Provide ongoing funding to the Fair Work Commission to appoint one additional Deputy President to oversee a Pay Equity Panel.</li><li>• Component 2: Re-establish the Pay Equity Unit within the Fair Work Commission. This would be funded for five years at the level of funding for the Pay Equity Unit provided in the 2013-14 Budget measure <i>Child Care Workforce – Early Years Quality Fund – establishment</i>, grown over time using the 2019-20 Budget parameters.</li></ul> The proposal would have effect from 1 July 2019.	

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$9.2 million over the 2019-20 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact that extends beyond the 2019-20 Budget forward estimates period.

The financial implications of this proposal are sensitive to changes in indexation parameters.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-2.3	-2.3	-2.3	-2.4	-9.2
Underlying cash balance	-2.3	-2.3	-2.3	-2.4	-9.2

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

## Methodology

The financial implications of the additional appointment under Component 1 are based on the Remuneration Tribunal determinations of salaries and allowances for Full-Time Public Office Holders. From 2019-20, funding for this appointment was grown by the average historical rate for the salaries and allowances in determinations between 2015-16 and 2018-19.

The financial impacts of Component 2 were based on the funding profile of the Pay Equity Unit in the 2013-14 Budget measure *Child Care Workforce – Early Years Quality Fund – establishment*, and grown over time in line with the 2019-20 Budget parameters for wages.

All estimates were rounded to the nearest \$100,000.

## Data sources

Commonwealth of Australia, 2014. *2013-14 Budget Paper No. 2*, Canberra: Commonwealth of Australian, p. 123.

The Department of Finance provided indexation parameters as at the 2019-20 Budget.

Remuneration Tribunal, 2018. *Remuneration Tribunal (Remuneration and Allowances for Holders of Full-time Public Office) Determination 2018*.

## Attachment A – Gender pay equity – financial implications

**Table A1: Gender pay equity – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<b>Expenses</b>					
<i>Departmental</i>					
<i>Component 1 – Ongoing funding to establish additional appointment</i>	-0.5	-0.5	-0.5	-0.5	<b>-1.9</b>
<i>Component 2 – Re-establish the Pay Equity Unit</i>	-1.8	-1.8	-1.8	-1.9	<b>-7.3</b>
<b>Total – expenses</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-2.4</b>	<b>-9.2</b>

- (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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (b) Figures may not sum to totals due to rounding.