



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: B419

Date Referred: 12/03/2019

Date Published: 18/03/2019

Proposal Title: Criminalise Wage Theft

Cluster: Justice

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	1,020	1,043	1,069	3,132
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	(1,020)	(1,043)	(1,069)	(3,132)

Capital Expenditure	-	1,530	1,564	-	3,094
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	1,530	1,564	-	3,094

Net Lending/(Borrowing):	-	(2,550)	(2,607)	(1,069)	(6,226)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(2,550)	(2,607)	(1,069)	(6,226)
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Notes and costing assumptions

The policy proposes to:

- establish a new wage theft law to address failure of employers to deliver pay or other employment conditions, with criminal penalties against companies and the possibility of gaol for individuals
- allocate \$2.5 million (including \$1.5 million capital) in each of 2019-20 and 2020-21, and
- allocate \$1 million of annual recurrent funding to support the implementation.

The PBO estimates the total cost of the policy is \$6.2 million over the forward estimates.

The policy specifies that:

- The intended implementation date is 1 July 2019.
- The capital funding would support system development for the register and the licencing scheme and any remaining recurrent or costs to be absorbed within the Treasury and Justice clusters.
- The scale and timing of the delivery of the various components of the proposals are flexible to available resources.
- Funding would be escalated using the Sydney consumer price index.

The wage theft policy would include:

- Having workplace inspectors undertake proactive wage audits in industries where young persons predominantly work and recover any unpaid wages and other employment benefits, and also permit registered industrial organisations to do so.

Notes and costing assumptions continued:

- Placing businesses found to have breached the law on a public "name and shame" register, and make them ineligible to participate in future contracts with the NSW Government.
- Supporting the work of Federal agencies, such as the Fair Work Ombudsman and the Australian Taxation Office by having NSW workplace inspectors proactively undertake wage audits to ensure compliance with the requirement to pay NSW workers' compensation insurance, and to recover unpaid premiums as well as any unpaid wages and superannuation.
- Establishing a scheme to license labour hire companies in NSW and ensure they provide safe, fair and reasonable work conditions to workers and place them within the jurisdiction of the Industrial Relations Commission. Reinforce existing laws that make head contractors liable for all wage issues on the sites they control.

The PBO considers it feasible for the Departments to absorb any remaining costs related to the policy. The PBO also notes that the policy may require legislative change.