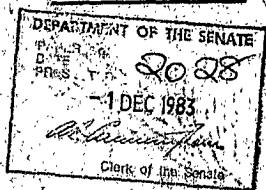


Income Maintenance Programs Volume 2— Program Descriptions

Report

213

Joint Committee of
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 213

INCOME MAINTENANCE PROGRAMS - VOLUME 2
PROGRAM DESCRIPTIONS

Australian Government Publishing Service
CANBERRA 1983

JOINT COMMITTEE OF PUBLIC ACCOUNTS

FOURTEENTH COMMITTEE

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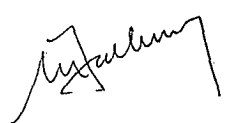
G.F. PUNCH, M.P.

DR A.C. THEOPHANOUS, M.P.

P.N.D. WHITE, M.C., M.P.



*Ex-officio member being Chairman,
House of Representatives Standing Committee
on Expenditure



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DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

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CHAPTER 1

INTRODUCTION

1.1 The Joint Parliamentary Committee of Public Accounts has taken an interest in the administration of income maintenance programs since the late 1970s. At a meeting in May 1982 the Committee, together with representatives of a number of Government departments, discussed a questionnaire with the intention of compiling administrative data on income maintenance programs funded by the Australian Government. A broad definition of income maintenance was developed which became the basis on which information on specific programs was collected. Income maintenance programs were taken as those programs transferring cash to individuals or organisations for the purpose of social welfare. Such programs included income replacement programs, for example the 'Unemployment Benefit', income supplement programs, for example the 'Tertiary Education Assistance Scheme' and expenditure based programs, for example the provision of medical services.

1.2 A copy of the questionnaire is provided in Appendix A. For each program information was sought on:

- . the nature of the program
- . the program's budget
- . administrative arrangements
- . the mandate for the program
- . the purpose of the program
- . cooperation with other government departments or other organisations in the administration of the program
- . the form of payments
- . eligibility criteria
- . service delivery
- . the nature of the information base for the program
- . projected changes in the program or its administration

1.3 The following departments provided submissions to the Committee which contained their responses to the questionnaire:

- . Department of Social Security
- . Department of Capital Territory (now Territories and Local Government)
- . Department of Health
- . Department of Aboriginal Affairs
- . Department of Immigration and Ethnic Affairs
- . Department of Veterans' Affairs
- . Department of Defence
- . Department of Administrative Services
- . Department of Employment and Industrial Relations
- . Department of Education (now Education and Youth Affairs)

1.4 The Departments' submissions covered a broad spectrum of programs. Replies on a total of 127 programs were received. Within the Committee's secretariat the data from the departments' responses were collated and edited, adhering closely to the original wording of the submissions. This material was then returned to the departments for their verification.

1.5 This volume presents the edited versions of the departments' submissions. It should be noted that the information provided in the submissions focussed primarily on 1981/82 and that to a large extent the Committee's comments, contained in Volume 1, are cast in that time frame. The material in this volume is presented in a form similar to that in which it was provided e.g., if budget estimates for 1981/82 were provided for estimated expenditure on a program, these have been retained even though more current data may now be available. However to illustrate the Committee's awareness of changes in the data and the need for consistency, actual expenditure in 1981/82 for all programs is presented in Appendix B.

1.6 The Committee also received submissions from the four coordinating agencies - the Department of the Prime Minister and Cabinet, the Department of Finance, the Public Service Board and the Social Welfare Policy Secretariat. The information in these submissions is outlined in Volume 1.

CHAPTER 2

DEPARTMENT OF SOCIAL SECURITY

Broad Objectives of the Department

Organisation of the Department

- . Central Office
- . State Headquarters
- . Area Management
- . Regional Offices
- . Overseas Posts
- . Commonwealth Compensation

Administrative Development

- . Training
- . ADP Systems

Access to Departmental Programs

- . Information Programs
- . Appeals Mechanism

Monitoring and Review of Programs

- . Program Review Activities
- . Research and Statistics
- . Administrative Reviews
- . Consultative Activities

Approach to Committee's Inquiry

- . Expenditure
- . Staffing
- . Interaction with Other Commonwealth Departments/Authorities
- . Activities of the Department Not Covered by the Submission

2.1 The basis of this chapter, introducing the social welfare programs of the Department of Social Security, was edited from the introduction to the Department's submission to the Committee.

2.2 The Department of Social Security is involved in assisting some 4.5 million clients at any one time at a cost of approximately \$10,000 million per annum. The Department helps a wide range of people in need and a variety of organisations.

2.3 The major work of the Department involves payment of pensions, benefits and allowances. In addition it is responsible for the operation of the 'Commonwealth Rehabilitation Service' and the payment of grants and subsidies to individuals, organisations and governments for housing assistance, services to children and programs for aged, handicapped and homeless people.

2.4 The Department is responsible for the staffing, funding and equipping of the Office of the Commissioner for Commonwealth Employees' Compensation. It also services policy advisory and consultative mechanisms, including the National Consultative Council on Social Security and the National Advisory Council for the Handicapped.

2.5 In order to provide an efficient and sensitive service to clients the Department has developed a decentralised administrative structure encompassing four levels of operations, namely Central Office, State Headquarters, Area Management and the Regional Office network. Service delivery to the majority of clients is effected through the Regional Offices which are located in metropolitan areas (including inner city and outer suburbs), provincial centres and rural areas.

Broad Objectives of the Department

2.6 The policy goals of programs administered by the Department are those set by Parliament (through legislation), the Minister and the Government of the day, most programs having a legislative base. Social policy goals tend to be very broad and are subject to change as social and economic conditions change.

2.7 In relation to pensions and benefits, the prime policy objective is:

- to provide a basic level of income support below which no one can involuntarily fall.

Secondary objectives are:

- to ensure that those most in need receive priority in assistance (especially given that resources are necessarily limited); and
- to ensure that self-help and incentives to work are not discouraged.

2.8 With regard to 'Compensation for Commonwealth Employees', the aim is to ensure adequate compensation for death or incapacity resulting from employment related injury or disease.

2.9 The policy objectives of the housing assistance provided under housing programs are to enable persons in need of assistance to obtain adequate housing within their capacity to pay and to give maximum encouragement to home ownership.

2.10 In the area of welfare subsidies and grants, the broad goal is to assist community effort to meet particular needs of aged, handicapped and homeless persons, children and families, and individuals seeking emergency assistance. The overall objective is to ensure that those most in need are given priority for public funding, and that the services provided are relevant to that need and are cost effective.

2.11 The 'Commonwealth Rehabilitation Service' aims to assist severely disabled people realise their full potential, including employment potential where appropriate, and provide them with the opportunity and the skills needed to remove obstacles to their full participation in society.

2.12 The administrative objectives of the Department include efficiently carrying out the detailed provisions of the Social Security Act 1947, other legislation and program guidelines, at all times seeking a balance between ensuring the delivery of benefits to those entitled and the effective control of public outlays. The Department is accountable through normal audit processes for the funds it expends, but equally it is accountable to its clients for the sensitive provision of a welfare service.

2.13 The Department's administrative objectives in the income security area are that:

- information regarding social security rights should be readily available;
- eligible persons should receive, on time, their correct entitlement;

- a ready access should exist to a prompt and fair appeal process in the event of dispute;
- the making of false or excessive claims should be discouraged, and detected when it occurs;
- the vast majority of people who claim no more than their proper entitlements should not be unduly troubled by measures designed to ensure compliance with the law; and
- the above mentioned objectives should be achieved with an efficient use of resources.

2.14 There are contradictions inherent in these objectives and they may not always be achieved since trade-offs have to be made between them. However, the Department does strive to pay all eligible persons their correct entitlement on time, with the minimum use of staff and other resources as well as protecting both the rights of claimants and the use of public funds.

2.15 The Department's administrative goals for the 'Home Deposit Assistance Scheme' (and the 'Home Savings Grant Scheme', which it replaces) are similar, i.e., to ensure that all eligible people have access to the benefits to which they are entitled. Objectives for the welfare housing programs recognise the shared responsibility with the States in this area and are aimed at directing assistance to those in need and at the adoption of innovative programs which make the most cost effective use of Commonwealth and State funds applied to these programs.

2.16 Most of the Department's other welfare service/subsidy programs involve grants to non-government organisations, with some grants to State or local governments, which in turn provide services. While there are adequate procedures to ensure accountability of funds it is more difficult to ensure that a funded organisation is providing services efficiently and effectively. In this latter regard the Department aims to provide a more extensive program evaluation and consultancy capacity than has been available to date.

2.17 Special attention is given to ensuring that all eligible residents of Australia, including Aborigines, migrants and refugees have access to the Department's benefits, services and subsidy programs. This involves extensive information programs and in relation to Aborigines and migrants, special 'outreach' services.

Organisation of the Department

2.18 The Department is responsible for a very large and complex assessment and payment system. The administrative challenge which faces the Department is to maintain this system so that it operates economically and with total reliability for those whose livelihood depends on the regular receipt of pensions and benefits.

2.19 The community demands a high level of service efficiency as well as sensitivity to the needs of clients, particularly disadvantaged groups. The Department believes that this is best achieved by providing the public with ready access to a localised and personal service. Accordingly, the Department has developed a highly decentralised administrative structure encompassing the four levels of operation outlined previously.

Central Office

2.20 The Central Office in Canberra, as the coordinating centre of the organisation employing over 12,000 staff and operating from over 175 separate locations, is responsible for:

- providing advice to the Minister on the full range of Departmental activities;
- formulating and developing policies and programs;
- supervising the administration of programs;
- developing broad procedures, instructions and guidelines on the implementation of government policies and procedures;
- generally coordinating the activities of the various State administrations; and
- developing, enhancing and maintaining the computing systems by which income security payments are made.

2.21 At Central Office, administration of the Department is conducted through ten separate Divisions, each reporting direct to the Department's top management of the Director-General and two Deputy Directors-General.

Benefits Division

2.22 This Division is responsible for administration of the pensions and benefits provisions of the Social Security Act and for reviewing existing policy, legislation and administration in relation to them.

Development Division

2.23 The responsibility of this Division is for the policy, research and statistical aspects of Australia's income security system. The Division reviews, for relevance to Australia, the operations of overseas income security systems and coordinates submissions on new policy proposals. It is not responsible for day-to-day administration of programs or directly concerned with benefit delivery mechanisms.

Housing Policy Division

2.24 As well as being responsible for the development of policies relating to access to home ownership and to the housing needs of special groups (such as aged persons and single parents), this Division also administers housing programs (including the 'Commonwealth/State Housing Agreement' and the 'Home Deposit Assistance Scheme') and determines policies in relation to the Commonwealth's housing estate at Glebe in Sydney.

Legislation and Review Division

2.25 This Division provides advice on matters relating to legislative changes and interpretations, and appeals aspects of social security schemes. The Division oversees the appeals matters associated with the Social Security Appeals Tribunal, the Administrative Appeals Tribunal, the Administrative Decisions (Judicial Review) Act 1977, and the Umbudsman, and maintains Commonwealth interests in appeals against decisions of the Commissioner for Employees' Compensation. Another important function is the formulation of policy for, and negotiation of, reciprocal agreements on social security between Australia and other countries.

Management Division

2.26 Responsibilities of the Management Division include manpower and resource management, oversight of Departmental expenditure, public information, parliamentary liaison and office services.

Office of Child Care

2.27 This Office operates as a Division and develops and administers a comprehensive range of subsidies to cater for the educational, emotional and social needs of children and their families.

Rehabilitation and Subsidies Division

2.28 This Division develops policies and administers legislation relating to the 'Commonwealth Rehabilitation Service' and to aged, handicapped and homeless persons' welfare.

Social Welfare Division

2.29 The responsibilities of this Division include the development of policy advice on a wide range of social welfare matters, the undertaking of research projects, oversight of Departmental social work services and monitoring of the adequacy of welfare services provided to particular client groups, including Aborigines and migrants.

Strategic Planning and Development Group

2.30 This Group, which has Divisional status, develops both strategic and tactical plans for Departmental ADP networks and is responsible for the planning and implementation of the re-equipment of all Departmental computing systems. The work of the Group includes the planning, development and application of new computer technologies and the integration of these technologies with existing systems.

Systems and Operations Division

2.31 This Division is concerned with operational coordination. In particular it is responsible for the introduction of efficient management techniques, methods and procedures throughout the Department, for maintaining automatic data processing systems, monitoring Departmental operations, and for implementation of new legislation and amending legislation concerning pensions and benefits.

2.32 Aspects of the Central Office organisation are currently under review.

State Headquarters

2.33 The chief administrative officers for most of the Department's programs operate from headquarters units in each State capital. There are also headquarters units for the Northern Territory and the Australian Capital Territory.

2.34 State (and Territory) Directors are responsible to the Director-General for the efficient operation of the full range of Departmental activities in the State and coordination with State and local government and private welfare organisations. State Headquarters concentrate on coordinating, overseeing and supporting the activity of Regional Offices through a structure of, generally, four functional support units (management services, benefits services, welfare services and field operations) and area management. 'Home Deposit Assistance Scheme' offices are also located in State Headquarters, with the Northern Territory being serviced through South Australia.

Management Services

2.35 The management services functions carried out by the State Headquarters of the Department involve overall resource management, including staffing levels and allocations within the State, financial control work, computing operations, forward planning and review projects and training and staff development. Management units monitor productivity within their States and continually review work processing methods.

Benefits Services

2.36 Each State Headquarters has specialist benefits units with responsibilities which include dissemination to staff of explanatory instructions dealing with legislative amendments; oversight of the implementation of policy initiatives; provision of advice and guidance to Regional Office staff on the complex legal and technical provisions covering the determination and review of payments in particular circumstances; the processing of claims in special categories; preparation of appeals material and responses to representations and Umpire enquiries; liaison with the Department of Health on cases requiring medical examinations; and investigation and prevention of incorrect payments.

Welfare Services

2.37 Officers in this unit are concerned with the range of subsidy programs administered by the Department, the operation of the 'Commonwealth Rehabilitation Service' and with social work and community liaison activities.

2.38 Applications for new grants under programs for the aged, handicapped and homeless persons and the 'Children's Services Program' are assessed and the various continuation payments applicable to the programs are administered in these units. The deployment of social work services within the State is coordinated with the activities of the Migrant Services Unit staff and Aboriginal liaison officers. Aboriginal liaison officers establish contact with and provide ongoing support and assistance to as many Aboriginal groups and individuals as possible in negotiating the social security system (i.e., identifying individuals with entitlements, ensuring that they receive proper and correct payments and that appropriate organisations have ready access to Departmental subsidy programs).

2.39 The Welfare Services units are also responsible for the day-to-day running of the Department's national information program and liaison functions at times of natural disasters.

Field Operations

2.40 Field Operations units are responsible for the Regional Office service delivery network in a State. This entails coordinating the activities of Area Managers; monitoring the levels of performance and service being provided throughout the State (and implementing remedial measures between areas); providing guidance and direction to Area Managers on matters outside their Area responsibility; overseeing the adequacy and deployment of resources between Areas; and providing State Headquarters with an effective representation of the various demands, problems and suggestions arising from the Area Managers.

Area Management

2.41 In all States except Tasmania (and the two Territories), small Area Management teams oversight and coordinate the activities of groups of Regional Offices to ensure maintenance of a high quality of client service and the effective use of resources. These teams do not work directly with individual clients, concentrating instead on management issues affecting the functioning of Regional Offices.

2.42 Area Managers have small support teams of specialist officers. These include an Assistant Area Manager (Benefits), an Assistant Area Manager (Welfare), an Administrative Officer and a Training Coordinator. In smaller States some of these staff are shared between areas.

2.43 The role of the Assistant Area Manager (Benefits) is to monitor the operational effectiveness of Regional Offices in the assessment and payment of pensions, benefits and allowances and to provide guidance on procedural and systems aspects of their work.

2.44 The Assistant Area Manager (Welfare) is concerned with the public contact and service delivery aspects of the Department's activities and the effectiveness of liaison arrangements with community organisations, in particular those receiving or seeking subsidy payments through the Department. Particular attention is given to monitoring the activities of social workers, welfare officers, Aboriginal liaison officers and migrant liaison staff in the Regional Offices and to ensuring that public contact staff are well supported in providing an efficient and sympathetic service to the public.

2.45 Training coordinators work closely with the Assistant Area Managers, concentrating on making sure that adequate training programs are provided for Regional Office staff. Administrative officers monitor the financial allocations for the administration of the area, e.g., travelling and overtime, and personnel matters such as staff selection, transfers, accommodation and transport.

Regional Offices

2.46 Regional Offices present the main public face of the Department. These offices have been established with the primary objective of providing a convenient and personalised service to clients. Another aim has been to break workloads down to levels which can be handled by cohesive groups of staff.

2.47 The distribution of Regional Offices is shown in Table 2.1.

Table 2.1: Distribution of Regional Offices - Department of Social Security

State/Territory	Number of Offices
New South Wales	58
Victoria	35
Queensland	24
South Australia	20
Western Australia	15
Tasmania	7
Northern Territory	5
Australian Capital Territory	2
Total	166

2.48 The offices are located so as to achieve the best possible balance between population, communications and geographic factors. Generally they are in the main shopping or community centres for definable regions and close to public transport and other facilities. There are also a few offices not yet fully located within the areas they serve but which are functioning as separate identities and will be relocated when suitable accommodation becomes available.

2.49 Staff numbers in individual Regional Offices range from around fifteen to about ninety, with an average complement of approximately forty to fifty. Regional Office staff account for 62% of the Department's total workforce.

2.50 A 'typical' Regional Office handles some 22,000 'Family Allowance' clients, 11,000 pensioners and 2,000 unemployed and sickness beneficiaries. Most Regional Offices assess, determine and review entitlements for each of these categories. The Regional Offices are linked to State Headquarters' computer centres. Through data entry facilities they are able to transmit information necessary for the computer centre to update its masterfile records and so complete transactions, many of which lead to the posting of cheques and advices to clients. In emergency situations Regional Offices can issue cheques manually.

2.51 In most Regional Offices there are groups of staff dealing with family allowances, pensions, unemployment, sickness and special benefits and as required, rehabilitation and subsidies matters. There are also keyboard staff and people specially trained to handle counter enquiries. Field officers operate from Regional Offices and at most offices there is at least one social worker.

2.52 The primary activity of field officers is personal liaison with clients. They both provide information and seek it in the process of ensuring that people entitled to pensions, benefits or allowances receive them and are paid at the correct rate, and also that false claims do not succeed. All field officers, as their title suggests, spend much of their time visiting clients in their own homes and on other duties outside the office environment. In country areas field officers travel many thousands of kilometres each year visiting clients.

2.53 Social workers posted to Regional Offices have a wide range of duties. These include assistance to clients experiencing personal difficulties, and advising clerical staff of special features which should be taken into account in the determination and review of client eligibility where social or psychological factors are relevant. Social workers provide reports on individual cases requiring special consideration. Their work calls for liaison with voluntary welfare agencies and other government departments providing welfare services. They assist clients seeking rehabilitation services, liaise with local organisations seeking subsidies through programs administered by the Department, monitor the quality of the Department's public contact services and assist in the training of public contact staff in human relations.

2.54 Regional Managers, who are the Department's primary representatives at the local level, supervise all the varied activities of a Regional Office. They are responsible for the efficient operation of the office in all its activities, and for maintaining close liaison with all relevant local community groups.

Overseas Posts

2.55 The Department also operates a post at Geneva (this post is in the process of being relocated to London). The staff at Geneva are responsible for:

- administering provisions of the Social Security Act - entitlements, reviews, payments, suspensions and cancellations for Australian pensioners living in continental Europe; and

- maintaining liaison with the International Social Security Association and other international bodies to keep abreast of developments or projected developments in social security.

2.56 In other countries the Department's work is handled through the Department of Foreign Affairs and Australian Trade Commissioner posts. In London, where a high volume of the Department's work is handled, staff have been engaged by the Australian High Commission specifically for social security work in Britain.

Commonwealth Compensation

2.57 The Department has responsibilities in respect of the following compensation legislation:

- the Compensation (Commonwealth Government Employees) Act 1971, covering workers' compensation for employment injury, disease or death in respect of Commonwealth employees and members of the Defence Force;
- the Seamen's Compensation Act 1911, which provides workers' compensation for certain eligible seamen;
- the United States Naval Communication Station (Civilian Employees) Act 1971 pursuant to which civilian employees of the United States Navy at North West Cape receive similar benefits to Commonwealth employees; and
- the Air Accidents (Commonwealth Government Liability) Act 1963, which provides for the payment of damages by the Commonwealth and its authorities in respect of the death of, or personal injury to, certain persons travelling as passengers in aircraft.

2.58 The administration of the Compensation (Commonwealth Government Employees) Act is vested in the statutory Office of the Commissioner for Employees' Compensation, an independent arbitrator between the Commonwealth (employer) and the employee. The Department assumes the role of the Commonwealth as employer in relation to the Act. In particular, officers of the Compensation Review Section, Legislation and Review Division of the Department's Central Office, are responsible for coordinating Commonwealth-representation when decisions of the commissioner are subject to appeal. Officers of that section are also involved with the legislation and policy for each of the Commonwealth compensation statutes for which the Department has responsibility.

Administrative Development

2.59 The task of administration in the Department of Social Security is formidable and requires the application and integration of a variety of management techniques. In recent years the Department has placed increasing priority on ensuring optimum utilisation of its resources. This has entailed the development of a sophisticated national work recording system and the facility for the bulk forecasting of staffing requirements.

2.60 In addition, particular importance is placed on the training of staff and on the use of ADP systems to administer programs.

Training

2.61 The Department conducts an intensive program of training and staff development. Training units are attached to Central Office and every State/Territory Administration. There are 109 staff engaged in training and training support activities throughout Australia.

2.62 The Department has adopted a multi-method approach to training staff, which includes:

- formal courses at State Headquarters and Area levels;
- instructional training resource materials;
- structured on-the-job training;
- planning of work experiences;
- support for the Public Service Board's development activities; and
- attendance at external courses and conferences.

2.63 Currently the major area of emphasis is on technical training to ensure all officers have had access to training which equips them to perform their duties efficiently.

2.64 In response to the decentralization of the Department's operations, the following training strategy was adopted:

- the amount of formal training for regional staff, particularly managers (Class 7 and above) and supervisors (Class 4 to 6), was substantially increased, with additional priority being given to staff newly appointed to these positions as a result of decentralization; and

a system of technical training was implemented through self-instructional materials, supervised on-the-job training, Regional Office based instruction, and formal courses at State Headquarters level directed to achieving 85% competency for assessing and examining staff at the Class 1 to 4 level.

2.65 For a number of years the Department has promoted the professional development of a considerable number of staff by funding their attendance at specialised conferences of professional groups and participation in specific skills-oriented programs and workshops. For example, the Department funds specific training for vocational counsellors at the Cumberland College in Sydney. Special efforts have been made to ensure that managers of all non-benefit programs participate in a centrally conducted management development program.

2.66 During the last twelve months, training has concentrated on the successful introduction of new programs and systems in Regional Offices:

- Disadvantaged Persons Health Scheme: forty-five instructors from State administrations were brought to Canberra and trained in the use of instructional materials. They subsequently trained over 1,300 delegates, public contact staff, data processing operators and output monitors from Regional Offices.
- National Benefits System: 172 Regional Office Conversion Control Officers were trained in the use of self-instructional materials before returning to their offices to supervise the training of all staff affected by the new system.
- National Technical Training Program: seventy instructors from State administrations were trained in principles of Act interpretation and legally correct decision making. They subsequently trained 1,583 clerks (Class 4, 5 and 6) from Regional Offices around Australia.
- 'Home Deposit Assistance Scheme': following the assumption of functional responsibility for welfare housing, Departmental training materials have been prepared for the recently announced 'Home Deposit Assistance Scheme'. In addition special training is presently underway to enable peak workloads of outstanding 'Home Savings Grant' applications to be processed.

2.67 All training materials were designed centrally, instructors were brought to a central point and briefed in the use of the materials, key Regional Office staff were then trained in major population centres and Regional Offices. This approach has proven to be a most cost effective way of providing maximum training penetration in the shortest possible time and this will affect the direction taken by future training initiatives.

2.68 Task forces are developing standard training courses and materials which will be adopted for Department-wide application and coordination as a national training program. Basic and refresher courses for Class 2/3 assessors ('Unemployment', 'Sickness' and 'Special Benefit'), field officers and counter officers will be implemented from September and work has begun on induction and pension examiners' courses.

2.69 A national register of teaching aids and instructional material will be maintained and be made available to all involved in training. Testing will be used to evaluate training; all courses will incorporate pre-training and post-training testing.

ADP Systems

2.70 DSS administers four main types of programs:

- direct cash payments to individuals (pensions, benefits and allowances);
- subsidies and grants to organisations and governments (for bodies engaged in welfare activities);
- services to individuals (rehabilitation and social work); and
- subsidies to individuals (including housing assistance).

Management services, such as finance, personnel, registry, typing and mail services, are provided to enable program objectives to be achieved.

2.71 Of these programs only those concerning direct cash payments to individuals are computerised at a relatively high level. A magnetic tape record is maintained for each person in receipt of a Pension, 'Family Allowance', or 'Unemployment', 'Sickness' or 'Special Benefit'. Each record contains certain details of the person's domestic and financial circumstances. These records are grouped into three main benefits master files - Pensions, Family Allowances, and Unemployment, Sickness and Special Benefits - and a major ADP system is employed to maintain the details on each of these files in an up to date condition.

2.72 Data covering new grants, reassessments of rate, cancellations, death, changes of address etc., is prepared manually and input to the ADP systems daily to update the appropriate record. At appropriate times the ADP systems produce payments, automatic advices concerning grants, variations etc., as well as review notices, concession cards, statistics, financial controls, group certificates and statements of income.

2.73 In addition to the Pensions, 'Family Allowances' and 'Unemployment' and 'Sickness Benefit' systems, the Department has developed (or is in the process of developing) other ADP systems to process:

- the control and issue of Health Care Cards for the disadvantaged;
- the control of overpayments of benefit;
- the payment of certain allowances and benefits as agents on behalf of other authorities e.g., Commonwealth Superannuation payments;
- the financial control of approved and actual expenditure on the Department's subsidy programs; and
- statistical collections for services to individuals, mainly in the rehabilitation area, and for monitoring the activities of welfare staff.

2.74 Management services areas are increasingly being computerised. A personnel system was recently developed to replace Mandata. A computerised inventory system is being implemented. While it has been introduced in pools in the Department, word processing is still not widespread. Processing efficiency in a variety of areas, including finance, typing, and transfer of information between and within Departmental offices, could be increased through application of modern ADP and computer technologies.

2.75 The Department has undertaken a major administrative review of all processing arrangements for all Departmental programs with the aim of achieving optimum efficiency. This has culminated in a Strategic Plan for all Departmental Programs in regard to their administration, entitled STRATPLAN. Essential elements of STRATPLAN are:

- a total re-equipment of all Departmental computer systems;
- application of new computer technologies to the Department including management services areas;

- integration of technologies such that word processing, electronic mail and office automation technologies are integrated into computerised program administration;
- the application of these integrated technologies to all locations in the Department including all Regional Offices; and
- linking of all Departmental locations electronically to allow rapid transfer of information between them.

2.76 STRATPLAN has been approved by the Government and is now being put into effect by the Department. It is a very major program scheduled to take up to seven years to implement. It will affect all areas and all locations of the Department.

2.77 The impact of STRATPLAN is expected to be major in terms of improving the quality of Departmental administration of its programs. Particular areas of improvement include the following:

- Client service is expected to be considerably improved, particularly in the areas of pensions, benefits and allowances. With the introduction of on-line systems immediate response to enquiries should be available and on-line assessment and determination should be possible;
- the new systems, because of the use of modern software technologies, are expected to be able to provide better and more contemporary management information. Present systems are not able to do this, particularly in the income security area, because of the design of the systems and the level of technology utilised. Ready availability of management information is seen as being critical to better management of departmental programs;
- Processing in all areas is expected to become more efficient. This is likely to have particular impact on the administration of pensions, benefits and allowances;
- Departmental programs are expected to become far more flexible and responsive to change. The design and level of technology in income security systems means that changes required by the Government or as a result of other developments are very difficult and costly to make. In the income security area particularly, changes to the design of the systems are expected to have dramatic impact on the speed in which change can be made. This will have an overall impact on the Department in making it responsive to Government and public demands and requirements.

2.78 Planning and implementation is now taking place in a number of areas, including computer re-equipment, systems design, site planning and accommodation, operational changes, and establishment and personnel planning. The computer re-equipment is central to this endeavour since none of the changes proposed can be made without the new computer systems. In line with Government policy, extensive reliance is being placed on use of external consultants and contractors in systems design and implementation. Tenders have been called for contract programming services and are now being evaluated. Evaluation of these tenders will take until the end of 1982 and a formal decision is expected to be announced in January 1983. Following this, implementation of the new computer systems will take place in a phased manner over a number of years, enabling new processing regimes to be introduced into all programs.

Access to Departmental Programs

2.79 As previously mentioned, special attention is given to ensuring that all eligible Australians have access to the Department's benefits, services and subsidy programs. The decentralization of administration through Regional Offices and the work of counter officers, social workers, Aboriginal liaison officers and migrant liaison staff are particularly relevant in this context. In addition information programs and the appeals mechanism complement other efforts of the Department to assist individuals and organisations to become aware of and obtain their entitlements.

Information Programs

2.80 The objective of the Department's information programs is to inform clients and potential clients about the services and programs available through the Department. This objective is achieved by the production of general leaflets in English and in up to twenty-two high-demand non-English languages. Advertising through all aspects of the media, including ethnic media, is used extensively. Other communication methods such as audio-visual productions and cassette tapes also are used. Advertising of the 'Home Deposit Assistance Scheme' includes distribution of leaflets through savings banks, building societies and other lenders.

2.81 The Department has also undertaken a coordinating role with regard to special awareness creating activities such as the International Year of the Child (1979) and the International Year of Disabled Persons (1981).

Appeals Mechanism

2.82 With an annual budget of around \$10,000 million, most of which is paid out in pensions, benefits and allowances to individuals, and a staff of over 12,000, it would be an unlikely situation if there were not some complaints about the Department's operations and if some of these complaints were not justified. The Department does not believe there is evidence of widespread concern in the community about its administrative performance; however, appeal procedures exist to enable clients to gain redress where occasional errors have occurred.

2.83 The aim of the appeals mechanism is to provide clients of the Department, dissatisfied with decisions made under the Social Security Act, with a range of review machinery which will afford quick, efficient and economical review on the merits of disputed decisions. The mechanism comprises three elements - the Review Officer, the Social Security Appeals Tribunals, and the Administrative Appeals Tribunal.

2.84 Review Officers are relatively senior Departmental officers to whom recourse may be had through any office of the Department, generally on the same day as review is sought. Their purpose is to identify and correct wherever possible errors made, to better explain queried decisions and their underlying reasons, to clear up misunderstandings, and to advise as to further rights of appeal if available.

2.85 Social Security Appeals Tribunals are quasi-independent bodies established by authority of the Minister for Social Security to advise the Director-General upon the merits of individual decisions referred to them. They each comprise two or three members independent of the Department and one Departmental officer appointed by the Director-General.

2.86 The Administrative Appeals Tribunal is an independent body empowered to review specified decisions of the Department (generally, those which have first been reviewed by a Social Security Appeals Tribunal) and to amend or annul such decisions or substitute their own decisions therefor.

2.87 Within this structure, Departmental officers are deployed as Review Officers, as Departmental members of Social Security Appeals Tribunals, as staff of Social Security Appeals Tribunals, and to prepare submissions to or examine the recommendations or decisions of the Social Security Appeals Tribunals and the Administrative Appeals Tribunal.

2.88 Under both the Home Savings Grant Act 1976 and the Home Deposit Assistance Act 1982 there is provision for both internal appeals and subsequently, appeals to the Administrative Appeals Tribunal. Internal appeals are dealt with at two levels, i.e., at State Headquarters in the first instance and then by the Director-General.

Monitoring and Review Programs

2.89 The Department is involved in a wide range of review and research activities.

Program Review Activities

2.90 Programs are reviewed in the context of the preparation of forward estimates and the preparation of new policy options for the Budget involving both extensions and restrictions to existing programs. These are prepared throughout the year and they focus on possible deficiencies in existing programs. They also discuss priorities among policy options in relation to pensions and benefits and other payments and programs administered by the DSS.

2.91 In the review of its responsibilities the Department is influenced by a number of external sources including individual clients or groups of clients, consultative committees, coordinating bodies and committees of inquiry. The Department is also influenced by representations to the Minister and to the Department itself, and has regard to the views on welfare issues expressed in the media.

Research and Statistics

2.92 The Department of Social Security undertakes a broad program of research and is involved in the collection and analysis of statistical information.

2.93 A large number of detailed income security statistics are collected, maintained, and published on all pensions, benefits and allowances. In the personal services area the Office of Child Care has recently carried out a census relating to pre-school and child care services. The Department also provides a secretariat for and participates in WELSTAY which is a joint Commonwealth/State project concerned with the standardization and improvement of social welfare statistics.

2.94 There are also large scale research surveys carried out in the personal services area. The most recent of these has been undertaken in conjunction with the Australian Council on the Ageing (ACOTA) examining the domiciliary and community welfare service needs of elderly people living at home. A large number of smaller scale projects are recorded in the Social Security Research Information Listing (SSRIL) produced by the Department.

2.95 During the 1977/78 financial year, a Social Welfare Policy Secretariat (SWPS) was established by the Government, with administrative support provided by the Department of Social Security. The Secretariat examines major policy issues, particularly those extending beyond the responsibilities of any one department. The policy development and research staff of the Department of Social Security cooperate in a number of joint projects initiated by or coordinated by SWPS.

2.96 Some research is contracted out, and this presently concentrates on issues relating to handicapped people. The Department also funds the Social Welfare Research Centre at the University of New South Wales.

2.97 The Department provides secretariat services to the Australian Housing Research Council and its Research Advisory Committee. The Council, comprising Commonwealth and State Ministers with responsibility for housing and chaired by the Minister for Social Security, sponsors research into the social and economic problems in housing which are of particular concern to the Commonwealth and to the State Housing Authorities.

2.98 In addition the Department monitors all other relevant research documents and takes into account the findings of interdepartmental committees and other reports that relate to social policy.

Administrative Reviews

2.99 Within the Department there is ongoing review of the administration of pensions and benefits programs. These reviews fall into the following four distinct groups:

Intra-departmental Reviews

2.100 These reviews are conducted primarily by the Systems and Operations Division, examples being:

- Payment of Pensions Overseas

The procedures for the payment of pensions overseas were reviewed and rewritten in June 1982. The original procedures were written in 1972.

- Off-file processing - 'Family Allowance'

Traditionally, claims for 'Family Allowance' have been processed on paper files. A paper file was held by the Department for each 'Family Allowance' recipient and all work relating to that recipient was undertaken on that file. Off-file processing provides an efficient alternative method of granting claims which would be free of the inherent paper management problems of on-file processing.

• Front of Line Processing

Front of line is a work distribution and control system based on the following broad principles:

- control - the officer in charge of the work area being located at the front, not the end of the processing line;
- work is classified and allocated for necessary action;
- maximisation of 'off-file' processing;
- holding bays for the containment and distribution of all work as well as providing a visual aid as to the amount of work on hand; and
- all work is given a priority level; all new work receives attention within twenty-four hours; any work on hand at end of day is vetted by the Officer in Charge.

Audit Reviews

- 2.101 The Auditor-General's Office is currently undertaking an Efficiency Audit of Administration of 'Widow's Pension' and 'Supporting Parent's Benefit'.

Management Reviews

- 2.102 A review team comprising officers of the Public Service Board and the Departments of Social Security and Finance examined the operations of the Department in 1978.

- 2.103 In 1981 the Public Service Board, in consultation with the Department of Social Security, examined the administrative arrangements of portability payments (payment of pensions/benefits overseas).

External Reviews

- 2.104 External reviews have included:

- W.D. Scott & Co Pty Ltd - September 1975
'A Review of Social Security Benefits Administration'
- J.D. Norgard - June 1977
'Review of the Commonwealth Employment Service (CES)'. This Review of the CES had some impact on 'Unemployment Benefit' administration in the Department of Social Security.

• Dr D.M. Myers CMG - July 1977
'Inquiry into Unemployment Benefit Policy and Administration'.

- 2.105 The administrative recommendations of the reviews referred to earlier have been substantially implemented.

Consultative Activities

- 2.106 The Department of Social Security participates in a number of consultative structures:

National Consultative Council on Social Security (NCCSS)

2.107 The Council advises the Minister for Social Security on relevant social welfare issues. The Council consists of sixteen members, eight of whom are State and Territory Chairmen of Consultative Committees on Social Welfare and eight others whose interests cover a range of welfare areas. Ten task forces have recently been established to provide more informed advice. Specific items currently receiving attention include health care cards, unemployment issues, income maintenance, long term social welfare issues and welfare delivery in remote areas.

- 2.108 The Council and the task forces are able to co-opt expertise from within or outside the consultative mechanism and have full access to Departmental staff for advice.

State and Territory Consultative Committees on Social Welfare

2.109 The State and Territory Consultative Committees on Social Welfare advise the Director-General through the relevant State Director on the performance of the Department in the delivery of services to the community, ensuring that staff of the Department are sensitive to individuals, groups and community needs and drawing attention to gaps and anomalies. Following the Review of Commonwealth Functions, the terms of reference of the State and Territory Consultative Committees were broadened to include the major policy concerns of the Department.

National Advisory Council for the Handicapped (NACH)

2.110 Comprising twelve experts in the field of disablement and rehabilitation, NACH advises the Commonwealth Government on all aspects of policies and services which affect people with disabilities.

2.111 The Standing Interdepartmental Committee on Rehabilitation (SIDCOR) liaises with NACH and provides a Departmental focus for collaboration and improved coordination of policies and programs affecting people with disabilities.

Consultation with Welfare Coordinating Bodies

2.112 The Department consults with a number of non-government welfare coordinating bodies including:

- the Australian Council of Social Service (ACOSS);
- the Australian Council for Rehabilitation of Disabled (ACROD);
- the Australian Council on the Ageing (ACOTA); and
- the Australian Early Childhood Association (AECA).

Commonwealth/State Government Consultation

2.113 The Minister for Social Security is a member of the Council of Social Welfare Ministers of Australia, New Zealand and Papua New Guinea which meets annually to discuss policy matters of mutual concern. The Director-General of the Department of Social Security is a member of the Standing Committee of Social Welfare Administrators of Australia, New Zealand, and Papua New Guinea, which meets on a twice yearly basis. The costs of maintaining a permanent secretariat to the Council and Standing Committee are shared between the Commonwealth, the States and the Northern Territory.

2.114 The Minister for Social Security also attends the Commonwealth/State (and Northern Territory) Housing Ministers' Conference which meets twice yearly to discuss housing policies and programs. The Director-General attends the Housing Officers' Conference held prior to each Ministers' Conference. There is no permanent secretariat.

Approach to the Committee's Inquiry

2.115 Consistent with guidelines issued by the Secretariat of the Joint Parliamentary Committee of Public Accounts, the Department has, for the purposes of this Inquiry, adopted a very broad interpretation of what qualifies as an 'income maintenance program'. Basically, it embraces all cash transfer programs from the Commonwealth Government to individuals and to organisations (and governments) for onward transmission to individuals. It also includes programs which provide assistance for increasing quality of life opportunities related to education, accommodation, training, child care etc. In short, the Department has regarded as falling within the ambit of the Inquiry, all programs which are income related measures: whether they are minimum income support programs, such as the 'Age Pension'; or income supplement programs, such as a housing program; or expenditure based programs, such as a rebate for expenditure.

Expenditure

2.116 Direct program expenditure was, with the exception of the compensation programs, readily identifiable from Appropriation data.

2.117 Estimating associated administrative costs cannot be approached in the same manner. The methodology adopted was as follows:

- calculation of average salary rate per employee for 1981/82 using estimated expenditure for the twenty-seven pay days divided by average staffing levels;
- multiply average salary per employee by the number of employees per program as identified in the material provided by the Manpower Section of the Department. Full-time and part-time (full-time equivalents) were added together for this purpose. A slightly higher average salary rate was utilised where available data suggested this was applicable;
- estimated salary costs per program were multiplied by 0.85 to provide an assessment of total staff costs. This procedure is set out in a draft Public Service Board document 'Guidelines for Staff Costing'.

2.118 The above procedure is dependent on the validity of staffing data and is particularly arbitrary in the manner in which overheads are calculated.

2.119 The Department's expenditure recording system does not provide data on a program basis. Broadly, the expenditure recording system uses facilities provided by the Department of Finance and is designed to enable effective control on cash expenditure and forward obligations. Funds are allocated to managers with responsibility for their disbursement and the system is designed to provide these managers with the information necessary to effectively control outlays. The recording system for expenditures effectively follows the management pattern of the Department and is not structured by program. The appropriation structure in the administrative area is directed at funding inputs generally rather than identifying program costs.

2.120 In any event there are sound reasons to be cautious in the use of Appropriation data based on cash flows for full costing exercises. Provision of common services by other departments will lead to understatement of program costs, as would the failure to take account of superannuation and use of Commonwealth owned accommodation which are not reflected in cash flow data.

2.121 In these circumstances, the approach to full staff costing outlined in the Public Service Board's paper appears as the only feasible option at this time without a major redevelopment of the current expenditure recording system.

Staffing

2.122 The programs selected for review are different from those used in monthly staffing reports prepared by the Department. Therefore, in presenting the information required for this Inquiry, it was necessary to assess staffing distributions not recognised by the Department's formal organisation or operating arrangements. However, the information supplied attempts to relate actual practice to the Committee's needs as far as possible.

2.123 Figures shown for each program were based on the average staffing level achieved in the period July 1981 - April 1982.

Interaction With Other Commonwealth Departments/Authorities

2.124 Because of its computer and cheque paying facilities, the Department of Social Security acts as a paying agent for a number of other Commonwealth departments and authorities as follows:

- Australian Government Retirement Benefits Office
 - Commonwealth Superannuation Scheme
 - Defence Forces Retirement and Death Benefits
- Department of Employment and Industrial Relations
 - Allowances paid under the Manpower Training Program
- Department of Health
 - Tuberculosis Allowance.

2.125 The Department also cooperates with a number of other Commonwealth departments/authorities:

- Department of Health
 - Pensioner Health Benefit Scheme
 - Disadvantaged Persons Health Scheme
 - Domiciliary Nursing Care Benefit
- Australian Telecommunications Commission
 - Concessions for pensioners on telephone rental

• Australian Postal Commission

- Concessions for pensioners on postal redirection fee

• Australian Taxation Office

- Tax deduction from pension or benefit, where requested by client
- Sales tax exemptions on vehicles for the disabled.

Activities of the Department Not Covered by the Submission

2.126 The administration of the Seamen's Compensation Act 1911 was, for the purposes of the completion of questionnaires, not viewed as a Commonwealth income maintenance program. That Act, for Constitutional reasons, exists solely to provide a workers' compensation code for certain seamen who would not otherwise be covered by the legislative codes of the various States and Territories.

2.127 The Act imposes liabilities upon the employers of such seamen in circumstances of work-connected injury; no liability to meet payments under the Act is cast upon the Commonwealth as such (although it might be noted that the Commonwealth statutory authority, the Australian Shipping Commission, as operator of the Australian National Line, is liable to make payments under the Act but only in its capacity as an employer and without reference to its existence as an emanation of the Commonwealth). Finalization of claims under the Act is by agreement between employer and employee or by arbitration through the judicial system, and not by determination by any Commonwealth officer.

2.128 The only administrative role played by the Commonwealth is maintenance of a register of settlements under the Act, with lodgement through a prescribed officer being the Regional Controller of the Department of Transport and Construction. The prescribed officer forwards settlements to the Department of Social Security once they are lodged and registered. An officer of the Department of Social Security thereupon enters them in the register; it is estimated that this function (and related statistical functions) involves one Clerk Class 5 officer for approximately ninety hours per annum. The Department of Social Security is not aware of the quantum of resources devoted to administration of the Act through the Department of Transport and Construction but this is understood to be slight.

2.129 A small number of payments (less than fifty) are made under the National Security (Civil Constructional Corps Compensation), (Civil Defence Workers Compensation) and (War Injuries Compensation) Regulations. Since 1950, when the maximum rate of 'Age' and 'Invalid Pensions' rose above the

maximum rate of the compensation payments, approval has been given to increase the compensation pensions on an 'act of grace' basis to bring them to the level of 'Age' and 'Invalid Pensions'.

2.130 The Department of Social Security makes a number of payments to assist welfare bodies and agencies (e.g., ACOSS, ACROD, ACOTA) and makes grants to tertiary institutions to fund research work on issues relevant to the responsibilities of the Department. The Department also funds a number of secretariats, as in the case of the International Year of Disabled Persons Unit. These and other miscellaneous payments reflect the remainder of the Department's operations, which fall outside the ambit of the Committee's Inquiry.

CHAPTER 3

DEPARTMENT OF SOCIAL SECURITY

Family Programs, Special Benefit and Unemployment Benefit

1. Family Allowance
2. Handicapped Child's Allowance
3. Double Orphan's Pension
4. Widow's Pension
5. Supporting Parent's Benefit
6. Special Benefit
7. Unemployment Benefit

1. FAMILY ALLOWANCE

Program Synopsis

3.1 'Family Allowance' is payable to persons with the custody, care and control of one or more children under 16 or one or more dependent full-time students aged between 16 and 25 years. It is not payable in respect of a student receiving 'Invalid Pension' or a prescribed education allowance (e.g., TEAS). Generally the claimant and child must be living in Australia, although the allowance can be paid during temporary absences overseas. There is no income test, but there is a financial dependency test for students. A student is considered dependent if his income is less than \$1800 per annum if living at home, or \$2600 per annum if living away from home. The allowance is not taxable. It is paid monthly by cheque or by direct deposit to an account with a bank, a building society or credit union. The monthly rates of payment are:

• first child	\$15.20
• second child	\$21.70
• third and fourth children	\$39.00 each
• fifth and subsequent children	\$45.55 each
• children in institutions	\$39.00

There are no specific provisions for automatic adjustment of the rate of allowance.

3.2 Clients are required to notify the Department of any changes in circumstances; such notification initiates a review of eligibility. There is an automatic review when a child turns 16 and at the end of every calendar year after the child turns 16, if he is a student.

Administrative Data

3.3 The program is intended to assist families with the costs of bringing up children. 'Family Allowance' is paid on a universal basis in recognition of the greater need for income or lower capacity to pay tax of all families with dependent children vis-a-vis those without children. A secondary objective is to reduce financial hardship particularly among large families. Unlike pensions and benefits which are designed to provide minimum income support, this program's primary objective is to promote horizontal equity between those with children and those without. 'Family Allowance' is financed from general revenue and the rates vary according to the position of the children in the family. It is not subject to an income test.

3.4 Authority for 'Family Allowance' payments is contained in the Social Security Act 1947 and Regulations. The Regulations give effect to the reciprocal social security agreements with New Zealand and the United Kingdom. The Act and Regulations also provide a framework for the administration of the legislation (including appropriate appeal mechanisms).

3.5 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any person or representative (including other Commonwealth departments) who possesses information which may assist in determining an individual's entitlement to produce that information, if required. The Department of Foreign Affairs assists in making social security payments overseas.

3.6 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.7 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 490;
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 813;
- Estimate of the manhours spent on the administration of this program during 1981/82: 2,346,700.

3.8 Estimated expenditure on 'Family Allowance' for 1981/82 is shown in Table 3.1.

Table 3.1: Estimated Expenditure - Family Allowance: 1981/82

Item	Expenditure
	\$m
Services	1 040.0
Administration	
- Salaries(a)	21.2
- Administrative Overheads(b)	18.1
Total	1 079.3

(a) based on average staffing level

(b) estimate

3.9 This program is concerned with providing assistance direct to eligible persons or institutions. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications and arrange payments. The offices in fact form the 'front line' in the delivery of the service to the public. Normally payment under the program is arranged direct from the Department to the client by way of personal cheque or by direct deposit to a personal account in a bank, building society or credit union.

3.10 There are situations where children are cared for in an institution. In these cases, payment of 'Family Allowance' in respect of all the children in the institution is arranged by way of a group cheque to the management of the institution. Clients who are dissatisfied with a decision of the Department relating to their eligibility for 'Family Allowance' have certain rights of appeal.

Eligibility for Benefits

3.11 Benefits are payable to persons with the custody, care and control of one or more children under 16 or one or more dependent full-time students aged 16 or more but under 25 years, but not payable in respect of a student receiving an 'Invalid Pension', or an allowance under the 'Tertiary Education Assistance Scheme', the 'Adult Secondary Education Assistance Scheme', the 'Pre-School Teacher Education Assistance Scheme', the 'Aboriginal Study Grants Scheme', the 'Commonwealth Teaching Service Scholarships Scheme', and the 'Post-Graduate Award Scheme'.

3.12 Generally a person must live, intend to live permanently, or have lived for twelve months in Australia to be eligible. Where the child is living overseas, the allowance may be paid to a parent living in Australia. The allowance may also be paid during a temporary absence of the family overseas.

3.13 There is no income test but there is, however, a financial test of dependency for full-time students aged 16 to 24. A full-time student is regarded as dependant provided his income does not exceed \$1,800 a year (living at home) or \$2,600 a year (living away from home). The benefit is not taxable.

3.14 Section 104 of the Social Security Act provides for the payment of 'Family Allowance' to persons temporarily absent from Australia where they continue to be residents for taxation purposes (except when they are absent in Cocos Island, Christmas Island or Norfolk Island). If the absence from Australia is for twelve months or less the payment of 'Family Allowance' is held over until their return and paid as a lump sum. Where the temporary absence is longer, 'Family Allowance' may continue to be paid in Australia or to an address overseas.

3.15 Table 3.2 sets out information on the numbers of clients reached as at June 1981.

Table 3.2: Beneficiaries of Family Allowance: at June 1981

Beneficiaries	Number
Families	2 092 289
Institutions	562
Children and students in	
Families	4 216 862
Institutions	10 418
Total Beneficiaries	4 227 280
Age of children	
Under 16 years	3 947 783
Students 16-24 years	279 497
Total Beneficiaries	4 227 280

3.16 More recent information relates to 14 April 1982. At that date:

- the number of families receiving payments was 2,123,591;
- the number of children in institutions was 9,037; and
- the number of children for whom payments were made was 4,268,126.

Ongoing Checks for Eligibility

3.17 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, ceasing to be a dependent full-time student) or entitlement (e.g., the receipt of income). Clients are also required to provide full details of their circumstances when requested at regular intervals.

3.18 A review of 'Family Allowance' is carried out whenever a change in circumstances is notified either by the recipient or another person (e.g., death or marriage of child).

3.19 A review of 'Family Allowance' is automatic when a child turns 16. If the child continues to be a student after the age of 16 and 'Family Allowance' is paid for that child, there is a review of continuing eligibility at the end of each calendar year. Payment for the student is suspended while eligibility is established.

3.20 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

Type and Method of Payment

3.21 Under this program, payment is usually arranged direct from the Department of Social Security to clients (normally the mother) in monthly instalments. Half the client population is paid on the first Tuesday of each month and the other half on the third Tuesday of the month.

3.22 Payments are made normally by personal cheque or direct deposit to a personal account in a bank, building society or credit union.

3.23 There are situations where children are cared for in an institution. In these cases, payment of 'Family Allowance' in respect of all the children in the institution is arranged quarterly by way of a single group cheque to the management of the institution.

Rate of Payment

3.24 The following are the current monthly rates of 'Family Allowance':

• One child	\$ 15.20
• Two children	\$ 36.90
• Three children	\$ 75.90
• Four children	\$114.90
• Plus for each additional child	\$ 45.55
• Children in Institutions - each	\$ 39.00

3.25 The level of the rates is influenced by the overall cost of the program, the relative needs of families with children compared to those without and the appropriate distribution of financial responsibility between families with children and taxpayers generally. There are no specific provisions for adjusting rates of 'Family Allowance'. They are, however, reviewed each year in the context of the Budget.

The Nature of the Information Base for the Program

3.26 The present system of 'Family Allowance' commenced operation in June 1976 following the passage of two associated measures: one increasing substantially the rates of 'Family Allowance' (then known as 'Child Endowment') and the other abolishing personal income tax rebates for children and students. The following traces briefly the origins and history of 'Child Endowment' and tax concessions for children in Australia since the introduction of 'Child Endowment' at the Commonwealth level in 1941.

3.27 Prior to 1941 'Child Endowment' existed in New South Wales, where the State Government had introduced it in 1927. Personal income tax concessions for children were available under both Commonwealth and State income tax systems. In 1941, 'Child Endowment' at the rate of fifty cents a week for each child was introduced at the Commonwealth level in respect of all children under 16 years other than the first. Personal income tax deductions from taxable income for children under 16 other than the first were abolished at the Commonwealth level. 'Child Endowment' in New South Wales was abolished.

3.28 Although 'Child Endowment' was not to form part of the wage payment (it was normally to be paid to mothers) the Government of the day saw it very much as a special supplement to wages. When introducing the payroll tax legislation in 1941 which was to finance most of the cost of 'Child Endowment' (the balance was to come from general revenue and the savings from the abolition of tax deductions for children other than the first), the Minister Assisting the Treasurer, said:

Wages are now fixed at flat rates irrespective of the size of families. Family endowment is a special supplement to wages, and under this scheme it will be graduated according to the size of the family. As it is, therefore, a logical adjunct of the wages system, the money required to pay it is a logical addition to pay-roll costs of employers. It is necessary for the Commonwealth to collect the money, pool it and distribute it to families, because, obviously, if employers had to pay more wages to men with families than to others, the family men would not get a job at all. (Commonwealth Parliamentary Debates, 166, 27 March 1941, p. 344).

3.29 With the passage of uniform income tax legislation in 1942, the Commonwealth restored personal income tax concessions for second and later children in the form of a rebate of tax payable. The concession for the first child was also transformed into a rebate, the amount of which was greater than for other children.

3.30 The major structural changes between 1942 and 1975 were as follows:

- 1950 - introduction of 'Child Endowment' for the first child under 16;
 - replacement of income tax rebates with income tax deductions for children under 16 and students aged 16 or more but under 21;
- 1964 - introduction of endowment for students aged 16 or more but under 21 years;
- 1967 - rates of endowment for third and subsequent children increased in such a way that endowment for later children was always greater than for earlier children;
- 1972 - income tax deductions for student children extended to those aged 21 or more but under 25;
- 1974 - system of income tax deductions for children altered so that tax saved was equal to at least 40% of the value of the deduction allowable (tax saved could not, however, exceed tax otherwise payable); and
- 1975 - income tax deductions for children and students replaced by income tax rebates.

3.31 The change in 1976, which was along the lines recommended by the Henderson Poverty Inquiry, enabled the provision of general assistance for children through 'Child

Endowment' and tax rebates to be combined into one system of cash payments. It also ensured that:

- all families of the same size received the same amount of assistance. While this had been so for 'Child Endowment', low income families derived little or no benefit from the tax rebates; and
- all general assistance for children was directed to mothers.

3.32 The most significant change to the system of 'Family Allowance' was in January 1982 when the rates of assistance were increased by 50% for third and subsequent children. The rate for children in institutions was increased by a higher percentage. The impetus for the changes to 'Child Endowment', tax concessions and 'Family Allowance' came from many sources including the Parliament, the Government, Departmental policy and administrative reviews, research, committees of inquiry and outside bodies and individuals. It is, however, often difficult to link particular changes with specific sources.

3.33 A wide range of statistics relating to 'Family Allowance', 'Double Orphan's Pension' and 'Handicapped Child's Allowance' is routinely collected, maintained and published. The main publications are:

- Four-Weekly Digest of Statistics;
- Quarterly Summary of Statistics;
- Recipients of Pensions, Benefits and Family Allowances in Postcode Districts and Electoral Divisions (Annual);
- Annual Statistics of Pensions and Family Allowances;
- Ten Year Statistical Summary (Annual); and
- Pocket Compendium of Income Security Statistics (Quarterly).

3.34 A good deal of information is published each year in the Annual Report of the Director-General.

3.35 In recent times, the 'Family Allowance' has been discussed in a number of publicly available research papers prepared by the Development Division of the Department of Social Security:

- Research Paper No. 9: 'The Relationship between the Australian Social Security and Personal Income Taxation Systems: A Practical Examination' (December 1980)
- Research Paper No. 11: 'The Finance of Social Security: Some Implications of the Interaction between Social Security and Personal Income Tax' (December 1980)
- Research Paper No 17: 'Taxation Expenditures: Submission by the Department of Social Security to the Inquiry into Taxation Expenditures by the House of Representatives Standing Committee on Expenditure' (March 1982)

3.36 Other research tasks include the maintenance of an information base on overseas systems of assistance for children and the costing and analysis of policy options.

3.37 While the policy goals of 'Family Allowance', 'Handicapped Child's Allowance' and 'Double Orphan's Pension' are essentially a matter for the Government, the Department does play a role through the provision of advice on policy review and analysis. This is undertaken primarily in the context of the preparation of forward estimates and the preparation of new policy options for the Budget involving both extensions and restrictions to existing programs. These are prepared throughout the year and they focus on possible deficiencies in existing programs and assess their budgetary, manpower and administrative implications.

Program Review

3.38 In addition to the ongoing research and statistical work, policy review and analysis, and administrative review undertaken within the Department, there has been a number of inquiries instituted by the Government into matters impinging on general assistance to families.

3.39 The major inquiries in recent times of relevance to 'Family Allowance' include the Commission of Inquiry into Poverty (1975) and the Full Report of the Taxation Review Committee (1975) chaired by Justice Asprey.

3.40 The main recommendation of the Poverty Inquiry in this area was put into effect by the Government in 1976 when 'Family Allowance' was introduced. It was noted by the

Inquiry that 'Child Endowment' payments were a more equitable form of payment than tax deductions, since tax deductions were of proportionately greater value to high income earners and did not benefit those on very low incomes. In 1975 tax deductions were replaced by tax rebates, and in 1976 universal 'Family Allowance' was introduced.

3.41 The Inquiry also recommended substantial increases in the rates of general assistance for third and subsequent children and a reduction in the rates of additional pension/benefit for such children to overcome the situation where a person with a large family may be financially better off on pension or benefit than by earning a low wage.

3.42 'Family Allowance' for third and subsequent children was increased by 50% from January 1982, but the rates of additional pension/benefit for children remain the same for each child.

3.43 The Report of the Taxation Review Committee supported the recommendation of the Poverty Inquiry that the tax concessions for children be abolished and child endowment correspondingly increased. At the same time the Committee regarded the tax-exempt status of child endowment as anomalous. The approach favoured by the Committee, in the absence of a family unit taxation option, was to tax the payment in the hands of the family's larger income earner.

3.44 Since 1976 there have been a number of reviews of general assistance for children undertaken by the Government, including reports prepared by the Income Security Review. These reviews are not public documents.

2. HANDICAPPED CHILD'S ALLOWANCE

Program Synopsis

3.45 The 'Handicapped Child's Allowance' (HCA) is payable to a parent or guardian of a severely handicapped child or of a substantially handicapped child, living at home and requiring constant or, in the case of a substantially handicapped child, almost constant, care and attention. The child must be less than 16 or between 16 and 25 years if a full-time dependent student, not in receipt of 'Invalid Pension'. There is no income test for the allowance paid in respect of severely handicapped children. In the case of substantially handicapped children the rate payable is at the discretion of the Director-General and an income test is applied.

3.46 A claimant for HCA must be in receipt of 'Family Allowance' for the relevant child. HCA is paid monthly in conjunction with 'Family Allowance' at the rate of \$73 for severely handicapped children and up to that amount for substantially handicapped children. It is not taxable. Notification requirements and review procedures are generally the same as for 'Family Allowance', but the Director-General can direct a child to be medically examined as required.

Administrative Data

3.47 The program is primarily intended to assist families who have a handicapped child requiring constant care and attention and prefer to provide that attention in the family home rather than place the child in an institution at a far greater cost to the government. For many handicapped children requiring constant care and attention, the allowance is paid free of income test. For children whose degree of handicap is less but still substantial, and who require constant care and attention to a degree which is only marginally less than the first group, and which involves the parents in financial hardship, the allowance is paid subject to an income test.

3.48 Authority for 'Handicapped Child's Allowance' payments is contained in the Social Security Act 1947. The Act also provides a framework for the administration of the legislation (including appropriate appeal mechanisms).

3.49 Under the Social Security Act, the Director-General may require a medical practitioner to examine the child in respect of whom an application for HCA has been made. In conjunction with consideration of data supplied by the child's doctor and his/her parents, a Commonwealth Medical Officer of the Department of Health examines the child to determine whether, in his opinion, the child is severely or substantially physically or mentally handicapped. His

recommendation is forwarded to the Director-General of Social Security for decision. The Department of Foreign Affairs assists in making payments overseas.

3.50 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.51 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 3
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 7
- Estimate of the manhours spent on the administration of this program during 1981/82: 18,000

3.52 Estimated expenditure for 'Handicapped Child's Allowance' in 1981/82 is shown in Table 3.3.

Table 3.3: Estimated Expenditure - Handicapped Child's Allowance: 1981/82

Item	Expenditure
	\$m
Services	22.1
Administration	
- Salaries(a)	0.2
- Administrative Overheads(b)	0.1
Total	22.4

(a) based on average staffing level
(b) estimate

3.53 This program is concerned with providing assistance direct to eligible persons. 'Handicapped Child's Allowance' is paid in conjunction with 'Family Allowance'.

Eligibility for Benefit

3.54 'Handicapped Child's Allowance' is payable to a parent or guardian of a child who is severely physically or mentally handicapped and requires constant care and attention which is provided in the family home. Similarly it is payable in respect of a child who is substantially handicapped where the provision of care and attention causes severe financial hardship. The child must be under 16 years of age (under 25 years in the case of a dependent full-time student not receiving an 'Invalid Pension'), living in the family home and receiving constant care and attention of the parent or guardian in the home. Residential qualifications for the benefit are the same as those for 'Family Allowance'.

3.55 There is no income test on the allowance paid in respect of a severely handicapped child. Neither is there a formal income test on the allowance paid for a substantially handicapped child but the allowance in these cases is restricted to parents or guardians with low incomes. For this purpose low incomes are considered to be incomes less than \$233 per week (increased by \$6 for each child in the family after the first). The amount of \$233 per week is the sum (rounded to the nearest dollar) of the weighted average minimum weekly award wage payable to adult males for a full week's work (excluding overtime) as at 31 December 1981 (\$209.85) and the maximum weekly rate of HCA (\$16.85) plus \$6. This income limit is increased each March and September. The allowance payable for a substantially handicapped child also has regard to the level of cost incurred. HCA is not taxable. Under certain conditions it is also transportable (see 'Family Allowance').

3.56 Table 3.4 sets out information on the number of clients reached as at June 1981.

Table 3.4: Beneficiaries of Handicapped Child's Allowance:
June 1981 and 14 April 1982

Beneficiaries	Number
At June 1981 Number of Allowees with:	
Severely handicapped child	24 846
Substantially handicapped child	1 152
	<hr/>
	25 998
Age of Children	
Under 16 years	25 504
Students 16-24 years	494
	<hr/>
Total Beneficiaries: June 1981	25 998
At 14 April 1982 Number of Allowees with:	
Severely handicapped child	25 347
Substantially handicapped child	1 591
	<hr/>
Total Beneficiaries: 14 April 1982	26 938

Ongoing Checks for Eligibility

3.57 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, ceasing to be a dependent full-time student) or entitlement (e.g., the receipt of income). Clients are also required to provide full details of their circumstances when requested at regular intervals.

3.58 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

Type and Method of Payment

3.59 'Handicapped Child's Allowance' is paid direct from the Department of Social Security to clients (normally the mother), in conjunction with 'Family Allowance'. It is currently paid at a maximum rate of \$73.00 per month. Although there are no specific provisions for adjusting the maximum rate of HCA it is reviewed annually in the Budget context.

The Nature of the Information Base for the Program

3.60 A HCA of \$10 per week was introduced in December 1974, payable to the parents or guardians of a severely handicapped child under 16 years who was cared for at home, and in need of constant care and attention.

3.61 In introducing the new provision, the then Minister for Social Security said:

The allowance is designed specifically to assist parents and guardians who have a handicapped child under 16 years of age requiring constant attention and who, for reasons that all such persons will understand, prefer to provide this attention at home rather than place the child in an institution.

It is recognised that most persons who have a severely handicapped child in the home incur additional expenditure. The allowance will help them to meet the extra costs involved. It may also be used towards the cost of obtaining services that will afford some relief from the stresses that are experienced, especially by the mother, in these situations.

(H of R Hansard, 16 October 1974, pp. 2425-6)

3.62 The rate of benefit was raised to \$15 per week in November 1976 and to \$73 per month in 1980.

3.63 Eligibility for the payment has been extended since its introduction. In 1977 the allowance was made payable to the parents or guardians of 'substantially' as well as 'severely' handicapped children subject to a financial test of need. In November 1978 eligibility was extended to full-time students aged 16 to 24 years provided the student was not an invalid pensioner.

Program Review

3.64 Within the Department the program is subject to continuing research and statistical analysis and policy review.

3.65 In addition to this, the Commission of Inquiry into Poverty recommended that the adequacy of these payments be reviewed as part of any general review of pension rates, and that they be adjusted in line with average weekly earnings. Currently the allowance rate is reviewed in the Budget context, but is not indexed according to any measure of living standards or costs (although periodic increases in the income test arrangements in respect of payments for substantially handicapped children are related to movements in wages).

3.66 A sample survey has been conducted of medical reports relating to children in respect of whom 'Handicapped Child's Allowance' was being paid at 14 March 1982. A report on the morbidity characteristics of such children is being prepared.

3. DOUBLE ORPHAN'S PENSION

Program Synopsis

3.67 The 'Double Orphan's Pension' is payable to a guardian or institution for a child whose parents are dead, or where one parent is dead and the whereabouts of the other parent are unknown, or the other parent is a long-term prisoner or inmate of a mental hospital. It may also be paid in respect of refugee children where both parents are outside of Australia or their whereabouts are unknown. 'Parent' includes an adoptive parent. The children must be less than 16 years or between 16 and 25 years if dependent full-time students, not in receipt of 'Invalid Pension'. The pension is not income tested, nor is it taxable. It is paid in conjunction with 'Family Allowance' at the rate of \$55.70 per child per month. There are no specific provisions for adjusting the rate of the pension.

3.68 The review procedures are generally the same as for 'Family Allowance', plus specific reviews, e.g., where a parent is due to be discharged from prison.

Administrative Data

3.69 The program is intended to provide assistance for guardians or institutions who are caring for a child whose parents are both dead or one of whose parents is dead and the other is missing, or in respect of refugee children, where both parents are outside Australia or the whereabouts of the parents are unknown. A secondary objective is to provide financial incentives for families to care for orphans, rather than the more expensive alternative of institutional care.

3.70 Authority for 'Double Orphan's Pension' payments is contained in the Social Security Act 1947. The Act also provides a framework for the administration of the legislation (including appropriate appeal mechanisms).

3.71 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any persons or representatives (including other Commonwealth departments) who possess information which may assist in determining an individual's entitlement to pension to produce that information, if required. The Department of Foreign Affairs assists in making Social Security payments overseas.

3.72 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.73 Estimates of total numbers employed in administering the program are:

- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2
- Estimate of the manhours spent on the administration of this program during 1981/82: 3,600

3.74 Estimated expenditure on 'Double Orphan's Pension' in 1981/82 is shown in Table 3.5.

Table 3.5: Estimated Expenditure - Double Orphan's Pension: 1981/82

Item	Expenditure
	\$m
Services	2.9
Administration	
- Salaries(a)	0.033
- Administrative Overheads(b)	0.028
Total	2.96

(a) based on average staffing level

(b) estimate

3.75 'Double Orphan's Pension' is payable to guardians of children under the age of 16 and dependent full-time students aged 16 or more but under 25 years both of whose parents are dead or one of whose parents is dead and the other parent is missing; or, in respect of refugee children, where both parents are outside Australia or the whereabouts of the parents are unknown. The benefit is also paid in respect of a child whose sole surviving parent is a long term inmate of a prison or mental hospital. For purposes of eligibility, 'parent' includes an adoptive parent. It is not payable in respect of a student receiving an 'Invalid Pension'. Residential qualification and matters such as the income test, tax treatment and portability are all as for 'Family Allowance'.

3.76 Table 3.6 sets out information on the number of clients reached as at 30 June 1981.

Table 3.6: Recipients of Double Orphan's Pensions: as at 30 June 1981

Recipients	Number
Guardians Institutions	2 766 93
Orphans in care of Guardians Institutions	3 701 287
Total Recipients	3 988
Age of orphans	
Children under 16 years	3 252
Students 16-24 years	736
Total Recipients	3 988

3.77 The number of orphans for whom 'Double Orphan's Pension' was payable at 14 April 1982 was 4,716.

Ongoing Checks for Eligibility

3.78 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, ceasing to be a dependent full-time student) or entitlement (e.g., the receipt of income). Clients are also required to provide full details of their circumstances when requested at regular intervals.

3.79 Eligibility for payment of 'Double Orphan's Pension' in respect of a child older than 16 years of age is dependent upon the child being accepted as a student child for 'Family Allowance' purposes. Eligibility is therefore checked at the same time as 'Family Allowance' when a child turns 16 and again at the end of each subsequent calendar year.

3.80 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

Type and Method of Payment

3.81 'Double Orphan's Pension' is paid direct from the Department of Social Security to the guardian or institution, in conjunction with 'Family Allowance'. 'Double Orphan's Pension' is currently paid at a rate of \$55.70 per child per month. The rate of benefit is influenced by the costs of caring for a child as well as overall cost. Although there are no specific provisions for adjusting the rate of 'Double Orphan's Pension', it is reviewed annually in the Budget context.

The Nature of the Information Base for the Program

3.82 'Double Orphan's Pension' was introduced in 1973. In introducing the legislation, the then Minister for Social Security stated:

Double Orphan's Pension removes an area of human neglect that should not have been allowed to continue... Children of a widow receiving a 'Widow's Pension' would attract a mother's allowance and additional pension for children. If the mother were to die, all pension entitlement ended. (H of R Hansard, 11 September 1973, pp. 756-7)

3.83 Initially \$10 a week was paid to the guardian of an orphan under 16 years, or a full-time student under age 21 (later under age 25). The pension was not paid to a child who attracted a 'War Orphan's Pension'. It was also paid to approved charitable, religious or government institutions.

3.84 The pension was extended in October 1975 to the guardian of a child whose sole surviving parent was sentenced to imprisonment for ten years or more, or was committed to a mental hospital for an indefinite period. In 1981 the eligibility conditions were widened further to include refugee children where both parents are outside Australia or the whereabouts of the parents are unknown.

3.85 The rate of pension was raised in 1974 to \$11 per week, in 1979 to \$47.70 per month and in 1980 to \$55.70 per month. The Department keeps rates and conditions of 'Double Orphan's Pension' under review and carries out continuing statistical and research work, policy review and analysis into the program and its beneficiaries. In 1981 the extension of 'Double Orphan's Pension' to refugee children in certain circumstances arose out of an interdepartmental committee report.

4. WIDOW'S PENSION

Program Synopsis

3.86 There are three classes of 'Widow's Pension':

Class A - payable to a widow with at least one dependent child who is a child of the widow or a child who was in her care when she became a widow.

Class B - payable to a widow of at least 50 years of age who has no children or, if she has a child, the child does not qualify her for a Class A pension, or

- to a widow of at least 45 years of age whose Class A pension ceases because she no longer has a qualifying child.

Class C - payable to a widow under 50 years of age who has no child and is in necessitous circumstances within the twenty-six weeks following her husband's death.

3.87 For all classes, 'widow' includes a woman who, although not legally married to him, lived with a man as his wife for at least three years immediately before his death. For Classes A and B it includes a wife who has been deserted for six months, a divorcee and a woman whose husband has been imprisoned for six months. 'Child' includes a dependent full-time student who has reached the age of 16 but is under 25 years and not in receipt of an 'Invalid Pension'. A claimant must generally be residing in and be physically present in Australia on the date of claiming pension. No specific period of residence is necessary if a woman and her husband were residing permanently in Australia when she became a 'widow'. In other cases a period of five years continuous residence immediately preceding the date of claim or ten years continuous residence at any time is required. The pension can be paid overseas.

3.88 For Class A and B widows, the income test is the same as for age pensioners under 70 years. There is no specific income test for Class C widow's pension but the claimant must be in necessitous circumstances. 'Widow's Pension' is taxable (see 'Age Pension'). The maximum weekly rates of pension and additional payments are:

• Basic rate	\$74.15
• Additional pension each child (including a student child)	\$10.00
• Mother's allowance	
- child not under 6 or invalid	\$6.00
- at least one child under 6 or invalid	\$8.00
• Supplementary (rent) assistance (if eligible)	\$8.00
• Funeral Benefit (once only, maximum)	\$40.00

3.89 The basic rate is automatically increased twice yearly by percentage increases in the Consumer Price Index. There are no statutory provisions to adjust the other payments. The pensioner is paid fortnightly by cheque or by direct deposit to an account with a bank, building society or credit union.

3.90 Pensioners are required to provide details of their circumstances when requested and to inform the Department of any changes in circumstances which may effect eligibility.

3.91 Pensioners are also eligible for fringe benefits and funeral benefits.

Administrative Data

3.92 The program is intended to provide minimum income support to de jure widows and to certain other women who have lost the support of a male breadwinner, who have limited income and who have children in their care or who, because of their age, are not expected to provide for their own support. A secondary objective of the program is to provide encouragement for self help, through the operation of the income test. Unlike provisions in overseas countries with contributory schemes, the pensions are flat-rate and not related to the husband's previous level of earnings. They are financed entirely out of general revenue.

3.93 Under this program, pensioners may be entitled to the following additional payments and benefits, which supplement the 'Widow's Pension':

- Supplementary Assistance (for rent, etc)
- Funeral Benefit
- Commonwealth Pensioner Fringe Benefits (e.g., health, telephone, postal, transport)
- Additional Pension for Children
- Mother's/Guardian's Allowance

3.94 As for other programs, the authority for the payments is contained in the Social Security Act 1947 and other Acts related to health benefits, telephone rental concessions, postal fee reduction concessions and transport concessions.

3.95 Regular liaison procedures exist with the Department of Veterans' Affairs to ensure that both departments do not pay pensions where such dual entitlement is precluded by legislation. The Department of Foreign Affairs assists in making social security payments overseas.

3.96 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.97 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 88
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 215
- Estimate of the manhours spent on the administration of this program during 1981/82: 545,700.

3.98 Estimated expenditure on 'Widow's Pension' in 1981/82 is shown in Table 3.7.

Table 3.7: Estimated Expenditure - Widow's Pensions: 1981/82

Item	Expenditure
	\$m
Services	718.0
Administration	
- Salaries(a)	4.9
- Administrative Overheads(b)	4.2
Total	727.1

(a) based on average staffing level

(b) estimate

3.99 This program is concerned with providing income support direct to eligible persons. To ensure ready accessibility to the program, the Department has established a

comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications for pension and arrange payments to pensioners. The offices in fact form the 'front line' in the delivery of the service to the public.

3.100 Payment under the program is normally arranged direct from the Department to the client by way of personal cheque or by direct deposit to a personal account in a bank, building society or credit union.

3.101 There are situations where the Department makes indirect payments to the client. Some pensioners who are inmates of nursing homes may have their pension paid directly to the management of these organisations. Moreover, where a pensioner is incapable of conducting her own affairs, the pension may be paid to another person on the pensioner's behalf. In some cases special conditions relate to payments of pensions overseas. Clients who are dissatisfied with a decision of the Department relating to their eligibility for pension or benefit or the level of entitlement, have certain rights of appeal.

3.102 Other Commonwealth benefits are also available. Additional pension for children and mother's/guardian's allowance, supplementary assistance, Commonwealth pensioner fringe benefits and funeral benefit are payable to widow pensioners under the same conditions as apply to age pensioners.

3.103 Table 3.8 sets out the information on the number of clients reached.

Table 3.8: Number of Clients - Widow's Pension

Clients	Number
Widow Pensioners as at 9 April 1982:	
Class A	84 965
Class B	79 292
Class C	119
Total	164 376
Widow's Pensions Granted During 1980/81:	
Class A	18 800
Class B	11 398
Class C	389
Total	30 587

Eligibility for Benefits

3.104 There are three classes of 'Widow's Pension':

Class A - payable to a widow with at least one dependent child who is a child of the widow or a child who entered her care before she became a widow.

Class B - payable to a widow of at least 50 years of age who has no children or, if she has a child, the child does not qualify her for a Class A pension; or to a widow of at least 45 years of age whose Class A pension ceases because she no longer has a qualifying child.

Class C - payable to a widow under 50 years of age who has no child and is in necessitous circumstances within the twenty-six weeks following her husband's death.

3.105 For all classes, the term 'widow' includes a woman who, although not legally married to him, lived with a man as his wife for at least three years immediately before his death. For Class A and B it includes a wife who has been deserted for six months, a divorcee or a woman whose husband has been imprisoned for six months. 'Child' includes a dependent full-time student who has reached the age of 16 but is under 25 years.

3.106 A claimant must generally be residing in and be physically present in Australia on the date of claiming pension. No specific period of residence is necessary if a woman and her husband were residing permanently in Australia when she became a 'widow'. In other cases a period of five years continuous residence immediately preceding the date of claim or ten years continuous residence at any time is required. In exceptional circumstances a 'Widow's Pension' may be granted to a person living overseas. In these cases the qualifying event (widowhood, divorce, desertion, etc.) must have occurred in Australia.

3.107 The income test for Class A and B widows is generally that for age pensioners under 70 years of age. There is no specific income test for Class C 'Widows Pension'. A claimant must, however, be in necessitous circumstances to qualify.

3.108 The tax treatment of the 'Widow's Pension' is the same as for 'Age Pension'.

Rate of Payment

3.109 Table 3.9 sets out the maximum rate of 'Widow's Pension' and the additional payments.

Table 3.9: Widow's Pension Rates: June 1982

Pension or Additional Payment	Maximum Rate (June 1982) \$ per week
Pension	
Standard rate(a)	74.15
Additional Payments	
Additional pension for each child (including a student child)	10.00
Mother's/Guardian's allowance -	
. No child under 6 or invalid	6.00
. At least one child under 6 or invalid	8.00
Supplementary assistance	8.00
Funeral benefits (once only grant)	40.00

(a) Subject to automatic indexation. See below for the method of adjustment of maximum rates.

3.110 The maximum rate of pension is influenced not only by the needs of 'widows' but also by a range of other concerns. These include cost, incentives to work, and, in the case of separating couples, incentives to become or remain a sole parent pensioner and the distribution of responsibility for income support between separating couples and taxpayers generally.

3.111 The maximum rate of 'Widow's Pension' is automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters, and each November by the CPI increase between the previous December and June quarters. The maximum rates of the other payments are not subject to automatic adjustment but they are reviewed from time to time by the Government, usually in the context of the preparation of the annual Budget.

3.112 Table 3.10 sets out the number and characteristics of Class A and Class B widow pensioners as at 30 June 1981.

Table 3.10: Selected Characteristics of Widow Pensioners:
30 June 1981

	Class A		Class B		Total	
	No.	%	No.	%	No.	%
	('000)		('000)		('000)	
Age						
Under 20 yrs	.1	0.1	..	..	..	..
20-29 yrs	15.8	18.0	..	..	..	..
30-39 yrs	37.0	42.2	..	..	..	..
40-49 yrs	23.8	27.1	..	..	..	..
50-59 yrs	10.8	12.3	..	..	..	..
60 yrs and over	.2	0.2	..	..	..	..
45-59 yrs	..	..	3.1	4.0	..	..
50-54 yrs	..	..	18.9	24.3	..	..
55-59 yrs	..	..	38.4	49.4	..	..
60 yrs and over	..	..	17.4	22.4	..	..
Category						
Widows	21.2	24.1	51.8	66.7	73.0	44.1
Divorcees	30.2	34.4	14.1	18.1	44.3	26.8
Deserted Wives	35.5	40.4	11.1	14.2	46.6	28.1
Other	.9	1.1	.7	0.9	1.6	1.0
Rate						
Full Rate	67.6	76.9	61.8	79.5	129.4	78.2
Reduced Rate	20.2	23.1	15.9	20.5	36.2	21.8
Income as assessed (\$ p.a.)						
Nil	49.2	56.0	18.7	24.0	67.8	41.0
1-312	4.6	5.2	25.5	32.8	30.1	18.2
313-1040	13.9	15.8	17.6	22.6	31.4	19.0
Over 1040	20.2	23.1	15.9	20.5	36.2	21.8
Supplementary Assistance						
With	35.3	40.2	20.2	26.0	55.5	33.5
Without	52.5	59.8	57.5	74.0	110.0	66.5
Fringe Benefits						
With	79.5	90.5	70.9	91.2	150.4	90.9
Without	8.3	9.5	6.8	8.8	15.1	9.1
Home Ownership						
Home Owners	31.0	35.3	40.7	52.3	71.7	43.3
Non Home Owners	56.8	64.7	37.0	47.7	93.8	56.7
Number of Widows With						
No children	..	..	77.3	99.4	77.3	46.7
1 child	36.4	41.4	.3	0.4	36.7	22.2
2 children	31.5	35.9	.1	0.1	31.6	19.1
3 or more	19.9	22.7	0	0.1	20.0	12.1
Widow Pensioners	87.8	100.0	77.7	100.0	165.5	100.0

Note: Any discrepancies between totals and sums of components are due to rounding.

Ongoing Checks for Eligibility

3.113 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, return to work) or entitlement (e.g., the receipt of income). Pensioners are also required to provide full details of their circumstances when requested at regular intervals.

3.114 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

The Nature of the Information Base for the Program

3.115 'Widow's Pension' first became payable in July 1942 by virtue of the Widows' Pensions Act 1942 in response to the recommendations of the Commonwealth Joint Parliamentary Committee on Social Security. A pension for widows had previously been considered in the context of a proposal for a national insurance scheme.

3.116 The Joint Parliamentary Committee found that, except for New South Wales and to a limited extent Victoria, the States made no specific provision for widows, although many widows received assistance through Child Welfare and Charitable Relief Departments. The Committee was of the opinion that, because of the 'national service' that widows were performing in rearing children, they should be assisted in this task.

3.117 During the Parliamentary debate on the introduction of the 'Widows Pension' scheme, the then Minister for Social Services said:

... there has been a somewhat lamentable disregard of the welfare of widows and children in Australia. The Commonwealth Government believes that residents of all States should enjoy social benefits on a uniform basis, and in pursuance of that policy submits what merits description as a major advance in Commonwealth social legislation. This bill can only be regarded as a commencement. It makes no pretence at perfection and will certainly be subjected to such amendment as experience shows to be necessary, and will assuredly be followed by further development of federal social services in a manner that will provide a real social security for all our people. (C.P.D. Vol. 170, 14 May 1942, p. 1239)

3.118 The basic features of the scheme, which continue today, were:

- eligibility was restricted to certain categories of women;
- a test of financial need applied; and
- pensions were flat-rate and financed from general revenue.

3.119 Since 1942 there have been substantial increases in the real value of benefits paid, an increase in the range of benefits available and substantial easing of the eligibility criteria particularly in relation to residence and the financial tests of need. An account of major legislative changes is contained in T.H. Kewley, 'Social Security in Australia 1900-72' (Sydney University Press 1973) and 'Australian Social Security Today' (Sydney University Press 1980).

3.120 In addition to the changes outlined under 'Age Pension', the major changes to 'Widow's Pension' over recent years have been the increase in rates of Class B and Class C 'Widow's Pension' in March 1973 and the removal in 1980 of eligibility for those whose husbands are in a mental hospital (at the same time pensions became payable to persons in mental hospitals, and their wives became eligible for wife's pension).

3.121 A wide range of statistics relating to 'Widow's Pension' is routinely collected, maintained and published. The main publications are listed under 'Age Pension'.

3.122 Some of the Departmental research papers listed under 'Age Pension' have relevance to the 'Widows Pension' (and 'Supporting Parent's Benefit') and related matters. In particular:

- Research Paper No. 3: 'Changing Family Patterns and Social Security Protection: The Australian Scene' (March 1979); and
- Research Paper No. 12: 'Work Incentive Experiments in the United States and Canada' (June 1981).

3.123 There have also been a number of the Department's research papers which have been specifically concerned with sole parents:

- Research Paper No. 5: 'A Review of the Characteristics of Sole Parents Assisted under the Social Services Act' (March 1980);

- Research Paper No. 6: 'Research Questions on Income Security for Sole Parents' (March 1980);
- Research Paper No. 7: 'Characteristics of Sole Mothers Receiving State Assistance Subsidised under the States Grants (Deserted Wives) Act' (March 1980);
- Research Paper No. 16: 'As His Wife - Social Security Law and Policy on De Facto Marriage' (December 1981);
- Research Paper No. 18: 'Sole Parents on Pensions: A Sample Survey of Class "A" Widow Pensioners and Supporting Parent Beneficiaries' (June 1982).

Program Review

3.124 In addition to the continuing research, statistical policy and administrative analyses and reviews undertaken within the Department, a number of inquiries instituted by the Government have been concerned with 'Widows' Pensions' and sole parents generally. The major inquiries include the Commission of Inquiry into Poverty (1975) chaired by Professor R.F. Henderson, the report on a Uniform Sole Parent Pension by a Task Force of Commonwealth and State officials presented to the Council of Social Welfare Ministers in March 1980 (this report is not a public document) and the Joint Select Committee on the Family Law Act which reported in July 1980. The Royal Commission on Human Relationships in 1977 chaired by Justice Evatt, also made some recommendations in relation to income security for sole parents. A summary of the recommendations contained in the published reports of these inquiries follows:

- (i) The Report of the Commission of Inquiry into Poverty, published in April 1975, made a number of recommendations concerning the rates and structure of pensions, means tests, and residence qualifications which applied to pensions generally. These have been mentioned under 'Age Pension'.

In relation to 'Widow's Pension' and provisions for sole parents generally, the Inquiry recommended:

- that Class B 'Widow's Pension' (and 'Age Pension' for women aged 60 to 64) be withdrawn and replaced by a pension available to all breadwinners aged 50 to 64 who are finding difficulty in working for an adequate private income;
- that pension and fringe benefits equivalent to those available to women be made available to men supporting children on their own; and

- that the Commonwealth Government assume full financial responsibility for all pensions and benefits for women supporting children on their own.

The Government extended 'Supporting Mother's Benefit' to supporting fathers in 1977; supporting parent beneficiaries became eligible for fringe benefits in 1979; and in 1980 the Commonwealth assumed full financial responsibility for supporting parents from the first day of sole parenthood. The major remaining difference between supporting parent beneficiaries and Class A widow pensioners is that the former usually cannot subsequently qualify for Class B 'Widow's Pension'.

- (ii) The Royal Commission on Human Relationships in its Final Report in April 1977 recommended that:

- the Government introduce a supporting parent's pension to be payable to any single parent, with the six months qualifying period for supporting parent beneficiaries abolished; and
- the taking of maintenance action should not be a prerequisite for eligibility for a 'Widow's Pension' or 'Supporting Parent's Benefit'.

As mentioned above, Commonwealth assistance has been extended to sole fathers, and the six months qualifying period has been abolished. The requirement for maintenance action to be taken as a prerequisite for eligibility for social security entitlements has not been enforced since the introduction of the Family Law Act 1975.

- (iii) The terms of reference of the Joint Select Committee on the Family Law Act gave it a wide brief to inquire into the Family Law Act. In the context of maintenance orders and the treatment of sole parents, the Committee in its Report in July 1980, also made several recommendations regarding the Social Security Act. These included:

- that the requirement for applicants for social security pensions and benefits to take proceedings for maintenance be dropped and the Department of Social Security be given the power to assess, collect and enforce maintenance awards;
- that eligibility for Class A and B 'Widow's Pension' be extended to all separated wives; and

- that responsibility for the financial support of sole parents be shifted more towards the separating couple and away from the tax paying community.

These recommendations are currently under review by the Government. The Government's response to the Report of the Joint Select Committee, tabled in the Senate on 13 October 1981, included an undertaking that the Attorney-General and the Minister for Social Security would bring forward a joint submission on the above recommendations.

3.125 The Department's involvement in administrative reviews relating to its income security programs is outlined in the introduction to the DSS submission (see Chapter 2).

5. SUPPORTING PARENT'S BENEFIT

Program Synopsis

3.126 A 'Supporting Parent's Benefit' is payable to a person supporting children on his or her own, such as a male divorcee, a widower, an unmarried parent, etc. At least one child must be the claimant's own or have been in the custody, care and control when the event that made the person a supporting parent occurred. No period of residence is necessary if a person becomes a supporting parent in Australia; otherwise residence requirements are the same as for 'Widow's Pension'. The benefit can be paid overseas.

3.127 The income test is the same as for age pensioners under 70 years, as is the treatment for tax purposes. The rate of pension and additional payments are the same as for 'Widow's Pension' and the basic rate is adjusted twice-yearly according to increases in the Consumer Price Index. The benefit is paid in fortnightly instalments by cheque or to an account with a bank, building society, or credit union.

3.128 Supporting parent beneficiaries are required to provide details of their circumstances when requested and to inform the Department of any changes in circumstances which may affect eligibility. Beneficiaries are also eligible for supplementary assistance, fringe benefits and funeral benefits.

Administrative Data

3.129 Authority for the payment of 'Supporting Parent's Benefit' is contained in the Social Security Act 1947. The Act also provides a framework for the administration of the legislation (including appropriate appeal mechanisms). The legislative authority for the various Commonwealth pensioner fringe benefits are contained in several Acts, referring to health benefits, telephone rental concessions, postal free redirection concessions, and transport concessions.

3.130 The program is intended to provide minimum income support to single people who have the custody, care and control of a child or dependent full-time student, who have limited income, and who do not receive any other pension or benefit. A secondary objective of the program is to provide encouragement for self help through, for example, part-time work.

3.131 The Australian scheme of 'Supporting Parent's Benefit' differs from the provisions in many overseas countries where assistance for sole parents (other than widows) is provided either through general assistance for

children or much lower (and more tightly income tested) rates of benefit than those applying to other pensioner/beneficiary categories.

3.132 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.133 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 52
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 127
- Estimate of the manhours spent on the administration of this program during 1981/82: 322,400.

3.134 Estimated expenditure for 'Supporting Parent's Benefit' in 1981/82 is shown in Table 3.11.

Table 3.11: Estimated Expenditure - Supporting Parent's Benefit: 1981/82

Item	Expenditure
	\$m
Services	608.0
Administration	
- Salaries(a)	2.9
- Administrative Overheads(b)	2.5
Total	613.4

(a) based on average staffing level

(b) estimate

3.135 This program is concerned with providing income support direct to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications for pension and arrange payments to pensioners. The offices in fact form the 'front line' in the delivery of the service to

the public. Clients who are dissatisfied with a decision of the Department relating to their eligibility for pension or benefit or the level of entitlement, have certain rights of appeal (see Chapter 2).

Type and Method of Payment

3.136 'Supporting Parent's Benefit' is paid direct from the Department of Social Security to clients in fortnightly instalments on each second Thursday. Payments may be made either by personal cheque to the client or by direct deposit to a personal account in a bank, building society, or credit union. In some cases special conditions relate to payment of 'Supporting Parent's Benefit' overseas.

Rate of Payment

3.137 Table 3.12 sets out the maximum rate of 'Supporting Parent's Benefit' and additional payments:

Table 3.12: Supporting Parent's Benefit Rates: June 1982

Benefit or Additional Payment	Maximum Rate (June 1982)
	\$ per week
Benefit	
Standard (or single) rate(a)	74.15
Additional Payments	
Additional payment for each child (including a student child)	10.00
Mother's/Guardian's allowance -	
. No child under 6 or invalid	6.00
. At least one child under 6 or invalid	8.00
Supplementary assistance	8.00
Funeral benefits (once only grant, maximum)	40.00

(a) Subject to automatic indexation. See below for method of adjustment of maximum rates.

3.138 The maximum rate of assistance is influenced not only by the needs of sole parents but also by a range of other concerns. These include cost, incentives to work and incentives to become, or remain, a sole parent, and the distribution of responsibility for income support between separating couples and taxpayers generally.

3.139 The maximum rate of 'Supporting Parent's Benefit' is automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters, and each November by the CPI increase between the previous December and June quarters. The maximum rates of the other payments are not subject to automatic adjustment but are reviewed from time to time by the Government, usually in the context of the preparation of the Budget.

Eligibility for Benefits

3.140 The 'Supporting Parent's Benefit' is payable to a person supporting children, including:

- . a male divorcee (a woman who is divorced may be eligible for a 'Widow's Pension');
- . a widower;
- . a person who is living apart and is estranged from his/her spouse or de facto spouse, other than those women eligible for a Class A 'Widow's Pension'; and
- . an unmarried parent.

3.141 'Child' includes dependent full-time students aged 16 or more but under 25. At least one child must be the person's own child or, where the person is living apart from his/her spouse or de facto spouse, must be an adopted child or have been in the person's custody, care and control when the event that made the person a supporting parent occurred.

3.142 A claimant must be residing in and be physically present in Australia on the date of claiming benefit. No period of residence is necessary if a person becomes a supporting parent while living in Australia. In other cases a period of five years continuous residence immediately preceding the date of claim or ten years continuous residence at any time is required.

3.143 The 'Supporting Parent's Benefit' is subject to the same income test as that for the 'Age Pension' payable to persons under 70 years. Moreover, as with almost all Social Security pensions it is subject to tax, whenever the recipient's total income is above the tax threshold.

3.144 Portability conditions are the same as for the 'Age Pension'. However, while this benefit falls within the provision of the general portability arrangements, it is not included within the reciprocal agreements with the United Kingdom or New Zealand nor in the reciprocal portability arrangements with Malta, Italy, Turkey and Greece.

3.145 Additional payment for children and mother's/guardian's allowance, supplementary assistance, Commonwealth pensioner fringe benefits and funeral benefit are payable to supporting parent beneficiaries under the same conditions as apply to age pensioners.

3.146 The number of clients reached are:

• Number of supporting parent beneficiaries at 9 April 1982	120,916
• Number of grants during 1980/81	71,610

3.147 Table 3.13 sets out the number and characteristics of supporting parent beneficiaries as at 30 June 1981.

Table 3.13: Selected Characteristics of Supporting Parent Beneficiaries: 30 June 1981

	Females		Males		Persons	
	No.	%	No.	%	No.	%
	('000)		('000)		('000)	
Age						
Under 20 years	9.3	9.1	0	0.2	9.3	8.7
20-29 years	52.6	51.8	.8	15.4	53.4	50.1
30-39 years	29.3	28.8	2.1	41.3	31.4	29.4
40-49 years	8.6	8.4	1.4	27.9	10.0	9.4
50-59 years	1.8	1.8	.7	13.3	2.5	2.3
60-64 years	0	0.0	.1	1.6	.1	0.1
65 years and over	0	0.0	0	0.2	0	0.0
Category						
Females -						
Unmarried mothers	35.5	35.0	..	..	35.5	33.3
Separated wives	53.2	52.3	..	..	53.2	49.8
Defacto wives	12.9	12.7	..	..	12.9	12.1
Males -						
Widowers	..	..	.8	16.1	.8	0.8
Divorcees	..	..	.9	17.8	.9	0.8
Separated husbands	..	..	2.2	42.8	2.2	2.0
Other	..	..	1.1	23.3	1.1	1.1
Rate						
Full rate	88.0	86.6	4.3	85.8	92.3	86.5
Reduced rate	13.6	13.4	.7	14.2	14.3	13.5
Income as assessed (\$ p.a.)						
Nil	73.0	71.9	4.0	80.1	77.1	72.3
1-312	4.8	4.7	.1	2.0	4.9	4.6
313-1040	10.2	10.0	.2	3.7	10.4	9.7
Over 1040	13.6	13.4	.7	14.2	14.3	13.5
Supplementary assistance						
With	66.1	65.1	2.7	53.3	68.8	64.6
Without	33.4	34.9	2.4	46.7	37.8	35.4
Fringe benefits						
With	95.7	94.2	4.5	90.0	100.2	94.0
Without	5.9	5.8	.5	10.0	6.4	6.0
Home ownership						
Home owners	12.4	12.2	1.6	31.6	14.0	13.1
Non home owners	89.2	87.8	3.5	68.4	92.7	86.9
Number of supporting parents with						
1 child	54.4	53.6	2.2	44.4	56.7	53.1
2 children	29.3	28.8	1.6	31.8	30.9	29.0
3 or more children	17.9	17.6	1.2	23.8	19.1	17.9
Average number of children per family	1.7		1.9		1.7	
Number of supporting parent beneficiaries	101.6	100.0	5.0	100.0	106.6	100.0

Note: Any discrepancies between totals and sums of components are due to rounding.

3.148 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16) or entitlement (e.g., the receipt of income). Clients are also required to provide full details of their circumstances when requested at regular intervals. Procedures specify that six weeks after the initial grant, all 'Supporting Parent's Benefit' payments are to be reviewed, basically to ensure that there has been no relevant change in domestic circumstances and consequently, eligibility. After six months another review may be conducted to check whether certain beneficiaries would be eligible to transfer to 'Widow's Pension'. In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits by the Department.

The Nature of the Information Base for the Program

3.149 'Supporting Parent's Benefit' (then known as 'Supporting Mothers Benefit') first became payable in July 1973.

3.150 This benefit widened the scope of Commonwealth provision for those looking after children on their own to include all sole mothers (and sole fathers from 1977) after a six months waiting period. Previously such persons received assistance to varying degrees mainly from State Governments. Under the States Grants (Deserted Wives) Act 1968, however, State Governments were generally reimbursed half of their expenditures on assistance to such mothers by the Commonwealth.

3.151 During the Parliamentary Debates on the introduction of this benefit, the then Minister for Social Security said, in referring to those eligible for the benefit:

These women are those who are not at present eligible for a 'Widow's Pension' under the Social Security Act and who, with their children, have been subject to discrimination in the level of assistance available to them in the past.

The basic features of the scheme were to extend essentially the income support available to Class A 'Widow's Pension' to:

- unmarried mothers, deserted de facto wives and de facto wives of prisoners;
- married women not living with their husbands for various reasons but who have their children in their care; and

• all fathers bringing up children on their own (1977).

The benefit was not payable until six months after the date of the event which gave rise to eligibility. In the meantime, assistance was provided by the States with the Commonwealth generally meeting half the cost under the States Grants (Deserted Wives) Act. (Only South Australia and Western Australia provided any assistance to sole fathers; they were, however, eligible to claim 'Special Benefit').

3.152 The main developments in addition to those described under 'Age Pension' have been the extension of Commonwealth pensioner fringe benefits to supporting parent beneficiaries in 1979 and the removal of the six month waiting period in 1980 when the Commonwealth took over full responsibility for sole parents from the first day of sole parenthood.

Program Review

3.153 A wide range of statistics relating to 'Supporting Parent's Benefit' is routinely collected, maintained and published. The main publications are listed under 'Age Pension'.

3.154 The research papers and current policy issues relating to supporting parent beneficiaries are discussed under 'Widow's Pension'.

3.155 In addition to the ongoing research and statistical work, policy review and analysis and administrative reviews undertaken within the Department, there has been a number of inquiries instituted by the Government into 'Supporting Parent's Benefit' or into matters impinging on those benefits. The inquiries which have specifically made recommendations with respect to 'Supporting Parent's Benefit' have been the Commission of Inquiry into Poverty, the Royal Commission on Human Relationships, the Joint Select Committee on the Family Law Act and the Task Force of Commonwealth and State Officials which reported on the introduction of a uniform sole parents pension. These recommendations have been dealt with under 'Widow's Pension'.

3.156 The Department's involvement in administrative reviews relating to its income security programs is outlined in the introduction to the DSS submission (see Chapter 2).

6. SPECIAL BENEFIT

Program Synopsis

3.157 'Special Benefit' is payable at the discretion of the Director-General of Social Security to people who are ineligible for other forms of income support and who are unable to provide a sufficient livelihood for themselves and their dependants. A seven day waiting period can apply but this is waived in cases of hardship. There is no residence test. There is no prescribed income test but the rate of payment of benefit cannot exceed the rate of 'Unemployment Benefit' or 'Sickness Benefit' that would otherwise be payable. It is generally paid direct to the client by cheque. The benefit is subject to tax and is not paid overseas.

3.158 People in receipt of 'Special Benefit' are obliged to notify the Department of events that may affect eligibility. The type and frequency of Departmental reviews depend upon the circumstances of the person concerned and whether it is expected to be a long or short term payment.

3.159 Special beneficiaries are not eligible for supplementary assistance, but medical and hospital services are provided under Health Care Card arrangements.

Administrative Data

3.160 'Special Benefit' is intended to provide minimum income support to people in need who are ineligible for pensions, including 'Supporting Parent's Benefit', or 'Unemployment' and 'Sickness Benefit', and who are unable to provide for themselves and their dependants. The grant of a 'Special Benefit' and the rate of payment is at the discretion of the Director-General but the rate may not exceed the rate of the 'Unemployment' or 'Sickness Benefit' that would be paid if the claimant were qualified to receive either of these benefits. Typical categories in receipt of 'Special Benefit' include people caring for invalid relatives on a full-time basis, newly arrived migrants in Government accommodation centres and people of 'Age Pension' age who are unable to meet the residence requirements for 'Age Pension'.

3.161 Certain persons are admitted to Australia solely on condition that full support will be provided by the person who signed the maintenance guarantee. Where the guarantor refuses or is unable to honour the guarantee and the migrant is in need, 'Special Benefit' may be paid. Any 'Special Benefit' paid in these circumstances becomes a debt payable to the Commonwealth by the guarantor; the debt may be written off in appropriate circumstances at the discretion of the Minister for Social Security.

3.162 Authority for the payment of 'Special Benefit' is contained in the Social Security Act 1947. The Act also provides a framework for the administration of the legislation (including appropriate appeal mechanisms).

3.163 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any person or representative (including other Commonwealth departments) who possesses information, which may assist in determining an individual's entitlement, to produce that information, if required. Regular liaison procedures exist with the Department of Veterans' Affairs to ensure that both departments do not make payments where such dual entitlement is precluded by legislation. Advice is obtained from the Department of Immigration and Ethnic Affairs as to the existence of a maintenance guarantee.

3.164 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.165 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 97
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 155
- Estimate of the manhours spent on the administration of this program during 1981/82: 453,900

3.166 Estimated expenditure for 'Special Benefit' in 1981/82 is shown in Table 3.14.

Table 3.14: Estimated Expenditure - Special Benefit: 1981/82

Item	Expenditure
	\$m
Services	76.0
Administration	
- Salaries(a)	4.1
- Administrative Overheads(b)	3.5
Total	83.6

(a) based on average staffing level
(b) estimate

3.167 This program is concerned with providing income support direct to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications and arrange payments. The offices in fact form the 'front line' in the delivery of the service to the public. Payment under the program is arranged direct from the Department to the client by way of personal cheque. Clients who are dissatisfied with a decision of the Department relating to their eligibility for benefit or the level of entitlement, have certain rights of appeal (see Chapter 2).

Eligibility for Benefits

3.168 'Special Benefit' is payable at the discretion of the Director-General of Social Security to people in need who are ineligible for a pension, including 'Supporting Parent's Benefit', or 'Unemployment Benefit' or 'Sickness Benefit', and who are unable to provide for themselves or their dependants because of age, physical or mental disability, domestic circumstances or any other reason, e.g., people caring for invalid parents or other near relatives and newly arrived migrants in Government accommodation centres. A seven day waiting period may apply but this is waived in cases of hardship.

3.169 'Special Benefit' is not payable to a person who is not qualified to receive 'Unemployment Benefit' by reason of his unemployment being due to industrial action by himself or by members of a union of which he is a member. The spouse of such a person may qualify for 'Special Benefit' at the single rate with additional benefit for each child.

3.170 No residence conditions are required. No prescribed income test is applied, but the amount payable cannot exceed the amount that would be payable if the beneficiary were eligible for 'Unemployment Benefit' or 'Sickness Benefit'. It is subject to tax and is not portable.

3.171 Other Commonwealth benefits available are the same as for the 'Unemployment Benefit' and 'Sickness Benefit' except that special beneficiaries are not eligible for Commonwealth pensioner fringe benefits or supplementary assistance (see 'Unemployment Benefit').

3.172 Free medical, public hospital and optometrical services are provided to most special beneficiaries under the Health Care Card arrangements. A separate income test applies.

3.173 The number of clients reached (excluding migrants in accommodation centres) by the 'Special Benefit' are:

Estimated number of special beneficiaries at 30 June 1981	17,850
Estimated average number on benefit at end of each week during 1980/81	19,550
Budget estimate of average number on benefit at end of each week during 1981/82	20,300
Number of special beneficiaries at 30 April 1982	18,047
Estimated number of grants during 1980/81	72,700

Ongoing Checks for Eligibility

3.174 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility or entitlement.

3.175 A review of eligibility may be carried out by the Department of Social Security at any time. The type and frequency of review will depend upon the circumstances of the person concerned. For example, benefit paid to an aged person not qualified for 'Age Pension' because of insufficient length of residence will require less frequent review than a benefit paid to a person caring for a sick relative.

3.176 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits by the Department.

Type and Method of Payment

3.177 'Special Benefit' is generally paid in advance by the Department of Social Security direct to the client each fortnight by means of a personal cheque. Where 'Special Benefit' is paid to residents in migrant centres (Commonwealth hostels) a proportion of the benefit (in respect of board and lodgings) is paid directly to the management and the balance by cheque to the beneficiary.

Rate of Payment

3.178 Being a discretionary payment, rates of 'Special Benefit' are not specified in the Social Security Act. The legislation does provide, however, that the rate of 'Special

Benefit' cannot exceed the amount of 'Unemployment Benefit' or 'Sickness Benefit' which the person would attract if he were eligible to receive that payment. For single persons aged 18 years or over without dependants, the rate of benefit payable will depend upon whether 'Unemployment Benefit' or 'Sickness Benefit' conditions are appropriate to the particular case. Supplementary allowance is not payable.

The Nature of the Information Base for the Program

3.179 'Special Benefit' along with the 'Unemployment Benefit' and 'Sickness Benefit' first became payable on 1 July 1945 by virtue of the Unemployment and Sickness Benefits Act 1944. 'Special Benefit' was designed to provide for people who were ineligible for other pensions and benefits and the rates were not to exceed those for 'Unemployment Benefit' and 'Sickness Benefit'. It was to be granted, at the discretion of the Director-General, to a person, who 'by reason of age, physical or mental disability or domestic circumstances or any other reasons, ... is unable to earn a sufficient livelihood for himself and his dependants'.

3.180 The basic features of 'Special Benefit' have not changed since its introduction, although the categories of people who qualify for such assistance have increased over the years. It was primarily intended to apply to unmarried daughters who remained at home to care for their aged parents, but categories now include, among others, newly arrived migrants in accommodation centres, people ineligible for other payments because of limited residence and people caring for invalid relatives. There have been no Government initiated reviews of the conditions applying to 'Special Benefit'. However, the Department undertakes continuing research and statistical work, policy review and analysis, and administrative review of the rates and conditions of 'Special Benefit' and eligible categories.

7. UNEMPLOYMENT BENEFIT

Program Synopsis

3.181 'Unemployment Benefit' is payable to people over sixteen years and under sixty years (females), and sixty-five years (males), who are unemployed, who are able and willing to work and who are taking reasonable steps to obtain such work. There is generally a seven day waiting period which can be waived in certain circumstances and in others extended to six weeks. In certain circumstances benefit is not payable to a person who is unemployed due to industrial action. A claimant must have resided in Australia for at least one year or intend to remain in Australia permanently to be eligible for payment. Benefit is generally paid in arrears at the following weekly rates:

• Single person aged 16-17	\$ 36.00
• Single person aged 18 or over without dependants	\$ 58.10
• Single person aged 18 or over with dependants	\$ 74.15
• Married person (including benefit for spouse)	\$123.60
• Additional benefit for each child	\$ 10.00

3.182 Benefit is taxable and is not payable overseas. Entitlement is calculated on a weekly basis and is paid directly to clients by cheque each fortnight. An income test applies.

3.183 The single person (over eighteen with dependants) rate and the married person rate are increased automatically in accordance with percentage increases in the Consumer Price Index. There are no statutory provisions to adjust the other rates.

3.184 A beneficiary's entitlement is decided each fortnight on receipt of the application for continuation of benefit. Periodically the beneficiary can be interviewed by a Departmental officer to check circumstances have not changed. Beneficiaries are also obliged to notify the Department of events which may affect eligibility.

3.185 Unemployment beneficiaries are entitled to medical and hospital services under Health Care Card arrangements.

Administrative Data

3.186 The program is intended to provide minimum income support to unemployed persons who are able and willing to work and who are taking reasonable steps to obtain work. This could be regarded as the program's primary objective. Other, secondary objectives include the maintenance of incentives for full-time work, the encouragement of temporary part-time or casual work, and for younger people, the maintenance of incentives to remain in (or undertake further) education and the maintenance of incentives to live at home with parents. Additional benefits are paid to beneficiaries with dependants.

3.187 Benefits, which are financed entirely from general revenue, are flat rate and income tested. Rates of benefit do not have regard to the beneficiaries' previous levels of earnings and are restricted to those in financial need as measured by the beneficiaries' current income (plus that of their spouse in the case of married beneficiaries). A prior period of employment is not a condition of grant and there are no limits on the period for which 'Unemployment Benefit' may be paid except that it cannot be paid to people under 16 years or to women aged 60 or more and men 65 or more.

3.188 The Australian scheme of 'Unemployment Benefit' thus differs markedly from the schemes of unemployment insurance - which provide a substantial degree of earnings replacement for specified periods - that operate in most other industrialised countries.

3.189 Authority for the payment of 'Unemployment Benefit' is contained in the Social Security Act 1947 and Regulations. The Act and Regulations also provide a framework for the administration of the legislation (including appropriate appeal mechanisms).

3.190 The Authority for the provision of Health Care Cards to the unemployed is contained in the Health Insurance Act 1973.

3.191 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any person or representative (including other Commonwealth departments) who possesses information, which may assist in determining an individual's entitlement, to produce that information, if required.

3.192 The Department of Employment and Industrial Relations, through the Commonwealth Employment Service (CES), registers claimants for 'Unemployment Benefit' as unemployed, seeks suitable work for them and determines whether they are able and willing to accept such work. These requirements are known as the work test. Although the application of the work test is administered by the CES, the decision to grant

'Unemployment Benefit' rests with the Department of Social Security. In determining whether a claimant is eligible for 'Unemployment Benefit', the Department of Social Security is required to consider all available evidence, including any advice provided by the CES as to compliance with the work test.

3.193 Depending on the pension or benefit and the complexity of the circumstances, delegations are exercised at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

3.194 Estimates of total numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 1,532
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2,471
- Estimate of the manhours spent on the administration of this program during 1981/82: 7,209,400

3.195 Estimated expenditure for 'Unemployment Benefit' in 1981/82 is shown in Table 3.15.

Table 3.15: Estimated Expenditure - Unemployment Benefit:
1981/82

Item	Expenditure
	\$m
Service	1 210.0
Administration	
- Salaries(a)	65.3
- Administrative Overheads(b)	55.5
Total	1 330.8

(a) based on average staffing level

(b) estimate

3.196 This program is concerned with providing income support direct to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications and

arrange payments. The offices in fact form the 'front line' in the delivery of the service to the public. Payment under the program is arranged direct from the Department to the client by way of personal cheque. Clients who are dissatisfied with a decision of the Department relating to their eligibility for benefit or the level of entitlement, have certain rights of appeal.

Eligibility for Benefits

3.197 The 'Unemployment Benefit' is payable, generally after a seven day waiting period and in arrears, to people aged 16 years or over and under 60 years (females) or 65 (males) who are unemployed, who are able and willing to work and who are taking reasonable steps to obtain work. No waiting period has to be served if a person lodges a second claim for benefit within thirteen weeks of the previous commencement date. Again, where a person was unemployed before registering as unemployed, the waiting period may be reduced or waived if the claimant can demonstrate that he actively sought suitable work during that time. Persons who have completed full-time secondary education or who have, without good and sufficient reason, ceased full-time tertiary education before completing their course, are generally subject to a waiting period of six weeks.

3.198 The date from which benefit becomes payable may be postponed for a minimum period of six weeks and a maximum period of twelve weeks, or the benefit may be cancelled, in cases where:

- a person's unemployment is due to his voluntary act, which is deemed to be without good and sufficient reason;
- a person's unemployment is due to his misconduct as a worker; or
- a person has refused or failed, without good and sufficient reason, to accept an offer of suitable employment.

3.199 The benefit is not payable to a person whose unemployment was or is due to industrial action by that person or by members of a trade union of which the person is a member. This provision applies only while industrial action is in force. There are no limits on the period for which 'Unemployment Benefit' may be paid although it cannot be paid after 'Age Pension' age is reached (60 for women and 65 for men).

3.200 A claimant is required to have been resident in Australia for at least one year immediately before the date of applying for benefit or intend to remain in Australia

permanently. For people coming permanently from New Zealand or either temporarily or permanently from the United Kingdom, residence in these countries counts as residence in Australia under the respective reciprocal agreements.

3.201 The maximum rate of benefit (including any additional benefit for a spouse or for children) is reduced for non-benefit income received in accordance with the following scale:

- single persons aged 16-17 years with a parent living in Australia
 - nil for the first \$3 per week
 - 50% of income above \$3 per week but not above \$40 per week
 - 100% of income above \$40 per week;
- other persons
 - nil for the first \$6 per week
 - 50% of income above \$6 per week but not above \$50 per week
 - 100% of income above \$50 per week.

3.202 In the case of a married person, 'income' includes the income of a spouse. 'Unemployment Benefit', including the benefit for a spouse and additions for each child, is subject to tax and is not portable.

3.203 Additional benefits are paid in respect of a spouse and each child under 16 and each dependent full-time student aged 16-24.

3.204 In addition, free medical, public hospital and optometrical services are provided to most unemployment beneficiaries under the Health Care Card arrangements. A separate income test applies.

3.205 Unemployment beneficiaries may also be assisted through the 'Commonwealth Rehabilitation Service'.

3.206 The following sets out information relevant to the number of clients reached:

• Estimated number of unemployment beneficiaries at 30 June 1981	314,500
• Estimated average number on benefit at end of each week during 1980/81	310,000
• Budget estimate of average number on benefit at end of each week during 1981/82	315,000
• Number of unemployment beneficiaries at 30 April 1982	356,004
• Estimated number of grants during 1980/81	782,500

3.207 Information on the characteristics of unemployment beneficiaries is published in the 'Quarterly Survey of Unemployment Benefit Recipients'. At February 1982:

- 67.3% of beneficiaries were male;
- 44.8% of male beneficiaries and 78.2% of female beneficiaries were under 25 years of age;
- 76.3% of all beneficiaries had no dependants;
- 16.0% of all beneficiaries had dependent children;
- 22.8% of all beneficiaries were born overseas;
- 39.5% of all beneficiaries had been on benefit for a period of six months or more at the time of the survey. Of these, 32.8% had been on benefit for a period between one and two years and 22.8% had been on benefit for two years or more;
- 91.6% of all beneficiaries had no regular income other than 'Unemployment Benefit'; and
- the average (mean) duration of current benefits surveyed in February 1982 was 36.9 weeks while the median current duration was 16.6 weeks. (Current duration refers to duration at the time of the survey. In the majority of cases, it is an incomplete duration of benefit.)

3.208 The survey is, in essence, a computer analysis of the information obtained from beneficiaries in their claims for benefit and for continuation of benefit.

Ongoing Checks for Eligibility

3.209 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., a child

reaching the age of 16, return to work) or entitlement (e.g., the receipt of income). Officers of the Commonwealth Employment Service who register unemployed clients for employment notify the Department of Social Security if they consider a claimant for 'Unemployment Benefit' does not satisfy the work test. A beneficiary's entitlement is checked each fortnight on receipt of his application for continuation of benefit. Periodically the beneficiary (and spouse) may be interviewed by a Departmental officer. In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefit by the Department.

Type and Method of Payment

3.210 'Unemployment Benefit' entitlement is calculated on a weekly basis and is normally paid in arrears direct to the client by the Department of Social Security each fortnight by personal cheque. However, there are situations where 'Unemployment Benefit' is paid in advance e.g., when the recipient is transferred from 'Sickness Benefit' (which is paid in advance) to 'Unemployment Benefit'. The advance mode of payment is being progressively phased out. Where 'Unemployment Benefit' is paid to residents in migrant centres (Commonwealth hostels) a proportion of the benefit (in respect of board and lodgings) is paid directly to the management and the balance by cheque to the beneficiary.

Rate of Payment

3.211 The maximum weekly rates of 'Unemployment Benefit' payable at May 1982 were:

• Single person aged 16-17	\$36.00
• Single person aged 18 or over without dependants	\$58.10
• Single person aged 18 or over with dependants	\$74.15
• Married person (including benefit for spouse)	\$123.60
• Addition for each child	\$10.00

3.212 The maximum rates of benefit (and the parameters of the income test) are influenced not only by the needs of unemployed persons but also by a range of other concerns such as cost, incentives both to work full-time and to supplement benefit by way of temporary part-time or casual work, incentives to remain in (or undertake further) education and

the distribution of responsibility for the income support of unemployed persons between their families and taxpayers generally.

3.213 The Social Security Act provides for the rates for single persons aged 18 or over with dependants and married persons to be automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters and each November by the CPI increase between the previous December and June quarters. There are no statutory provisions for adjusting the other rates of benefit. They are, however, reviewed each year in the context of the Budget.

The Nature of the Information Base for the Program

3.214 'Unemployment Benefit' first became payable on 1 July 1945 by virtue of the Unemployment and Sickness Benefits Act 1944 which followed a Report by the Joint Parliamentary Committee on Social Security. The benefits filled a recognised gap in the coverage of the social security system. Prior to 1945 unemployment relief had been primarily a function of the States which, apart from Queensland's insurance scheme, had various 'food relief' systems.

3.215 During the Parliamentary debates on the introduction of the new scheme, the rationale for the benefit was given by the then Minister for Labour and National Service who said that the legislation was:

'... designed to provide for payments to persons whose normal earnings have been interrupted through unemployment ... We regard this social legislation as a piece of bridge-building to carry the people over those economic gaps which must necessarily occur from time to time ... There must be periods of unemployment when people are being transferred from one engagement to another.' (CPD 2, 3 March 1944, p. 936)

3.216 The basic features of the scheme continue to this day:

- a prior period of employment is not required but the person must be able and willing to work and must be taking reasonable steps to obtain work;
- there is a liberal residence test;
- benefits are not payable to a person whose unemployment is due to industrial action (these provisions of the law have been significantly strengthened in recent times);

- there are no limits on the period for which the 'Unemployment Benefit' may be paid but they can only be paid to men aged 16 to 64 years and to women aged 16 to 59 years;

- benefits are not related to previous earnings, if any. Rather they are flat-rate and, with some exceptions, the maximum rates have tended to be less than the corresponding maximum rates of pensions; and

- benefits are income tested on the basis of the claimants' current income (plus that of their spouses in the case of married beneficiaries). There has never been a property component in the test of 'need'.

3.217 Since 1944 there has, however, been a large number of amendments to the legislation involving both policy and administrative aspects. An account of major legislative amendments is contained in J.H. Kewley, 'Social Security in Australia 1900-72' (Sydney University Press 1973) and 'Australian Social Security Today' (Sydney University Press 1980).

3.218 The key changes in the past ten years or so have been:

- 1972 - major increases to 'Unemployment (and Sickness) Benefit' rates;
- 1973 - increases in the rates of 'Unemployment (and Sickness) Benefit' to the standard and married rates of pension;
- 1975 - exclusion of single rate of 'Unemployment (and Sickness) Benefit' payable to 16-17 year olds from increases in the rates of benefits;
- 1976 - introduction of twice-yearly automatic indexation of basic rates of benefits (except for single rate payable to 16 and 17 year olds);
- 1978 - alteration of automatic indexation provisions to provide for annual rather than twice-yearly increases;
 - removal from indexation provisions of the rate of 'Unemployment Benefit' payable to persons aged 18 years and over without dependants;
- 1979 - re-introduction of twice-yearly indexation of those rates of 'Unemployment (and Sickness) Benefit' subject to indexation;

- 1980 - the income test on 'Unemployment (and Sickness) Benefit' was liberalised. The 'free area' of \$6 per week was extended to all beneficiaries aged 18 to 20 years and a partial taper was introduced.

3.219 The impetus for these and other changes came from many sources including the Parliament, the Government, Departmental policy and administrative reviews, research, committees of inquiry and outside bodies and individuals. It is, however, often difficult to link particular changes with specific sources.

3.220 A wide range of statistics relating to the 'Unemployment and Sickness Benefit' is routinely collected, maintained and published. The main publications are:

- Four-Weekly Digest of Statistics;
- Quarterly Summary of Statistics;
- Quarterly Survey of Unemployment Benefit Recipients;
- Survey of Sickness Benefit Recipients (Annual);
- Recipients of Pensions, Benefits and Family Allowances in Postcode Districts and Electoral Divisions (Annual);
- Annual Statistics of Pensions and Family Allowances;
- Ten Year Statistical Summary (Annual); and
- Pocket Compendium of Income Security Statistics (Quarterly).

3.221 A good deal of information is published each year in the Annual Report of the Director-General.

3.222 In recent times unemployment beneficiaries have been the subject of a number of publicly available research papers prepared by the Development Division of the Department of Social Security:

- Research Paper No 1: 'Unemployment Benefit Recipients in Australia, 1970-80: An Analysis' (Revised) (November 1981)
- Research Paper No 2: 'Review of Characteristics of Long Term Unemployment Benefit Recipients in Australia, 1970-77' (November 1978)

- Research Paper No 13: 'Work Test Failure - A Sample Survey of Terminations of Unemployment Benefit' (June 1981)

- Research Paper No 4: 'Unemployment Statistics in Australia' (July 1979) is also relevant because it examined the purposes of each of the (then existing) series of unemployment statistics, the various definitions used and methodological differences between them.

3.223 Other research tasks include the maintenance of an information base on overseas income maintenance systems (including unemployment insurance) and the costing and analysis of policy options.

3.224 While the policy goals of 'Unemployment (and Sickness) Benefit' are essentially a matter for the Government, the Department does play a role through the provision of advice on policy review and analysis. This is undertaken primarily in the context of the preparation of forward estimates and the preparation of new policy options for the Budget involving both extensions and restrictions to existing programs. These are prepared throughout the year and they focus on possible deficiencies in existing programs. They also discuss priorities among policy options in relation to 'Unemployment (and Sickness) Benefit', as well as to pensions, including 'Supporting Parent's Benefit', and other programs of the Department. They also assess their budgetary, manpower and administrative implications.

Program Review

3.225 In addition to the ongoing research and policy work undertaken within the Department and the Social Welfare Policy Secretariat (SWPS), there has been a number of inquiries instituted by the Government into 'Unemployment Benefit' or into matters impinging on those benefits. The major inquiries in recent times have been that by Dr D.M. Myers in 1977 into Unemployment Benefit Policy and Administration and an interdepartmental review into Improved Opportunities for Youth in 1981. The report of the last inquiry is not a public document.

3.226 The terms of reference of the Inquiry, into Unemployment Benefit Policy and Administration included to:

make a fundamental examination of 'Unemployment Benefit' policy and administration. In this process it should examine all aspects of the present 'Unemployment Benefit' system and assess to what extent Government policy and administrative arrangements need to be changed to meet present-day requirements.

3.227 The report of the Inquiry, published in July 1977, made a number of recommendations relating to the levels and structure of 'Unemployment Benefit' and to the administrative arrangements that should apply. The Government did not accept the recommendations in respect of the levels and structure of benefits.

3.228 On 16 January 1981, the then Ministers for Employment and Youth Affairs and Education announced that the Government had asked Commonwealth officials to examine further ways of increasing the opportunities available for 16 and 17 year olds in education, training and employment. One aspect of the Review of Improved Opportunities for Youth was the availability of 'Unemployment Benefit' for this group. The report prepared by officials canvassed a range of options in the areas of improved education and training opportunities for young people as well as options in the 'Unemployment Benefit' and educational and training allowances areas. The outcome of the Government's consideration of the report was announced on 4 June 1981 by the then Minister for Education in the context of a ministerial statement on the 1982 financial guidelines for the Commonwealth Education Commissions. It was announced that, inter alia, the Government would:

- be giving further consideration to the range of allowances for young people in the Budget context; and
- make no adverse changes to the 'Unemployment Benefit' unless better alternatives are available to the young people affected and the Government is satisfied that the interest of low income families and other disadvantaged groups would be protected.

3.229 Other inquiries that have made recommendations impinging on 'Unemployment Benefit' policy include:

- 'Commission of Inquiry into Poverty', April 1975 - First Main Report by Professor Ronald Henderson.
- 'Commission of Inquiry into Poverty', March 1976 - Third Main Report by Reverend George Martin.
- 'Assistance for Structural Adjustment, Income Maintenance etc', August 1975, Priorities Review Staff.

• 'Royal Commission on Australian Government Administration', 1976, H.C. Coombs, Chairman.

• 'The Review of the Commonwealth Employment Service', June 1977, Mr J.D. Norgard.

• 'Study Group on Structural Adjustment', March 1979, J.G. Crawford.

3.230 In relation to the Department's activities in the area of evaluation in both policy and administration, the Department's submission to the Senate Standing Committee on Social Welfare Inquiry into the Evaluation of the Adequacy of Australian Health and Welfare Service is also relevant. The submission was tabled in the Senate on 3 May 1979.

3.231 The Government has indicated that certain changes should be made to the legislation relating to the payment of 'Unemployment Benefit' to the spouse of a person engaged in industrial action or whose benefit has been postponed for other prescribed reasons. On three occasions legislation has been introduced to give effect to the Government's intention but the legislation has not been passed.

CHAPTER 4
DEPARTMENT OF SOCIAL SECURITY

Pensions

8. Sickness Benefit
9. Sheltered Employment Allowance
10. Commonwealth Rehabilitation Service
11. Invalid Pension
12. Age Pension

8. SICKNESS BENEFIT

Program Synopsis

4.1 'Sickness Benefit' is payable, generally after a seven day waiting period, to people aged 16 years or over and under 60 years (females), or 65 years (males), who are temporarily incapacitated for work through sickness or injury and who have thereby suffered a loss of income. The residence qualifications are the same as for 'Unemployment Benefit'. 'Sickness Benefit' is paid at the following rates per week:

. single person aged 16-17	\$ 36.00
. single person aged 18 and over	\$ 74.15
. married person (including benefit for spouse)	\$123.60
. additional benefit for each child	\$ 10.00
. supplementary (rent) allowance (for long term sickness beneficiaries)	\$ 8.00

4.2 The single person over 18 rate and the married rate are increased automatically twice yearly in accordance with the percentage increase in the Consumer Price Index. There is no provision to adjust the single person 16-17 years rate. 'Sickness Benefit' is taxable. The income test is the same as for 'Unemployment Benefit', except that compensation payments may be fully deductible from the maximum rate of benefit.

4.3 Sickness beneficiaries are asked to complete review forms at regular intervals. The first is required after six weeks to check entitlement for supplementary allowance. Reviews are conducted every thirteen weeks thereafter. Clients are obliged to notify the Department of any changes in their circumstances which affect eligibility.

4.4 Sickness beneficiaries are eligible for supplementary allowance, health services and some other fringe benefits.

Administrative Data

4.5 The program is intended to provide minimum income support for people who are temporarily unable to work because of sickness or injury and who have thereby suffered a loss of income. The conditions applying to 'Sickness Benefit' are similar to those applying to 'Unemployment Benefit'. The main differences are:

- . the rate of benefit and additional payments cannot exceed the amount which was previously received in wages;

- sickness beneficiaries are eligible for Commonwealth pensioner fringe benefits; and
- long term sickness beneficiaries (six weeks or more) who rent or pay for lodgings can qualify for supplementary allowance (which is equivalent to supplementary assistance).

4.6 Authority for the payment of 'Sickness Benefit' is contained in the Social Security Act 1947 and Regulations. The mandate for the various Commonwealth pensioner fringe benefits is contained in several Acts referring to health benefits, telephone rental concessions, postal fee reduction concessions and transport concessions.

4.7 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any persons or representatives (including other Commonwealth departments) who possess information which may assist in determining an individual's entitlement to produce that information, if required. Regular liaison procedures exist with the Department of Veterans' Affairs to ensure that both departments do not make payments where such dual entitlement is precluded by legislation. The Social Security Act requires a claim for 'Sickness Benefit' to be supported by a certificate from a legally qualified medical practitioner.

4.8 Delegations relating to pensions and benefits programs are exercised, depending on the pension or benefit and the complexity of the circumstances involved, at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

4.9 Estimates of numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 290
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 466
- Estimate of the manhours spent on the administration of this program during 1981/82: \$1,361,600 million.

4.10 Estimated total expenditure on the program is shown in Table 4.1.

Table 4.1: Estimated Total Expenditure - Sickness Benefit: 1981/82

Item	Expenditure
	\$m
Services	224.0
Administration	
- Salaries(a)	12.3
- Overheads(b)	10.5
Total	246.8

(a) based on average staffing level during year
(b) estimate

Service Delivery

4.11 This program is concerned with providing income support direct to eligible persons.

4.12 To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications and arrange payments. The offices in fact form the 'front line' in the delivery of the service to the public.

4.13 Payment under the program is arranged direct from the Department to the client by way of personal cheque.

4.14 Clients who are dissatisfied with a decision of the Department relating to their eligibility for benefit or the level of entitlement, have certain rights of appeal (see Chapter 2).

Eligibility for Benefits

4.15 'Sickness Benefit' is payable from and including the seventh day after the day on which the person becomes incapacitated for work, providing a claim is lodged within thirteen weeks after that date. No waiting period is applied if a second claim is lodged within thirteen weeks of the original claim. Additionally, there is no waiting period required for a claim where the incapacity is connected with a previous illness or injury for which the person received 'Sickness Benefit'.

4.16 The residence criteria for 'Sickness Benefit' are as for the 'Unemployment Benefit'.

4.17 The income test is also as for the 'Unemployment Benefit', except that some items of income are treated differently. For example, compensation payments in respect of the same incapacity and for the same period are fully deductible from the maximum rate of benefit, while payments from an approved friendly society do not fall within the definition of income. 'Sickness Benefit' is not portable and is subject to tax.

4.18 Additional benefit for a spouse, additional benefit for each child, supplementary allowance (for those who have been on benefit for a continuous period of six weeks and who pay rent or for lodgings) and Commonwealth pensioner fringe benefits (subject to a separate income test) are also available to sickness beneficiaries.

4.19 Sickness beneficiaries may also be assisted through the 'Commonwealth Rehabilitation Service'.

4.20 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., return to work) or entitlement (e.g., the receipt of income). Like pensioners, sickness beneficiaries are normally requested to complete a review form at regular intervals. The first is required after six weeks to check entitlement to supplementary allowance. A further review may be carried out after thirteen weeks and every three months thereafter. In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits by the Department.

Number of Clients Reached and Their Characteristics

4.21 The following sets out information on the number of clients reached:

Estimated number of sickness beneficiaries at 30 June 1981	49,000
Estimated average number on benefit at end of each week during 1980/81	44,500
Budget estimate of average number on benefit at end of each week during 1981/82	50,000
Number of sickness beneficiaries at 30 April 1982	50,428
Estimated number of 'Sickness Benefits' granted during 1980/81	140,900

4.22 Information on the characteristics of sickness beneficiaries is published in the annual 'Survey of Sickness Benefit Recipients'. At February 1982:

- 75.8% of beneficiaries were males;
- 80% of beneficiaries were aged 25 years and over;
- 61.6% of beneficiaries had no dependants;
- 21.7% of beneficiaries had dependent children;
- 29.1% of beneficiaries were born overseas;
- 49.7% had been on benefit for six months or more at the time of the survey. Of these, 35.7% had been on benefit for a period between one and two years and 22.6% had been on benefit for two years or more; and
- the average (mean) duration of current benefits was 43.2 weeks; the median current duration was 24.6 weeks. (Current duration refers to duration at the time of the survey. In the majority of cases, it is an incomplete duration of benefit.)

4.23 The survey is, in essence, a computer analysis of the information obtained from beneficiaries in their claims for benefit and for continuation of benefit.

Type and Method of Payment

4.24 'Sickness Benefit' is calculated on a weekly basis and paid in arrears from the Department of Social Security direct to the client each fortnight by means of a personal cheque.

4.25 Where 'Sickness Benefit' is paid to residents in migrant centres (Commonwealth hostels) a proportion of the benefit (in respect of board and lodgings) is paid directly to the management and the balance by cheque to the beneficiary.

4.26 The maximum weekly rates of 'Sickness Benefit' payable from May 1982 are:

single person aged 16 to 17	\$36.00
single person aged 18 and over	\$74.15
married person (including benefit for spouse)	\$123.60
additional benefit for each child	\$10.00
supplementary allowance (for long term sickness beneficiaries)	\$8.00

The Social Security Act provides for the rates for single persons aged 18 and over and for married persons to be automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters and each November by the CPI increase between the previous December and June quarters. There are no statutory provisions for adjusting the other rates of benefit. They are, however, reviewed each year in the context of the Budget.

The Nature of the Information Base for the Program

4.27 'Sickness Benefit' first became payable on 1 July 1945 by virtue of the Unemployment and Sickness Benefits Act 1944 which followed a Report by the Joint Parliamentary Committee on Social Security. The benefit filled a recognised gap in the coverage of the social security system. Prior to 1945 income support during sickness or incapacity was mainly provided by friendly societies, though some industrial awards provided for sick leave and workmen's compensation covered industrial accidents and diseases. State Governments had various food relief schemes. The nature of the 'Sickness Benefit' scheme is essentially the same as that of the 'Unemployment Benefit' but is concerned with a loss of income through sickness or disablement rather than through loss of (or inability to find) employment.

4.28 Since 1945 there has, however, been a large number of amendments to the legislation involving both policy and administrative aspects. An account of major legislative amendments is contained in I.H. Kewley, 'Social Security in Australia 1900-72', Sydney University Press, 1973 and 'Australian Social Security Today', Sydney University Press, 1980.

4.29 In addition to the changes outlined under 'Unemployment Benefit', the major changes relating to 'Sickness Benefit' in recent years have been:

- the extension in 1980 of Commonwealth pensioner fringe benefits to sickness beneficiaries; and
- the restructuring in 1981 of supplementary allowance to concentrate assistance on long term sickness beneficiaries paying high private rents.

4.30 A wide range of statistics relating to 'Sickness Benefit' is routinely collected, maintained and published. The main publications are listed under 'Unemployment Benefit'.

Program Review

4.31 In addition to the ongoing research and statistical work, policy review and analysis undertaken within the Department there has been a number of inquiries instituted by the Government into matters impinging on 'Sickness Benefit'. The major inquiries which have made recommendations concerning 'Sickness Benefit' include the Commission of Inquiry into Poverty (particularly the First Main Report by Professor Ronald Henderson and the Third Main Report by Reverend George Martin) and the inquiry by Mr Justice Woodhouse in 1974 into Compensation and Rehabilitation in Australia. In addition, the Royal Commission on Human Relationships (1977) recommended that the single rate of benefit be payable to all applicants, regardless of marital status.

4.32 Details of the recommendations of the Committee of Inquiry into Compensation and Rehabilitation in Australia (1974) are listed under 'Invalid Pension'.

4.33 Several of the Poverty Inquiry's recommendations have been implemented by the Government. These include:

- that the income test have regard to the income of the spouse in determining eligibility for benefit;
- that rates of benefit be made equivalent to those applying to the 'Age Pension'. This recommendation has been implemented with the exception of the rate for persons under 18 years; and
- the extension of Commonwealth pensioner fringe benefits to sickness beneficiaries.

4.34 The Government has not put into effect the Poverty Inquiry's recommendations to abolish the seven day waiting period for benefits, or to remove, for people who have left school, the qualifying age limit of 16 years.

9. SHELTERED EMPLOYMENT ALLOWANCE

Program Synopsis

4.35 'Sheltered Employment Allowance' is payable to disabled people employed in sheltered workshops who are otherwise qualified to receive an 'Invalid Pension' or who would become qualified if they ceased to be provided with sheltered employment. People of 'Age Pension' age are not eligible for the allowance. Residence qualifications are the same as for 'Invalid Pension'. The allowance is normally payable in the form of a supplement to wages paid by the sheltered workshop and at the same rate as 'Invalid Pension'. The rate is adjusted periodically in the same way as the 'Age' and 'Invalid Pension'. It is subject to the same income test as 'Invalid Pension' and is not subject to tax. It is not payable overseas.

4.36 Sheltered employment allowees receive the same additional payments as age and invalid pensioners except that an incentive allowance of \$8 per week is payable free of the income test to all allowees. Supplementary assistance is not payable in addition to the incentive allowance.

4.37 Allowees must inform the Department of any changes in circumstances that may affect eligibility. They are also required to undergo a periodic medical examination to check continued eligibility.

Administrative Data

4.38 Legislative authority for the 'Sheltered Employment Allowance' is contained in the Social Security Act 1947, while the various Commonwealth pensioner fringe benefits derive their authority from several other Acts (see 'Age Pension').

4.39 Under this program, the following additional payments and benefits may be payable:

- . Additional Allowance for a dependent spouse
- . Funeral Benefit
- . Commonwealth Pensioner Fringe Benefits (e.g., health, telephone, postal, transport)
- . Special Temporary Allowance
- . Additional Pension for Children
- . Mother's/Guardian's Allowance
- . Incentive Allowance

4.40 These additional payments and benefits are intended to supplement the 'Sheltered Employment Allowance'.

4.41 Through the Department the Government provides income support to disabled sheltered workshop employees. It is payable, as a supplement to wages paid by the workshop, to people in sheltered employment who are qualified to receive an 'Invalid Pension' or who would become qualified if they ceased to be provided with sheltered employment. With the exception of supplementary assistance, the same additional payments and benefits are available as for age pensioners. In lieu of supplementary assistance, an income test free incentive allowance of \$8 a week is payable.

4.42 The program is intended to provide income support for people working in sheltered employment who would otherwise qualify for 'Invalid Pension'. A secondary objective is to encourage people to undertake such employment with a view to preparation for open employment. The objectives of this program conform with the broad objectives of the Department of Social Security.

4.43 Delegations relating to pensions and benefits programs are exercised, depending on the pension or benefit and the complexity of the circumstances involved, at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

4.44 Estimates of the total numbers employed in administering the program are:

- . Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 5
- . Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 11
- . Estimate of the manhours spent on the administration of this program during 1981/82: 28,800

4.45 Estimated total expenditure on the program is shown in Table 4.2.

Table 4.2: Estimated Total Expenditure - Sheltered Employment Allowance: 1981/82

Item	Expenditure
	\$m
Services	34.0
Administration	
- Salaries(a)	0.3
- Overheads(b)	0.2
Total	34.5

(a) based on average staffing level during year
(b) estimate

4.46 This program is concerned with providing income support to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications and arrange payments. The offices in fact form the 'front line' in the delivery of the service to the public. Clients who are dissatisfied with a decision of the Department relating to their eligibility or the level of entitlement, have certain rights of appeal (see Chapter 2).

Eligibility for Benefits

4.47 The 'Sheltered Employment Allowance' is payable to disabled people employed in sheltered workshops who are qualified to receive an 'Invalid Pension' or who would become qualified if they ceased to be provided with sheltered employment. The allowance is normally payable in the form of a supplement to wages paid by the sheltered workshop. People of 'Age Pension' age are not eligible for the allowance.

4.48 Residential qualifications and income tests are the same as those for the 'Age Pension', except that 'Sheltered Employment Allowance' cannot be granted overseas. The payment is not taxable. Other Commonwealth benefits are available as for the 'Age' and 'Invalid Pension', except that an incentive allowance of \$8 per week is payable free of income test to all allowees in lieu of supplementary assistance. Commonwealth pensioner fringe benefits are available subject to an income test since November 1982, which is more generous than that elsewhere applied.

4.49 There were 8,654 people receiving the 'Sheltered Employment Allowance' in April 1982. This figure includes the wives of the allowees. The following table from the Department of Social Security's Annual Report for 1980/81 sets out the number and characteristics of sheltered employment allowees at 30 June 1981 (see Table 4.3).

Table 4.3: Number of Workshops Paying, Number of Employees Receiving, and Expenditure - Sheltered Employment Allowance, by States: 30 June 1981

	Number of workshops paying allowances	Number of employees receiving allowances	Amount paid 1980/81 (\$'000)
New South Wales(a)	74	3496	11 697
Victoria	30	1612	5442
Queensland	30	1123	3454
South Australia(b)	10	944	3126
Western Australia	11	735	2422
Tasmania	13	429	1386
Australia	168(c)	8339(c)	27 527

(a) includes A.C.T.

(b) includes N.T.

(c) includes 304 additional allowances for wives

4.50 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16) or entitlement (e.g., the receipt of income). Clients are also required to provide full details of their circumstances when requested at regular intervals. Allowees are required to undergo a periodic medical examination to ascertain continued eligibility for the allowance. Each thirteen weeks after the initial assessment, an average wage for the past quarter is calculated and the rate of allowance payable amended where necessary.

4.51 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

Type and Method of Payment

4.52 'Sheltered Employment Allowance' is paid in fortnightly instalments on each second Thursday. It is normally paid by bulk cheque to approved sheltered workshops. As authorised payment agents for the Department of Social Security, the workshops then pay the allowance, normally in cash to the allowees, plus any other wages they may have earned in the workshop that fortnight. In this way the allowees are encouraged to view the aggregate amount as a payment corresponding to wages.

4.53 Some sheltered workshops do not participate in the above arrangements. In those circumstances payments may be made direct to the allowee either by personal cheque or direct deposit to a personal account in a bank, building society, or credit union.

4.54 Table 4.4 sets out the existing maximum rates of 'Sheltered Employment Allowance' and the additional payments.

Table 4.4: Maximum Rates of Payment - Sheltered Employment Allowance: June 1982

	Maximum Rate
	\$ per week
Sheltered Employment Allowance	
- Standard (or single) rate	74.15
- Married rate (each person)(a)(b)	61.80
Additional Payments	
- Additional allowance for wife(a)(b)	61.80
- Additional payment for each child (including a student child)	10.00
Mother's/Guardian's allowance	
- No child under 6 or invalid	6.00
- At least one child under 6 or invalid	8.00
Incentive Allowance	8.00
Funeral benefits - (once only grant)	
- Lower rate	20.00
- Higher rate	40.00

- (a) subject to automatic indexation.
 (b) where a married couple are living apart indefinitely due to illness or infirmity, the standard rate (\$74.15 per week) may be payable to each.

4.55 The maximum standard rate of 'Sheltered Employment Allowance' is automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters, and each November by the CPI increase between the previous December and June quarters. The maximum rates of the other payments are not subject to automatic adjustment but they are reviewed from time to time by the Government, usually in the context of the preparation of the Budget.

4.56 'Sheltered Employment Allowance' first became payable from 30 June 1967. The allowance widened the role of the 'Invalid Pension' by enabling the recipient to receive a salary-like payment from the sheltered workshop (which included a component for 'Invalid Pension' otherwise payable) in its role to prepare the handicapped for open employment. The maximum rate of the allowance and eligibility provisions were the same as for the 'Invalid Pension' except that more liberal treatment was given under the income test to earnings from sheltered employment.

4.57 The basic features of the scheme still apply. In addition to the changes that have occurred to the rates and eligibility criteria for the 'Invalid Pension' in recent years, the major changes to the 'Sheltered Employment Allowance' were as follows. First, there was the removal in 1969 (when the tapered means test was introduced) of the more liberal treatment of earnings from sheltered employment. Secondly there was the introduction in 1974 of a means test free incentive allowance in lieu of supplementary assistance.

4.58 'Sheltered Employment Allowance' has been referred to in passing in reports of the following two committees:

- Committee of Inquiry into Compensation and Rehabilitation in Australia, July 1974, The Honourable Mr Justice A.O. Woodhouse;
- Senate Standing Committee on Mentally and Physically Handicapped Persons in Australia, 1971.

4.59 However, no specific study concentrating on the 'Sheltered Employment Allowance' has been carried out in Australia.

10. COMMONWEALTH REHABILITATION SERVICE

Program Synopsis

4.60 The 'Commonwealth Rehabilitation Service' (CRS), operating under Section 135 of the Social Security Act 1947, offers integrated programs of medical, vocational, social and educational rehabilitation to severely disabled people of working age. The rehabilitation objective can be entry or return to paid employment, capacity to undertake sheltered employment, or specified independent living goals. To be eligible for assistance, there must be a long term disability (lasting not less than twenty-six weeks) which is amenable to rehabilitation and a relatively stable (post-acute) medical condition. There are no income or assets tests for CRS assistance which is provided free of charge in most cases. Action is taken to recover costs of rehabilitation from the insurer in relevant cases and it is open to disabled people not otherwise able to meet the costs of an agreed rehabilitation program. Programs are provided within general and specialist rehabilitation centres throughout Australia, with an increasing number of regional units offering assessment and arranging programs locally.

4.61 As well as the provisions of rehabilitation treatment and training programs, the CRS arranges work and home modifications, and the supply of relevant aids and appliances, as required.

4.62 Allowances are paid to eligible persons undergoing rehabilitation, which are not less than the pension or benefit that they would otherwise have received. Rehabilitation Allowance is payable at the same rate as 'Invalid Pension' and is subject to the same income test.

Administrative Data

4.63 The CRS provides a comprehensive range of rehabilitation programs to assist both physically and intellectually handicapped people to lead as normal a life as possible. It does this by offering a comprehensive mix of medical, vocational, educational and social programs according to individual need, and is aimed at assisting disabled people to maximise their potential in the community. The mix of services and income maintenance payments provided to CRS rehabilitees constitute a unique national program compared with overseas programs.

4.64 The purpose of the CRS is to provide rehabilitation assistance to a wide range of severely disabled people from within the broad working age group, as appropriate to their individual rehabilitation needs. Emphasis is placed on attempting to meet the complex social and vocational needs of

each disabled person with a view to his or her living as normal and independent a life as possible in the general community.

4.65 The CRS provides direct rehabilitation services through its centres and through rehabilitation units (which function as part of the Department's regional operations in selected provincial cities). A progressively increasing number of services are being provided in cooperation with State health services and other agencies and organisations. The objectives of the CRS are compatible with the overall Departmental purpose of providing income maintenance and other assistance to disadvantaged and disabled people.

4.66 Part VIII of the Social Security Act contains detailed criteria covering the following aspects of the CRS:

- . Eligibility for CRS assistance;
- . Payment of fares and living expenses to clients and attendants;
- . Payment of training and living-away-from-home allowances;
- . Commonwealth's provision of a free service;
- . Provision of artificial aids, books, equipment and tools of trade;
- . Payment of rehabilitation allowance and other benefits, subject to certain conditions;
- . Completion of treatment and training - Director-General or delegate to decide;
- . Follow up to treatment and training;
- . Recovery of costs of rehabilitation from compensation and insurance awards made to clients;
- . Loans to clients for the purpose of enabling home based employment;
- . Financial arrangements for persons to receive CRS assistance who do not qualify for a 'free' service because of age;
- . Finance - costs of CRS to be met from the National Welfare Fund.

4.67 The CRS is administered by the Department of Social Security from Central Office, Canberra, through State Headquarters (in the six States, the Northern Territory and

the A.C.T.) via Regional Rehabilitation Units, Treatment Centres, Work Adjustment Centres and Work Preparation Centres. Table 4.5 lists the type and number of delivery facilities.

Table 4.5: Type and Number of Delivery Facilities - Commonwealth Rehabilitation Service

State	Treatment Centres	Work Preparation Centres	Work Adjustment Centres	Regional Rehabilitation Units
N.S.W.	2	2	1	4(a)
Vic.	2	2	1	5
Qld.	2	1	1	1
S.A.	1	1	Nil	2
W.A.	1	1	Nil	1
Tas.	1(a)	Nil	Nil	3
N.T.	1(a)	Nil	Nil	Nil
A.C.T.	Nil	Nil	Nil	1

(a) Programs delivered through joint Commonwealth/State Rehabilitation Centres located at Hobart and Darwin, and a joint Rehabilitation Unit at Newcastle.

4.68 Delegations are exercised under the Social Security Act and the Audit Act 1901 primarily by staff in rehabilitation facilities and State Headquarters. The officers exercising these delegations range from Clerk Class 4 to State Director (Clerk Class 10 to Level 3), depending on the level of expenditure involved. Certain senior Central Office staff (Clerk Class 10 to Level 1) also hold delegations under the Social Security Act. The majority of these delegations are also held in State locations with the exception of delegations that in the interests of uniformity are best exercised from a Central Office location.

4.69 Estimates of total numbers employed in administering the programs are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 1,027
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 319 (excluding the equivalent of 45 full-time teaching staff engaged by the Office of A.C.T. Further Education for CRS activities).
- Estimate of the manhours spent on the administration of this program during 1981/82: 2,244,000

4.70 The CRS receives overall policy direction from the Department's Central Office, but is guided in its policy formulation by senior CRS State personnel. A recent innovation saw the establishment of a consultative committee comprising representatives of the various professions found in the CRS. This Committee's role is to ensure that direct service provision staff employed in the delivery of CRS programs and services have an opportunity to directly contribute towards the development of policy, forward planning and rehabilitation practice, by advice to the Director-General.

4.71 Cooperation between the CRS and State Governments includes a close liaison with special schools from which a considerable number of mildly intellectually handicapped adolescents are referred for assistance in Work Preparation Centres.

4.72 To facilitate the operation of work therapy placements (i.e., clients receiving work experience with private employers), certain employers including some Commonwealth organisations, have cooperated in accepting CRS clients for a three month work experience program. Prior to the commencement of these work therapy placements, the relevant trade union is consulted, and the aims of the placement explained. The trade unions have been most positive in giving their support to these arrangements.

4.73 Approval was given in November 1973 for erection of a rehabilitation centre in Hobart as a joint Commonwealth/State venture. Construction of the new buildings, and the major refurbishing of an existing multi-storey building, were completed in 1982. Day attendance rehabilitation services commenced in 1980 and on-site accommodation became available in 1982.

4.74 An agreement between Commonwealth and State Ministers and the Royal Hobart Hospital Board was signed in 1980 setting out conditions of joint operation and responsibilities of the parties to the agreement. The function of the centre is to provide facilities for and in relation to the rehabilitation of handicapped and disabled persons in Tasmania. Operational expenses are shared on a 70:30 Commonwealth/State ratio. An earlier agreement provided for capital expenditure to be shared on a 50:50 basis. Establishment costs for the Commonwealth amounted to approximately \$4.5 million to 30 June 1982, and it is expected that unpaid accounts at that date and minor refurbishing still to be completed, approximated another \$0.3 million in 1982/83.

4.75 An agreement was made on 17 December 1980 between the Commonwealth Minister for Social Security and the Northern Territory Minister for Health for the development of a joint proposal for an interim Commonwealth/Territory rehabilitation

centre in Darwin. The buildings used for rehabilitation activity are refurbished wards of the former Darwin Hospital. Day attendance rehabilitation services commenced in May 1979. The present arrangements provide for all costs of the Centre to be shared equally between the Department of Social Security and the Northern Territory Department of Health, with the exception of the full costs of DSS staff and other directly related DSS costs and part of the cost of some N.T. Department of Health staff, which are borne fully by the Commonwealth.

4.76 Approval was given in July 1980, for the establishment of a joint Commonwealth/State regional rehabilitation facility in Newcastle to serve the Hunter and surrounding regions. Since then discussions have been proceeding with the New South Wales authorities and agreement in principle has been reached as to the way in which the joint arrangements will be structured for operating the new facility. The Commonwealth Minister for Social Security and the State Minister for Health have, in turn, endorsed these arrangements. This will enable the Regional Health Authority to provide the medical and paramedical components of a comprehensive program and the Commonwealth, through the CRS, to provide for the social/vocational aspects.

4.77 The rehabilitation facilities will be located in an unused two storey ward and associated buildings in the Rankin Park Annex to the Royal Newcastle Hospital. The buildings are State property. The Commonwealth is contributing the major share of the cost of refurbishing, modifying and equipping the buildings.

4.78 Initially an amount of \$0.2 million has been provided by the CRS to assist with the establishment of the facility. Net operating costs will be shared equally between the Department of Social Security and the Health Commission of New South Wales. The following expenditure will be met in full by the Commonwealth:

- cost of Department of Social Security staff;
- all other benefits for, and entitlements of eligible persons accepted under Part VIII of the Social Security Act, e.g., artificial aids, books and equipment for clients undergoing a vocational training course, and fares incurred by persons in connection with their rehabilitation.

Expenditure

4.79 Estimated expenditure on the CRS for 1981/82 was \$27.38 million (see Table 4.6). This included expenditure on salaries and allowances payable to staff who provide a direct service to clients, the treatment and training costs of this direct service, capital expenditure and expenditure incurred

in operating joint Commonwealth/State facilities on a cost-sharing basis. Most salaries, some operating expenses, and all treatment and training costs are met from the National Welfare Fund.

Table 4.6: Estimated Total Expenditure - Commonwealth Rehabilitation Service: 1981/82

Item	Expenditure
	\$m
Services	
- Treatment and Training	10.69
- Plant and Equipment	0.20
- Less Revenue	-2.18
Net Total - Services	8.71
Administration	
- Salaries(a)	15.95
- Overheads(b)	2.72
Total Expenditure	27.38

(a) based on average staffing during year

(b) estimate

Service Delivery

4.80 The major means of service delivery in the CRS is by the provision of treatment and training programs to handicapped people. This service is not a direct payment service with the exception of:

- Direct fortnightly training allowance payments made to some clients who undertake a vocational training course, or who are placed in a work therapy arrangement (i.e., a placement of approximately three months with a private employer, to provide 'real' work experience). These programs sometimes lead to the client being retained as a permanent employee. Adult full-time training allowance is equivalent to the client's rate of pension or benefit prior to the commencement of training, plus \$37 per week. Trainees undergoing a part-time training course, receive a reduced rate of \$18.50 per week (adult). The junior rate of training allowance is \$15.30 per week, in addition to pension or benefit. The cost of training materials such as books, enrolment fees, transport costs, are also met by the CRS. Where necessary, a living away from home allowance is paid

for clients undergoing training in centres away from their usual home, calculated as 25% of their training allowance rate;

- Weekly Performance Bonuses paid to trainees at Work Adjustment and Work Preparation Centres. This payment is based on the individual trainee's behaviour, punctuality, work attitude, and level of output achieved in producing contract work. These payments are made to encourage clients to achieve a particular rehabilitation goal;
- Direct assistance is provided to clients by reimbursing the costs of fares in connection with their rehabilitation. Where it is not possible for clients to use public transport, they are transported by taxi or Commonwealth car/bus to and from their rehabilitation program.

4.81 The CRS operates a comprehensive rehabilitation service through a range of facilities including treatment centres (residential and day attendance), work preparation centres for intellectually handicapped adolescents, work adjustment centres providing work conditioning facilities, and regional rehabilitation units in country and provincial centres. The range of staff employed in CRS facilities includes doctors, physiotherapists, psychologists, occupational therapists, speech therapists, social workers, vocational counsellors, remedial gymnasts, educational tutors, trade instructors, and nurses. In addition to the above staff, a range of domestic, administrative, and paramedical support personnel are employed.

4.82 The service provides programs where the emphasis is placed on meeting the individual needs of disabled clients particularly in the social and vocational areas to help them achieve their full potential in the community. In addition an increasing number of services are being provided in cooperation with State health services and other organisations.

4.83 During 1981/82 an estimated 75% of CRS clients received their rehabilitation program at CRS treatment and training centres. The remaining 25% received their rehabilitation program in non-CRS facilities such as organisations for the blind, or from State health facilities in regional areas, or in metropolitan locations, if the treatment required is not available in a CRS facility. Also included in this 25% were clients who attended educational institutions to undertake a training course, e.g., Technical College courses.

Eligibility for Rehabilitation Assistance

4.84 The eligibility criteria for rehabilitation assistance are as follows:-

- The person's disability appears likely to continue for a period of not less than twenty-six weeks from its onset.
- The disability is a substantial handicap to:
 - the person undertaking full, part-time or sheltered employment;
 - the person undertaking or resuming household duties;
 - the person leading an independent or semi-independent life at home.
- The person is likely to benefit substantially from the rehabilitation treatment and training, i.e., in respect to employment, home duties or independent living.
- The person is within the broad working age group, i.e., men aged between 16 and 65 years and women aged between 16 and 60 years.

4.85 The CRS also accepts young people aged 14 years and under 16 years who would otherwise be likely to qualify for pension on reaching age 16 years.

4.86 The CRS is free to clients within the broad working age group except for those clients who receive compensation or similar payments in respect of the injury for which they are receiving rehabilitation assistance.

4.87 The direct payment of a training allowance is contingent upon a client undertaking an approved course of training as part of that client's overall rehabilitation program. Persons who were previously in receipt of a pension or benefit from the Department, retain their eligibility to that payment whilst undergoing a rehabilitation program.

4.88 Eligibility for rehabilitation continues until it is considered that a client will not benefit further from the continuation of treatment or training. Under the terms of Part VIII of the Social Security Act, a CRS client can receive a follow-up service for up to six months after cessation of his/her original treatment/training program. During 1981/82, it is estimated that 3,744 clients were accepted for assistance under a CRS program.

4.89 The only component of the program that is taxable is training allowance paid to clients who were previously in receipt of a pension or benefit prior to commencement of a CRS program, and whose pension or benefit was taxable in its own right.

The Nature of the Information Base for the Program

4.90 The 'Commonwealth Rehabilitation Service' was established in accordance with a recommendation in 1941 by a Joint Parliamentary Committee on Social Security, relating to the training of selected invalid pensioners.

4.91 In January 1945, the Government decided, as an interim measure, that the then Department of Social Services should be given the responsibility for convalescent care and general oversight of the re-establishment of all cases of disabled ex-service personnel who were not eligible for benefits under the Repatriation Act 1920 because their disabilities were not due to war service. (Some 11,000 persons were given rehabilitation assistance under this interim scheme). The Re-establishment and Employment Act 1945-73 gave legislative enactment to these interim provisions.

4.92 In 1948, the Government accepted the principle of providing a comprehensive Government rehabilitation service to any person in the community but, as a first step, restricted the service to those handicapped people in receipt of certain social service benefits. This service commenced in July 1948.

4.93 Since 1948, certain changes, brought about by amendments to Part VIII of the Social Services Act, have increased the scope of the service and enlarged the population it serves.

4.94 Ongoing evaluations of future needs of handicapped people in the working age group are undertaken as an integral part of the CRS. These were particularly useful in the following areas:

- the amendment of the Social Services Act in 1977 when eligibility was extended to all handicapped people in the broad working age group who would benefit substantially from the programs offered - this was followed by a three year development plan for 1978/79-1980/81 which did not require legislative amendment; and
- the preparation of a follow-up three year program 1981/82-1983/84 to reshape and modernise the CRS.

4.95 As the only national rehabilitation service which offers a comprehensive program of integrated rehabilitation in medical, social, vocational and educational spheres, the CRS is able to provide a service meeting the needs of all individuals who are accepted by the service. However, there is a large number of severely handicapped people in the community who would have a prima facie eligibility for CRS assistance but who do not receive such assistance either through non-referral, the often lengthy waiting periods for acceptance, or exclusion which is necessitated because of the finite resources of the CRS.

4.96 The Department is seeking to respond to many kinds of demands made upon it. One area of concern which has not been adequately provided for, and which constitutes one of the major tasks during the current triennium, is to provide access to the CRS for handicapped people at their local or community level.

4.97 A further development in the CRS relates to the establishment of Work Preparation Centres for mildly intellectually handicapped adolescents. Prior to the establishment of the first of these centres in 1973, the CRS did not have the facilities to cater for this particular disability group. Programs available in these Work Preparation Centres are designed to improve the social and vocational skills of clients who are mildly intellectually handicapped.

4.98 Reviews of the state of the art in rehabilitation for the disabled have been undertaken over the last 15 years. Their terms of reference have been diverse and each has looked at the Department's contribution to meeting the needs of disabled people from different aspects. The reviews have included:

- 'Rehabilitation Services in Australia', Report on 1969 Review by Joseph Griffith, prepared for Department of Social Security, 1970.
- Senate Standing Committee on Health and Welfare: 'Report on Mentally and Physically Handicapped Persons in Australia', 1971.
- 'Compensation and Rehabilitation in Australia', Report of the National Committee of Inquiry, 1974. Reports by Mr Justice A.O. Woodhouse and Mr Justice C.L.D. Meares.
- Report of Task Force on Coordination in Welfare and Health, P. Bailey, 1976.

Commission of Inquiry into Poverty: Third Main Report 'Social/Medical Aspects of Poverty', Rev G. Martin, 1976; and 'The Australian Government Rehabilitation Service', E.J. Le Sueur, 1977.

Program Review

4.99 As a result of the 1977 amendment to Part VIII of the Social Security Act that widened the eligibility criteria to permit the CRS to provide free social/vocational rehabilitation to virtually any disabled person in the broad working age group, a three year developmental plan was prepared for the period 1978/79 to 1980/81. This plan attempted to reshape, modernise and develop some existing CRS services and facilities and provide for the most urgent needs created by the 1977 amendment.

4.100 The Minister has approved another Three Year Plan of Development (1981/82-1983/84) for the CRS.

4.101 The Three Year Plan (1981/82 - 1983/84) seeks to build upon the work commenced or completed in the previous three year plan. Account was taken of trends which were emerging during that period and which are now far more visible. The new plan seeks to enhance the capacity of the CRS to meet the increasing demand for its services, and to fulfil its charter under the Social Security Act to Australia's handicapped. The major task during the current period will be to enable the CRS to respond to the rehabilitation needs of handicapped people at their local or community level. An evaluation of the management of rehabilitation centres has been undertaken within this context.

4.102 The objectives of the Three Year Plan are:

- To further develop existing rehabilitation services and programs in order to allow the integration and coordination of these services with other rehabilitation agencies, both public and private.
- To expand CRS services and programs to meet the needs of persons eligible for CRS assistance, with the use of intensive goal oriented individualised programming.
- To ensure the provision of adequate social/vocational rehabilitation services by the CRS which will complement existing and planned health, education and welfare services provided by other government or non-government agencies.

- In sum, the CRS is seeking to develop more community-oriented (off-centre) services to enable more effective use of resources and to reach a greater number of clients.

4.103 Monitoring of the administration of the CRS is being carried out by such means as the consultative committee and also by direct reporting to Central Office from service deliverers in State locations, who identify weaknesses or gaps in the program's administration. In addition, some programs are the subject of close monitoring and evaluation, e.g., the Work Preparation Centres.

4.104 A new computer-based casework/statistics system has been introduced recently throughout the CRS to provide a more effective and comprehensive monitoring tool than previous manual data collections.

4.105 The new three year program will require some change to methods of administration and methods of implementation. For example, the provision of more flexible arrangements for training in independent living will necessitate the adoption of new procedures and training techniques. A new system of centre management has been evaluated and is expected to be implemented shortly. However, after allowing for inflation, no significant increase in expenditure is expected in reshaping and modernising the CRS program.

4.106 In general, services provided by the CRS will increase. A few services may be reduced or become redundant, because of insufficient demand or decreasing relevance, e.g. there has been a steady decline in some areas for residential accommodation in major treatment centres. By natural wastage and, in some cases, redeployment, domestic staff resources can be converted to direct service positions in order to increase services in locations of greatest need.

4.107 In essence, eligibility criteria are expected to remain the same as they are at present. As explained previously, eligibility criteria were broadened considerably under amended legislation in 1977.

11. INVALID PENSION:

Program Synopsis

4.108 An 'Invalid Pension' may be paid to people aged 16 or more who are permanently incapacitated for work to the extent of at least 85%, or who are permanently blind. A claimant must, in general, be physically present in Australia at the date of claiming pension. There is no period of residence required if permanent incapacity or blindness occurs in Australia. If these conditions occur before arrival in Australia, the residence qualifications are the same as for 'Age Pension'. The rate of pension is the same as for age pensioners under 70 years. The income test is also the same as for under 70 age pensioners, but does not apply to blind pensioners. The pension is exempt from tax, except when paid to a person of 'Age Pension' age.

4.109 Where long term eligibility is not easily determined, pension is granted subject to medical review, e.g., in twelve or twenty-four months. A pensioner may also be medically reviewed where there is evidence of personal earnings inconsistent with a permanent incapacity for work. The pensioner is required to notify the Department of any factors or changes in circumstances which may affect eligibility.

4.110 Invalid pensioners are eligible for supplementary assistance, fringe and funeral benefits.

Administrative Data

4.111 Authority for pensions and benefits payments is contained in the Social Security Act 1947 and Regulations. The program is intended to provide minimum income support for people aged 16 and over who are permanently incapacitated for work to the extent of at least 85% or who are permanently blind. A secondary objective is to ensure that incentives are maintained for people to undertake rehabilitation.

4.112 The Department is charged with the responsibility of providing minimum income support for people aged 16 and over who are permanently incapacitated for work to the extent of at least 85% and for people who are permanently blind. Unlike worker's compensation payments or disability pensions, 'Invalid Pension' is not based on compensation principles. Like 'Age Pension', it is paid at a flat-rate and financed out of general revenue and thus differs from contributory-based schemes that operate in most other industrialised countries.

4.113 Under this program, pensioners may be entitled to the following additional payments and benefits:

- Wife's Pension
- Supplementary Assistance (for rent, etc.)
- Funeral Benefit
- Commonwealth Pensioner Fringe Benefits (e.g., health, telephone, postal, transport)
- Special Temporary Allowance
- Additional Pension for Children
- Mother's/Guardian's Allowance.

4.114 These additional payments and benefits are intended to supplement the 'Invalid Pension'.

4.115 Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any persons or representatives (including other Commonwealth departments) who possess information which may assist in determining an individual's entitlement to pension to produce that information, if required. Regular liaison procedures exist with the Department of Veterans' Affairs to ensure that both departments do not pay pensions where such dual entitlement is precluded by legislation.

4.116 The Department of Health assists in determining eligibility for 'Invalid Pension'. Under the Social Security Act, the Director-General must be satisfied that a person is not less than 85% permanently incapacitated for work or is permanently blind. Claimants are examined by a Commonwealth Medical Officer of the Department of Health, who certifies whether, in his opinion, the claimant is permanently incapacitated for work to the extent required or is permanently blind. The recommendation of the Commonwealth Medical Officer is reviewed by a Senior Medical Officer in the Department of Health before a final recommendation as to a claimant's medical eligibility for 'Invalid Pension' is forwarded to the Department of Social Security for decision.

4.117 The Department of Foreign Affairs assists in making social security payments overseas.

4.118 Delegations relating to pensions and benefits programs are exercised, depending on the pension or benefit and the complexity of the circumstances involved, at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

4.119 Estimates of the numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 118

- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 296
- Estimate of the manhours spent on the administration of this program during 1981/82: 745,600

4.120 Estimated total expenditure for the program is shown in Table 4.7.

Table 4.7: Estimated Total Expenditure - Invalid Pension: 1981/82

Item	Expenditure
	\$m
Services	981.0
Administration	
- Salaries(a)	6.8
- Overheads(b)	5.7
Total	993.5

(a) based on average staffing level during year
(b) estimate

4.121 This program is concerned with providing direct income support to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications for pensions and arrange payments to pensioners. The offices in fact form the 'front line' in the delivery of the service to the public.

4.122 Payment under the program is normally arranged direct from the Department to the client by way of personal cheque or by direct deposit to a personal account in a bank, building society or credit union. There are situations where the Department makes indirect payments to the client, e.g.:

- some pensioners who are inmates of nursing homes may have their pension paid directly to the management of these organisations;
- where a pensioner is incapable of conducting his/her own affairs, the pension may be paid to another person on the pensioner's behalf.

4.123 Clients who are dissatisfied with a decision of the Department relating to their eligibility for pension or the level of entitlement, have certain rights of appeal.

Eligibility for Benefits

4.124 An 'Invalid Pension' may be paid to people aged 16 or more who are permanently incapacitated for work to the extent of at least 85%, or who are permanently blind.

4.125 A claimant must, in general, be physically present and residing in Australia at the date of claiming pension. There is no period of residence required if permanent incapacity or blindness occurs in Australia. If these conditions occur outside Australia (other than during temporary absence), residence requirements are as for 'Age Pension'. Where a claim for a 'special need' 'Invalid Pension' is lodged overseas (see 'Age Pension') it is necessary that the permanent incapacity for work must have occurred in Australia.

4.126 Residence in the United Kingdom and New Zealand is treated as residence in Australia under the respective agreements between Australia and those countries; however, the rate of payment for people coming from the United Kingdom is limited to the United Kingdom rate of invalidity benefit.

4.127 An income test applies as for age pensioners under 70 years of age. It does not apply to the permanently blind except in respect of ancillary cash benefits (but additional pension for one child is also free of income test).

4.128 The basic pension is exempt from tax except when it is paid to a person of 'Age Pension' age.

4.129 Wife's pension, supplementary assistance, funeral benefit, Commonwealth pensioner fringe benefits, special temporary allowance, additional pension for children and mother's/guardian's allowance are payable to invalid pensioners under the same conditions that apply to age pensioners (see 'Age Pension').

4.130 Invalid pensioners may also be assisted through the 'Commonwealth Rehabilitation Service'.

Ongoing Checks for Eligibility

4.131 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, return to work) or entitlement (e.g., the receipt of income). Pensioners are also required to provide full details of their circumstances when requested at regular intervals.

4.132 In some cases, where long term eligibility is not easily determined, 'Invalid Pension' is granted subject to review in say twelve months or two years. At the review date, the pensioner would be examined by a Commonwealth Medical Officer to ascertain whether he continued to be at least 85% permanently incapacitated for work.

4.133 Other factors may also give rise to a review of eligibility. For instance, an invalid pensioner may be required to undergo a medical review if there is evidence of personal earnings of an amount inconsistent with a permanent incapacity for work.

4.134 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

Number of Clients Reached and Their Characteristics

4.135 The following sets out information relevant to the number of clients reached:

• Number of invalid pensioners at at 9 April 1982	217,297
• Number of wife pensioners ('Invalid Pension') at 9 April 1982	54,920
• Number of grants of 'Invalid Pension' during 1980/81	25,458
• Number of grants of wives' pensions (to wives of age and invalid pensioners) during 1980/81	15,907

4.136 Table 4.8 from the Department of Social Security's Annual Report for 1980/81 sets out the number and characteristics of those receiving the 'Invalid Pension' at June 1981.

Table 4.8: Selected Characteristics of Invalid Pensioners, Australia: 30 June 1981 (a)

	Males		Females		Persons	
	No.	%	No.	%	No.	%
	('000)		('000)		('000)	
Age						
16-19	4.2	2.7	3.4	5.0	7.6	3.4
20-29	12.2	7.9	10.0	14.7	22.2	10.0
30-39	15.4	10.0	10.5	15.4	25.8	11.6
40-49	23.3	15.1	14.9	21.9	38.1	17.2
50-59	53.9	35.0	27.9	41.0	81.8	36.8
60-64	41.3	26.9	0.7	1.1	42.1	19.0
65 and over	3.7	2.4	0.7	1.0	4.3	1.9
Rate						
Standard rate	75.8	49.2	59.3	87.1	135.1	60.9
Married rate	78.1	50.8	8.7	12.9	86.9	39.1
Full rate	131.4	85.4	58.5	85.9	189.8	85.5
Reduced rate	22.5	14.6	9.6	14.1	32.1	14.5
Income as assessed (\$p.a.)						
Nil	65.4	42.5	29.8	43.7	95.2	42.9
1-312	43.5	28.3	22.0	32.3	65.5	29.5
313-897 (married)						
313-1040 (single)	21.6	14.0	6.3	9.3	27.9	12.6
Over 897 (married)						
Over 1040 (single)	23.3	15.2	10.0	14.7	33.3	15.0
Supplementary Assistance						
With	64.6	42.0	37.0	54.3	101.5	45.7
Without	89.3	58.0	31.1	45.7	120.4	54.3
Fringe Benefits						
With	143.7	93.4	61.6	90.5	205.3	92.5
Without	10.2	6.6	6.5	9.5	16.7	7.5
Home Ownership						
Home owners	64.3	41.8	16.8	24.6	81.1	36.5
Non home owners	89.6	58.2	51.3	75.4	140.9	63.5
Additional Allowances						
Additional pension for children	27.0	17.6	6.0	8.8	33.0	14.9
Guardian's allowance	1.1	1.5	3.9	6.6	5.0	3.7
Number of Invalid Pensioners	153.9	100.0	68.1	100.0	222.0	100.0

(a) any discrepancies between totals and sums of components are due to rounding. Figures exclude females in receipt of wife's pension.

4.137 Table 4.9 sets out similar information in respect of wife pensioners ('Invalid Pension') as at 30 June 1981.

Table 4.9: Selected Characteristics of Wives of Invalid Pensioners, Australia: 30 June 1981 (a)

	Number	Percentage distribution
Age		
Under 20		
20-29	100	0.2
30-39	2 100	3.7
40-49	7 400	12.9
50-59	14 600	25.6
60 and over	31 200	54.7
Rate	1 600	2.9
Full rate		
Reduced rate	44 400	77.8
Income as assessed (\$ p.a.)	12 600	22.2
Nil		
1-312	21 800	38.2
313-897	13 700	23.3
Over 897	9 400	16.4
Supplementary assistance	12 600	22.2
With		
Without	11 700	20.5
Fringe benefits	45 400	79.5
With		
Without	49 900	87.4
Home ownership	7 200	12.6
Home owners		
Non home owners	38 700	67.8
Additional allowances	18 400	32.2
Receiving additional pension for children		
	900	1.5
Number of wife pensioners	57 100	100.0

(a) any discrepancies between totals and sums of components are due to rounding.

Type and Method of Payment

4.138 Under this program, payment is arranged direct from the Department of Social Security to clients in fortnightly instalments on each second Thursday. Payments may be made by one of the following methods:

- personal cheque;
- direct deposit to a personal account in a bank, building society, or credit union;
- group payments - pensioner inmates of certain institutions may have all their pension paid directly to the managers of those institutions, if they so wish. A single cheque (called a group cheque) is paid to the manager of each such institution covering the inmates of that institution;
- benevolent home payments - certain types of mental institutions in Victoria and Tasmania have been approved as benevolent homes. Pensioners who are inmates of these homes have all of their pension paid to the relevant authority by means of a group cheque. The authority deducts prescribed amounts from the pension towards the costs of maintaining the pensioner and pays the pensioner the remainder.

4.139 In other circumstances, e.g., where the pensioner is not capable of conducting his/her own affairs, the pension may be paid to another person on the pensioner's behalf (e.g., a relative who may be caring for him/her). In some cases special conditions relate to payment of pensions overseas.

4.140 The rates of payment for 'Invalid Pension' are as for age pensioners under 70 years. Table 4.10 sets out the maximum rates applicable to the 'Invalid Pension' as at June 1982.

Table 4.10: Rates of Payment - Invalid Pension: June 1982

Pension or Additional Payment	Maximum Rate
Pensions	\$ per week
Standard (or single) rate of pension(a)	74.15
Married rate of pension (each person)(a)(b)	61.80
Additional Payments	
Wife's pension(a)(b)	61.80
Additional pension for each child (including a student child)	10.00
Mother's/Guardian's allowance -	
No child under 6 or invalid	6.00
At least one child under 6 or invalid	8.00
Supplementary assistance	8.00
Funeral benefits (once only grant)	
Lower rate	20.00
Higher rate	40.00
(a) subject to automatic indexation.	
(b) where a married couple are living apart indefinitely due to illness or infirmity, the standard rate of pension (\$74.15 a week) may be payable to each.	

4.141 The maximum rate of 'Invalid Pension' and additional payments are the same as for 'Age Pension'. Other considerations which influence the rate include the needs of invalids, incentives to join or remain in this category, incentives for rehabilitation, additional assistance provided through other systems (e.g., workers' compensation), as well as overall cost.

4.142 The maximum standard and married rates of 'Invalid Pension' are automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters, and each November by the CPI increase between the previous December and June quarters. The maximum rates of the other payments are not subject to automatic adjustment but they are reviewed from time to time by the Government, usually in the context of the preparation of the Budget.

The Nature of the Information Base for the Program

4.143 The 'Invalid Pension' first became payable by the Commonwealth on 15 December 1910 under the Invalid and Old-Age Pensions Act 1908. The pension scheme implemented by this Act was based on the recommendations of the Royal Commission on Old-Age Pensions 1905/1906. Specific concessions for the permanently blind were first introduced in 1912.

4.144 The 'Invalid Pension' was to be payable to people 16 years and over who, because of an accident, or from natural causes, were 'permanently incapacitated for work'. The rationale for introducing the 'Invalid Pension' was similar to that for the 'Age Pension'. The forms of assistance provided through asylums, outdoor relief and charitable organisations were considered to be inadequate to meet the needs of both invalids and the aged.

4.145 The provisions of the scheme were closely tied to the 'Age Pension' scheme. The major difference was that the 'Invalid Pension' was not to be granted if the applicant was adequately maintained by his relatives. In addition, it was not to be granted if it was considered that the incapacity was self-induced, or if the applicant was legally entitled to obtain compensation in respect of the incapacity.

4.146 The basic features of the original scheme continue to this day. These are:

- an age requirement of 16 years;
- permanent incapacity for work (although the degree of incapacity was reduced to 85% in 1941);
- a financial test of need;
- flat rate benefits tied to the level of 'Age Pensions'; and
- general revenue financing.

4.147 There have been substantial increases in the real value of benefits paid, an increase in the range of benefits available and substantial easing of the eligibility criteria, particularly in relation to residence and to the financial tests of need. The means test was removed for pensioners who are permanently blind in 1954. An account of major legislative amendments is contained in I.H. Kewley, 'Social Security in Australia 1900-72', Sydney University Press, 1973 and 'Australian Social Security Today', Sydney University Press, 1980.

4.148 In addition to the changes outlined under 'Age Pension', the major change relating to the 'Invalid Pension' over recent years has been the removal in 1974 of the residence requirement where permanent incapacity or blindness occurred in Australia.

4.149 A wide range of statistics relating to 'Invalid Pension' is routinely collected, maintained and published.

4.150 A survey of invalid pensioners was conducted in October 1979 to examine their characteristics and causes of invalidity. The results of this survey were published in the research series of the Department's Development Division as Research Paper No. 10: 'Survey of Invalid Pensioners October 1979: Data on Major Causes of Invalidity and on Other Impairments', December 1980.

4.151 Certain aspects of the 'Invalid Pension' were also discussed in:

- Research Paper No. 9: 'The Relationship between the Australian Social Security and Personal Income Taxation Systems: A Practical Examination', December 1980.
- Research Paper No. 11: 'The Finance of Social Security: Some Implications of the Interaction Between Social Security and Personal Income Tax', December 1980.

Program Review

4.152 In addition to continuing policy, research and statistical analysis undertaken within the Department of Social Security, there has been a number of inquiries instituted by various governments into the 'Invalid Pension' and related matters. The major inquiries over the last ten years have been:

- Committee of Inquiry into Compensation and Rehabilitation in Australia, July 1974, The Honourable Mr Justice A.O. Woodhouse.

The Committee proposed the introduction of a comprehensive no-fault National Compensation and Rehabilitation Scheme for death, injury and sickness. The scheme would have replaced the existing compulsory insurance systems of workers' compensation and third-party motor accident insurance, as well as 'Invalid Pension' and 'Sickness Benefit'. The scheme was to be financed by levies on employers and petrol, with general revenue supplementation. Common law negligence actions for death and injury would have been prohibited. Total incapacity benefits equal to

85% of pre-injury earnings would have been payable with lesser benefits for partial incapacities and survivors. All benefits were to be free of means test.

The Committee's major recommendations were incorporated in legislation submitted by the then Government in 1974. The Senate Standing Committee on Constitutional and Legal Affairs reported on 'Clauses of the National Compensation Bill 1974', and noted that the Bill involved a number of constitutional and legal problems, as well as raising issues of social welfare priorities, broader economic concerns and problems of coordination with existing programs. Some members of the Committee felt these problems to be so great as to render the scheme impractical of implementation. In the event the Bill lapsed with the double dissolution of Parliament in 1975. Since then the Commonwealth Government, after further consultation with State Governments and interest groups, decided not to proceed with any national scheme, but a number of State Governments have undertaken reforms in this area.

- Commission of Inquiry into Poverty, April 1975, Professor R.F. Henderson

The Commission's proposed guaranteed minimum income scheme would have encompassed the 'Invalid Pension'. Other proposals for improving the existing system were:

- Rates of Pension - as for 'Age Pension';
- Means Test - as for 'Age Pension';
- Qualifying Age - the lower age limit of 16 years be removed for persons who have left school;
- Residence - as for 'Age Pension';
- Partial Invalidity - Part-rate 'Invalid Pension' to be considered as part of the guaranteed minimum income scheme;
- Special Costs - claims for special or supplementary assistance on account of special costs for any group of handicapped people be 'investigated sympathetically'.

- Commission of Inquiry into Poverty, March 1976, Rev. George S. Martin

In the context of health services, the Commission recommended that the Government give the highest priority to the implementation of a Guaranteed Minimum Income Scheme and noted that substantial increases in family allowances recommended by Professor Henderson would give poor people considerable help with their health costs pending the introduction of such a scheme. In 1976, a family allowance scheme along the lines suggested by Professor Henderson was introduced. It replaced the former schemes of child endowment and tax rebates for dependent children. The Commission made several other recommendations including that pensions be continued for all psychiatric patients regardless of whether they were in 'excluded' or 'non-excluded wards'. This was implemented in 1981.

4.153 The Department's involvement in administrative reviews relating to its income security programs is outlined in the introduction to its submission (see Chapter 2).

12. AGE PENSION

Program Synopsis

4.154 'Age Pension' is payable to women aged 60 years and over and men aged 65 years and over. A claimant generally must be physically present in Australia on the date of claiming pension and have had ten years continuous residence in Australia at any time. This period is reduced for a claimant with periods of residence totalling more than ten years and a continuous period of residence of not less than five years. 'Age Pension' is payable overseas and in exceptional circumstances can be granted to a person not physically present in Australia. The weekly rate of pension and rates of allowances are:

• Standard (single) rate of pension	\$74.15
• Married rate of pension - (each person)	\$61.80
• Free of income test pension - aged 70 years and over:	
- standard rate	\$51.45
- married rate (each person)	\$42.90
• Additional Payments:	
Wife's pension	\$61.80
Additional pension for each child (including a student child)	\$10.00
Mother's/guardian's allowance	
- child not under 6 or invalid	\$ 6.00
- at least one child under 6 or invalid	\$ 8.00
Supplementary assistance (if eligible)	\$ 8.00

4.155 The pension is subject to an income test except in the case of the permanently blind, who are entitled to the maximum rate of pension regardless of income.

4.156 For pensioners aged 70 years and over, amounts of \$51.45 per week for a single rate pensioner, or \$85.80 per week for a pensioner couple are payable free of an income test. Amounts above these are paid subject to the normal under 70s income test. 'Age Pension' is taxable.

4.157 The basic rates are automatically increased twice yearly by percentage increases in the Consumer Price Index. No statutory provision is made for the automatic adjustment of other payments.

4.158 All pensioners are required to provide details of their circumstances as required. They must also inform the Department of any factors or changes in circumstances which may affect eligibility.

4.159 Age pensioners are also eligible for additional payments:

- Wife's Pension - is payable to the wife or de facto wife of an age or invalid pensioner, who is not eligible for a pension in her own right. A claimant must be residing in and be physically present in Australia when the claim is lodged. Wife's pension is subject to the same income test as the under 70 age pension. It is taxable where it is paid to a woman married to a pensioner of 'Age Pension' age, or who is herself of 'Age Pension' age. Wife's pension is payable overseas.
- Supplementary Assistance/Allowance - is payable to pensioners, including supporting parent beneficiaries, and sickness beneficiaries, who pay rent for lodgings, other than to a public housing authority, and who have little income apart from their pension or benefit. The maximum rate payable is 50% of the amount by which rent paid exceeds \$10 per week, to a maximum of \$8 per week. The amount so determined is then reduced by 50 cents for each \$1 of the person's assessable income. Supplementary assistance is not taxable, and neither supplementary assistance nor supplementary allowance is payable overseas.
- Funeral Benefit - different qualifications and amounts payable exist, depending on the case, as follows:
 - \$20 - payable to anyone who is liable for the cost of the funeral (other than an administrator of a contributory funeral benefit fund). The deceased must have been:
 - a recipient of 'Age', 'Invalid' or wife's pension;
 - a recipient of rehabilitation allowance, unless she was eligible for 'Widow's Pension' or 'Supporting Parent's Benefit' immediately before becoming eligible for that allowance; and
 - eligible for fringe benefits (unless she was permanently blind).

- \$40 - up to \$40 (or the cost of the funeral whichever is the less) is payable where both the claimant and the deceased meet certain conditions. The claimant must be, at the time of the person's death, or within six months, a 'pensioner' as defined below:

- a recipient of 'Age', 'Invalid', wife's or 'Widow's Pension' or 'Supporting Parent's Benefit';
- a recipient of 'Tuberculosis Allowance' or 'Sheltered Employment Allowance' to whom one of the above pensions or 'Supporting Parent's Benefit' would have been payable but for the receipt of the allowance; or
- a person in receipt of rehabilitation allowance who, immediately before becoming eligible for the allowance was eligible to receive one of the above pensions or 'Supporting Parent's Benefit' or 'Sheltered Employment Allowance'; and the claimant must be liable for the cost of the funeral; and
- be eligible for fringe benefits (unless he is permanently blind) at the date of death or within 6 months.
- For the \$40 benefit to be payable the deceased must have been:
 - the spouse or de facto spouse of the claimant;
 - a child in the custody, care and control of the deceased, or a dependent full-time student aged between 16 and 25 years;
 - a 'pensioner' as defined above (or an eligible claimant for such a pension);
 - eligible for fringe benefits (unless he was permanently blind).

• Commonwealth Pensioner Fringe Benefits - are available to all pensioners including supporting parent beneficiaries who have incomes apart from their pension, benefit or allowance less than specified limits. Commonwealth fringe benefits include medical care and telephone rental concessions. Some State and local governments also

provide travel concessions, and concessions and rebates on other charges. They are not available overseas and are not taxable.

- Special Temporary Allowance - is payable to an age, invalid or wife's pensioner and certain recipients of sheltered employment and rehabilitation allowance whose spouse dies. The surviving spouse continues to receive the equivalent of two pensions that would have been paid if the spouse had not died. It is paid for twelve weeks unless the person would otherwise qualify for a higher rate of pension, in which case the higher rate is paid. It is taxable if paid to a pensioner of 'Age Pension' age.
- Additional Pension - is payable to all pensioners including supporting parent beneficiaries, with the custody, care and control of one or more children less than 16 or one or more dependent full-time students under 25. It is subject to an income test and it is not subject to tax.

Administrative Data

4.160 Authority for pensions and benefits payments is contained in the Social Security Act 1947 and Regulations. The Regulations give effect to the reciprocal social security agreements with New Zealand and the United Kingdom. The Act and Regulations also provide a framework for the administration of the legislation (including appropriate appeal mechanisms).

4.161 The legislative authority for the various Commonwealth pensioner fringe benefits are contained in several Acts as follows:

- health benefits - the National Health Act 1953;
- telephone rental concessions - determinations under the Telecommunications Act 1948;
- postal fee redirection concessions - regulations under the Postal Services Act 1975; and
- transport concessions - the Australian National Railways Act 1917 and the Australian Coastal Shipping Agreement Act 1956 include provisions for the undertaking of non-commercial services. The

Government has directed the authorities to provide the concessions under these provisions.

4.162 The income test free pension for those aged 70 and over was introduced as two steps (for those aged 75 and over in 1973 and for those aged 70 to 74 in 1975) towards the abolition of the income test on the 'Age Pension' for those aged 65 or more. There have been no further steps in this direction. Since November 1978, the rates of the income test free pension for those aged 70 and over have been frozen, and the increases in the basic rates of pension that arise out of the indexation arrangements have become subject to the normal income test arrangements.

4.163 The program is designed to provide minimum income support to residentially qualified women aged 60 or more and men aged 65 or more who have limited income, and to supplement the incomes of those aged 70 and over who have higher levels of income. It is not intended to discourage people from providing for their own retirement through savings and part-time and casual work.

4.164 Pensions, which are financed entirely from general revenue, are flat-rate and paid subject to an income test, except for the income test free component for those aged 70 and over and for payments to the permanently blind. Rates of pension are not based on pensioners' previous levels of earnings and the income test operates on the pensioners' annual rate of income (plus that of their spouse in the case of married pensioners). The Australian 'Age Pension' provisions thus differ from contributory based schemes that operate in most other industrialised countries, and which are oriented towards maintaining past living standards.

4.165 Under this program, pensioners may be entitled to the following additional payments and benefits:

- Wife's Pension
- Supplementary Assistance (for rent, etc.)
- Funeral Benefit
- Commonwealth Pensioner Fringe Benefits (e.g., health, telephone, postal, transport)
- Special Temporary Allowance
- Additional Pension for Children
- Mother's/Guardian's Allowance

4.166 These additional payments and benefits are intended to supplement the 'Age Pension'.

4.167 There are formal arrangements which ensure that the Department has the cooperation of others in the administration of its programs. Under Sections 16 and 141 of the Social Security Act, there are specific powers which enable the Director-General to direct any persons or representatives (including other Commonwealth departments) who possess information which may assist in determining an individual's entitlement to a pension to produce that information, if required. Regular liaison procedures exist with the Department of Veterans' Affairs to ensure that both departments do not pay pensions where such dual entitlement is precluded by legislation. The Department of Foreign Affairs assists in making social security payments overseas.

4.168 Delegations relating to pensions and benefits programs are exercised, depending on the pension or benefit and the complexity of the circumstances involved, at various levels ranging from Clerical Assistant Grade 4 to State Director (Clerk Class 10 to Level 3) and, in Central Office, from Clerk Class 8 to Director-General.

4.169 Estimates of numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 715
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 1,767
- Estimate of the manhours spent on the administration of this program during 1981/82: 4,470,100

4.170 Estimated total expenditure on the 'Age Pension' in 1981/82 is shown in Table 4.11.

Table 4.11: Estimated Total Expenditure - Age Pension: 1981/82

Item	Expenditure
	\$m
Services(a)	4509.4
Administration	
- Salaries (b)	40.5
- Overheads (c)	34.4
Total	4584.3

(a) includes funeral benefits (\$1.4m) and other additional entitlements paid by the Department to age pensioners e.g., wife's pension, supplementary assistance etc.

(b) based on average staffing level during year

(c) estimate

4.171 This program is concerned with providing direct income support to eligible persons. To ensure ready accessibility to the program, the Department has established a comprehensive network of Regional Offices throughout Australia. These offices provide an advisory and information service on the program to the public, process applications for pension and arrange payments to pensioners. The offices in fact form the 'front line' in the delivery of the service to the public.

4.172 Normally payment under the program is arranged direct from the Department to the client by way of personal cheque or by direct deposit to a personal account in a bank, building society or credit union. However, there are situations where the Department makes indirect payments to the client, e.g:

- some pensioners who are inmates of nursing homes may have their pension paid directly to the management of these organisations;
- where a pensioner is incapable of conducting his/her own affairs, the pension may be paid to another person on the pensioner's behalf.

4.173 Clients who are dissatisfied with a decision of the Department relating to their eligibility for pension or benefit or the level of entitlement, have certain rights of appeal (see Chapter 2).

Eligibility

4.174 An 'Age Pension' may be paid to women aged 60 years or more and to men aged 65 or more.

4.175 A claimant must, in general, be physically present and residing in Australia on the date of lodging a claim for pension and have had ten years continuous residence in Australia at any time. This period is reduced for a claimant with periods of residence aggregating more than ten years and a continuous period of residence of not less than five years. Certain absences count as residence. This residence qualification does not apply to 'Age Pension' granted by virtue of Australia's reciprocal agreements.

4.176 In exceptional circumstances an 'Age Pension' (and also 'Invalid', wife's and 'Widow's Pension') may be granted to people whose claim is lodged while they are resident overseas and/or not physically present in Australia. Special conditions apply which require that:

- the claimant is in special need of financial assistance;
- the claimant ceased to live in Australia before 8 May 1973; and
- in the case of a claimant for 'Age Pension', the applicant lived for thirty years in Australia and left the country after reaching age 60 in the case of a man and 55 in the case of a woman.

4.177 While residing overseas, a person may transfer from another pension to 'Age Pension'.

4.178 The pension is subject to an income test except in the case of the permanently blind, who are entitled to the maximum rate pension irrespective of income.

4.179 For pensioners under the age of 70, the maximum rate of pension (including any mother's/guardian's allowance and/or additional pension for children) is reduced by half the amount of income (other than pension etc.) in excess of:

- \$20 per week for a single person; and
- \$17.25 per week for a married person (\$34.50 combined amount).

4.180 While a person is married other income is regarded as half of the total of the couple. Income of \$6 per week is disregarded for each child.

4.181 For pensioners aged 70 and over, amounts of \$51.45 per week (single person) and \$85.80 per week (married pensioner couple) are payable free of any income test. Amounts above these levels, (including any mother's/guardian's allowance and/or additional pension for children) are subject to the same income test applying to pensioners under 70 years

of age. People in receipt of 'Age Pension' by virtue of the agreement with the United Kingdom have any United Kingdom pension directly deducted from the level of Australian pension.

4.182 All social security pensions, with the exception of 'Invalid Pension' payable to persons under 'Age Pension' age, are subject to tax (although pensioners with little or no income apart from the pension do not pay tax because their total income is below the tax threshold).

4.183 The Social Security Act places an obligation on the clients of the Department to inform it promptly of the occurrence of factors which affect eligibility (e.g., death, a child reaching the age of 16, return to work) or entitlement (e.g., the receipt of income). Pensioners are also required to provide full details of their circumstances when requested at regular intervals.

4.184 In addition to these procedures, the Department of Social Security has developed both computer-based and statistically-based systems and techniques for the identification, investigation and prevention of incorrect payments of benefits, pensions and allowances by the Department.

General Portability Conditions

4.185 Pensioners leaving Australia either temporarily or permanently on or after 8 May 1973 may continue to receive their pension in any other country under substantially the same conditions as if they were residing in Australia except that supplementary assistance and fringe benefits are not available to pensioners abroad. Except in exceptional circumstances the pension must be payable before the person leaves Australia; thus the grant of pension involves satisfying the condition that the person was residing in and physically present in Australia at the time the claim was lodged.

4.186 A former resident who returns to reside in Australia and applies for a pension (for which otherwise eligible) may not receive payment of that pension overseas if he leaves Australia within twelve months of the date of his last return to Australia, except in cases where the departure arises from circumstances which could not reasonably have been foreseen at the time of his arrival.

Reciprocal Portability Arrangements

4.187 Prior to the introduction in 1973 of general portability provisions, agreements enabling payment to former pensioners complying with specified conditions were signed with Malta, Italy, Turkey and Greece. These agreements also

required those countries to pay their pensions in Australia. The significance of these arrangements was greatly reduced when general portability provisions were introduced.

4.188 Reciprocal agreements with the United Kingdom and New Zealand permit the granting or continuation of pensions to Australians resident temporarily in the United Kingdom or New Zealand. An Australian who becomes a permanent resident of the United Kingdom or New Zealand may qualify for British and New Zealand pensions respectively, based on his periods of residence in Australia.

4.189 The general portability arrangements have also reduced the significance of these arrangements for persons granted an Australian pension before proceeding overseas.

4.190 Pensions granted by virtue of reciprocal agreements are generally not portable.

Additional Payments

Wife's Pension

4.191 Wife's pension is payable to the wife (or a de facto wife) of an age (or invalid) pensioner who is not eligible for a pension in her own right. In general, a claimant is required to be physically present and residing in Australia on the date of lodgement of the claim.

4.192 Wife's pension is paid subject to the same income test that applies to age pensioners who are under 70 years of age. The pension is subject to tax in those cases where the wife's pension is paid to a woman married to a pensioner of 'Age Pension' age or who is herself of 'Age Pension' age. Wife's pension is portable overseas.

Supplementary Assistance

4.193 Supplementary assistance is payable to all pensioners, including supporting parent beneficiaries, who pay rent for lodgings - other than to a public housing authority - and who have limited income apart from their pension or benefit.

4.194 It is paid subject to the residential qualification for the relevant pension or benefit except when the pension or benefit is paid by virtue of a reciprocal agreement.

4.195 The maximum rate payable is 50% of the amount by which rent paid exceeds \$10 per week, subject to an upper limit of \$8 per week (\$4 per week in the case of each member of a married couple unless they are living apart indefinitely due to illness or infirmity, in which case each may be eligible for up to \$8 per week).

4.196 The amount so determined by the rent formula is then reduced by fifty cents for each dollar of the pensioner's or beneficiary's assessable income.

4.197 Supplementary assistance is not subject to tax. It is not paid to pensioners living overseas.

Funeral Benefit

4.198 A funeral benefit of up to \$20 is payable to any person liable for the funeral cost of an eligible deceased age or invalid pensioner or recipient of a 'Sheltered Employment Allowance', a 'Tuberculosis Allowance' or a rehabilitation allowance. A funeral benefit of up to \$40 is payable to an eligible age, invalid, wife or widow pensioner, supporting parent beneficiary or recipient of a 'Sheltered Employment Allowance', a 'Tuberculosis Allowance', or a rehabilitation allowance, who is liable for the funeral cost of a deceased spouse, child or another such eligible pensioner. An 'eligible pensioner' is one whose income, other than pension, benefit or allowance is less than the following amounts per week:

Single pensioner with:	
no child	\$40.00
one child	\$55.00
each additional child	+ \$11.00
Married pensioner couple with:	
no child	\$68.00
one child	\$84.00
each additional child	+ \$16.00

These amounts are higher in the case of single recipients of 'Sheltered Employment Allowance', and do not apply where the person is permanently blind.

4.199 Funeral benefit is not subject to tax.

Commonwealth Pensioner Fringe Benefits

4.200 Commonwealth fringe benefits are available to all pensioners including supporting parent beneficiaries, who have incomes apart from their pension, benefit or allowance less than those specified above under the funeral benefit. The income limits are higher for recipients of 'Sheltered Employment Allowance'. All age and invalid pensioners who are permanently blind qualify for fringe benefits.

4.201 The main benefits are:

- free medical treatment if the treating doctor bulk bills (otherwise 85% of the scheduled fee is reimbursed subject to a maximum payment of \$5 per service);
- free optometrical consultations from participating optometrists;
- a range of free pharmaceuticals;
- free hearing aid services;
- a one-third telephone rental concession (subject also to the incomes of co-residents);
- postal redirection fee concession; and
- a 50% fare concession for travel on Australian National Railways (ANR) and the Australian National Line (ANL).

4.202 Fringe benefits are not available to pensioners living overseas. The value of the benefits is not subject to tax.

4.203 The Department of Social Security is responsible for the costs of only the telephone rental concession and the postal redirection fee concession. The health concessions are the responsibility of the Department of Health and the transport concessions are the responsibility of the Department of Transport and Construction.

4.204 In addition to the above benefits, under arrangements with the States, and as a condition of receipt of Commonwealth health grants, eligible pensioners and their dependants also receive free public ward accommodation and treatment.

4.205 A number of additional concessions are also made available by State and local government bodies of their own volition. Perhaps the most valuable of these are local government rate concessions and transport concessions on State Government rail and bus services. Eligibility for Commonwealth pensioner fringe benefits provides entitlement to many of these concessions.

Special Temporary Allowance

4.206 Special temporary allowance is payable to an age, invalid or wife pensioner whose spouse dies. It is paid to alleviate the difficulties experienced by a surviving spouse in making the necessary financial adjustments, including meeting household commitments, following the death of a spouse and the associated reduction in household income.

4.207 The surviving spouse continues to receive the equivalent of the two pensions that would have been paid if the spouse had not died. It is generally paid for a period of twelve weeks.

Additional Pension for Children

4.208 Additional pension is payable to all pensioners, including supporting parent beneficiaries, with the care, custody and control of one or more children under 16 or one or more dependent full-time students under 25. It is payable in respect of each child and is in recognition of the additional costs pensioners face in bringing up children.

4.209 Additional pension represents an increase in the maximum rate of pension and is accordingly subject to the pension income test. Additional pension paid in respect of one child of a permanently blind age or invalid pensioner is not subject to the income test.

4.210 Additional pension is not subject to tax.

Mother's/Guardian's Allowance

4.211 Mother's/guardian's allowance is paid to all single pensioners, including supporting parent beneficiaries, with the care, custody and control of one or more children under 16 or one or more dependent full-time students under the age of 25.

4.212 Mother's/guardian's allowance represents an increase in the rate of pension payable and is accordingly subject to the pension income test. It is not subject to tax.

Number of Clients Reached and Their Characteristics

4.213 The following sets out information relevant to the number of clients reached:

• Number of age pensioners at 9 April 1982	1,364,026
• Number of wife pensioners ('Age Pension') at 9 April 1982	27,713
• Number of grants of 'Age Pension' during 1980/81	69,002
• Number of grants of wife's pension (to wives of age and invalid pensioners), granted during 1980/81	15,907

4.214 Table 4.12 from the Department of Social Security's Annual Report for 1980/81 sets out the number and characteristics of age pensioners at 30 June 1981.

Table 4.12: Selected Characteristics of Age Pensioners, Australia: 30 June 1981

	Males		Females		Persons	
	No.	%	No.	%	No.	%
	('000)		('000)		('000)	
Age						
60-64			157.6	17.6	157.6	11.7
65-69	137.1	30.4	205.9	23.0	343.1	25.5
70-74	150.2	33.3	208.2	23.2	358.4	26.6
75 & over	163.6	36.3	324.8	36.2	488.3	36.2
Rate						
Standard rate	160.3	35.6	601.7	67.1	762.1	56.6
Married rate	290.6	64.4	294.7	32.9	585.4	43.4
Over 70						
- full rate	187.9	41.7	344.6	38.4	532.5	39.5
- reduced rate	126.0	27.9	188.4	21.0	314.3	23.3
Under 70						
- full rate	95.5	21.2	256.7	28.6	352.2	26.1
- reduced rate	41.6	9.2	106.8	11.9	148.4	11.0
Income as assessed (\$ p.a.)						
Nil	39.6	8.8	96.9	10.8	136.6	10.1
1-312	127.6	28.3	288.4	32.2	416.0	30.9
313-897(married)						
313-1040(single)	115.6	25.6	215.3	24.0	330.9	24.6
Over 897(married)						
Over 1040(single)	115.6	25.6	225.0	25.1	340.6	25.3
Not stated	52.5	11.6	70.9	7.9	123.4	9.2
Supplementary Assistance						
With	52.5	11.6	139.3	15.5	191.7	14.2
Without	398.5	88.4	757.2	84.5	1 155.7	85.8
Fringe Benefits						
With	349.5	77.5	708.1	79.0	1 057.6	78.5
Without	101.4	22.5	188.4	21.0	289.8	21.5
Home Ownership						
Home owners	287.3	63.7	533.2	59.5	820.5	60.9
Non home owners	111.2	24.6	292.4	32.6	403.5	29.9
Not stated	52.5	11.6	70.9	7.9	123.4	9.2
Additional Allowances						
Pension for children	5.0	1.1	2.4	0.3	7.4	0.6
Guardian's allowance	0.3	0.2	2.1	0.3	2.4	0.3
Number of Age Pensioners	451.0	100.0	896.5	100.0	1 347.4	100.0

4.215 Table 4.13 sets out similar information in respect of wife pensioners ('Age Pension') as at 30 June 1981.

Table 4.13: Selected Characteristics of Wives of Age Pensioners, Australia: 30 June 1981(a)

	Number	Percentage Distribution
Age		
Under 30	100	0.3
30-39	300	1.2
40-49	1 800	6.3
50-59	24 100	82.3
60 and over	2 900	10.0
Rate		
Full rate	20 400	69.7
Reduced rate	8 900	30.3
Income as assessed (\$ p.a.)		
Nil	3 600	12.2
1-312	8 300	28.4
313-897	8 500	29.1
Over 897	8 900	30.3
Supplementary Assistance		
With	2 400	8.1
Without	26 900	91.9
Fringe Benefits		
With	25 200	86.1
Without	4 100	13.9
Home Ownership		
Home owners	24 000	82.1
Non home owners	5 200	17.9
Additional Allowances		
Pension for children	100	0.4
Number of wife pensioners	29 200	100.0

(a) any discrepancies between totals and sums of components are due to rounding.

Type and Method of Payment

4.216 Under this program, payment is arranged direct from the Department of Social Security to clients in fortnightly instalments on each second Thursday. Payments may be made by one of the following methods:

- personal cheque;
- direct deposit to a personal account in a bank, building society, or credit union;
- group payments - pensioner inmates of certain institutions may have all their pension paid directly to the managers of those institutions, if they so wish. A single cheque (called a group cheque) is paid to the manager of each such institution covering the inmates of that institution; or
- benevolent home payments - certain types of mental institutions in Victoria and Tasmania have been approved as benevolent homes. Pensioners who are inmates of these homes have all of their pension paid to the relevant authority by means of a group cheque. The authority deducts prescribed amounts from the pension towards the costs of maintaining the pensioner and pays the pensioner the remainder.

4.217 In other circumstances, e.g., where the pensioner is not capable of conducting his/her own affairs, the pension may be paid to another person on the pensioner's behalf (e.g., a relative who may be caring for him/her). In some cases special conditions relate to payment of pensions overseas.

4.218 Table 4.14 sets out the existing maximum rates of pensions and the additional payments.

Table 4.14: Rates of Payment - Age Pension: June 1982

Pension or Additional Payment	Maximum Rate
	\$ per week
Pensions	
- Standard (or single) rate of pension(a)	74.15
- Married rate of pension (each person)(a)(b)	61.80
- Free of income test pension - age pensioners aged 70 years and over	
. standard rate	51.45
. married rate (each person)	42.90
Additional Payments	
- Wife's pension(a)(b)	61.80
- Additional pension for each child (including a student child)	10.00
- Mother's/Guardian's allowance -	
. no child under 6 or invalid	6.00
. at least one child under 6 or invalid	8.00
- Supplementary assistance	8.00
- Funeral benefits - (once only grant)	
. lower rate	20.00
. higher rate	40.00

(a) subject to automatic indexation.

(b) where a married couple are living apart indefinitely due to illness or infirmity, the standard rate of pension (\$74.15 per week) may be payable to each.

4.219 The maximum rates of pensions and additional payments are influenced not only by the needs of pensioners but also by factors such as cost, incentives to supplement pensions through savings and part-time and casual work, and the relationship between social security provisions for retirement and those of the income tax system, particularly in relation to individuals and superannuation funds.

4.220 The maximum standard and married rates of all pensions, including wife's pension and 'Supporting Parent's Benefit', are automatically increased each May by the percentage increase in the Consumer Price Index (CPI) between the previous June and December quarters, and each November by the CPI increase between the previous December and June quarters. The maximum rates of the other payments are not subject to automatic adjustment but they are reviewed from time to time by the Government, usually in the context of the preparation of the Budget.

The Nature of the Information Base for the Program

4.221 'Age Pension' (then called 'Old-Age Pension') first became payable by the Commonwealth on 1 July 1909 by virtue of the Invalid and Old-Age Pensions Act 1908. The pension scheme implemented by this Act was based on the recommendations of the Royal Commission on Old-Age Pensions, 1905/1906.

4.222 The 'Old-Age Pension' scheme provided the first step in the Commonwealth's social security system, superseding State schemes in New South Wales, Victoria and Queensland. The Constitution for the Commonwealth provided for concurrent power to legislate for invalid and old-age pensions, the only 'social services' type matter so provided.

4.223 The scheme adopted was accepted as being a vast improvement on previous assistance for those of old age through charitable relief and asylums which were sex segregated and did not differentiate between the sick and the frail.

4.224 On the matter of financing the Commonwealth scheme, the Royal Commission recommended the establishment of an assurance plan so that thrift and self-reliance would not be discouraged. However, a non-contributory, general revenue financed, means tested pension scheme was introduced. Since then the contributory principle has been canvassed many times especially as the basis of a national superannuation scheme but general revenue financing remains.

4.225 The basic features of the original 'Age Pension' scheme continue to this day. These are:

- an age requirement of 60 for women and 65 for men;
- a residence test;
- a financial test of need;
- flat-rate benefits; and
- general revenue financing.

4.226 There have been substantial increases in the real value of pensions paid, an increase in the range of payments available and substantial easing of the eligibility criteria, particularly in relation to residence and to the financial tests of need. An account of major legislative changes is contained in T.H. Kewley, 'Social Security in Australia 1900-72', Sydney University Press, 1973 and 'Australian Social Security Today' Sydney University Press, 1980. The key changes in the past ten years or so have been:

- 1969 - the introduction of the tapered means test;
- 1972 - a doubling of the 'free areas' under the pensions means test;
 - the replacement of wife's allowance by wife's pension;
- 1973 - the introduction of general portability of 'Age (and Invalid and Widow's) Pension';
 - abolition of the means test for residentially qualified persons aged 75 years and over;
 - subjecting pensions and benefits to tax where paid to persons of 'Age Pension' age;
- 1975 - abolition of the means test for residentially qualified persons aged 70 to 74 years;
- 1976 - introduction of twice-yearly automatic indexation of the basic rates of pensions;
 - subjecting to tax all other pensions, except 'Invalid Pension' paid to people below 'Age Pension' age;
 - replacement of the means test with a test on income only;
- 1978 - the replacement of twice-yearly automatic indexation with annual automatic indexation;
 - the freezing of the income test free pension payable to age pensioners aged 70 or more at the rates applying prior to November 1978. Increases in the maximum rate of pension accruing under the automatic indexation arrangements became subject to the income test for people aged 70 or more;
- 1979 - the re-introduction of twice-yearly automatic indexation of pensions subject to indexation; and
- 1981 - the restructuring of supplementary assistance to concentrate assistance on pensioners paying high private rents.

4.227 The impetus for these and other changes came from many sources including the Parliament, the Government, Departmental policy and administrative reviews, research, Committees of Inquiry and outside bodies and individuals. But it is often difficult to link particular changes with specific sources.

4.228 A wide range of statistics relating to all pensions, including 'Supporting Parent's Benefit', is routinely collected, maintained and published. The main publications are:

- Four-Weekly Digest of Statistics;
- Quarterly Summary of Statistics;
- Recipients of Pensions, Benefits and Family Allowances in Postcode Districts and Electoral Divisions (Annual);
- Annual Statistics of Pensions and Family Allowances;
- Ten Year Statistical Summary (Annual);
- Characteristics of Social Security Pensioners - Time Series (Ad Hoc); and
- Pocket Compendium of Income Security Statistics (Quarterly).

4.229 A good deal of information is published each year in the Annual Report of the Director-General.

4.230 The 'Age Pension' and related matters have also been the subject of several publicly available research papers prepared by the Development Division of the Department:

- Research Paper No. 3: 'Changing Family Patterns and Social Security Protection: The Australian Scene', March, 1979;
- Research Paper No. 8: 'Additional Data Requirements of the Department of Social Security' April, 1980;
- Research Paper No. 9: 'The Relationship Between the Australian Social Security and Personal Income Taxation Systems: A Practical Examination', December, 1980;
- Research Paper No. 11: 'The Finance of Social Security: Some Implications of the Interaction Between Social Security and Personal Income Tax', December, 1980;
- Research Paper No. 12: 'Work Incentive Experiments in the United States and Canada', June, 1981;
- Research Paper No. 14: 'Statistics on the Distribution of Income and Wealth in Australia', October, 1981;

- Research Paper No. 15: 'Population Projections and Social Security', November, 1981;
- Research Paper No. 17: 'Taxation Expenditures: Submission by the Department of Social Security to the Inquiry into Taxation Expenditures by the House of Representatives Standing Committee on Expenditure' March, 1982;
- Research Paper No. 19: 'Financing Social Security: An Analysis of the Contributory "Social Insurance" Approach', June, 1982.

4.231 Other research papers in the series deal with invalid pensioners, sole parents, unemployment beneficiaries and unemployment statistics. These are referred to in the relevant parts of this Submission. Other research tasks include the maintenance of an information base on overseas systems and the costing and analysis of policy options.

4.232 While the policy goals of all pensions, including 'Supporting Parent's Benefit', are essentially a matter for the Government, the Department does play a role through the provision of advice to the Minister and the Government as part of its responsibility for policy review and analysis.

4.233 This is undertaken primarily in the context of the preparation of forward estimates and the preparation of new policy options for the Budget involving both extensions and restrictions to existing programs. These are prepared throughout the year and they focus on possible deficiencies in existing programs. They also discuss priorities among policy options both in relation to the various pensions, including 'Supporting Parent's Benefit', and related payments as well as to 'Unemployment' and 'Sickness Benefit' and other programs administered by the Department. They also assess their budgetary, manpower and administrative implications.

Program Review

4.234 In addition to the ongoing research and policy work on retirement income provisions conducted within the Department and the Social Welfare Policy Secretariat, there have been a number of public inquiries and Government reviews instituted in this area. The following are the main ones in the past ten years.

Committee of Inquiry into Poverty, April 1975, Prof. R.F. Henderson.

4.235 The Committee made a number of recommendations impinging on aged persons in line with its charter to investigate, inter alia, 'any desirable changes that would contribute to the reduction of poverty in Australia ...' Its

major recommendation was for a guaranteed minimum income scheme encompassing all existing pensions and benefits, but it also made a number of recommendations for improving the existing system. These included:

- Rates of pension
 - pensions be raised to the poverty line (as set by Professor Henderson).
 - pensions be updated by average earnings or gross domestic product per head, the updating to include an allowance for estimated inflation during the period for which the pension rate is to be maintained.
- Means test
 - the maintenance and increase of pension rates to have priority over easing the means test.
 - the treatment of asset income in the means test be no different from that of other income (the existing property means test to be abolished).
- Qualifying age
 - pension no longer be available to women aged 60 to 64 (to be replaced by a pension available to men and women breadwinners aged 50 to 64 if for any reason they are finding difficulty in working for an adequate private income). Existing women pensioners aged 60 to 64 would continue to receive pensions.
- Residence
 - the residence qualification for 'Age Pension' (and 'Invalid' and 'Widow's Pension') be the same as for 'Unemployment', 'Sickness' and 'Special Benefit' i.e., that applicants intend to remain permanently in Australia.

4.236 The Government has not adopted the Henderson poverty line as a suitable basis for setting pension rates. It has introduced automatic indexation of pensions, although based on prices, not wages. It has also substituted an income test for the means test.

4.237 In the 'Report on Poverty Measurement' (August 1981), the Social Welfare Policy Secretariat expressed serious doubts about poverty lines in general, including the Henderson poverty line, indicating that they are a matter of judgement involving a number of assumptions. However, it suggested that there is some value in having some benchmark as a useful guide to the effects of changes in economic and social conditions.

National Superannuation Committee of Inquiry 1974-77,
Prof. K.J. Hancock.

4.238 The Committee in its 'Final Report', Pt 1 (1976) proposed a compulsory contributory national superannuation scheme for Australia. This would have involved contributions of 5% of income in excess of 30% of average weekly earnings for all income recipients, and payment of an earnings related addition to a basic free-of-income test age pension which would have continued to be mainly funded from general revenue. There would also have been a supplement for those with little or no earnings-related entitlements, and a system of death benefits.

4.239 A minority of the Committee opposed the recommended scheme, preferring instead the development of a basic free-of-income-test age pension.

4.240 The Government rejected the recommendations of the Committee. The main reasons were that the proposed levy would impose a heavy burden on middle and lower income workers and that the scheme would involve a major compulsory transfer of resources away from those in the workforce to the aged, including the aged on higher incomes.

4.241 The Committee also reported on occupational superannuation in Australia in its 'Final Report, Pt II' (1977). It made a number of recommendations on measures necessary to accommodate its proposed national scheme, and on other desirable changes to regulate occupational schemes. In July 1979 the Treasurer announced the establishment of a Task Force on Occupational Superannuation to report to the Government on these matters.

Other Reviews

4.242 A number of other reviews have touched on issues in this area. These include the:

- Taxation Review Committee: Full Report, 1975, K.W. Asprey; and
- Australian Financial System: Final Report of the Committee of Inquiry, 1981, J.K. Campbell.

4.243 In addition, an Income Security Review group operated within the Department of Prime Minister and Cabinet between 1975 and 1977. The review group reported to the Government and its reports were confidential.

4.244 In the 'Review of Post-Arrival Programs and Services for Migrants' (1978), (Galbally Report), a section was included on the impact of Australia's income security system on the welfare of migrants.

4.245 Several review groups have also looked at issues impinging on retirement income policy. These are:

- . Task Force on Occupational Superannuation; and
- . House of Representatives Standing Committee on Expenditure Inquiry into Taxation Expenditures.

4.246 In relation to the Department's activities in the area of evaluation in both policy and administration, the Department's submission to the Senate Standing Committee on Social Welfare, Inquiry into the Evaluation of the Adequacy of Australian Health and Welfare Services, is also relevant. The Submission was tabled in the Senate on 3 May 1979.

Projection for the Program

4.247 The policy goals of the 'Age Pension' are essentially a matter for the Government. However, to improve its management capability, the Department has developed a computer-based Strategic Plan (STRATPLAN) which will have an impact on the administration of all Departmental programs. Details relating to STRATPLAN are outlined in the introduction to the DSS submission (see Chapter 2).

CHAPTER 5

DEPARTMENT OF SOCIAL SECURITY

Compensation Programs

13. Compensation for Commonwealth Employees
14. Air Accidents (Commonwealth Government Liability) Scheme

13. COMPENSATION FOR COMMONWEALTH EMPLOYEES

Program Synopsis

5.1 The Compensation (Commonwealth Government Employees) Act 1971 provides workers' compensation cover for over half a million Commonwealth employees and their dependants for employment related injury, disease or damage to or loss of artificial aids. The term 'employment' includes certain attendances and journeys. The Act applies within and outside Australia and benefits are portable. Employees may receive their full sick pay rate as compensation for six months, then flat weekly rates, indexed bi-annually, in respect of total incapacity for work. A reduction formula applies to take any Government financed portion of a superannuation pension, payable for the same injury, into account. Certain other benefits, e.g., Repatriation and Social Security pensions may also affect weekly compensation payments. Other benefits include the following

- weekly payments for partial incapacity (difference pay);
- medical expenses;
- lump sum compensation for certain permanent disabilities and redemption;
- a weekly allowance where constant help or attendance is needed.

5.2 Weekly payments are generally taxable as are certain lump sums. Most, if not all, weekly payments are made by cheque posted fortnightly. No income test is applied to the benefits. Dependants of a deceased worker may receive:

- lump sum compensation;
- weekly payments for dependent children;
- funeral expenses.

5.3 Claims for compensation are decided by the Commissioner for Employees' Compensation (or one of his delegates). The Commissioner is an independent arbitrator between the parties (the Commonwealth and the employee/claimant). Once determined, the Act imposes a liability on departments and authorities to pay the compensation. A party may seek reasons for a decision, documents relating to a decision, reconsideration by the Commissioner and review of a determination by the Administrative Appeals Tribunal. An appeal on a question of law may then be brought to the Federal Court and thence finally to the High Court.

Administrative Data

5.4 Authority for the payment of compensation benefits is the Compensation (Commonwealth Government Employees) Act.

5.5 Related Acts tied in with the system of administration of compensation for 'Commonwealth employees', though not of particular significance in terms of persons covered or costs involved, are the United States Naval Communication Station (Civilian Employees) Acts 1968 and 1971 which apply the provisions of the Compensation (Commonwealth Government Employees) Act to civilian employees at the United States Naval Communication Stations in Western Australia. (see Attachment A)

5.6 Broadly, the legislation provides a range of benefits to compensate eligible employees for losses sustained as the result of personal injury or disease, or loss or destruction of, or damage to, certain personal property, such as artificial aids or appliances, occurring in employment connected circumstances. The Act also provides a framework for the administration of the legislation including appropriate appeal mechanisms.

5.7 The program is designed to compensate Commonwealth employees i.e., eligible persons who suffer personal injury or disease, or loss or destruction of, or damage to, certain personal property, artificial aids or appliances, whether or not personal injury is sustained in employment connected circumstances. This is regarded as the primary objective of the program.

5.8 Particular administrative objectives in relation to the processing of claims include:

- giving each party to a claim (usually the Commonwealth as the employer and the claimant) a fair opportunity of presenting their case and determining the case on its substantial merits, without regard to technicalities;
- prompt determination of claims and delivery of benefit;
- the making of appropriate administrative arrangements by way of instruction manuals, training and inspection activities to ensure review of entitlements and the efficiency of the system;
- giving prompt access to the resources of the 'Commonwealth Rehabilitation Service' to employees who may benefit from the treatment and training provided as 'medical treatment' under the compensation legislation.

5.9 The objectives of this program conform with the broad objectives of the Department.

5.10 The Compensation (Commonwealth Government Employees) Act provides a package of benefits. The particular entitlements available depend on the effect of the injury sustained as well as the circumstances of the claimant. The range of benefits includes:

- payment for damage to artificial aids etc. (Section 28);
- payment of compensation for disease (Section 29);
- provision of rehabilitation treatment and training (Section 38);
- lump sum payment in respect of certain losses of limb or physical faculty (Sections 39-42);
- lump sum payment to dependants in respect of injuries resulting in death (Section 43);
- payment in respect of funeral expenses incurred (Section 44);
- weekly payments in respect of injuries resulting in total incapacity for work (Section 45);
- weekly payment in respect of injuries resulting in partial incapacity for work (Section 46);
- weekly payment where the injured employee is in need of the constant help of another person outside a medical institution (Section 48).

5.11 Entitlement to compensation is determined initially by the Commissioner for Employees' Compensation, a statutory officer appointed by the Governor-General. Liability to pay compensation rests with the employing department or statutory authority.

5.12 The 'Compensation for Commonwealth Employees' scheme is one of ten major workers' compensation codes operating in Australia. Each provides a comparable range of benefits but there are variations in entitlement criteria and level of benefits from code to code.

5.13 Generally, weekly payments of compensation are paid direct to the employee and are intended, initially, to at least maintain the employee's income at a level comparable to that existing prior to the occurrence of the compensable injury.

5.14 The legislation imposes a liability on Commonwealth departments and authorities to pay compensation. The Commonwealth and the larger authorities such as Telecom and TAA meet their own risk, while some authorities make other arrangements. The Australian Shipping Commission (trading as the Australian National Line) effects private insurance to fund its liability. Commodity Boards that do not have sufficient financial resources to carry their own risk, pay a 'per capita' sum to the Department of Finance to cover their liability from Consolidated Revenue. The liability of the Northern Territory departments and authorities (with one exception) is funded from revenue of the Northern Territory Government. Administration costs of the order of \$0.1 million are recovered by the Commonwealth Department of Finance. The exception, the Northern Territory Electricity Commission, has its liability underwritten by the Territory Insurance Office. The liability of the Defence Force to its members is not accountable during their service, such 'income maintenance' being embodied in their conditions of service. The Defence Department's accountable liability for income maintenance thus does not occur until a member is discharged from the Service but injured serving members are entitled to receive lump sum payments of compensation for scheduled injuries (maims) and other specified losses e.g., total loss of the sense of taste or smell, and for facial disfigurement.

5.15 Under the Act the initial determining authority is the Commissioner whose function is to determine all matters and questions arising under the Act (Section 20). He is assisted in these functions by delegates within his own Office (OCEC) in Canberra and over 800 delegates located in ninety employing organisations throughout Australia.

5.16 Delegations under the Act are not classification related and range from those extended to all offices of Permanent Head and Chief Officer through, in some cases, to senior clerical assistants depending on the 'operational' level and the degree of competence of the delegate in compensation matters.

5.17 Essentially, there are three types of delegation instruments applying outside the OCEC - a 'G' class (giving 'general' powers), and 'R' class (with restrictions on assessment of liability and level of benefits) and an 'M' class (dealing solely with medical costs). No delegate outside the OCEC may disallow a claim or determine claims in respect of the death of an employee or in respect of certain diseases e.g., heart, cerebral, vascular, cancer or ulcer conditions or any case involving doubt or possessing unusual features.

5.18 Employer functions under the Act (e.g., acceptance of notice of injury, investigation of accidents, payment of compensation benefits, management of continuing cases, etc.)

are likewise decentralised throughout Australia. Within some organisations these functions are centrally located (e.g., Commonwealth Banking Corporation). In other organisations the functions are centralised at a State level (e.g., Telecom, the Department of Defence) and in others the functions are handled at the unit level of the organisation.

5.19 Aside from cooperation and assistance supplied by the OCEC to departments and authorities, and, in turn, the resources supplied by those bodies to the task of processing some 90% of claims and their funding of the statutory liability to pay compensation, the OCEC has a special relationship with several departments. This liaison and cooperation is briefly outlined thus:

- Attorney-General's Department - Legal advices and opinions may be sought by OCEC for assistance in relation to claims brought on appeal and in respect of interpretation of the legislation.
- The Department of Employment and Industrial Relations - Assistance may be sought by delegates concerning possible job placement of partially incapacitated employees.
- Department of Health - Liaison and assistance in appointment of medical referees, arranging medical examination of claimants by medical specialists, Commonwealth Medical Officers and the National Acoustic Laboratories.
- The Department of Veterans' Affairs - Advice on repatriation entitlements is supplied where there is a concurrent claim for compensation (prevention of payment of dual benefits by the Commonwealth).
- Australian Government Retirement Benefits Office - There is a requirement to liaise with this body where incapacitated employees are superannuated and have an entitlement to compensation i.e., the pension is taken into account in assessing the compensation entitlement.
- Australian Government Actuary - Assists the Commissioner in supplying assessments for certain lump sum compensation payments.

5.20 The Department of Social Security is responsible for the staffing, funding and equipping of the OCEC. There is liaison on legislation and policy issues and procedures laid down to prevent payment of dual benefits by the Commonwealth where the same condition causing incapacity attracts such benefits e.g., 'Invalid Pension' and concurrent compensation. Policy and procedures relating to rehabilitation processes are also involved.

5.21 As a consequence of its coordinating function to ensure the overall protection of the employer's interest in matters determined by the Commissioner, the Department of Social Security has day to day contact with employing departments and authorities, concerning the management of compensation cases and the organisation of the employer's case when a particular claim is the subject of external review by the Administrative Appeals Tribunal.

5.22 The Department also organises legal representation on behalf of employer organisations when individual cases are being litigated. This function involves day to day contact with officers of the Deputy Crown Solicitor in each State and Territory.

Personnel Employed on the Administration of the Program

Claims Processing

5.23 The estimated average number of staff employed full-time on this program in the OCEC during 1981/82 (up to 30 April 1982) was sixty-one.

5.24 As indicated earlier, figures for the number and cost of staff working on the program in employing departments, etc. outside the OCEC, e.g., delegates of the Commissioner and compensation clerks, were obtained from the survey conducted in 1980. Based on the survey, the number of staff who deal either totally or partly with compensation was 865, comprising 154 full-time and 711 part-time employees. It is emphasised that the figures applied as at 1980 and that the degree of precision suggested in them is somewhat illusory as the survey was based on individual assessments of the employee's work by several hundred officers in numerous locations.

5.25 Nonetheless, the survey figures were regarded as a reasonable guide and it was concluded with some degree of certainty that the equivalent of approximately 260 full-time positions were needed to perform the compensation function outside the OCEC. Added to this figure, it was assessed that 32 clerical assistants and 52 typists were assisting, resulting in a total of 344. It is estimated that that figures would today have risen to 350 full-time positions.

5.26 Having regard to the estimated increase in that figure (from 344 to 350) and the 61 staff in the OCEC, it was estimated that 740,000 manhours per annum are spent in processing claims.

Ancillary functions

5.27 It was estimated that on average during 1981/82 the equivalent of eight full-time staff within the Legislation and Review Division of the Department of Social Security were

engaged on work related to Commonwealth compensation matters, e.g., policy and legislation, review of determinations, and coordination of Commonwealth representation in legal proceedings. It was estimated that this represented approximately 14,400 manhours.

5.28 Additionally much of the legal work associated with employer representation before the Administrative Appeals Tribunal is handled by legal officers of the Attorney-General's Department. It was estimated that these functions involve the equivalent of eight full-time legal officer positions and 14,400 manhours per annum.

Services

5.29 Responsibility for compensation payments rests with the employing department or authority. No centralised budgeting is undertaken by the Department of Social Security. Pursuant to his statutory responsibilities, the Commissioner furnishes an Annual Report to the Minister for Social Security which is tabled in Parliament. The Commissioner's Annual Report for 1980/81 reported total payments under the Act of \$61,190,020 in respect of 32,693 new claims and 12,008 continuing claims from earlier years.

5.30 The system of claims determination is a decentralised operation. The Office of the Commissioner for Employees Compensation (OCEC) - within the Department of Social Security - provides services to the Commissioner at a Central Office level. Of the 45,000 claims (1980/81 figures) only about 10% are dealt with within the OCEC. The remaining (mainly straightforward) claims are determined by over 800 delegates of the Commissioner located in employing departments and authorities throughout Australia.

5.31 The number of staff engaged on compensation work in the OCEC is available, but for estimates of the number of staff (full-time and part-time) engaged on compensation work in the employing departments and authorities, either as delegates of the Commissioner or as compensation clerks and other support staff, reliance has to be placed on information collated from a survey in the first half of 1980.

5.32 The respective staffing and other administrative costs relevant to this program are detailed below:

Office of the Commissioner (OCEC)

Based on an average staffing figure of 61 during 1981/82, salaries expenditure was estimated at:

Administrative overheads (estimated):

\$1,240,000
\$1,054,000

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Policy and Legislation

Policy and legislation functions in relation to the Commonwealth Employees Compensation code are handled in the Legislation and Review Division of the Department of Social Security. Based on an average staffing of the Compensation Policy Section during 1981/82 of 4, salaries expenditure was estimated at:

\$ 81,000
\$ 69,000

Administrative overheads (estimated):

Review of Determinations

The determination of claims by the Commissioner are subject to review by the Administrative Appeals Tribunal. These proceedings are litigious in nature and require the Commonwealth as employer to be represented at hearings. Representation of the Commonwealth is coordinated by the Legislation and Review Division of the Department of Social Security. Based on an average staffing of the Compensation Review Section during 1981/82 of 4, salaries expenditure was estimated at:

\$ 81,000
\$ 69,000

Administrative overheads (estimated):

Employing Departments and Authorities

Based on the 1980 survey, an equivalent of 344 full-time positions were then engaged on compensation work. It was estimated that in 1981/82 there would be 350 full-time positions for an annual total cost of:

\$9,884,000

(The estimate includes salaries, overtime travel, accommodation and all other expenses and is based on known per capita increases in costs within the OCEC.)

Other Expenses

The administration of the compensation code also involves two other major items of expenditure. The first of these is the cost of medical examinations of claimants arranged by either the Commissioner, for the purposes of claims determination, or by the employer in the review process to ascertain that continuing costs are borne by the employing department or authority. No

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current data is available of the total expenditure under this item but a survey undertaken in 1980 estimated such expenditure for the 1978/79 financial year at: \$ 450,000

The second of these major expenditure items is legal costs associated with the process of review of determinations. The employing department or authority is, in all cases, responsible for the costs of its own legal representation and the Administrative Appeals Tribunal has power to order the employee's legal costs to be paid by the employer. No reliable data concerning such expenditure is available within the Department.

5.33 Estimated total expenditure for the program is shown in Table 5.1.

Table 5.1: Estimated Total Expenditure - Compensation for Commonwealth Employees: 1981/82

Item	Expenditure
	(\$'000)
Services	61.190
Administration	
- OCEC	2.294
- Department of Social Security	0.300
- Employing departments	9.884
Medical Expenses	0.450
Total	74.118

Eligibility for Benefits

Persons Covered by the Act

5.34 An employee is defined as a person to whom the Act applies by virtue of Section 7. In accordance with sub-section 5(7), a reference to an employee in a provision of the Act that applies at a time after a liability has been incurred, includes a reference to a person who has ceased to be an employee.

5.35 In general, employees are:

- Commonwealth Public Servants;

- Members of the Defence Force;
- Australian Federal Police Officers;
- Persons who hold or act in an office that is established by a law of the Commonwealth (other than an office declared by regulation to be an office to which the Act does not apply);
- Persons who hold or act in an office that is established by a law of a Territory that is declared by Regulation to be an office to which the Act applies;
- Persons who constitute or act as the person constituting a prescribed authority of the Commonwealth; and
- Persons employed by a prescribed authority of the Commonwealth.

5.36 The Act applies to other 'volunteer' persons prescribed in the Regulations being persons who engage in activities also prescribed by Regulation.

5.37 The Act applies to employees of the Northern Territory and the Act is applied as if references in the Act to the Commonwealth were references to the Northern Territory (with certain exceptions). Similarly, persons employed by an authority of the Northern Territory (as defined in Section 7B) have cover under the Act. The Northern Territory is liable for any payments of compensation to such employees.

5.38 On an average monthly basis, there are 516,821 persons to whom the Act applies. The breakdown of the average monthly number of such persons is:

- 503,127 persons employed by the Commonwealth or by a prescribed authority of the Commonwealth (including members of the Defence Force, Australian Federal Police, etc.)
- 13,694 persons employed by the Northern Territory or an authority of the Northern Territory.

5.39 As detailed in the Commissioner's Annual Report for 1980/81, benefits were paid during that financial year in respect of 32,693 new claims and 12,008 ongoing claims.

Entitlement to Compensation

5.40 A claimant's entitlement to compensation benefits under the Act arises from:

- a personal injury arising out of or in the course of his employment;
- loss of or damage to an artificial aid or appliance (where personal injury is not caused) resulting from an accident arising out of and in the course of employment;
- the contraction, aggravation, acceleration or recurrence of a disease to which the employment is a contributing factor; or
- employment connected injuries resulting in death.

5.41 The term 'employment' is not defined by the Act - what constitutes employment for the purposes of the Act is a question of fact to be resolved having regard to the contractual arrangements existing between the employee and the employer in each case. However, under Section 8 certain specified attendances - usually at the place of employment - are deemed to constitute employment. In the main the attendances may be classified as follows:

- at a school, college, university or other place of education, training or research where the attendance is a condition of employment or at the request, direction or with approval of the employer but not extending to an attendance as part of a full-time course where leave without pay has been granted;
- at any place where the attendance is related to a requirement of the Act - e.g., undergoing medical examination;
- at the place of employment where the attendance is reasonably incidental to the employment.

5.42 The Act applies to a journey to or from the employment of an employee as if the journey constituted part of the employment. Certain journeys are deemed, for the purposes of the Act, to be journeys to or from the employment. Briefly, those 'deemed' journeys are:

- journeys to the place of employment that ended (or would have ended) not more than one hour before the time for commencing work, or made by the last means of transport conveniently available;
- journeys from the place of employment that commenced not more than one hour after finishing work or made by the earliest means of transport conveniently available;

- journeys to or from living accommodation situated within the place of employment where the journey terminates or commences within a period prescribed by the Act;
- journeys for the purpose of taking up employment with the Commonwealth and upon termination of employment by the Commonwealth.

5.43 The periodic payments of entitlement are not income tested but the legislation ensures that double benefits for the same condition are not payable by the Commonwealth. Regular reviews and checks are made concerning continuing liability to pay the compensation and to assess the degree of incapacity for work. The entitlement is portable and similarly subject to regular medical assessment as to continuing incapacity for work resulting from the compensable condition.

Tax Treatment

5.44 Since 1 January 1974, the weekly payments of compensation that are subject to the 'pay as you earn' system of taxation deductions are those listed below:

- payments made in respect of total and partial incapacity;
- payments made to an employee who requires the constant help or attendance of another person;
- payments made where an employee has previously received a lump sum under the provisions of Sections 39 or 49 of the Act.

Service Delivery

5.45 The method of service delivery of monetary entitlements under the program is essentially a matter for the departments and authorities on which rest the liability to ensure that appropriations are set aside and payments are made direct to claimants. Most, if not all, payments would be by cheque. Weekly incapacity payments are usually posted fortnightly.

5.46 Apart from direct weekly 'income' type compensation cheques and moneys paid in respect of medical hospital and other lump sum entitlement, the Commissioner administers, through authorised officers in departments etc., accounts in which moneys are held in trust for the benefit of certain beneficiaries e.g., persons under 18 years of age. These funds are disbursed, from time to time, for and on behalf of the beneficiaries, to guardians, legal personal

representatives etc., for various necessities by the officers authorised to operate the accounts (usually employed in accounts and finance sections).

5.47 Another form of assistance to compensation claimants not involving direct cash payments, is the right under the program to the rehabilitation services offered by the 'Commonwealth Rehabilitation Service' (CRS). Specific procedures for referral of employees to the CRS to test whether they may benefit from that service have been devised and are promulgated to delegates and other persons handling compensation cases in a compensation manual of instructions.

Benefits Payable (all applicable from 1 May 1982)

Total Incapacity (Section 45)

5.48 A totally incapacitated employee receives:

- . During the first 26 weeks of the total incapacity a weekly payment at his full sick pay rate (or an equivalent payment determined by the Commissioner in cases where an employee's conditions of service do not provide for sick leave payments);
- . After the first 26 weeks, the employee receives the lesser of:

the employee's average weekly earnings, or

\$119.30 per week, plus \$31.25 per week for a dependent spouse and \$14.85 per week for each dependent child.

After the first 26 weeks of total incapacity, the employee may use sick leave credits on a proportionate basis to obtain a sick leave payment equal to the difference between the weekly compensation payment and the sick pay rate to which he would be entitled if his absence was due to a non-compensable illness. (Section 52)

An additional weekly amount of \$20.80 may be paid where the constant help or attendance of another person is required. This allowance is not paid while the employee is in hospital or is receiving nursing attention for which payment is being made under the Act. (Section 48)

Partial Incapacity (Section 46)

5.49 Generally, the compensation paid for partial incapacity is an amount equal to the difference between the employee's average weekly earnings before the injury and the weekly amount the employee is able to earn after the injury, subject to a maximum payment of \$119.30 per week.

Loss of Limb Faculty (Section 39)

5.50 Where an employee loses, or loses the use of, a part of the body or a faculty but is not likely to become totally unfit for work the employee may receive lump sum compensation. Once paid, entitlement to weekly incapacity payments ceases, except in the circumstances outlined below.

5.51 The lump sum payable for loss of sight of both eyes (or of an only useful eye) is \$37,150 and the compensation for the losses expressed in Table 5.2 is calculated as a percentage of \$37,150.

Table 5.2: Percentage of Lump Sum Payable for Specified Losses(a)

Nature of Loss	%
Loss of, or total loss of sight of an eye	40
Total loss of hearing	70
Total loss of power of speech	70
Loss of arm at or above elbow	80
Loss of arm below elbow, loss of hand or loss of thumb and four fingers of the one hand	70
Loss of thumb	30
Loss of forefinger	20
Loss of middle finger	16
Loss of ring finger	14
Loss of little finger	13
Total loss of movement of joint of thumb	14
Loss of distal phalanx or joint of thumb	16
Loss of portion of terminal segment of thumb involving one-third of its flexor surface without loss of distal phalanx or joint	14
Loss of two phalanges or joints of forefinger	12
Loss of two phalanges or joints of middle ring finger	11
Loss of two phalanges or joints of little finger	10
Loss of distal phalanx or joint of forefinger	10
Loss of distal phalanx or joint of other finger	8
Loss of leg at or above knee	75
Loss of leg below knee	65
Loss of foot	60
Loss of great toe	20
Loss of any other toe	8
Loss of two phalanges or joints of any other toe	7
Loss of phalanx or joint of great toe	10
Loss of phalanx or joint of any other toe	6

(a) Payments are cumulative in the case of multiple losses; thus where there is more than one loss the total payment can exceed \$37,150.

Other Lump Sums for Specified Loss or Injuries
(Section 40-42)

5.52 These do not affect weekly incapacity payments, but are not made if the employee dies within three months of date of injury; the amounts are:-

- loss of genitals or permanent loss of sexual capacity - \$18,575
- severe and permanent facial disfigurements - up to \$18,575
- total and permanent loss of the sense of taste or smell - \$3,715 for each loss

Death (Sections 43 and 44)

5.53 Lump sum of \$37,150 where there are dependants who were wholly dependent and a lump sum according to extent of dependency (but not exceeding \$37,150 where the only dependants were only partly dependent). In either case, an additional \$14.85 per week for each child who was wholly or mainly dependent (up to age 16 years or 25 years if a full-time student) is payable. The total minimum payment for each child is \$1,485. Funeral expenses up to \$970 are also paid.

Cost of Medical Treatment (Section 37)

5.54 All reasonable costs are met without any upper limit except that the section also includes provision for payment of up to \$1,040 for alterations to buildings or vehicles, etc. Medical treatment also includes the cost of rehabilitation treatment.

Lump Sum Redemptions (Section 49)

5.55 In certain circumstances, an employee may request that the liability to make further weekly payments for partial incapacity be redeemed by the payment of a lump sum. Such a payment is subject to certain conditions and cannot be made if the employee is likely to become totally incapacitated for work.

Recurrent Payments After Receipt of Lump Sum (Sections 47 and 50)

5.56 An employee who has received a lump sum payment for a specified loss or injury above, is entitled to weekly payments of compensation for any subsequent periods of incapacity that result from, or occur by reason of, necessary medical treatment. Weekly total incapacity payments are also made (on an adjusted basis) if an employee has received a lump sum payment for a specified loss or injury or a lump sum redemption and subsequently becomes totally incapacitated for work and such incapacity is likely to continue indefinitely.

Frequency of Payment

5.57 The periodic compensation entitlements under the program are calculated on a weekly basis and are generally paid fortnightly in arrears by cheque.

5.58 Rates of benefit are adjusted each six months (1 May and 1 November) and reflect the percentage movement in the Weighted Average Weekly Wage Rate under Federal Awards (Australian Bureau of Statistics, Series 6312, Table 8) during the preceding six month period 1 July to 31 December or 1 January to 30 June.

The Nature of the Information Base for the Program

Brief Background to the Legislation

5.59 Legislation to cover workmen's compensation was first introduced in England in 1897. The first comprehensive scheme for Commonwealth employees was the Commonwealth Workmen's Compensation Act 1912. Like the comparable Acts of the six States, it was based on the English model, giving an entitlement to compensation for personal injury by accident arising out of and in the course of the employment. No specific provisions were included in relation to injury sustained while travelling to or from employment or to diseases attributable to the employment. The 1912 Act remained unchanged until it was replaced by the Commonwealth Employees' Compensation Act 1930. This Act extended cover, initially, for certain specified industrial related diseases and was amended, over the years, to include cover for personal injury arising out of or in the course of the employment, cover for employees travelling to or from work and for disease due to the nature of the employment.

The Current Legislation

5.60 The current Act introduced in 1971 was the result of a substantial investigation by a Committee of Ministers in conjunction with Unions, Staff Associations and other interested bodies. It codified and stated in much greater

detail, the law concerning the rights of employees to compensation. A fundamental change was the drawing of a clear distinction between the Commissioner for Employees' Compensation and the Commonwealth. The Commissioner's role is that of an independent Statutory Authority appointed by the Governor-General for the purpose of impartially determining claims. The Commissioner's former non-appealed discretionary powers were removed by the legislation and a tiered structure for appeals was set in place.

Meeting the Program's Objectives

5.61 The basic system of administration of compensation cases is little different in principle to that which followed the introduction of the 1930 Act. Despite the advantages of the system in terms of functional economy, the OCEC organisation has not kept pace with natural growth. For instance, in the last ten years the number of new claims lodged has risen from 21,000 per annum to well over 32,000 per annum but staff increases have been minimal. The Office's resources are strained to a point where it is impossible to avoid some delay in the handling and determination of claims. Hence, one of the main administrative objectives of the program - prompt determination of claims and delivery of benefit - is not achievable at present.

Studies of the Program's Administration

5.62 In November 1979, the Commissioner put forward a proposal for additional positions to strengthen the claims processing staff and suggested that a development team work on the establishment of a State Office structure. While ceiling restraints did not permit immediate staff relief, a number of inspections and surveys, not previously undertaken, into Commonwealth compensation administration were instigated. These included:

- a survey of staff engaged in compensation work in all departments and statutory authorities;
- a survey of the processing time for compensation claims within the Commissioner's Office;
- a review of claims processing in the Commissioner's Office carried out by Management Consultancy staff, Department of Social Security;
- a limited spot survey of compensation claims processed by several outposted delegates;
- a survey of the cost of medical examinations;

- a survey of the cost of legal expenses incurred by, or awarded against, Commonwealth departments and authorities in connection with claims under the Compensation Act.

Program Review

5.63 After the administration of the Compensation program was reviewed and reported upon to a Steering Committee on 1 August 1980, the following major changes to effect improvements in the system were recommended by the review:

- identification of the Department of Social Security as 'the Commonwealth' in compensation cases which are the subject of appeal;
- a centralisation of the Commissioner's functions so that they are carried out in Offices of the Commissioner in State capitals and in some regional centres;
- a progressive withdrawal, as the centralisation is implemented, of the Commissioner's delegated powers to employees of departments and statutory authorities;
- the development of an automated system to establish controls to provide information about the receipt, examination, determination and review of compensation claims, as well as details of financial commitments, to the Commissioner;
- use of word processors to prepare determinations and other documents arising from claims for compensation;
- restructuring of the Office of the Commissioner for Employees' Compensation to proceed independently of other recommendations;
- restructuring of the Department of Social Security's Compensation Review Section to also proceed independently of other recommendations.

5.64 The Steering Committee, reported to the Director-General of Social Security in connection with the Review Team's recommendation for centralisation of the Commissioner's activities in State Offices (and perhaps Regional Offices) of the Commissioner. The Committee commented that some 90% of the work was done by over 850 full-time and part-time officers of departments and authorities and those persons were stationed at about 300 different locations - this was equivalent to about 260 full-time positions as delegates and compensation clerks. The report continued:

The Review Team has recommended that this concept of centralisation be tested by the establishment of an Office of the Commissioner for the Canberra/Queanbeyan region - it would have a staff of about twenty-six, and would handle the work currently done by the equivalent of forty positions in over sixty compensation units in the region. Full implementation of this centralisation concept could effect staff savings of possibly 25% of the full-time equivalent presently employed Australia-wide.

5.65 The Director-General directed that a sample survey be conducted of cases determined outside the OCEC. The aims of the survey were:

- to establish whether claims for compensation were determined in accordance with the provisions of the Act;
- to establish whether determinations validly made were based on sufficient evidence;
- to establish the incidence of incorrect payments of compensation including the extent of any overpayments or underpayments;
- to establish whether claims had been reviewed at the appropriate time to determine whether liability and/or entitlement should continue;
- to establish whether the Commonwealth's interests had been safeguarded in cases where damages had been awarded or might be recoverable at a future date; and
- to establish the processing times for claims and identify the stages at which any avoidable delay occurs.

5.66 The survey confirmed that there were errors and delays but these were considered to be mostly attributable to the high workloads in many compensation sections, the lack of priority given to compensation work by senior management officials in departments, the high turnover of staff involved in compensation work (generally at the lower salary levels), the lack of opportunity for formal training of staff and the variations in processing systems adopted by various departments.

5.67 In November 1980, the Review Team's Report was referred to the Chairman of the Public Service Board with the recommendation that the suggested solutions be the subject of a Joint Management Review between officers of the Department of Social Security and the Public Service Board. The recommendation was not taken up by the Public Service Board.

5.68 Because of the identified shortcomings of the present system, the administering of claims in government departments and authorities handled by over 800 delegates will be progressively taken over. Experienced staff in the States will continue to be utilised.

5.69 The centralisation of OCEC offices means that the Commissioner will have greater control over the work, provide greater efficiency in claims processing, permit a more consistent interpretation of the legislation, allow introduction of automated systems and promote better staff training.

5.70 The need for strengthening the senior levels within OCEC was acknowledged and several positions have been approved. Implementation action is now underway.

5.71 A Branch Office for the A.C.T. is likely to be operational after July 1983. Accommodation has been allocated and recruitment of staff is proceeding. The work of the Office will be assisted by extensive use of a word processing system.

ATTACHMENT A

UNITED STATES NAVAL COMMUNICATION STATION (CIVILIAN EMPLOYEES) ACTS 1968 AND 1971

Preliminary

In broad terms, the 1968 legislation extended to the persons outlined below, the terms of the since repealed Commonwealth Employees' Compensation Act 1930. The 1971 legislation provided, consequent upon the Compensation (Commonwealth Government Employees) Act 1971, for the application of the provisions of the latter Act to also apply to the persons outlined below.

Persons to Whom Acts Apply

The Acts apply to a person who is employed, either within or outside Australia, by the Government of the United States of America in or in connection with the establishment, maintenance or operation of the United States Naval Communication Station at North-West Cape near Exmouth, W.A. and:

- . is not a citizen or national of the United States of America, or
- . is a citizen or national of the United States of America but is employed by the Government of the United States of America in accordance with terms and conditions of employment agreed upon between the Government of the United States and any organization registered pursuant to the Conciliation and Arbitration Act 1904 or any trade union or other industrial body registered in Western Australia.

Benefits

No persons are currently in receipt of benefits under the 1968 Act. A person to whom the 1971 Act applies receives the same benefits as those payable to Commonwealth employees under the Compensation (Commonwealth Government Employees) Act.

Under Article 12 of the Naval Communication Station Agreement between Australia and the United States, and included in the United States Naval Communication Station Agreement Act 1963, there is provision for the Commonwealth to meet any compensation liabilities arising under the USNCS (CE) Acts and for the United States to reimburse the Commonwealth payments made.

Administration

Claims under the Act are processed in much the same way as claims under the Compensation (Commonwealth Government Employees) Act. In the first instance they are examined in the Department of Defence (Navy Office) in Western Australia. Claims may, of course, be handled in the Office of the Commissioner for Employees' Compensation if outside the powers of the Commissioner's delegates in the Department of Defence.

Expenditure (USNCS (CE) Act 1971)

The total amount of compensation paid under the 1971 Act is shown in the following table.

Table 5.3: Amount of Compensation Paid - USNCS(CE) Act 1971

Section of Act	1979/80 (Actual)	1980/81 (Estimate)
	\$	\$
37 Medical expenses etc.	7 016	3 100
45 Total incapacity	15 817	26 700
	22 833	29 800

14. AIR ACCIDENTS (COMMONWEALTH GOVERNMENT LIABILITY) SCHEME

Program Synopsis

5.72 This scheme provides a legal cause of action for damages for death or injury arising out of an air accident to certain persons travelling as passengers on aircraft where a specified involvement with the Commonwealth exists. Damages are calculated under the normal common law heads of damages and are limited to \$45,000. The Commonwealth accepts for itself the same level of liability as is imposed on domestic air carriers within Australia.

5.73 The scheme envisages a direct 'once-and-for-all' damages award and is not part of a continuous income maintenance program. The right to damages is not income tested but an entitlement to Commonwealth workers' compensation may be offset. Liabilities under the scheme are met by the Department responsible for the management of the aircraft, the employing department or the sponsoring department, as the case requires.

Administrative Data

5.74 This scheme provides a legal cause of action for damages for death or injury arising out of an air accident, to certain persons travelling as passengers in aircraft operated by the Commonwealth and to passengers on aircraft not so operated who are travelling as Commonwealth employees, or other persons whose cost of travel is met by the Commonwealth or who are travelling for the purposes of the Commonwealth.

5.75 A claimant is not required to establish negligence on the part of the Commonwealth. Damages recoverable are either settled by the parties or may be calculated by a Court under the normal common law heads of damages (including a component for future loss of earnings), but in either case are limited by the statute to an aggregate sum of currently \$45,000.

5.76 The scheme envisages a direct, 'once-and-for-all' damages award and does not fall within any category of continuous income maintenance payment. The scheme is based on Australia's obligations as a signatory to the Warsaw Convention and Hague Protocol which relate to international carriage of passengers by air. Under the scheme the Commonwealth accepts for itself the same level of liability as imposed on domestic air carriers within Australia.

5.77 The Air Accidents (Commonwealth Government Liability) Act 1963 came into operation on 18 March 1971. It was enacted to complement the Civil Aviation (Carriers Liability) Act 1959 which is the responsibility of the Minister for Aviation. The latter Act provides a legal cause of action for damages,

subject to a limit on carrier liability, for personal injury to, or death of, passengers in an air accident involving commercial transport aircraft.

5.78 The Air Accidents legislation provides a similar cause of action in circumstances where the Commonwealth or a Commonwealth authority is responsible for the flight or sponsors the passenger's travel and the Civil Aviation legislation does not apply. Both statutes, together with complementary State legislation, are designed to implement international convention obligations entered into by Australia in respect of air travel within Australia. Amending legislation is currently before Parliament.

5.79 The 'Air Accidents Scheme' is intended to provide, in conjunction with the Civil Aviation (Carriers Liability) Act, comprehensive no-fault liability for passengers on flights sponsored by the Commonwealth or an authority of the Commonwealth. As such it has no direct relation to the primary objectives of the Department of Social Security, but is consistent with those objectives and functions of the Department which relate to 'Compensation for Commonwealth Employees'.

5.80 The legislation is administered in terms of policy and legislative amendment by the Central Office of the Department of Social Security. There are no staff in other locations directly involved. Legal and personnel sections of individual departments or authorities may have an involvement if an action in respect of the death or injury of an employee etc., were commenced. Actions are settled through the normal judicial process (including settlement 'out of Court') and no delegations under the Act are held by any person.

5.81 The Air Accidents (Commonwealth Government Liability) Act is companion legislation to the Civil Aviation (Carriers Liability) Act which is administered by the Department of Aviation. Some liaison is necessary at Central Office level between the Department of Social Security and the Department of Aviation in relation to the level of damages recoverable under each of the two Acts. The level is set having regard to international conventions and protocols.

5.82 Should an action under the legislation be taken in the Courts, this Department would liaise with the department responsible for the aircraft or sponsoring the travel. The Department of Social Security has no involvement with private industry, State Governments or local government in its administration of the Air Accidents (Commonwealth Government Liability) Act.

5.83 As contingency legislation, the scheme requires no regular day to day involvement of staff resources. No personnel are involved on a full-time basis. Primarily, two

officers of the Department of Social Security are involved with policy and legislative functions on a part-time basis. This involvement is calculated at approximately 200 manhours per annum, based on experience over the past three years. The costs of administration are considered to be negligible and no separate data collection is maintained in this regard; however, from the estimate of manhours involved in administration, costs are of the order of \$3,000.

5.84 Liabilities arising under the Act are the responsibility of the department responsible for the management of the aircraft, the employing department or the department meeting the cost of travel. In view of the contingency nature of the scheme, there is no specific Budget allocation.

Eligibility for Benefits

5.85 Damages are recoverable in respect of death or personal injury resulting from an accident which takes place on board an aircraft on a flight to which the Air Accidents (Commonwealth Government Liability) Act applies, or in the course of any of the operations of embarking or disembarking.

5.86 Persons who may initiate action under the legislation in respect of injury are passengers on aircraft operated by the Commonwealth or a Commonwealth authority, or passengers on aircraft not so operated who are travelling as Commonwealth employees, or other persons whose cost of travel is met by the Commonwealth or who are travelling for the purposes of the Commonwealth. In cases of death, the right of action is exercisable by defined dependants of the deceased. The right to damages under the Act is extinguished if an action is not brought within two years of the estimated time of arrival of the aircraft. The right to damages is not income tested as such, but any entitlement to compensation under the Compensation (Commonwealth Government Employees) Act 1971 in respect of the same injury is offset.

5.87 The level of damages payable is assessed by the Courts under the usual common law heads of damages, or is settled between the parties 'out of Court'. If the level of assessed damages exceeds the statutory limit (currently \$45,000), only the statutory limit is payable. Payments are on a 'once-and-for-all' basis and would normally be paid by cheque to the claimant or his solicitors.

5.88 Claims under the Act fall within the jurisdiction of State and Territory Supreme Courts and actions would be commenced in accordance with the relevant rules of Court. The Commonwealth's interests in any action before the Courts would be handled by the Deputy Crown Solicitor in each State and Territory.

5.89 The objectives of the legislation are to implement international treaty obligations entered into by Australia. These obligations have not changed since the legislation was enacted. Because of the complementary nature of the legislation, the Department of Social Security takes advice from the Department of Aviation as to the need for modification, particularly in respect of the appropriate limitations on carrier liability.

5.90 The Air Accidents (Commonwealth Government Liability) Amendment Bill 1982 passed through the House of Representatives on 6 May 1982 and was introduced into the Senate on 18 May 1982. This Bill complements the Civil Aviation (Carriers Liability) Amendment Bill 1982 which was introduced at the same time. The Bill is to increase the level of liability from \$45,000 to \$100,000 consistent with new limits to apply to the Civil Aviation legislation. The Bill will also broaden the definition of passenger to cover aircrew and airborne workers, (previously excluded) and modify the exclusion provisions in respect of persons who have concurrent repatriation pension rights arising from an air accident on peacetime service. The Bill also contains a provision to adjust the level of liability by regulations in line with that applicable under the Civil Aviation (Carriers Liability) Act.

CHAPTER 6

DEPARTMENT OF SOCIAL SECURITY

Accommodation and Housing Programs

15. Aged or Disabled Persons Accommodation and Care Program
16. States Grants (Home Care) Program
17. Homeless Persons Assistance Program
18. Crisis Accommodation for Families in Distress Program
19. Rent Rebate Scheme - Glebe Housing Estate, Sydney
20. Mortgage and Rent Relief Scheme
21. Home Deposit Assistance Scheme
22. Commonwealth/State Housing Agreement

15. AGED OR DISABLED PERSONS ACCOMMODATION AND CARE PROGRAM

Program Synopsis

6.1 The Commonwealth provides financial assistance directly to non-profit voluntary, religious and charitable organisations and local governing bodies for a range of programs designed to assist aged or disabled people needing care and support.

6.2 Assistance is provided through:

- Capital subsidies on a \$2 for \$1 basis or the maximum subsidy limit, whichever is the lesser, to eligible organisations to help meet the cost of constructing or purchasing suitable accommodation for the aged or disabled. The maximum subsidy limit is currently (November 1983) \$15,020 per single unit, \$17,425 per married unit plus a maximum land subsidy of \$1,920 per person housed.
- Personal care subsidies to eligible residents in approved hostels including those people who are aged 80 years or over and those other residents who require and receive a range of approved personal care services e.g., assistance with bathing and dressing, personal laundry, supervision of medication etc.
- Capital funding of up to 100% of the maximum subsidy limit applicable, towards the cost of constructing or purchasing suitable accommodation for the needy frail-aged. A furniture and a land subsidy are also payable in certain circumstances.
- A subsidy to non-profit organisations and local government bodies for the establishment, expansion and maintenance of delivered meals (meals-on-wheels) services. Among other things, it assists people to continue residing in their own home or place of residence.

Administrative Data

6.3 The program encompasses capital and recurrent subsidies payable under three Acts:

- Aged or Disabled Persons Homes Act 1954
- Aged or Disabled Persons Hostels Act 1972
- Delivered Meals Subsidy Act 1970

These Acts received Royal Assent in November 1954, September 1972 and April 1970, respectively.

6.4 The Aged or Disabled Persons Homes Act provides for \$2 for \$1 capital grants up to a maximum limit with regard to land purchase and purchase or construction of suitable accommodation for eligible persons by eligible organisations. Suitable accommodation involves homes, hostels and nursing accommodation. A personal care subsidy was introduced in 1969 as Part III of the amended Act. It provides for a subsidy of \$20 per week to be paid to eligible organisations in respect of approved personal care services available to all hostel residents who need them.

6.5 The Aged or Disabled Persons Hostels Act was introduced to expand the number of hostel beds available for the needy frail-aged. The Act was amended in 1976 to enable grants to be made to meet outstanding applications approved prior to the Act's expiry in September 1975. It was amended again in 1982 to formally recognise eligibility of organisations operating or proposing to operate hostels for disabled persons. Prior to the 1982 amendment the Act had been known only as the Aged Persons Hostels Act. Under this Act hostels may receive up to 100% of the maximum subsidy limit applicable for capital costs only.

6.6 The Delivered Meals Subsidy Act provides for approved organisations to receive subsidy for regular delivered meals services primarily for aged or invalid persons in their own homes. Delivered meals are subsidised at a rate of 40 cents per meal and 45 cents for meals with Vitamin C supplement.

6.7 Aged or disabled people benefit in three main areas as a result of capital and recurrent subsidies paid to religious and charitable organisations or to local governments. These are:

- access to purpose-built accommodation (self-contained units, hostels, nursing homes);
- personal care services available to frail-aged or disabled people living within hostels;
- delivered meals services, available to aged people or invalids living at home.

6.8 The broad objective of the program is to assist in meeting the needs of aged or disabled persons for purpose-built, sheltered accommodation and appropriate care.

6.9 The accommodation program was introduced originally to provide accommodation for aged persons in surroundings as close as possible to normal domestic life. It was recognised at the time that this need could not be satisfied by simply raising pension rates. Over time the emphasis of the program has shifted towards assisting the provision of a range of accommodation suited to the particular social, health and psychological needs of aged persons. In stimulating the provision of hostel accommodation the program has focussed increasingly on the needy.

6.10 The subsidy for delivered meals has a complementary objective - to assist aged or disabled people to remain within their own homes, thus limiting the number who might, prematurely or unnecessarily, be admitted to institutions. In this respect it fits closely with the objectives of the 'State Grants (Home Care) Program'.

6.11 These programs have broadly similar operational objectives to other Departmental programs. However, recipients are organisations rather than individuals. The operative objective is that organisations eligible for financial assistance should receive subsidies based on criteria of need as defined by the relevant legislation.

6.12 The programs are administered by the Department of Social Security. However, the cooperation of the Department of Health is sought with respect to nursing home approvals under the Aged or Disabled Persons Homes Act. This is because recurrent subsidies are payable by the Department of Health with respect to nursing home occupants. Consultation also occurs with State health authorities who control planning approvals for accommodation.

6.13 The Department is represented with the States and Territories on Commonwealth/State Coordinating Committees on Nursing Home Accommodation established by the Department of Health. These committees have a planning function with respect to new or additional nursing accommodation.

6.14 Advice has been sought in the past from the Department of Health regarding such aspects as appropriate nutritional standards for delivered meals. In addition there has been substantial cooperation with the Department of Transport and Construction. That Department has provided the Department of Social Security with assistance in the administration and monitoring of various subsidy programs providing grants for capital works. There is an agreement with the Department of Transport and Construction that it will assist Social Security in the examination of sketch plans and designs and throughout the construction phase of various projects, and will provide a monitoring service and advice in respect of costs associated with those projects.

6.15 Meetings are held periodically with voluntary organisations and associations such as Councils on the Ageing and the Australian Affiliation of Voluntary Care Associations on aspects of program management such as the operation of the personal care subsidy. These organisations have also cooperated with the Department in program reviews.

6.16 The program is administered from Central Office, Canberra, and State Headquarters in all six States, the Northern Territory and the A.C.T.

6.17 Delegations exercised under the program for the Aged or Disabled Persons Homes Act, Aged or Disabled Persons Hostels Act and the Delivered Meals Subsidy Act range from Clerk Class 5 (State HQ) to Director-General.

6.18 Payments are made throughout Australia, i.e., metropolitan areas (both inner city and outer suburbs), provincial areas and rural areas.

6.19 Estimates of the numbers employed in administering this program are:

- . Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 73
- . Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 21
- . Estimate of the manhours spent on the administration of this program during 1981/82: 169,300

The Program's Budget

6.20 The estimate for expenditure in 1981/82 on the 'Aged or Disabled Persons Accommodation and Care Program' was \$86.0 million. This is broken down as shown in Table 6.1.

Table 6.1: Estimated Total Expenditure - Aged or Disabled Persons Accommodation and Care Program: 1981/82

Item	Expenditure
	\$m
Services	
. Aged or Disabled Persons Homes Act	
- Capital expenditure	43.5
- Personal care subsidy	22.0
. Aged or Disabled Persons Hostels Act	
- Capital expenditure	13.5
. Delivered Meals Subsidy Act	4.2
Administration	
- Salaries(a)	1.5
- Overheads(b)	1.3
Total Expenditure	86.0

(a) based on average staffing level during year
(b) estimate

6.21 Payments, which are all in the form of subsidies are paid as follows: capital expenditure - periodic progress payments, subject to 'rise and fall' provisions; recurrent expenditure - every twenty-eight days. All payments are by cheque to the organisations concerned.

6.22 The service is delivered directly from the Department of Social Security to the organisation providing services to aged or disabled persons, or to the organisation which is acquiring an aged and/or disabled persons' home or hostel. Some 4.6% of men 65 years and over, and women 60 years and over live within sheltered accommodation constructed with subsidies provided by the Department of Social Security.

6.23 At 30 June 1981 accommodation for 79,576 persons was available in homes and hostels which have been wholly or partially funded under the Aged or Disabled Persons Homes Act or the Aged or Disabled Persons Hostels Act.

6.24 From 1954 to June 1981, a total of 3,711 grants have been approved under the Aged or Disabled Persons Homes Act. These grants, amounting to \$360.1 million have provided the following accommodation:

• Self-contained units	30,950
• Hostel beds	21,864
• Nursing beds	14,578
• Total	67,392

6.25 From 1972 to 30 June 1981, a total of 340 grants have been approved under the Aged or Disabled Persons Hostels Act. These grants, amounting to a total of \$178.9 million (capital grants \$175.9 million, and furnishing grant nearly \$3 million), have provided 12,184 hostel and staff beds.

6.26 As at 30 June 1981, a total of 751 hostel premises were approved for personal care subsidy in respect of 20,429 residents (of whom 90% are aged 80 years and over). From 1 July 1969 to 30 June 1981 expenditure amounted to \$101 million.

6.27 As at 30 June 1981, a total of 714 organisations had been approved under the Delivered Meals Subsidy Act. Expenditure under this program since inception in 1969 to 30 June 1981, amounted to \$18.6 million.

6.28 In 1980/81 approximately 8.95 million meals were delivered to approximately 100,000 individuals. At any one time, the number of persons whose delivered meals are being subsidised is in order of 40,000.

Eligibility for Benefits

6.29 The program is intended to assist aged or disabled persons, through the provision of financial assistance to eligible organisations to enable them to provide facilities or services on behalf of the aged or disabled.

6.30 Eligible organisations are non-profit organisations of a religious or charitable/benevolent nature, nationwide organisations of former members of the Defence Forces (or a State Branch thereof) and local government bodies. Commonwealth and State Government bodies are specifically excluded. The organisations must be operating or proposing to operate homes or hostels for aged or disabled persons, or delivering or proposing to deliver meals to aged or disabled persons, and/or providing a range of personal care services in aged or disabled persons' hostels.

6.31 Eligible persons on behalf of whom payments are made include aged and disabled persons. Aged persons are men aged 65 or over and women aged 60 or over, and in the cases of the Aged or Disabled Persons Homes Act and the Aged or Disabled Persons Hostels Act, include the spouse of an aged person residing or desiring to reside with the aged person. Disabled persons are defined as those aged over 16 and who are permanently blind or permanently incapacitated for work. In relation to personal care subsidy under the Aged or Disabled Persons Homes Act, eligible organisations operating hostels can claim on behalf of all residents 80 years of age and over, and all other residents receiving approved personal care services.

6.32 No income test is involved. Provided that the organisations meet eligibility criteria, payment is made irrespective of the level of income or assets of the aged or invalid persons housed or in receipt of services.

6.33 In regard to capital grants special care is taken to ensure that organisations meet the statutory eligibility requirements. In the case of recurrent grants the same applies, and further periodic checks are made in the course of processing claims for recurrent subsidy.

The Nature of the Information Base for the Program

6.34 The then Aged Persons Homes Act was introduced in 1954 in response to a need which the Government saw, as stated in the Act, 'to encourage and assist in the provision of suitable homes in particular at which aged persons can reside in conditions approaching as nearly as possible normal domestic life, and in the case of married people, with proper regard to the companionship of husband and wife'. The Aged or Disabled Persons Hostels Act was introduced in 1972 to promote the establishment of hostels, because at that time they were relatively rare and claims were made in various reports that a great need existed to increase this form of accommodation.

The Delivered Meals Subsidy Act was introduced in 1970 to overcome a gap in the broad package of welfare services which had been introduced in the 'States Grants' legislation package.

6.35 The program was examined by the Social Welfare Commission in 1973-75 culminating in a Report 'Care of the Aged', published in 1975. Another committee headed by Mr A. Holmes reported on 'Care of the Aged and the Infirm' in January 1977. A number of further reports are currently in preparation. In addition comment has been made about aspects of the program in various reports such as that of the Henderson Poverty Inquiry (1975), the Bailey Committee (1976), and the Jamieson Inquiry (1980).

6.36 Specific aspects of the program have received further study by the Department. A study in association with the Australian Affiliation of Voluntary Care Associations was made of the personal care subsidy in 1980. A further study of this subject and hostels administration was undertaken by a departmental officer recently with a report being completed in April 1982. A review of delivered meals subsidy was also completed recently by an officer of the Department.

6.37 Generally, the program is meeting its objectives. However, there is a tendency for it to be of more benefit to the more affluent aged. Aged persons' homes frequently require a substantial admission 'donation' which cannot be met by the poor aged.

6.38 Recipient organisations, while pressing for increases in subsidies (and particularly personal care subsidy), are basically supportive of the program. However many welfare bodies and individuals are demanding programs having a greater orientation towards domiciliary care for the aged and disabled, with less emphasis on institutional care.

Program Review

6.39 The objectives of the program have not been reviewed but there is an awareness that improved life style and reduced cost can be achieved through greater emphasis on domiciliary support services for, rather than institutionalisation of, aged persons.

6.40 Recent evaluation studies by Departmental officers have been:

- 'Report of the Joint Working Party on Hostel Accommodation', February 1980 (undertaken in conjunction with the Australian Affiliation of Voluntary Care Associations).

- 'Report of Investigation of Range of Care Services provided in Hostels for Aged or Disabled People', April 1982.

- 'Delivered Meals Subsidy Act: Investigation into Services provided by Organisations and Subsidies under the Act', April 1982.

6.41 In addition, Departmental officers and the Australian Council on the Ageing have recently conducted a survey in Melbourne and Adelaide of the family circumstances of aged people living at home and of their expressed needs for various services. A report of this study will be published shortly.

6.42 The February 1980 report concluded that the different aspects of the aged care system should be seen as related parts of a whole system, and that the development of an inter-relationship between services and operational flexibility is essential. It made a number of wide ranging recommendations, of which the main ones included:

- that hostels be integrated with other residential care and community support facilities for aged people whenever possible to ensure that the most appropriate care and accommodation are available for any aged person at whatever point he/she may need to enter the 'system';
- that the Departments of Health and Social Security, relevant State departments, the Australian Affiliation of Voluntary Care Associations, and the Australian Council on the Ageing, introduce a common form and procedure for pre-admission assessment of all persons seeking admission into Government-subsidised accommodation and care, and that payment of personal care subsidy be conditional on acceptance of the above admission policy.

6.43 The Department's hostels study in 1982 investigated a range of issues related to hostels, their management and their residents. The report reveals that in many cases people who do not require the types of support services and more sheltered environment which a hostel provides, are choosing to live there and are readily accepted by hostel operators. At the same time, priority is not always given to people of lower financial means, and those whose means may result in their being able to contribute more are not always required to do so.

6.44 The main objectives of the Department's delivered meals study were to review the financial structure of organisations and to ascertain some of the impact on costs and operations of the program. The report states that many

problems experienced by organisations providing a delivered meals service were caused by local characteristics and management policies.

6.45 Further research is considered necessary into program administration in this area. This will be undertaken in conjunction with ongoing reviews of Commonwealth policy in relation to the welfare of the aged.

6.46 Various policy options for the future of the program are under consideration within the Department, and will be discussed with the Australian Affiliation of Voluntary Care Associations and the Australian Council on the Ageing. Any changes in policy or levels of payment will be a matter for the Government to determine in the Budget context.

6.47 A new computer-based management information system is being introduced on a trial basis in New South Wales.

16. STATES GRANTS (HOME CARE) PROGRAM

Program Synopsis

6.48 The State Grants (Home Care) Act 1969 provides authority for this program. The aims of the program are:

- to provide, or to encourage the States to provide services for the aged and needy;
- to encourage States to provide funding or a certain level of contribution for the program;
- to develop a range of services primarily, but not exclusively for the aged; and
- to integrate as many welfare services as possible with senior citizens' centres in order to coordinate services for the aged.

6.49 In terms of financial assistance, the legislation provides:

- a subsidy on a dollar for dollar basis to the States in respect of expenditure incurred on the net operating costs of approved home care service schemes;
- for the Commonwealth to contribute up to two thirds of the capital cost of senior citizens' centres on a two dollars for one dollar basis with State or local government funds;
- for the Commonwealth to pay half of the salary of welfare officers employed at, or in conjunction with, senior citizens' centres.

Administrative Data

6.50 The 'States Grants (Home Care) Program' provides a dollar for dollar subsidy to the States to be used by the States and/or local government authorities and community welfare agencies for approved home care services (e.g., for house-keeping and other domestic assistance); up to two thirds of the capital cost of senior citizens' centres on a two dollars for one dollar basis with State or local government funds; and a dollar for dollar salary subsidy for welfare officers employed at or in conjunction with senior citizens' centres. This cost-sharing program provides capital funding for the construction of senior citizens' centres and recurrent subsidies for the net operating costs of home care services and the salaries of certain welfare staff.

6.51 Home care services and approved welfare services subsidised under the program provide assistance primarily for aged persons. Some disabled people also benefit from these provisions. Aged people benefit indirectly from the subsidies which supplement rather than maintain income.

6.52 The program has three main objectives:

- to enable assistance in the form of appropriate supportive and preventative services to be provided to aged people to enable them to remain in their own homes as long as possible;
- to reduce the demand for and use of costly and sometimes inappropriate institutional accommodation and care; and
- to foster cooperation between governments and to encourage community involvement in service provision for the aged, especially at the local level.

6.53 The objectives of this program complement the objectives of the 'Aged or Disabled Persons Accommodation and Care Program'. It is concerned with the provision of services and facilities to the bulk of the aged population who live outside sheltered accommodation.

6.54 While the major programs of the Department are concerned with providing income support to individuals, programs such as the 'States Grants (Home Care) Program' recognise that income provision as such does not guarantee the development of appropriate services.

6.55 The States Grants (Home Care) Act was introduced in 1969 on the basis of a recommendation made at the 1968 Health Ministers Conference. The Act broadly provides for three forms of assistance:

- for home care services providing housekeeping and other domestic assistance to aged people in their own homes;
- for building and equipping senior citizens' centres; and
- for the employment of welfare officers in association with senior citizens' centres.

6.56 The Act was amended in 1973 and 1978 to vary the rate of reimbursement to the States for approved expenditures. The 1978 variation which reduced the level of reimbursement from \$2 for \$1 to \$1 for \$1, followed consideration at a Premiers' Conference in June 1978.

6.57 Grant recipients may be State Government, local government or non-government agencies. The program is cost-shared and administered as a joint responsibility of Commonwealth and State Governments.

6.58 There are variations between States regarding involvement of different State authorities with different elements of the program. In Victoria, Queensland and Western Australia, State Health departments are wholly responsible. In South Australia, the Health Commission oversees home care services and the Department for Community Welfare oversees senior citizens' centres and welfare officer appointments. Tasmania is currently negotiating a similar arrangement. In New South Wales, the Department of Youth and Community Services is responsible for home care and welfare officer elements and the Department of Local Government is responsible for senior citizens' centres. In the Northern Territory, the Community Welfare Division of the Department of Community Development is the responsible State authority.

6.59 In Queensland and Tasmania, State Government instrumentalities run home care services. Victorian home care services are operated by local government. In other States, these services are mainly provided by non-government organisations.

6.60 Since 1979, the Department of Social Security has participated in joint working parties with State Welfare Departments examining possible planning developments of the program. Moreover, although no formal consultative arrangements exist the Department has cooperated with Councils on the Ageing and Councils of Social Service in studies and seminars concerned about the delivery of home care services and senior citizens' centres.

6.61 The program is administered from the Central Office of the Department of Social Security in Canberra, in consultation with State Government departments in the six States and the Northern Territory. Services of the type subsidised by the program operate throughout Australia, i.e., in metropolitan (both inner city and outer suburbs), provincial and rural areas. In the A.C.T. separate Commonwealth funding arrangements apply. Delegations under this program are currently restricted to Central Office and range from the Assistant Director-General (Level 1) to the Director-General.

6.62 Estimates of the numbers employed in administering this program are:

- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 1

• Estimate of the manhours spent on the administration of this program during 1981/82: 1,800

6.63 The current estimate for expenditure in 1981/82 on the States Grants (Home Care) Program is \$18.21 million, broken down as shown in Table 6.2.

Table 6.2: Estimated Total Expenditure - States Grants (Home Care) Program: 1981/82

Item	Expenditure
	\$m
Services	
- States Grants (Senior Citizens' Centres)	4.00
- States Grants (Welfare Officers' Salaries)	1.40
- States Grants (Home Care)	12.67
- N.T. Home Care(a)	0.14
Administration	
- Salaries(b)	0.03
- Overheads(c)	0.02
Total	18.26

(a) includes senior citizens' centres, welfare officers' salaries and home care in N.T.

(b) based on average staffing level during year

(c) estimate

6.64 The initiative for new services/projects comes from the community and local and State Governments. Nominated State Government departments receive applications for assistance.

6.65 Applications do not come directly to the Department of Social Security. The relevant State Government department assesses each application, ensuring that the organisation is eligible and that it provides a useful service wholly or mainly for aged persons. It then recommends approval of the services to the Minister for Social Security or his delegate. A further check is made of each application by Social Security staff in Central Office to ensure eligibility of the project and to ensure that it is an approved welfare service. Approval is given by the Minister or his delegate and funding can then commence.

6.66 The organisation operates using its own funds or local government assistance, it then claims reimbursement from the State Government. The State Government pays subsidy to the organisation and then claims reimbursement of the appropriate proportion of costs from the Department of Social Security. Payments are made from Central Office to the relevant State department.

6.67 In 1981/82, a total of 240 home care services (many of which have multiple outlets) were funded. A total of 488 senior citizens' centres have received capital funding since the inception of the program and 242 welfare officers receive salary subsidy. In the same year, home care services subsidised through the program assisted about 174,000 cases nationally, providing 6.1 million hours of service. According to a Victorian study in June 1981, senior citizens' centres in Victoria were attended by about 10% of the total aged population. National coverage is believed to be similar.

6.68 The States Grants (Home Care) Act provides that the Minister for Social Security may determine the manner in which claims by a State for payments under the Act shall be made, and the times at which payments in respect of those claims shall be made. In practice, payments are made by cheque on an on going basis (usually quarterly) on receipt of claims from State Governments in respect of expenditure which has been approved by the Minister or his delegate, and within the annual amounts appropriated for the program. Payments take the form of subsidies (capital and recurrent).

6.69 The program is intended to assist aged persons who are able to remain non-institutionalised, through provision of subsidies for certain forms of expenditure by State Governments. State Government expenditure which may be subsidised under this program includes home care service schemes conducted, or to be conducted, by the State, a local governing body, a community welfare organisation, or a joint body of two or more of the above. The provision of an approved welfare service by a senior citizens' centre, or by a senior citizens' centre in conjunction with one or more of the above, may also be eligible for a subsidy. The salary of a welfare officer employed by a senior citizens' centre may also be eligible for subsidy, as may the capital cost of building a senior citizens' centre.

The Nature of the Information Base for the Program

6.70 The program was introduced in 1969 following consideration at the Health Ministers' Conference in June 1968. At that conference State Health Ministers agreed that the whole subject of home care for the aged would be examined by a conference of Commonwealth and State officers. Two conferences were held, as a result of which detailed proposals were agreed to by all States and put to the Commonwealth. The proposals formed the basis of an offer by the Commonwealth in February 1969.

6.71 The program was examined by the Social Welfare Commission in 1973-75 culminating in a report 'Care of the Aged' published in 1975. Another committee, headed by Mr A. Holmes, reported on 'Care of the Aged and the Infirm' in January 1977.

6.72 While the program meets its objectives, the Department is examining a more extensive mechanism for monitoring expenditure and program impact. There is some demand for a different kind of program with more emphasis on funding of a wide range of community support services, and for increased Commonwealth funding.

Program Review

6.73 A number of studies and reviews have been undertaken. The Australian Council on the Ageing (ACOTA) and the Department of Social Security have recently conducted a survey in Melbourne and Adelaide of family circumstances of aged people living at home and of their expressed needs for various services. A report of this study will be published shortly. The implications of the ACOTA/DSS study for this program will be considered in the context of ongoing reviews of Commonwealth policy in relation to the welfare of the aged.

6.74 Various policy options for the future of the program are under consideration with the Department. Any changes in policy on levels of payment will be a matter for the Government to determine in the Budget context. In this regard, a new computer-based management information system is being introduced on a trial basis in New South Wales.

17. HOMELESS PERSONS ASSISTANCE PROGRAM

Program Synopsis

6.75 The 'Homeless Persons Assistance Program' (HPAP) involves payment of subsidies under the Homeless Persons Assistance Act 1974 to voluntary non-profit organisations and local government bodies which provide accommodation, meals and welfare services to homeless people. The program focusses on:

- chronically homeless single men and women;
- homeless Aborigines;
- homeless young people in need of accommodation and support to fit them for life in the wider community;
- former offenders who could come into conflict with the law due to the homelessness;
- dischargees from psychiatric and other treatment centres;
- families in need of crisis accommodation;
- destitute itinerant workers.

6.76 The following rates of payment apply:

- Up to the full cost of renting, altering, constructing or purchasing premises for use as a homeless persons assistance centre, and of furniture, furnishings, fixtures and equipment for such centres.
- Up to 50% of salaries of approved social welfare workers employed at such centres.
- A subsidy for each person accommodated overnight and served with at least one meal (currently \$1.35).
- A subsidy for each meal served to a non-resident homeless person (currently 45 cents).

6.77 Payments are made by various means:

- Funds are paid directly by the Commonwealth to eligible organisations providing approved assistance.
- Organisations receiving capital grants are required to enter into an agreement with the Commonwealth.
- Recurrent subsidies are paid to eligible organisations monthly in arrears, but other modes of payment could be made, including advance payments.

6.78 Approved homeless persons assistance centres are inspected and reported upon at least every two years.

6.79 This program was transferred to the re-created Department of Housing and Construction in 1983.

Administrative Data

6.80 The HPAP involves the payment of subsidies under the Homeless Persons Assistance Act, towards the capital and certain operating costs of voluntary welfare organisations and local government bodies which provide accommodation, meals and welfare services to homeless people, with particular emphasis on assistance to the chronically homeless and homeless young people. It applies throughout Australia.

6.81 Traditionally, facilities and services for this disadvantaged group have been concentrated in inner areas of the capital cities although, through assistance under the Act, several shelters and a number of day care centres have been established in country areas. Moreover, several older facilities have either been substantially upgraded or replaced where necessary.

6.82 Assistance available to eligible organisations under the HPAP may take the following forms:

- subsidy to meet up to the full cost of constructing, purchasing, altering, or renting buildings or premises for use as a homeless persons' assistance centre (including the cost of any installed fixtures), and of furniture, furnishings and equipment for such a centre;
- subsidy up to half of the salary of a suitably qualified or experienced person employed as a social welfare worker at a homeless persons assistance centre;
- subsidy in respect of each person accommodated overnight and served with at least one meal; and
- subsidy for each meal served to homeless persons not provided with accommodation.

6.83 The program could be described as indirectly helping to supplement rather than maintain income for the homeless people who benefit from the services provided by subsidised organisations.

6.84 The purpose of the program is to provide, through a nationally coordinated program, a reasonable standard of support for the homeless. Assistance includes adequate temporary accommodation and nutrition, social welfare

assistance and, where appropriate in this context, referral for medical treatment and rehabilitation. The program aims to allow as many of the homeless as possible to be given the choice and opportunity of returning to what might be regarded as a normal life. The objectives of this program conform with the broad objectives of the Department.

6.85 The levels of grant under the program for capital and recurrent costs are prescribed in the legislation, but unit rates of payment for food and accommodation are prescribed by Regulation. Initially, there was a prescribed period for the Act of three years. All reference to the 'prescribed period' was removed from the legislation in November 1979 (after the Act had been extended for two periods of twelve months), thus creating an ongoing subsidy program.

6.86 The program was administered by the Department of Social Security from Central Office, Canberra, and State Headquarters (in the six States, the Northern Territory and the A.C.T.). Delegations were exercised at various classifications in State Headquarters ranging from Clerk Class 7 to State Director (Clerk Class 10 to Level 3). In Central Office delegations ranged from Assistant Director-General (Level 1) to the Director-General.

6.87 Estimates of the numbers employed in administering this program were:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 14
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 4
- Estimate of the manhours spent on the administration of this program during 1981/82: 32,400

6.88 The main form of cooperation in the administration of the HPAP was that between the Department of Social Security and the various non-profit organisations, and, to some extent local government authorities. This cooperation covered planning, implementation and monitoring through ongoing liaison and the process of submission and payment of claims.

6.89 Proposed projects require compliance with the various requirements of the relevant State and local government authorities before they will be approved for funding by the Department. The expertise of the Department of Transport and

Construction may be called upon in the examination of building plans and assessment of the cost-effectiveness of the larger projects. State Government authorities, such as Social Welfare and Health Departments and drug and alcohol authorities, cooperate in the provision of complementary funding where appropriate, and in mutual referral arrangements. Some homeless persons centres have been subsidised under the HPAP for space to accommodate sessional medical visitors, and for de-toxication areas and associated staff.

6.90 The funds allocated for the HPAP in 1981/82 are as shown in Table 6.3.

Table 6.3: Estimated Total Expenditure (Budget Allocations) - Homeless Persons Assistance Program: 1981/82.

Item	Expenditure \$m
Services	
- Capital projects(a)	2.78
- Essential upgrading of existing centres	0.05
- Rent	0.18
- Salaries	0.56
- Food and accommodation subsidies(b)	2.14
Administration	
- Salaries(c)	0.30
- Overheads(d)	0.20
Total	6.21

(a) includes new rent
(b) from National Welfare Fund
(c) based on average staffing level during year
(d) estimate

6.91 A significant development in 1980/81 was the Government's decision to allocate \$10 million to a three year capital program for homeless people. Of this amount, \$1 million was allocated within the program for capital projects during 1980/81, with the aim of making an immediate impact on the standard of facilities and services. The balance of \$9 million is to be allocated in a three year funding program which commenced in 1981/82. The 1981/82 portion of that \$9 million is included in Table 6.3.

6.92 The Homeless Persons Assistance Act provides for subsidies to meet up to the full cost of constructing, purchasing or renting buildings for use as homeless persons' centres, and of purchasing furniture, furnishings and equipment for such centres. There is also provision for payment of up to half of the salary of a suitably qualified or experienced social welfare worker employed at such centres.

6.93 Generally, grants are the maximum permitted under the Act. The Act also provides a subsidy (by Regulation currently \$1.35 per day) in respect of each person provided with food and accommodation at a homeless persons assistance centre and 45 cents for each meal provided to a person who is not provided with accommodation at a homeless persons assistance centre.

6.94 Capital subsidies for building costs are usually paid by instalments as the projects proceed. Rental subsidy is normally paid at quarterly intervals on presentation of receipts showing the amount of rent paid by the organisation. Other capital subsidies for furniture, furnishings and equipment are generally paid as reimbursement of expenditure incurred by organisations. All recurrent subsidies are usually paid monthly in arrears.

Eligibility for Benefits

6.95 An eligible organisation under the Homeless Persons Assistance Act is defined as -

- (a) an organisation that is carried on otherwise than for the purpose of profit or gain and is approved by the Minister as an eligible organisation for the purposes of this Act;
 - (b) a local governing body; or
 - (c) the trustees for the time being under a trust established for charitable or benevolent purposes, being a trust in relation to which the Minister has determined that the trustees constitute an eligible organisation for the purposes of this Act,
- and includes -
- (d) the trustee or trustees under a trust established by an organisation referred to in paragraph (a) or by a local governing body; and
 - (e) a corporation established by such an organisation or by a government body.

Under the terms of the Act, a 'homeless person' means -

- (a) a person who has attained the age of 16 years and -
 - (i) has no settled home and is in need of approved assistance; or
- (b) a person in respect of whom a person referred to in paragraph (a) is qualified to receive an endowment under Part VI of the Social Services Act 1947-74;

and a 'homeless persons assistance centre' means -

a place where approved assistance is, or is proposed to be, provided either wholly or mainly for homeless persons and where any accommodation provided is provided by way of temporary assistance only.

In regard to capital grants special care is taken to ensure that organisations meet the statutory eligibility requirements. In the case of recurrent grants the same applies, and further periodic checks are made in the course of processing claims for recurrent subsidy.

The Nature of the Information Base for the Program

6.96 The Homeless Persons Assistance Act was assented to in December 1974. Prior to the introduction of the program, there was no nationally coordinated program of assistance, although many religious and charitable organisations in Australia for many years have provided accommodation and services to homeless men and women. In 1841, Caroline Chisholm established a female Immigrant's Home in Bent Street, Sydney, and since 1868, the Sydney City Mission has been conducting a night refuge for homeless people. Similar services also operated in other major centres.

6.97 Although the definition in the Act regarding a homeless person is wide enough to include all categories of homeless people, the focus of the program is in keeping with the Report of the Working Party on Homeless Men and Women, to the Minister for Social Security in June 1973. As its recommendations were made with the conviction that assistance should be given to people in greatest need, the Working Party was referring to those chronically homeless men and women who are usually destitute and isolated in the community. As a consequence, the main emphasis of the HPAP has been on support for chronically homeless people.

6.98 With the commencement of the HPAP, advisory committees were set up in each State to advise the Minister for Social Security on the administration of the Act. These committees carried out some research and regional surveys on homelessness in their States. The committees were disbanded in 1981 under new consultative arrangements applying to the National Consultative Council on Social Security and the State and Territory Consultative Committees on Social Welfare. Advice on homeless persons matters is now a function of the revised State and Territory Consultative Committees.

6.99 A national sample survey of some thirty homeless persons' centres was carried out by the Department of Social Security early in 1977. The report of the survey, which was descriptive rather than evaluative, was published by the Department under the title 'A Place of Dignity'.

6.100 The program, as currently administered, is broadly meeting the program objective. Facilities and services which have been subsidised under the program have been of immediate value to homeless people in the greatest and most pressing need, for example accommodation and meals; procurement of invalidity or age pensions and sickness or unemployment benefits, through the efforts of social welfare workers; and referral to medical and rehabilitation services. At the same time, a major objective of the program has been to upgrade or replace existing inadequate hostels and night shelters, and to provide sufficient day care facilities for chronically homeless people. However, while the emphasis of the program is on 'care', primarily because the extent to which many chronically homeless persons can in this context be 'rehabilitated' is limited, there are several half-way houses in the program for those homeless persons who wish to avoid the institutional atmosphere of the traditional shelters, and who have the motivation to return to the general community. Others have found private accommodation and are visited regularly by agency welfare officers.

6.101 Although the program is largely restricted to assisting chronically homeless single people, the homeless persons assistance centres also include overnight shelters; hostels which provide short-term accommodation and support for ex-offenders; Aboriginal centres; counselling and referral centres; day centres, some of which provide occupational therapy; community houses; mobile meal services; and youth refuges, to provide support for those young people who would otherwise have to use the facilities for the older, chronically homeless persons. Many of the larger hostels now have medical clinics and are visited regularly by community health nurses.

6.102 The current three year program of capital funding commencing 1981/82 will enable agencies, in cooperation with the Commonwealth, to extend their services to homeless people in country areas. The program will also further improve the quality of services to the homeless in urban areas. There is already a growing emphasis on encouragement and support for those homeless people with sufficient motivation to re-establish themselves in the wider community.

6.103 There has also been increasing emphasis in the program on assistance for homeless young people. Agencies have established separate facilities for the 16-25 year age group wherever possible, and close liaison continues between the Youth Services Scheme administered under the 'Children's Services Program' and the 'Homeless Persons Assistance Program' which provides services predominantly for older homeless people.

6.104 Increasing emphasis is being given to assisting identified special needs groups, such as youth and

Aboriginals, to providing facilities and measures in non-metropolitan areas, to the counselling and referral of homeless individuals and the strengthening of links with other relevant programs. There are no specific plans for substantive changes to the basic structure or mode of operation of the program, however, these aspects are under continuous review. In this regard a new computer-based management information system is being introduced on a trial basis in New South Wales.

18. CRISIS ACCOMMODATION FOR FAMILIES IN DISTRESS PROGRAM

Program Synopsis

6.105 Under the 'Crisis Accommodation for Families in Distress Program' grants are provided to the State and Northern Territory Governments and Aboriginal Hostels Ltd for the purchase, construction or leasing of dwellings to provide short-term crisis accommodation for families in distress. Two million dollars were allocated in 1981/82.

6.106 The program complements assistance provided under the 'Commonwealth/State Housing Agreement', the 'Homeless Persons Assistance Program' and the 'Youth Services Scheme'. Expenditure of the funds and program details such as eligibility criteria are determined by the State and Northern Territory Governments and Aboriginal Hostels Ltd. States and the Northern Territory have generally sought to involve voluntary organisations in the management of the dwellings.

6.107 The program was transferred to the re-created Department of Housing and Construction in 1983.

Administrative Data

6.108 The program involves Commonwealth financial assistance to the State and Northern Territory Governments and Aboriginal Hostels Ltd for the implementation of a program to build up a stock of crisis accommodation for families. The program does not extend to the A.C.T. Financial assistance is by way of non-repayable grants, to be used for the construction, purchase or lease of dwellings to provide short term emergency accommodation for families. The program supplements rather than maintains the income of individuals.

6.109 Initial approval for the program was given by the Government in 1981. Appropriation of \$2 million was included in the Budget for 1981/82. The objective of the program is to assist one and two parent families with dependent children who have an immediate need for accommodation. It is aimed at families who are homeless due to factors such as eviction, marriage break-up and inability to afford available accommodation. The program complements assistance provided under the 'Commonwealth/State Housing Agreement', the 'Homeless Persons Assistance Program' and the 'Youth Services Scheme'.

6.110 The program was administered from Central Office of the Department of Social Security, Canberra. It has been implemented throughout Australia, except the A.C.T., in cooperation with State and Northern Territory Government departments (and Aboriginal Hostels Ltd). The Commonwealth provides the capital funds and the States and the Northern Territory the planning, administrative machinery and funding

of a recurrent nature. A small proportion of the time of one officer plus occasional assistance of several other officers is involved in the administration of this program. This constitutes a total of approximately 170 manhours per year.

6.111 The program's budget allocation for 1981/82 was \$2 million and \$100,000 was provided to Aboriginal Hostels Ltd for crisis accommodation for Aboriginal families. Estimated total expenditure is shown in Table 6.4.

Table 6.4: Estimated Total Expenditure - Crisis Accommodation for Families in Distress Program: 1981/82

Item	Expenditure
	\$'000
Services	
- New South Wales	666.0
- Victoria	502.0
- Queensland	295.0
- South Australia	167.0
- Western Australia	165.0
- Tasmania	55.0
- Northern Territory	50.0
Administration(a)	3.7
Total	2003.7
(a) estimate of salaries	

6.112 Service delivery was indirectly through the State and Northern Territory Government authorities and Aboriginal Hostels Ltd. All States and the Northern Territory have involved private agencies in the operation of the dwellings. Grants in 1981/82 were made as one payment to each State, the Northern Territory and Aboriginal Hostels Ltd, upon receipt of programs for expenditure of the amount allocated in each case. In 1982/83 and subsequent years payments were to be half-yearly or as needed.

6.113 Income tests have not been laid down. The accommodation acquired from Commonwealth grants is to be allocated by State authorities as short term accommodation for families. Criteria for determining eligibility, as necessary, is a matter for the State. Assistance is intended to be only for the period of crisis.

6.114 The program commenced in 1981/82. There has been some demand from State Governments for recurrent funding to be included in the program as well as capital funding. The program may be affected by further consideration of a proposal to integrate all Commonwealth programs funding short term crisis accommodation.

19. RENT REBATE SCHEME - GLEBE HOUSING ESTATE, SYDNEY

Program Synopsis

6.115 The 'Rent Rebate Scheme' operating on the Commonwealth's Glebe Housing Estate in Sydney provides for all tenants of dwellings on the Estate to pay no more than 20% of their gross income (18% in the case of social security and service pensioners) in rent.

6.116 There is no financial transaction involved - the difference between the rent paid according to this formula and the assessed rent for the dwelling is the rent rebate. Approximately 65% of tenants currently have their rent reduced by the 'Rent Rebate Scheme' and the scheme could thus be seen as supplementing these tenants' incomes. There is no waiting period. The scheme is directly administered by the Glebe Project Office.

6.117 This program was transferred to the re-created Department of Housing and Construction 1983.

Administrative Data

6.118 Funds for the purchase of the Estate were appropriated under the Glebe Lands (Appropriation) Act 1974. Funds for the rehabilitation, repair, maintenance and administration of the Estate are appropriated each year in the Budget.

6.119 The Glebe Housing Estate in Sydney comprises around 700 dwellings and sixty commercial properties. The Commonwealth operates the Estate through the Glebe Project Office, located on the Estate. The Office maintains the properties and collects rents from tenants.

6.120 The major objectives of the program at the time of acquisition were:

- to provide housing in the inner city area of Sydney for low income earners and protect existing tenants;
- avoid displacement of the existing population and disruption to established communities;
- preserve the historic townscape and sympathetically rehabilitate it; and
- implement a pilot project of urban rehabilitation.

A high proportion of tenants on the Estate are pensioners or low income earners. New tenants must be able to demonstrate that they have a housing need, low income and links with the Glebe area.

6.121 The objective of providing housing for low income earners and protecting existing tenants is met through the implementation of a rent policy which includes a rent rebate scheme to limit the rent paid by tenants to a certain proportion of their income e.g., rent paid by an aged pensioner is limited to 18% of gross income. Accordingly, this scheme limits housing outlays of tenants to a fixed proportion of their income and could thus be seen as supplementing tenants' income. Approximately 65% of tenants currently have their rent limited by the 'Rent Rebate Scheme'.

6.122 Other tenants pay the assessed rent for the dwelling. The assessed rent is related to a 1977 Government decision that rents on the Estate would be moved to market levels. The rate at which rents move towards market rent is determined annually by the Minister responsible for the Estate and the Minister for Finance. The amount of the increase is determined in the Budget context. Market rent levels have not yet been reached. Consequently, tenants who are not receiving rent rebates may therefore receive some benefit from living on the Estate, particularly where the assessed rent for the dwelling is below the market rent.

6.123 The objective of the program in providing low cost rental accommodation for persons on low incomes conforms to broad Departmental objectives and is closely related to the welfare housing assistance provided to States under the 'Commonwealth/State Housing Agreement'.

6.124 The Glebe Project Office has adopted the rent rebate formula developed by the N.S.W. Housing Commission for public housing in New South Wales. The Glebe Residents' Advisory Committee, set up to represent the views of tenants, assists the Project Manager in the development of Estate policies and is a means of conveying information between the residents and the Project Manager. It has no function in determining or administering rent rebates. The then Department of Transport and Construction provided paid technical and professional services relating to the restoration and maintenance of dwellings on the Estate.

6.125 The Glebe Housing Project was managed by nine officers from the Department of Social Security. They are located in an office on the Estate. The Glebe Project Office was staffed to service the general management functions of the Estate (including collecting rents, letting houses and commercial properties) and to plan, supervise and control the restoration and maintenance of the Estate.

6.126 The 'Rent Rebate Scheme' was directly administered by the Glebe Project Office. The Estate Manager (Clerk Class II) had the authority to establish terms and conditions of, and enter into, leases. This included approving rent rebates.

The examination of income statements from tenants applying for rent rebates and the calculation of the rent payable by each tenant was done by two officers on a part-time basis. It was estimated to require about 190 manhours per year. The Estate employed a community development officer.

6.127 The 'Rent Rebate Scheme' is not a direct cost to the Budget but is revenue forgone. The estimated amount of revenue forgone in 1981/82 from the operation of the scheme was \$366,000. The administration of the scheme involves obtaining income statements from eligible tenants each six months and calculating the rent payable. The estimated annual cost of this is \$2,000.

6.128 Housing assistance is provided to eligible persons through the occupancy of dwellings on the Estate. Rent rebates are provided directly to clients through the Glebe Project Office. When a dwelling becomes available for allocation to a new tenant, the Glebe Tenant Selection Committee (which includes a representative of the Glebe Residents' Advisory Committee) examines in detail the circumstances of the family at the top of the waiting list to ensure that their circumstances warrant the allocation of a house on the Estate. Once on the Estate they are eligible for a rent rebate the same as any other tenant.

Eligibility for Benefits

6.129 All tenants on the Glebe Estate are eligible for a rent rebate if the assessed rent of their dwelling exceeds a specific percentage of their income. There are currently two categories of tenants on the Estate receiving rent rebates:

- for families whose only source of income is from age, invalid, widow's, service or similar pensions and supplementary assistance, rent is limited to 18% of the family income.
- for tenants whose income consists of Social Security payments and/or other income, rent payable shall not exceed 20% of gross income plus 20% gross income of spouse or second person, plus \$5.00 for every other person in the household earning \$25.00 per week or more.

6.130 All other tenants pay the assessed rent of the dwelling. About 65% of tenants on the Estate benefit from the Rent Rebate Scheme. All rebates are reviewed each six months. Applicants for a rebate are required each six months to complete a prescribed form which includes a 'Statement of Residents and Income'.

6.131 The 'Rent Rebate Scheme' provides for the rent paid by a tenant to be limited to a fixed proportion of gross income. The difference between the rent paid and the assessed

rent for the dwellings is the rent rebate. This involves no financial transaction.

6.132 The 1973 decision to purchase and rehabilitate the Estate followed reports to Government that poorer inhabitants of inner city areas were being displaced by the process of urban redevelopment. Then current research into urban renewal practices also showed that conventional methods of redeveloping housing areas, by demolition and construction, disrupted existing communities. The management of the tenancies on the Estate have been closely linked to the administration of public housing in New South Wales and the requirements of the 'Commonwealth/State Housing Agreement' (CSHA). The rent rebate formula used on the Estate is similar to the formula applied in other States. The 1981 CSHA requires all State public housing authorities to adopt a uniform rent rebate formula by the end of the present Agreement (30 June 1986).

6.133 The most recent review was undertaken by the Committee on Review of Commonwealth Functions. The Committee recommended that the Estate be offered to the New South Wales Government, or, if that State rejects it, that action be taken to otherwise dispose of the Estate. Management of the Estate including the 'Rent Rebate Scheme', is closely linked to the policies and procedures of the N.S.W. Housing Commission.

20. MORTGAGE AND RENT RELIEF SCHEME

Program Synopsis

6.134 The 'Mortgage and Rent Relief Scheme' provides for grants to be made to the States and Territories, on a dollar-for-dollar matching basis, from 1982/83 to assist rent and mortgage payers experiencing difficulties in meeting their housing commitments. Up to \$20 million is to be made available to the States and Territories for each of the financial years 1982/82 to 1984/85.

6.135 Administration of the assistance, within agreed guidelines, is the responsibility of the States and Territories.

6.136 Assistance to rent and mortgage payers is short term, and assistance, such as rental subsidies or subsidies/interest free loans to reduce mortgage payments to a specified level, is reviewed regularly.

6.137 The program complements assistance under the 'Commonwealth/State Housing Agreement'.

6.138 This program was transferred to the re-created Department of Housing and Construction in 1983.

Administrative Data

6.139 The Government announced in March 1982 that it would discuss with the State and Northern Territory Governments the introduction of a scheme to assist both rent and mortgage payers who are experiencing genuine financial difficulties. Similar assistance for the A.C.T. is separately appropriated under the Department of the Capital Territory (now Territories and Local Government).

6.140 The Commonwealth also announced that it would outlay up to \$20 million per annum for a period of three years from 1982/83, provided this sum was matched dollar for dollar with new expenditure by the States and Territories, who would administer the scheme.

6.141 Objectives of the program are:

- to assist rent and mortgage payers who are experiencing genuine financial difficulty in meeting their rent or mortgage commitments;
- to seek to minimise the likelihood of the assistance being regarded as permanent income; and

to assist rent and mortgage payers in genuine financial difficulty to move to a more sound financial footing.

6.142 The program is consistent with the Department's responsibilities relating to welfare housing and assistance to home owners.

6.143 Broad administration of the program was undertaken at the Commonwealth level by the Department of Social Security. However, State and Territory housing authorities are responsible for detailed implementation and administration of the program.

6.144 The program is expected to involve maximum Commonwealth assistance of \$20 million for three years commencing 1982/83. Administrative expenses at the Commonwealth level are unknown as the program has yet to be developed. However, it is likely that any incremental administrative expenditure will be minimal.

6.145 Service delivery is provided indirectly through State and Northern Territory Governments. They may in turn provide assistance through other intermediaries (e.g., payments to a client's lending institution rather than directly to the client).

6.146 The program was in response to a concern by the Government of evident housing difficulties being experienced by many people as the result of increasing interest rates and housing cost increases. The review took account of the views of State Governments, industry organisations and community groups. The scheme is expected to be in operation for a period of three years and is to be reviewed before its expiry.

21. HOME DEPOSIT ASSISTANCE SCHEME

Program Synopsis

6.147 The 'Home Deposit Assistance Scheme' was given Royal Assent on 2 June 1982, replacing the 'Home Savings Grant Scheme'. It provides for tax-free grants payable to persons buying or building their first homes on or after 18 March 1982, who satisfy the specified eligibility criteria. Grants are once only payments and are paid directly to the applicants in the form of a posted cheque.

6.148 An income test provides that the scheme is directed to people with low to moderate incomes, with the full grant payable where income does not exceed approximately 135% of Average Weekly Earnings, tapering to no grant at approximately 155% of Average Weekly Earnings. Income is tested on taxable income earned in the financial year prior to home acquisition. The savings requirements encourage people to save, for at least one full year prior to the home purchase, in forms which provide the pool of long term housing finance, such as savings banks, building societies and credit unions.

6.149 In addition to the basic grant of up to \$2,500, a family bonus of up to a further \$1,000 is payable to families with dependent children. People are eligible to apply at any time after the purchase of the home and there is no waiting period before grants may be made. Officers of the Department attempt to make the grant available for the date of settlement of purchase.

6.150 The Department is solely responsible for determining the eligibility of each applicant and payment of the grants, although there are other avenues available for review of applications. Recourse to assistance from the Taxation Department and State housing authorities is available. Liaison with other organisations is important in disseminating information.

6.151 This program was transferred to the re-created Department of Housing and Construction in 1983.

Administrative Data

6.152 The Home Deposit Assistance Act 1982 was given Royal Assent on 2 June 1982. The Act repeals many of the provisions of the Home Savings Grant Act 1976 and removes a number of anomalies under that Act.

6.153 The main provisions of the Home Deposit Assistance Act relate to -

the income test for eligibility;

- dwellings on which a grant can be paid;
- joint applications;
- the amount of the grant;
- family bonuses;
- procedures for applying for a grant;
- acceptable savings;
- prescribed earnings, for assessing income;
- administration, including provision for appeals against grant determinations.

6.154 The 'Home Deposit Assistance Scheme' provides for capital grants to be paid to persons buying or building their first home who have saved towards their home in certain specified forms (basically those which form the pool of funds for long term housing finance) and who satisfy the specified eligibility criteria, including an income test. It replaces the 'Home Savings Grant Scheme' which was terminated on 2 June 1982.

6.155 The Home Deposit Assistance grant is paid on application received from the home buyers. It is designed to encourage people to save for a home and to assist them purchase their first home. There is no value limit on the homes which qualify. The program supplements income for first home buyers. However, the once only grant paid at the time of home purchase is not required to be spent by the recipient on housing. Similar schemes providing grants to first home buyers are operating in the United Kingdom, New Zealand and West Germany.

6.156 The purpose of the scheme is to give financial assistance to persons to help them buy or build their first home. It conforms with the Government's stated objective of encouraging home ownership across the widest possible range of income groups, concentrating assistance in areas of greatest need.

6.157 The scheme increases the effectiveness of the previous 'Home Savings Grant Scheme' by ensuring that the assistance is better directed to low and middle income earners and that it is available at the time of purchase. By providing a bonus for families with children it also recognises that these families may face special difficulties in raising the necessary deposit for home purchase. The eligibility requirement, for persons to save in a specified form, is designed to encourage people to save with financial organisations which provide the pool of long term housing

finance. The program is consistent with the Department's broad responsibilities relating to the provision of housing assistance.

6.158 The Department of Social Security was solely responsible for determining the eligibility of each applicant and payment of the grants. The Commissioner of Taxation assisted the Department of Social Security when requested by providing and verifying income details of applicants for the purposes of the income test under the scheme. The Department of Education also provided information in respect of dependent children in receipt of certain education allowances. Savings and lending institutions provided the Department with details of an applicant's savings history in the form of a 'Certificate of Savings'. They also provided information and leaflets produced by the Department to first home buyers seeking loans. Organisations such as the Real Estate Institute of Australia, the Master Builders' Federation, the Housing Industry Association and real estate agencies also assisted in disseminating information on the program.

6.159 The scheme was administered across Australia, through offices of the Department of Social Security in each State capital and Canberra. Each capital city office was responsible for administration in that State. The South Australian Office, located in Adelaide is also responsible for administration of the scheme in the Northern Territory. The Central Office, located in Canberra, was responsible for overall control of the scheme and general administrative direction. Delegations were exercised at various classifications ranging in the States from Executive Officer (Clerk Class 8) to Grants Officer (Clerk Class 4). Delegations in Central Office were exercised by Director (Class 11) and Assistant Director (Class 9).

6.160 Legislation for the 'Home Deposit Assistance Scheme' received Royal Assent on 2 June 1982. Administrative procedures for the new scheme are being developed and there will be an ongoing review of the staff needed to process applications under the new scheme. However, it is expected that staffing under the new scheme will not vary significantly from those required to administer 'Home Savings Grants', for which in 1981/82 was:

- Estimate of the average number of staff working full-time on the administration of the program: 107
- Estimate of the manhours spent on the administration of the program: 192,700

6.161 Estimated direct program expenditure for the 'Home Deposit Assistance Scheme' in 1981/82 was \$0.1 million. Estimated direct program expenditure in 1981/82 under the 'Home Savings Grant Scheme', which the new scheme replaces,

was \$137 million. This includes a special additional allocation of \$63 million to eliminate the nine month waiting period and to reduce a backlog of applications.

6.162 Estimates for administrative expenses for the 'Home Deposit Assistance Scheme' are based on expenditures for administering the 'Home Savings Grant Scheme'. Estimated expenditure for 1982/83 was:

- . Salaries \$2.0 million
- . Other overhead costs \$1.7 million

6.163 The payment provided by the scheme is a once only grant to people buying or building their first home on or after 18 March 1982, who have saved in certain specified forms and who satisfy the specified eligibility criteria. It is paid directly to the applicants in the form of a cheque at the time of purchase. If required it can be paid to a nominated agent or lending institution. The amount of the basic grant, (up to a maximum of \$2,500) depends on the applicants' eligible savings and income. In addition to the basic grant, a family bonus of \$500 is payable to families with one dependent child and \$1,000 to families with two or more dependent children. The full family bonus is payable to persons who are eligible for any amount of basic grant.

6.164 The expense incurred in determining eligibility varies greatly with each application depending on the amount and accuracy of the initial information provided. Checks made on application are a simple procedure as each person is entitled to only one payment.

6.165 Service delivery is provided directly from the Department of Social Security to the applicant. Currently all grants are paid by cheque through the post. It is estimated that between 35,000 and 40,000 families will be assisted each year. Approximately \$450 million has been made available to more than 600,000 first home buyers under the 'Home Savings Grant Scheme' since its inception in 1964.

Eligibility for Benefits

6.166 The scheme is directed to people with low to moderate incomes who are buying or building their first home, by contract made on or after 18 March 1982. Owner-builders commencing to build on or after that date will also be included.

Income Test

6.167 An income test applies to the combined taxable income of all applicants for the financial year preceding home purchase. A full basic grant will be paid where this income does not exceed approximately 135% of Average Weekly Earnings

(AWE) tapering to no grant payable where income exceeds approximately 155% of AWE (these limits are expressed in the legislation as income rounded up to the nearest \$100).

6.168 The combined income includes an applicant's spouse, legal or de facto, and any other person who has joined in the home acquisition. The family bonus is not subject to the income test taper but is payable only to those eligible for a basic grant.

6.169 Where there has been a significant change in family circumstances since the previous financial year, the legislation provides the power to consider those changed circumstances for the purposes of the income test.

Savings Requirement

6.170 Applicants must satisfy a number of savings requirements. The principal forms of acceptable savings include:

- . deposits with savings banks, building societies and credit unions;
- . fixed deposits with trading banks;
- . Australian Savings Bonds purchased as inscribed stock or for safe custody with a bank;
- . payments in connection with home acquisition, made on or before the contract date, such as for land, building materials or legal fees; and
- . moneys held in trust for the applicant which are held or expended by the trustee in an acceptable form.

These savings must be held in Australia for at least one full year before home acquisition. The maximum basic grant is only payable with two or more completed years of savings. Only an increase of up to \$1,500 in savings held in the year preceding home acquisition will count towards a grant.

Home Purchase

6.171 A grant may be made for any new or established home in any location in Australia, regardless of value, which is intended as the principal place of residence for applicants who have not previously owned a home.

6.172 First home buyers are eligible to apply for the grant any time after the purchase of their home. Grants paid under this scheme are tax free.

Program Review

6.173 During 1981 the Government undertook a comprehensive review of housing policies and programs. The review included a detailed analysis of information on the numbers and characteristics of first home buyers and the terms and conditions of housing loans, including deposit requirements. The review also took account of the views of State Governments, industry organisations and community groups and identified four major problems:

- availability of housing finance for new borrowers;
- the widening deposit gap for those seeking to purchase a home;
- increased repayment burdens; and
- increased rental payments for some in private rental housing.

6.174 The 'Home Deposit Assistance Scheme' was part of a package of assistance measures announced by the Government on 18 March 1982, to assist low to moderate income families purchase their first home. The legislation includes a 'sunset' clause limiting the operation of the scheme to three years. A comprehensive review of the effectiveness of the scheme will be undertaken prior to the expiry of the existing legislation.

22. COMMONWEALTH/STATE HOUSING AGREEMENT

Program Synopsis

6.175 The Commonwealth/State Housing Agreement (CSHA) provides for grants and loans to be paid to the States and the Northern Territory to assist low to moderate income earners obtain housing at an affordable price.

6.176 The States and Northern Territory are responsible for determining detailed eligibility criteria, subject only to the recipients being in need and assistance being limited to the period of need.

6.177 Home ownership assistance is made available as low interest loans, with interest rates escalating over time as the owner's income increases. State housing authorities either administer the loans directly themselves, or provide funds to financial institutions such as banks or cooperative housing societies for lending to home purchasers.

6.178 Rental assistance is provided to low income tenants who are deemed to be in need of government assistance. Rebated rentals which are geared to the income of tenants are charged to those unable to meet normally assessed rentals.

6.179 For both types of assistance, States are responsible for detailed administration, including amount of payment, waiting periods, reviews, and allocation of funds between rental and home purchase assistance.

6.180 This program was transferred to the re-created Department of Housing and Construction in 1983.

Administrative Data

6.181 Welfare housing assistance provided by the Government results in indirect assistance to recipients, which supplements, rather than maintains, their income. Under the CSHA the Commonwealth provides financial assistance to the State Governments and to the Northern Territory for the provision of rental housing and home purchase assistance to persons deemed to be in need of such assistance. Welfare housing assistance in the A.C.T. is the responsibility of the Minister for the Capital Territory.

6.182 The financial assistance is provided to the States and the Northern Territory (hereafter referred to as States) as loans at a concessional rate of interest and as non-repayable grants. A proportion of the grants are earmarked by the Commonwealth for expenditure on rental assistance for pensioners and Aborigines. The balance of grants and all the loans are available to the States as 'untied funds', for outlays in terms of the Agreement. States

are required to match these 'untied funds' with equal amounts from their own resources, which can include surpluses from their rental and home purchase operations.

6.183 The purposes for which the financial assistance will be used and general conditions of eligibility for assistance are specified in the Agreement. The Agreement does not prescribe levels of assistance in individual cases but a major principle is that assistance should be available only to persons in need and only for as long as it is needed.

6.184 The Agreement gives the States maximum autonomy and flexibility to provide assistance in accordance with this principle. The low interest rate charged by the State Government on housing finance provided under the home purchase assistance program will be increased each year until it reaches a rate 1% below the rate charged by the Commonwealth Savings Bank on its housing loans. The purpose of this is to gradually reduce the amount of subsidy as the home buyer's income increases. For rental dwellings, States will move current rent levels upwards and will be charging market rents on housing authority dwellings by 30 June 1986, the end of the current Agreement. A rent rebate will be provided where needed to ensure that no tenant pays more than a certain proportion of his/her income in rent.

6.185 States have responsibility for deciding the allocation of 'untied funds' between home ownership assistance and rental assistance. They also decide on the way in which the assistance will be given. Methods which can be adopted are described in the Agreement. Examples of these methods, in addition to low interest loans and the provision of rental dwellings, include the provision of interest subsidies to home buyers and assistance to renters through the leasing of dwellings or through the payment of rental subsidies.

6.186 The Agreement provides that the conditions of eligibility of persons for rental housing assistance shall be determined by the State and shall ensure that assistance is directed to those applicants most in need of assistance. Similarly, eligibility for home purchase assistance is a matter for the State to determine but the conditions of eligibility shall be such that assistance is provided to those persons who are not able to obtain mortgage finance in the open market or from other sources.

6.187 The program was consistent with the Department's responsibilities relating to the provision of welfare housing assistance.

6.188 The authority for the program is contained in the Housing Assistance Act 1981 and the 1981 Commonwealth/State Agreement which is set out as Schedule 1 to the Act. Provision is made in the Act for:

- . execution of the Agreement with the States and the Northern Territory;
- . future variation of the Agreement;
- . the payment of grants and loans to the States on terms and conditions specified in the Agreement;
- . appropriation of the Consolidated Revenue Fund for the purpose of making base level (guaranteed) grants and loans in each of the five years;
- . allocation of grants and loans to the States;
- . authority for the Treasurer to borrow moneys and the application of those moneys.

6.189 The overall administration of the rental assistance and home purchase assistance programs, including financial arrangements with the States and the implementation of Commonwealth assistance in terms of the Agreement, was carried out in the Central Office of the Department of Social Security.

6.190 The detailed administration of the programs and delivery of assistance is a State responsibility. In the States and the Northern Territory rental assistance is provided through the State housing authorities. Home purchase assistance may be provided through various organisations including the housing authorities, State Banks and cooperative (terminating) building societies.

6.191 Estimates of numbers employed in administering the program are:

- . Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 4
- . Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 1
- . Estimate of the manhours spent on the administration of this program during 1981/82: 9,000

6.192 The program was administered in close cooperation with State Government instrumentalities such as State Treasuries, Housing Commissions, State Banks and Registrars of Building and Housing Societies. Subject to principles, objectives and certain limitations and restrictions written into the formal Agreement, each State has freedom to determine its own policy on distribution of funds between home purchase and rental assistance (except for earmarked funds),

construction programs or other uses of funds, eligibility criteria, sales of dwellings and home loan lending practices.

6.193 Estimates of total expenditure are shown in Table 6.5.

Table 6.5: Estimated Total Expenditure - Commonwealth/State Housing Agreement: 1981/82

Item	Expenditure
	\$m
Services	262.20
Administration	
- Salaries (a)	0.08
- Overheads (b)	0.07
Total	262.35

(a) based on average staffing level during year
(b) estimate

6.194 Of the \$262.2 million provided as financial assistance to the States and the Northern Territory in 1981/82, \$200 million was by way of Special Appropriation under the Housing Assistance Act and \$62.2 million by annual appropriation in the Budget. A break down of total funds paid to the States is shown in Table 6.6.

Table 6.6: Total Expenditure by States - Commonwealth/State Housing Agreement: 1981/82 (\$'000)

	Advances(a)		Grants		Total
	Pensioners		Aboriginals (b)	Untied	
NSW	45 464	12 430	9087	15 570	82 551
VIC	36 135	7447	2522	12 375	58 479
QLD	14 148	5009	6628	4845	30 630
SA	20 761	3033	3810	7110	34 714
WA	13 038	2589	7225	4465	27 317
TAS	8964	992	527	3070	13 553
NT	7490	500	4401	2565	14 956
Total	146 000	32 000	34 200	50 000	262 200

(a) Untied loans to the six States and the Northern Territory, repayable over 55 years at a concessional rate of interest of 4.5% per annum.

(b) Includes grants ex DAA.

6.195 Each State is required to match the amount of 'untied funds' received from the Commonwealth i.e., \$196 million in total in 1981/82.

6.196 Service delivery was indirect through State and Northern Territory Government departments and instrumentalities, including State banks and cooperative housing societies. Grants and loans are paid by the Commonwealth to the State Treasuries, where they are divided between the home purchase assistance program and rental housing assistance including special programs for pensioners and for Aboriginals.

6.197 Home purchase assistance funds are paid into a special account in the public accounts of the State from which all available moneys are allocated, in the form of loans repayable with interest, to lending agencies such as cooperative housing societies, State banks, and State housing authorities. These agencies make home loans to borrowers to purchase or build a dwelling.

6.198 Rental housing assistance funds are credited by the Treasury to the State housing authority and thereby become

available for expenditure on land purchase and development, construction of dwellings, lease of housing from the private sector or rental assistance. Rental accommodation is provided by the housing authority to the eligible applicant at a ceiling rent fixed for the dwelling. These are gradually being related to market rents. A rental rebate is granted if the tenant is not able to afford that ceiling rent.

6.199 Commonwealth payments were made by the Department of Social Security to the State and Northern Territory Governments, usually at monthly intervals; loan payments were made through the Department's State Offices and grants through Central Office.

6.200 Rental assistance is generally made available to individuals by the States through tenancy of public rental dwellings. Rent rebate schemes which operate in all States and the Northern Territory restrict rent payable to a specified proportion of the tenant's income. The value of the rebate is the difference between the rent actually paid by the tenant according to the rebate formula and the assessed rent for the particular dwelling. Home purchase assistance is generally made available to applicants by means of below market interest first mortgage loans. Monthly repayments on these loans are less than for comparable amounts borrowed from savings banks and permanent building societies.

Eligibility for Benefits

6.201 In general, welfare housing assistance is provided to persons of low to moderate incomes. Eligibility criteria are not specified in the Housing Agreement. Conditions of eligibility are determined by each State, subject to the general requirements of the Agreement that:

- home purchase assistance is to be provided to those persons who are not able to obtain mortgage finance in the open market;
- rental housing assistance is to be directed to those applicants most in need of such assistance.

6.202 Once the assistance is provided it is not usually withdrawn. However, for home purchase the rate of interest on which loan repayments are based, escalates annually thereby reducing the degree of subsidisation. Similarly, for rental housing, if the tenant is granted a rental rebate because he cannot afford the ceiling rent, the rebate is subject to review each six or twelve months so that any subsidy does not continue beyond the period of need.

6.203 Income tests are applied by some States to determine eligibility but such tests are not currently included in the Housing Agreement.

6.204 An indication of the number of clients reached in the six States is provided in the following estimates:

- 350,000 dwellings have been completed under Housing Agreement programs between 1945/46 and 1980/81;
- 7,490 dwellings were completed and 977 existing dwellings were purchased in 1980/81 by State housing authorities for rental purposes;
- the public rental stock held by State housing authorities at 30 June 1981 was 218,400;
- the number of rental rebates current at 30 June 1981 was 102,765;
- 191,000 home purchase assistance loans have been approved under housing agreement programs since 1956/57;
- 10,088 home purchase loans were approved in 1980/81.

In the first two years following commencement of the Northern Territory Housing Agreement on 1 July 1979:

- 847 dwellings were completed and 30 were purchased;
- 1,467 home purchase assistance loans were approved under housing agreement programs;
- 456 dwellings were completed and 897 home purchase loans were approved during 1980/81;
- the public rental stock held by the Northern Territory Housing Commission was 4,377 and the number of rental rebates current was 1,062 at 30 June 1981.

The Nature of the Information Base for the Program

6.205 The Housing Agreement program providing Government housing for persons on low income commenced in 1945/46 under the 1945 CSMA, and was initiated largely as the result of a report from the Commonwealth Housing Commission in 1944. At the conclusion of each Agreement there has been a review and evaluation of the assistance provided. The assistance has also been evaluated in the context of other reviews of Commonwealth housing policy (e.g., the Priorities Review Staff Report on Housing, 1975). Commonwealth legislation covering Agreement policy (as distinct from funding machinery) has been passed in 1945, 1955, 1956, 1961, 1966, 1971, 1973, 1974, 1978 and 1981. In addition, legislation for rental assistance to pensioners was passed in 1969, 1974 and 1978.

6.206 The basic services delivered remain the same, viz. provision of rental housing assistance to the needy and

CHAPTER 7

DEPARTMENT OF SOCIAL SECURITY

Grants to Organisations

- 23. Handicapped Persons Welfare Program
- 24. Grants to Welfare Agencies (Emergency Relief) Program

provision of home loans to persons unable to acquire a home of their own through non-Government channels of finance. Prior to the current Agreement, which commenced on 1 July 1981, there was extensive consultation with government and voluntary organisations. Over one hundred written submissions were received in response to the newspaper advertisements calling for submissions on the new Agreement. The Agreement provides for information to be provided by States on the operations of the rental assistance and home purchase assistance programs. This includes details of eligibility conditions for assistance decided by the States, numbers and characteristics of persons assisted and numbers applying for assistance. The information is contained in the 'Annual Report on the Operation of the Housing Assistance Act 1981' provided to Parliament in accordance with a requirement of the Act.

Program Review

6.207 A complete review by the Commonwealth departments concerned was undertaken prior to negotiation of a new Housing Agreement with the six States and the Northern Territory in 1981. The principles written into the 1978 Agreement were re-examined and new ones added in relation to energy conservation policies and provision for habitation of public housing by handicapped persons. Further evaluation of the effectiveness of the program will be undertaken during the remainder of the five year term.

6.208 Commonwealth and State Ministers meet in conference at least once each year and senior officials also meet separately. The agenda usually includes items designed to critically examine various aspects of the program. The Commonwealth Government's involvement in the provision of housing assistance to the States under the Commonwealth/State Housing Agreement was subjected to detailed examination by the Committee on Review of Commonwealth Functions.

6.209 The current Agreement which commenced in 1981, will operate until 30 June 1986. Every aspect of the program - policies, principles and responsibilities of the parties - is thoroughly examined and negotiated before renewal of the arrangements. A new Agreement involves submissions to Cabinet, passage of a Bill through Parliament with the Agreement as a Schedule to the Bill, and ultimate signature of the Agreement by the Prime Minister for the Commonwealth Government. There is provision in the Agreement for the responsible Commonwealth Minister to agree to variations to certain provisions of the Agreement.

23. HANDICAPPED PERSONS WELFARE PROGRAM

Program Synopsis

7.1 The Handicapped Persons Welfare Program (HPW) under the Handicapped Persons Assistance Act 1974, essentially subsidises community based organisations and local governing bodies which assist them provide a range of prescribed special services for physically and intellectually handicapped people. Grants may be made for training, activity therapy, sheltered employment and for residential accommodation associated with these services, or required for those handicapped people needing special accommodation to engage in open employment. As part of the program, a subsidy may also be granted for holiday accommodation and recreational or rehabilitation facilities provided for those people undertaking training, activity therapy, sheltered employment or living in subsidised accommodation.

7.2 Subsidy levels for capital funding are generally up to 80% of the total approved project cost. Residential accommodation services are further limited by a 'bed-subsidy' formula and recurrent remuneration for established services is up to 50% of an approved officer's salary (with some provision for higher levels in the first two years of a new service).

7.3 The Handicapped Persons Assistance Act also provides a training fee of \$500 to organisations providing sheltered employment in respect of each sheltered employee who successfully transfers to open employment, and for the payment of a handicapped children's benefit in respect of children under 16 living in approved residential accommodation. Under the Social Security Act 1947 there is provision for payment of 'Sheltered Employment Allowance' and incentive allowance to specified clients assisted under the Handicapped Persons Assistance Act.

7.4 The HPW program has the flexibility to support a variety of approaches to providing special services for handicapped people. Organisations wishing to make an application for funding are advised to discuss their plans with State Headquarters of the Department at the earliest possible stage. The Department can provide advice on available options and, where appropriate, it may be able to provide suitable consultants to assist in the planning stage.

Administrative Data

7.5 The HPW program under the Handicapped Persons Assistance Act subsidises community based welfare oriented organisations which provide prescribed services of training, activity therapy, and sheltered employment for physically and intellectually handicapped people. It also subsidises the cost of residential accommodation provided for persons engaged in such activities, or needed by handicapped people to

participate in normal employment or any occupation or business. Ancillary rehabilitation and recreation programs may also attract subsidy. Local governing bodies may also qualify for subsidies under the program. The program focuses on meeting needs not adequately provided for, or able to be provided for, within general community programs.

7.6 Assistance under the HPW program may take any of the following forms:

- subsidy towards the capital cost associated with the purchase, construction, alteration or addition to approved premises;
- subsidy towards the cost of maintaining approved premises in a sound state of repair;
- subsidy towards the rent of approved premises;
- subsidy towards the cost of approved equipment;
- subsidy towards the salaries of approved employees;
- a training fee to organisations providing sheltered employment for each disabled employee who successfully graduates to normal employment;
- handicapped children's benefit for each child under 16 living in approved residential accommodation provided by an eligible organisation. ('Handicapped Child's Allowance' is payable to individuals cared for in private accommodation under the Social Security Act).

7.7 In addition to the main HPW program, a separate provision exists for program upgrading activities. This provision aims to provide assistance to organisations, through seminars, staff training, consultancy services and other program development work, to improve the operation and quality of programs conducted.

7.8 As a special measure to assist handicapped people unable to use conventional books, a new scheme was introduced on an ongoing basis in 1981/82 which provides assistance to publishers for book-equivalent materials for print-handicapped people. The new scheme covers both Braille books, and audio recorded books. This scheme is designed to partially offset the higher published cost of Braille and recorded books to make them more affordable to handicapped people and particularly to purchasing institutions such as libraries. This assistance is not available to Commonwealth or State Government publishers.

7.9 The above activities could be described as indirectly helping to maintain a minimum adequate income or standard of living for the handicapped people who benefit from the services and activities of subsidised organisations. The services are broadly comparable with provisions for the handicapped in other western countries.

7.10 The objectives of the HPW program are:

- to respond to initiatives by groups and welfare organisations who when subsidised are able to efficiently provide handicapped people with certain prescribed services;
- to promote, through such prescribed services, the personal, social, and intellectual development of handicapped people, the maximisation of their capacity for autonomy and independent living, and their productive employment, wherever possible in open employment or within sheltered conditions;
- where necessary, in connection with the above, to promote a range of facilities and services adequate to cater for the special residential needs of handicapped people in conditions as close as possible to those of normal domestic life.

7.11 The HPW program may be seen as complementing the Department's primary income maintenance provisions for handicapped people and its direct services, for example, through the 'Commonwealth Rehabilitation Service'. The purpose of the associated upgrading program is to ensure that services subsidised under the Handicapped Persons Assistance Act are consistent with current relevant knowledge, responsive to the needs of handicapped people and the community at large, and are cost effective.

7.12 The additional special provision for the program upgrading was introduced in 1980/81 and the scheme to subsidise publications for the print-handicapped was introduced following its operation on an interim basis in 1980/81.

7.13 The HPW program is administered by the Department of Social Security from Central Office, Canberra, and State Headquarters (in the six States, the Northern Territory and the A.C.T.). It applies throughout Australia. Delegations are exercised at various classifications in State Headquarters ranging from Clerk Class 5 to State Director (Clerk Class 10 to Level 3). In Central Office, delegations range from Clerk Class 9 to the Director-General.

7.14 Estimates of numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 108
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 31
- Estimate of the manhours spent on the administration of this program during 1981/82: 250,300

7.15 The main form of cooperation in the administration of the HPW program is between the Department of Social Security and the various eligible organisations which receive subsidy and provide the approved services under the program. This cooperation covers the planning of new services, and, through liaison and processing of claims, the monitoring of ongoing services.

7.16 The Department's experience is supplemented by advice from outside consultants. These are engaged by the Department on a sessional basis to advise both on the establishment of projects and on any special problems which may arise subsequently.

7.17 Proposals involving the provision of new services for handicapped people (e.g., sheltered employment, residential accommodation) must comply with relevant State and/or local government requirements concerning building standards, health and hygiene, industrial safety, etc. The organisations concerned usually undertake the necessary liaison on these aspects direct with the appropriate State or local authorities.

7.18 Where appropriate, the expertise of the Department of Transport and Construction is utilised to assist the Department of Social Security in matters concerned with building design etc., and close liaison has been established with that Department.

7.19 An amount of \$61.833 million has been allocated for expenditure under the Handicapped Persons Assistance Act in 1981/82.

7.20 Estimated total expenditure on the program is shown in Table 7.1.

Table 7.1: Estimated Total Expenditure - Handicapped Persons Welfare Program: 1981/82

Item	Expenditure
	\$m
New Services	
- Capital	
- Rent	9.17
- Equipment	0.13
- Salaries	0.99
- Handicapped Children's Benefit	1.09
	0.05
Existing Services	
- Rent	
- Equipment	0.93
- Salaries	2.79
- New Works	43.45
- Maintenance and Upgrading	0.16
- Training Fees	1.05
- Handicapped Children's Benefit	0.02
	2.00
Program Upgrading	
	0.22
Materials for the Print-Handicapped	
	0.30
Administration	
- Salaries (a)	
- Overheads (b)	2.30
	1.90
Total	
	66.55

(a) based on average staffing level during year
(b) estimate

7.21 1981/82 is the second year of a three year, \$33 million program of funding for capital purposes announced by the Government in December 1979. The 1981/82 portion of that \$33 million is included in the above table.

7.22 In addition, as shown in Table 7.1, \$220,000 has been allocated for expenditure on program upgrading activities and \$300,000 for the scheme of grants towards the publication of book-equivalent materials for print-handicapped people.

Type and Method of Payment

7.23 The type of payments made under HPW include:

- Subsidies - for capital, maintenance of premises, rent and equipment costs, and salary of approved staff.

- Incentives - Training fee to employers of sheltered employees for each sheltered employee who successfully graduates to open employment.

- Benefits - Handicapped Children's Benefit paid in respect of children living in approved residential accommodation.

7.24 Generally, the current level of subsidy for capital, maintenance of premises, rent and equipment costs is four-fifths of the cost to the organisation - the maximum permissible under the legislation. Grants for residential accommodation are subject to a ceiling which limits the assistance to specified amounts for each handicapped person accommodated. These amounts are reviewed periodically in line with trends in building costs.

7.25 Capital subsidies for building projects are usually paid by instalments as the projects proceed on the basis of a reimbursement of expenditure incurred by organisations or on presentation of appropriate receipts or accounts. Premises maintenance subsidy is generally paid as a reimbursement of expenditure on the presentation of appropriate evidence by way of receipts or accounts. Rental subsidy is normally paid at quarterly intervals on presentation of receipts showing the amount of rent paid by the organisation. Equipment subsidy is generally paid as a reimbursement of expenditure incurred by organisations, on production of appropriate documentary evidence.

7.26 Salary subsidy is normally half of the salary of approved staff. In the case of new services, the subsidy may be increased to 100% for limited periods up to two years, to enable the service to become established. As a result of a recent change in policy, salary subsidies are payable in advance, quarterly, on the basis of detailed claims. A training fee of \$500 is paid to organisations providing sheltered employment for each disabled employee who successfully graduates to normal employment. It is usually paid only once in respect of an individual, after evidence of the employee having completed twelve months open employment. A handicapped children's benefit of \$5 a day is paid in respect of each child under 16 living in residential accommodation provided by an eligible organisation. Claims for payment of handicapped children's benefit are submitted by organisations to the Department's State Offices at the end of each calendar month.

7.27 All payments under the Handicapped Persons Assistance Act are made directly from the Department of Social Security to organisations.

Eligibility for Benefits

7.28 Organisations eligible for assistance under the Handicapped Persons Assistance Act are:

- religious organisations;
- charitable or benevolent organisations;
- organisations of former members of the Defence Forces;
- organisations determined by the Minister for Social Security to be eligible;
- local governing bodies;
- trustees or corporations, established by an eligible organisation, or for charitable or benevolent purposes.

7.29 Within the above, assistance may be available to any non-profit organisation or 'self-help' group that can satisfy the Department of Social Security that it intends to provide prescribed facilities for handicapped people. In fact, any group with a genuine interest in catering for handicapped people may ask the Department for advice on how to become, or set up, an eligible organisation. The only organisations specifically excluded from assistance are those controlled or conducted by Commonwealth or State Governments, or by people appointed by such Governments.

7.30 Under the terms of the Act, a 'disabled person' means a person -

who is, for the purposes of Division 3 of Part III of the Social Services Act 1947-1974, permanently incapacitated for work or whose physical or mental condition is such that, in the opinion of the Minister, he would become so permanently incapacitated for work if he were not provided with sheltered employment; or

who is permanently blind;

and a 'prescribed service' means -

approved training;
approved activity therapy;
sheltered employment;
approved residential accommodation;
approved holiday accommodation;
approved recreational facilities; or
approved rehabilitational facilities.

7.31 With the exception of handicapped children's benefit, grants made under the Handicapped Persons Assistance Act are discretionary. In respect of claims for grants for new services or extensions to existing services, competing requests are determined taking into consideration the following factors:

- the project's feasibility, for example the number of handicapped clients who need the proposed service, and their disability type and degree of disability;
- the program's or proposed program's, suitability and quality (including staffing quality and quantity);
- the ability of the organisation concerned to provide a suitable program of a high standard;
- the regional demand for the service and rationalisation with other services in the region - both existing and proposed;
- the acceptability of the proposal, both culturally and socially, and its conformity with general HPW program objectives and philosophy;
- the estimated capital cost and cost-effectiveness of the proposal (including staffing and equipment subsidy requirements);
- the current status of the proposal; (that is, whether it is under construction, completed, etc.); and
- the estimated time required before the project can commence after approval, and the expected completion period.

7.32 Handicapped children's benefit terminates at age 16 as young people who are handicapped are then eligible to apply for the 'Invalid Pension'.

7.33 As at 30 June 1981 voluntary organisations were receiving assistance under the HPW program in respect of 1,107 services for some 36,000 handicapped children and adults. These services employed 7,008 approved staff.

7.34 In regard to capital grants special care is taken to ensure that organisations meet the statutory eligibility requirements. In the case of recurrent grants the same applies and further periodic checks are made in the course of processing claims for recurrent subsidy.

7.35 Tables 7.2, 7.3 and 7.4 give details of the number of approved services and number of approved staff at 30 June 1981 and expenditure under the program 1974-81:

Table 7.2: Number of Approved Services(a) - Handicapped Persons Welfare Program: 30 June 1981

Service Type	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Total
Training Centres	95	103	50	11	26	6	1	1	293
Activity Therapy Centres	59	41	39	20	13	4	1	2	179
Sheltered Workshops	84	33	30	18	15	14	3	1	198
Residential	98	73	76	36	34	14	7	1	339
Other	20	30	30	7	3	3	1	4	98
Total	356	280	225	92	91	41	13	9	1107

(a) Includes 171 services not requiring recurrent funds under this program in 1980/81; 46 subsidised facilities (nearly all residential) not yet fully operative as at 30 June 1981; and 70 administrative facilities.

Table 7.3: Number of Approved Staff - Handicapped Persons Welfare Program: 30 June 1981

Service Type	NSW	Vic	Qld	SA	WA	Tas	ACT	NT	Total
Training Centres	643	600	89	275	183	11	-	7	1808
Activity Therapy Centres	367	219	217	103	125	15	5	6	1057
Sheltered Workshops	707	325	182	194	179	86	52	9	1734
Residential	337	264	177	537	220	82	45	-	1662
Other	207	181	186	73	76	12	12	-	747
Total	2261	1589	851	1182	783	206	114	22	7008

Table 7.4: Expenditure- Handicapped Persons Welfare Program: 1974-81(\$)

	Capital	Equipment	Maintenance	Rent	Salary	Training Fee	Total
1974/75(a)	9 847 072	1 752 213	-	443 949	2 829 076	61 500	14 933 810
1975/76	9 668 657	3 980 904	330 780	273 650	15 710 004	27 500	29 991 495
1976/77	7 037 457	3 589 734	507 045	436 836	18 391 265	22 000	29 984 337
1977/78	11 049 405	3 737 269	559 507	500 497	22 013 265	10 000	37 869 943
1978/79	17 526 728	5 167 931	788 156	585 457	23 518 566	12 500	47 599 338
1979/80	6 489 152	2 967 754	1 045 276	645 797	28 160 822	13 000	39 321 801
1980/81(b)	10 499 218	4 796 069	933 767	864 448	34 029 592	14 500	51 137 594
Total	72 117 689	25 991 874	4 164 531	3 750 634	144 652 590	161 000	250 838 318

(a) Includes Sheltered Employment (Assistance) Act and Handicapped Children (Assistance) Act 1 July, 1974, to 31 December, 1974 (both repealed).

(b) Excludes Handicapped Children's Benefit - see Table 7.5 below.

7.36 As at June 1981, there were 1,416 handicapped children accommodated in 129 residential facilities approved under the HPW program for the purposes of payment of handicapped children's benefit. The total amount of the benefit paid during 1980/81 was \$1.762 million. Further details are given in Tables 7.5 and 7.6.

Table 7.5: Number of Approved Homes, Number of Children Accommodated and Amount of Handicapped Children's Benefit Paid - Australia: 1968/69 to 1980/81

As at 30 June	Number of approved handicapped persons homes	Estimated number of handicapped children accommodated	Number of days benefit paid (year ended 30 June)	Total amount of benefit paid (year ended 30 June, \$'000)
1969	17	926	50 680(a)	76(a)
1970	36	1 155	323 568	485
1971	44	1 262	303 830	456
1972	49	1 295	291 989	438
1973	53	1 185	286 060	429
1974	55	1 560	273 052	582
1975	69	1 360	263 141	891
1976	86	1 392	335 863	1 191
1977	92	1 497	380 249	1 589
1978	95	1 349	337 212	1 687
1979	106	1 151	340 431	1 703
1980	115	1 625	332 706	1 667
1981	129	1 416	350 197	1 762

(a) Six months, 1 January 1969 to 30 June 1969.

Table 7.6: Number of Approved Homes, Number of Children Accommodated and Amount of Handicapped Children's Benefit Paid - States: year ended 30 June 1981

	Number of approved handicapped persons homes (a)	Estimated number of handicapped children accommodated (a)	Number of days benefit paid	Total amount of benefit paid (\$'000)
New South Wales(b)	22	422	103 071	540
Victoria	42	320	75 849	387
Queensland	37	310	88 742	402
South Australia(c)	10	139	35 878	199
Western Australia	12	150	27 368	137
Tasmania	6	75	19 289	96
Australia	129	1416	350 197	1762

(a) as at 30 June 1980

(b) A.C.T. included in New South Wales

(c) Northern Territory included in South Australia

The Nature of the Information Base for the Program

7.37 The HPW program was designed to meet specific and identifiable gaps and deficiencies in services for handicapped people by the provision of financial assistance to voluntary, non-profit organisations which provide approved services in the areas of employment, training, activity therapy and residential accommodation. Non-profit organisations have been traditionally involved in this area and have served to establish a network of sheltered employment facilities (typically 'workshops'), activity therapy centres, training centres and residential accommodation.

7.38 The Commonwealth Government introduced the Disabled Persons Accommodation Act 1963 to give financial help towards the provision of residential accommodation for certain disabled persons engaged in sheltered employment. The legislation operated from 25 November 1963.

7.39 The Sheltered Employment (Assistance) Act 1967 repealed the Disabled Persons Accommodation Act. However, the provisions of the latter Act were contained in the new legislation, as well as new elements which further developed the Commonwealth's program. The philosophy behind the Act was that disabled persons who were willing and able to work should be provided with suitable employment in a sheltered environment and, where practicable, with opportunities to join or rejoin the general workforce.

7.40 The Handicapped Children (Assistance) Act 1970 implemented a program of subsidies for eligible organisations towards the cost of facilities for the training and accommodation of handicapped children under 21 years of age. The legislation was designed along similar lines to the Sheltered Employment (Assistance) Act and was introduced essentially because of the proven success of that legislation and the dearth, at that time, of suitable training facilities for handicapped children in Australia. The introduction of the Handicapped Persons Assistance Act in December 1974 enabled existing legislation for the handicapped to be reviewed, extended and incorporated in a single piece of legislation.

7.41 In its consideration of the extent to which the HPW program meets its objectives, the Government receives advice from several sources including the National Advisory Council for the Handicapped and the Australian Council for Rehabilitation of the Disabled. In 1979 the Government decided to allocate special funds to facilitate the upgrading of the quality and effectiveness of services. The nature of the needs which the HPW program addresses is such that continuing research and evaluation are important in determining its relevance and cost efficiency.

7.42 The principal long term requirement is for the progressive upgrading of the quality of services; this will need to be accompanied by complementary responses in community services and attitudes generally to the needs and capacities of the handicapped. These are tasks for both the special program upgrading initiatives associated with the program, and for the Commonwealth generally in pursuing its broader objectives of equality for the handicapped. A number of recent administrative changes have been introduced, including payment of salary subsidies in advance instead of in arrears, a new administrative manual for the program, and groundwork for a new computer-based information system. Consideration is also being given to new arrangements for funding for capital purposes beyond the triennium expiring 30 June 1983.

7.43 Longer term directions within the program are addressed in the context of reviews of broader substantive policy issues undertaken by the Government.

24. GRANTS TO COMMUNITY WELFARE AGENCIES (EMERGENCY RELIEF) PROGRAM

Program Synopsis

7.44 Under this program grants are made to non-government welfare organisations regularly providing emergency relief. Agencies must make assistance available in the form of cash and/or food vouchers. Coordinating committees, and local government authorities which act as coordinating bodies for local non-government agencies, are also eligible for grants.

7.45 The level of grants to organisations is dependent on the demand for assistance. Grants are determined after consultation between the Minister for Social Security and State Welfare Ministers. In Victoria the Victorian Emergency Relief Committee is consulted. Organisations redistribute the grants to their clients in the form of cash and/or food vouchers at levels determined by each organisation. Payments are made to people in necessitous circumstances and are not income tested.

7.46 There is no relationship between payments from the emergency relief scheme and other DSS pensions and benefits. Payments are made to clients at the discretion of the organisation administering the grant. However, a high proportion of recipients of emergency relief are DSS pensioners and beneficiaries. If a client meets the eligibility criteria required by the organisation, there is no waiting period if funds are available.

7.47 Recipient organisations are required to provide audited accounts certifying that the grant has been distributed according to the conditions of the grant. Any non-government welfare organisation, regularly providing emergency relief, is eligible for a grant.

Administrative Data

7.48 The program results from an election commitment made by the Prime Minister on 21 November 1977. It was established by a Government decision in August 1979, when it was agreed that \$0.5 million would be made available under 'Grants to Community Welfare Agencies'.

7.49 Annual grants are provided through the program to a number of voluntary welfare agencies to assist in their provision of cash and/or food vouchers to needy persons. State and local government bodies are not eligible. The program has been administered together with grants to community welfare agencies for special assistance. Recipient organisations are required to show that the full amount received is passed on to their clients either as cash or food vouchers, within a specified time period. The Commonwealth

Government sees its expenditure as being a contribution only, in an area which traditionally has been, and remains, the responsibility of State Governments and the non-government welfare sector. The program indirectly supplements rather than maintains income.

7.50 The purpose of the 'Emergency Relief Program' is to provide financial assistance to non-government welfare agencies to enable them to provide additional cash and/or food vouchers to people in need. The financial contribution of the Commonwealth has been used to expand resources available to assist relief recipients estimated to number some 250,000 nationally in 1981/82.

7.51 The program is administered by the Department of Social Security from Central Office, Canberra. State Headquarters in the six States and two Territories have provided limited input. In Victoria and New South Wales, State Welfare Ministers have not been prepared to meet the Minister's request to make recommendations on the distribution of funds allocated for agencies in their respective States. There has been some very limited involvement by Regional Offices and field staff, mainly in the formative stages of the program, but more recently in providing advice on possible recipient organisations, in making general contact with recipient organisations where necessary and pursuing receipt of accountability statements from them.

7.52 Recipient organisations are located in metropolitan areas (both inner city and outer suburbs), in provincial areas and in rural areas. No delegation is exercised by Departmental officers, as grant approvals are all at Ministerial level.

7.53 Estimates of the numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 1
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 1
- Estimate of the manhours spent on the administration of this program during 1981/82: 3,600

Services

7.54 An amount of \$0.5 million has been allocated each year for the program 'Grants to Community Welfare Agencies' since its inception in 1979/80.

7.55 The bulk of this money has been for emergency relief. Amounts actually spent specifically for emergency relief have been:

1979/80	\$465,000
1980/81	\$475,850
1981/82	\$470,000

7.56 The 1981/82 figure excludes special payments amounting to more than \$338,000 to welfare organisations in New South Wales and Victoria, as reimbursement for payments made by them during the industrial dispute between the Department and the Administrative and Clerical Officers Association during November-December 1981. It also excludes more than \$820,000 reimbursed to the Department of Youth and Community Services in New South Wales for the same purpose.

7.57 Estimated total expenditure on the program is shown in Table 7.7.

Table 7.7: Estimated Total Expenditure - Grants to Community Welfare Agencies (Emergency Relief) Program: 1981/82

Item	Expenditure
	\$'000
Services	470
Administration	
- Salaries (a)	50
- Overheads (b)	40
Total	560

(a) based on average staffing level during year
(b) estimate

7.58 The total amount available for emergency relief is allocated between States and Territories on an approximate per capita basis. For the second and third years, a separate component of \$10,000 has been set aside for agencies specifically assisting Aborigines.

7.59 Grants are offered by the Minister for Social Security to non-government organisations. After organisations advise that they accept the conditions of the grant, the Department forwards cheques direct to the organisations. The organisations subsequently redistribute the funds to individuals as emergency relief, either as cash or food vouchers redeemable at a particular store or stores.

7.60 In 1981/82, eighty-five organisations in all States and Territories are expected to accept grants offered. It should be noted that this figure includes some related agencies across States e.g., Offices of the Society of St Vincent de Paul and the Salvation Army in all States and Territories account for sixteen of the eighty-five organisations. It should also be noted, however, that a number of recipient organisations (including St Vincent de Paul and the Salvation Army) distribute their grants through a number of outlets, and accordingly the total number of outlets through which the Commonwealth grants are redistributed far exceeds eighty-five. In Victoria, for example, it has been estimated that twenty recipient organisations in 1981/82 will redistribute funds through 120 or more outlets.

7.61 Payments are made by cheque to recipient organisations. The full amount of grant to an organisation in a financial year is paid in a single instalment. Organisations redistribute the grant monies to their clients in the form of cash and/or food vouchers.

Eligibility for Benefits

7.62 Any non-government welfare organisation regularly providing emergency relief would meet general eligibility requirements. However, grant recipients are required to make Commonwealth assistance available in the form of cash or food vouchers. Coordinating committees which are prepared to redistribute monies to non-government welfare organisations for the purposes set out above also meet eligibility requirements.

7.63 To achieve a wide distribution of Commonwealth funds, grants have been channelled mainly through large traditional agency networks. However, community based networks and agencies operating in areas of need or giving assistance to groups with priority of need, such as Aborigines, have been assisted also. Recipient organisations are able to distribute their grants to needy people, whether or not those people are clients of the Department of Social Security. The program's guidelines do not specify the types of people whom organisations can assist, but such people are normally impoverished and/or facing a short or long term financial crisis.

7.64 The Director-General informed State Directors of the Department in December 1978 that Departmental officers were not to refer clients or potential clients of the Department to welfare agencies unless they were sure that the Department could not provide assistance itself by way of counter cheque or alternative benefit. The aim was to minimise administrative delays in paying entitlements and to ensure that Departmental referral of clients to relief agencies is made only when the Department cannot assist the client any further.

7.65 Periodic checks are made to verify that expenditure has occurred in accordance with signed agreements between the Minister and agencies and that agencies are continuing to provide relief services.

The Nature of the Information Base for the Program

7.66 The program was introduced in response to an election commitment given in a supplementary statement to the Prime Minister's policy speech of 21 November 1977, which reads in part:

The Government ... proposes to give \$500,000 to establish a scheme of assistance to (relief) agencies. A study is now being made by the Department of Social Security, in cooperation with the voluntary sector, to determine what is needed and how the need can be met.

7.67 The report of that study, which was undertaken jointly by the Department of Social Security and the Australian Council of Social Service, was tabled in March 1979, and funds were provided in the 1979/80 Budget.

7.68 Applications were sought from interested organisations prior to grants being determined for the first year of the program. Questionnaires were submitted which provided substantial detail of the organisations' operations, including their involvement in the provision of emergency relief. The data received at that time, together with the report of the joint study referred to above, formed the main data base for the program. This data base has been developed further through consultation with State Governments and the non-government sector, incoming correspondence to the Minister and the Department, press reports, various independent studies and surveys concerning emergency relief provision, and meetings and discussions (including discussions by State Welfare Ministers at Annual Conferences of the Council of Social Welfare Ministers).

7.69 The most recent study into emergency relief provision was undertaken by the Victorian Council of Social Service, with funding assistance of \$57,500 provided by the Department of Social Security. This project revealed that in Victoria, there had been an increase since 1978 in unit levels of emergency cash relief provided by non-government agencies, and that the number of persons having to seek emergency relief from welfare agencies while awaiting a benefit payment from the Department of Social Security had fallen over the same period.

7.70 The program's objective is met to the extent that it assists welfare agencies with their emergency relief provision. Data generated in applications indicate that in

1979/80 relief expenditures by agencies were growing at about 11% per annum. The 1979/80 disbursement was roughly equal to the total national increase in that year. Information received from funded agencies suggests that the expenditure growth rate has not slackened so that the Commonwealth contribution in subsequent years is meeting a reduced proportion of annual expenditure increment.

7.71 There is a general demand from the non-government welfare sector and from some State governments, to substantially increase the levels of pensions and benefits. It is claimed that this would virtually overcome the need for agencies to provide emergency relief. Since 1979 State Governments have also sought to introduce a guarantee fund to reimburse their expenditures on emergency relief.

7.72 A number of studies have been undertaken by various organisations since the early 1970's concerning emergency relief in general. However, the objectives of the program have not been subject to specific review since its implementation in 1979/80. The Department has not undertaken evaluation studies of the program, but expenditure by recipient organisations on emergency relief is monitored, partly to ensure that organisations use Commonwealth funds as a supplement, rather than as a substitute, for their own funds.

7.73 No research into administration of the 'Emergency Relief Program' has been undertaken pending Government consideration of the future of the program beyond 1981/82. The Department is currently examining ways of achieving savings in staffing and other costs and this could be achieved by linking the program more closely with the administration of other subsidy programs.

CHAPTER 8

DEPARTMENT OF SOCIAL SECURITY

Children's Services

- 25. Family Support Services
- 26. Pre-school Block Grants
- 27. Day Care Services
- 28. Other Services for Children
- 29. Youth Services Scheme

25. FAMILY SUPPORT SERVICES

Program Synopsis

8.1 'Family Support Services', funded under the 'Family Support Services Scheme' (FSSS) and the general provisions of the 'Children's Services Program' (CSP), provide a range of community based services which are aimed at supporting families and children, particularly in times of crises. Priority is given to those clients most in need including single parent, migrant, Aboriginal and low income families.

8.2 Projects provide services such as housing referral, financial counselling, parent and child counselling and homemaker assistance. Funding for FSSS projects is provided via the State Governments and CSP projects are funded directly. Ongoing funding is subject to satisfactory review reports; in the case of FSSS projects these reviews are undertaken by Commonwealth/State management committees.

Administrative Data

8.3 'Family Support Services' are divided into two broad categories for the purposes of funding under the 'Children's Services Program' (CSP):

- the 'Family Support Services Scheme' (FSSS), a three year pilot scheme funded by the Commonwealth and administered by the States and the Northern Territory, was initiated by the Government in 1978 and extended for a further three years to December 1984; in the A.C.T. the program is administered direct by the Department of Social Security;
- projects similar in nature to those funded under the FSSS and termed 'FSSS-like'. Projects of this type have been funded since the inception of the CSP.

8.4 Under this component of the CSP, grants are provided to community organisations and local government authorities for the development of a range of community based services aimed at supporting and strengthening family life, particularly in times of crisis. Services include housing, referral, financial counselling, parent and child counselling, and homemaker assistance. A very small portion of grant funds may also be used for emergency cash relief. Priority is given to projects providing services for those in most need, and attention to the needs of particular groups e.g., Aboriginal, migrant, and single parent families, and families in remote and isolated areas, is encouraged. The program could be described as indirectly supplementing the income of those families who benefit from the services provided by subsidised organisations.

8.5 The Commonwealth's purpose in providing funds is to assist community groups to establish community based services for families with children, which complement but do not substitute for welfare programs for which States have statutory responsibility. This program conforms to the broad Departmental objectives concerning the welfare of families and children.

8.6 Procedures for the examination of proposals and approval of projects for funding under the FSSS are as follows: Joint Commonwealth/State Management Committees consider proposed services, sponsoring bodies, and levels of funding for each project within the total amount available to that State for the three year period; the levels of funding for each project are calculated according to projected foreseeable service needs for the whole period up to 31 December 1984 (i.e., one specified amount); the proposals are then put to the State Minister for consideration and for recommendation to the Minister for Social Security.

8.7 If the Minister for Social Security concurs with the recommendations, his approval is given to support each project at the specified level for the whole period to 31 December 1984 on the condition that the State undertake an annual review of each project. Details of individual projects need only be resubmitted to the Minister for Social Security if there are major difficulties that require a change of sponsor or in the level or purpose of funding. Funds provided by the Commonwealth for the FSSS are administered by State and Northern Territory Social Welfare Departments. The State Headquarters of the Department of Social Security are involved in consultation and in general oversight of the operation of funded projects. Central Office of the Department advises the Minister on projects submitted for funding, oversees the development in all States and is involved in the evaluation of the scheme.

8.8 'FSSS-like' projects are approved for funding by the Minister for Social Security. Funds for these projects are usually administered by State Headquarters of the Department of Social Security. All projects and levels of payment are approved by the Minister for Social Security.

8.9 Estimates of numbers employed in administering the program are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 5
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2

Estimate of the manhours spent on the administration of this program during 1981/82: 12,600

8.10 Cooperation with the States and the Northern Territory is achieved through joint Commonwealth/State Management Committees for the FSSS. There is also ongoing consultation between the appropriate State Welfare Departments and State Headquarters of the Department of Social Security. This process is further assisted by Commonwealth/State Consultative Committees on Children's Services.

8.11 The eligibility of a project for funding is determined by the nature of the project and how it relates to the aims of the program. Projects are subject to periodic review to determine continued eligibility for funding under the program. The recipients are in general non-profit organisations. Payment of grant is made by cheque at quarterly intervals, usually in advance.

8.12 Services are provided indirectly through organisations such as community organisations specially incorporated to operate the projects, local government authorities, church groups, and voluntary welfare/charitable organisations. The service delivery methods vary from project to project; some are centre-based i.e., operate from an office or other place such as a community resource or church property. Clients approach the service, or are referred to it. Other services operate using outreach workers, visiting clients in their homes to provide assistance and support. Project staff may include professional social workers, welfare workers and volunteers. In 1981/82 there were 227 projects funded under the program.

8.13 Estimated total expenditure on the program is shown in Table 8.1.

Table 8.1: Estimated Total Expenditure - Family Support Services: 1981/82

Item	Expenditure
	\$m
Services	4.80
Administration	
- Salaries (a)	0.11
- Overheads (b)	0.10
Total	5.01

(a) based on average staffing level during the year
(b) estimate

The Nature of the Information Base for the Program

8.14 The program relates to the Report of the Family Services Committee (initiated by the former Social Welfare Commission), entitled 'Families and Social Services in Australia'. The Report was submitted to the Minister for Social Security in 1978 and tabled in Parliament on 16 March 1978.

8.15 The FSSS was introduced as a pilot program, subject to evaluation over a period of three years of operation. Grants were provided to the relevant State and Northern Territory Government Departments to undertake evaluation of the services in their State/Territory. Evaluation work is still to be completed. Preliminary findings from evaluations in all the States and the Northern Territory were summarised by the Department in October 1981, and guidelines for the administration of the scheme (for the next three years until December 1984) were reviewed in the light of these findings. The nature of future Commonwealth involvement in the program is currently being considered by the Government.

26. PRE-SCHOOL BLOCK GRANTS

Program Synopsis

8.16 State Governments have acknowledged that funding of pre-schools is a State responsibility. However, in view of the importance of pre-schools to the totality of children's services the Commonwealth makes a contribution by way of a block grant to each State and the Northern Territory. The level of the Commonwealth block grant for the ensuing calendar (i.e., school) year is determined in the annual budget context.

Administrative Data

8.17 'Pre-school Block Grants' provided under the 'Children's Services Program' aim to assist in the provision, through State and Northern Territory Governments, of regular education on a sessional basis, to children usually in the 3-5 age group, during school hours and school terms. The block grant supplements funding provided for pre-school education by State and Northern Territory Governments. Funding in the A.C.T. is provided separately through the A.C.T. Schools Commission. The program could be described as indirectly supplementing the income of parents who benefit from the services provided by those pre-schools which receive funds from the States.

8.18 The Commonwealth's major objective in providing 'Pre-school Block Grants' to the States and the Northern Territory is to supplement and support the States in the provision of pre-school services. The payment of the block grant is commensurate with the major objectives of the 'Children's Services Program', to assist in the provision of care and education to below school age children throughout Australia. The Commonwealth has expressed concern that the block grant be used by States to ensure that needy groups have access to pre-school.

8.19 Commonwealth assistance for pre-schools was introduced in December 1974 on the basis of 100% funding for construction costs and for all approved staff in pre-schools built with Commonwealth funds. In the case of existing pre-schools the Commonwealth agreed to contribute the cost of salary award increases since December 1973. Pre-school capital programs were approved in 1973/74 and 1974/75. The total value of capital approvals was about \$47 million.

8.20 During 1975 it was announced that the basis of the recurrent support from 1 January 1976 would be that the Commonwealth would contribute 75% of the salaries of agreed staff, including advisers. In September 1975 the Government requested a report from an Interdepartmental Committee on pre-school funding. This report led to a Government decision

in October 1976 to provide block grants to the States and Northern Territory for pre-school services. From 1 January 1977 recurrent funding was provided in the form of a block grant based on the estimated funds required under existing arrangements to support pre-schools. Payments continued against capital commitments on the original basis. For 1977/78 the block grant for recurrent purposes was calculated at \$42.75 million. The block grant was subject to broad conditions concerning priority of access, as advised to State Premiers by the Prime Minister.

8.21 In June 1978 the full balance of commitments on the pre-schools capital program was paid out. The total expenditure on pre-schools including capital and recurrent expenditure in 1977/78 was \$45.99 million. This figure also reflected the previous practice of making advances in one financial year for the next year's requirements.

8.22 In 1978/79 the amount of the block grant was reduced to \$32.75 million, calculated on the basis of the recurrent funds actually required in 1977/78. The funds were apportioned between the States on the basis of the estimated numbers of children aged 4 and 5 years attending pre-schools who were in their final year prior to entry into primary school. The Prime Minister advised Premiers that the block grant was now to be regarded as the Commonwealth's contribution for both capital and recurrent purposes, and the practice of making advances in one financial year for the next financial year was terminated.

8.23 For 1979/80 it was decided that the block grant would total \$33.09 million, comprising \$32.75 million for the States (the same as in 1978/79) and \$0.34 million for the Northern Territory. The Northern Territory came under the scheme in 1979/80. Funding has since remained at these levels.

8.24 The program is administered by State and Northern Territory departments. The level of the block grant is determined in the Budget context. No delegations are extended to the Department.

8.25 Estimates of numbers employed in administering the program are:

- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2
- Estimate of the manhours spent on the administration of this program during 1981/82: 3,600

8.26 The responsibility for the administration of the allocation of 'Pre-school Block Grants' rests with the State and Northern Territory Governments which are responsible for determining the level of funds to be made available to individual services. In some States the services are provided

by the State Departments of Education, in others there is a mix of community based and government provided services. Some States have community level committees to advise them on priorities and pre-school policy. The Commonwealth does not interfere with the States' policies in this area.

8.27 With the introduction of the pre-school block grant, Commonwealth expenditure on pre-schools increased from \$6.5 million in 1973/74 to \$49 million in 1976/77. Since then the level of the block grant has been reduced while expenditure on the non pre-school component of the CSP has increased significantly. Estimated expenditure on the pre-school block grant in 1981/82 was \$33 million.

8.28 Estimated total expenditure on the program is shown in Table 8.2.

Table 8.2: Estimated Total Expenditure - Pre-school Block Grants: 1981/82

Item	Expenditure
	\$m
Services(a)	33.09
Administration	
- Salaries(b)	0.03
- Overheads(c)	0.03
Total	33.15

(a) includes some adjustment in previous years
(b) based on average staffing level during year
(c) estimate

8.29 Estimated program expenditure by the Commonwealth, the States and the Northern Territory on pre-school services for children not attending school, for 1981/82 is shown in Table 8.3.

Table 8.3: Estimated Program Expenditure - Pre-school Services - Commonwealth, States and N.T.: 1981/82

Item	Expenditure
	\$m
Commonwealth	
- Children's Services Program	33.1
- Department of Aboriginal Affairs	2.6
- A.C.T. Schools Authority	3.9
States and N.T.	96.5
Total	136.1

8.30 All children below school age in Australia are eligible to receive regular pre-school education in accordance with State and Northern Territory prescribed pre-school age groupings, and local availability of services. From the 'Children's Services Program' block grants to States and the Northern Territory are expected to support priority groups, e.g., handicapped children and migrant children. However, under the block grant arrangement it has been difficult for the Commonwealth to see that the funds are used for prescribed priority groups.

8.31 The pre-school block grant is a form of subsidy towards the costs of pre-school education. It is paid by cheque to States and the Northern Territory, quarterly in advance, except for the first payment in any financial year which is made during July. The Commonwealth makes a calendar year commitment for the block grant, rather than a fiscal year commitment.

8.32 The Department of Social Security has no involvement in the delivery of pre-school services - services are provided by State/Territory departments or authorities; or else by community organisations with financial assistance from State departments. The distribution of the annual allocation among States and the Northern Territory is based on the estimated numbers of children aged 4 and 5 years attending pre-schools in 1978 who were in their final year prior to entry into primary school. It is estimated that around 168,700 children regularly attend pre-school in Australia.

The Nature of the Information Base for the Program

8.33 Pre-school education in Australia has developed separately from other educational services. Traditionally it has been dependent on the initiative of parents or voluntary committees for its establishment. It developed most extensively in areas where parents were aware of the importance of early childhood experiences. By the early 1980s, therefore, the distribution of pre-school services was uneven and considered inequitable.

8.34 The Government's recognition of the importance of a pre-school experience for children and of the unequal availability of such a service led to the introduction of an interim pre-school program in 1974. On 14 September 1976 the Government requested a report from an IDC on pre-school funding. This IDC led to a decision in October 1976 to provide block grant funds to the States for pre-school services.

8.35 For future development of policy in the area, the Commonwealth has initiated the development of a standardised national statistical collection on pre-school and child care services. The first National Data Base Workshop was held in June 1977. Several workshops have since been held.

Representatives of all responsible State and Territory licensing authorities, as well as the Australian Bureau of Statistics, the Commonwealth Departments of Education, Capital Territory and Social Security (represented by the Office of Child Care) are members. These workshops have led to the development of a national collection mechanism for all licensed and/or supervised pre-school and 'Day Care Services' (both family and centre-based).

8.36 Three annual collections have been conducted. The costs of the collection are shared by all the members of the workshop. Only limited data on family day care schemes has been collected in Queensland to date, but a full collection of data from all Commonwealth-funded services is planned for 1982.

8.37 The information collected is expected to assist the Department (in respect of day care services) and State Governments (in relation to pre-school education) in the assessment of the impact of current services and the planning of future services to avoid duplication and to direct assistance to areas of high need.

8.38 Since the introduction of the block grant arrangement the States have expressed concern about:

- the erosion of real money values because of the absence of indexation;
- the lack of assistance towards the additional costs of new pre-schools established since 1976/77;
- the lack of provision for growth in attendance; and
- the differing allocations to States.

8.39 In response to such representations, the Prime Minister has stated that the block grant represents the highest practicable contribution that the Commonwealth is able to make and that it is not intended that they should be geared to any particular index. Commonwealth policy has been to base funding broadly on numbers attending pre-schools, not population of pre-school aged children.

27. DAY CARE SERVICES

Program Synopsis

8.40 The 'Children's Services Program' was introduced to ensure the development of quality 'Day Care Services' for under school age children whose parents, for various reasons, could not look after them during the day.

8.41 The program provides capital grants for the establishment of 'Day Care Services', both centre-based and family-based, recurrent support for the operation and upkeep of these services and special need subsidies for fee rebates for families in economic need. A condition of funding is that priority of access to services must be given to children with certain social needs.

8.42 The responsibility for the administration of grants for 'Day Care Services' rests on the Central Office of the Department in conjunction with its State Offices. State Government responsibility is in general limited to licensing regulations although some State Government funding occurs.

8.43 All 'Day Care Services' are non-profit making, usually organised by voluntary organisations and frequently sponsored by local government authorities.

8.44 General conditions of funding include making the service available to all children in the community on a year round basis, but giving priority to children in social need, involving the community in planning and managing the service, maximising the use of existing facilities and integrating the service with other related services and community resources.

Administrative Data

8.45 In introducing the child care legislation in 1972, the then Minister for Labour and National Service explained that the purpose of the legislation was to ensure the development of good quality day care facilities throughout the Commonwealth. The concept of 'good quality' covered both physical arrangements and professional staffing.

8.46 Two major categories of need are recognised by the 'Children's Services Program' as social need and economic need. Priority of access must be given to children with certain social needs e.g., children with both parents working, children of single parents, children of ethnic minorities, children with sick or incapacitated parents, disabled children, Aboriginal children and children in remote and isolated areas. Subsidy of fees for child care is provided, on a sliding scale, from a pool available in each service for families who cannot afford to pay the maximum fee for care. Outside school hours and vacation care are community based

programs that aim to provide care, outside school hours and during school holidays, for school age children whose parents are unable to supervise them because they are at work.

8.47 'Day Care Services' are provided as part of the 'Children's Services Program' (CSP) and could be described as indirectly supplementing the income of parents who benefit from services which receive Commonwealth assistance.

8.48 The Commonwealth has two objectives in providing assistance for day care. First it seeks to provide good quality services catering for families in need of access to care, including families with handicapped children, single working parents, etc. Secondly, it offers assistance to low income families towards paying the price charged for day care services. The provision of specialised 'Day Care Services' catering predominately for ethnic groups, the isolated, the handicapped, and Aboriginal children is also an objective of the CSP.

8.49 The Commonwealth provides the following forms of assistance for day care:

- capital grants for the establishment of centres and the purchase of equipment;
- recurrent operational support grants as a contribution towards the total cost of providing care, including staff salaries, administrative expenses and fixed overheads. All users of subsidised day care benefit from these subsidies. These grants were introduced to enable families to have access to good quality day care at a price which is not prohibitive; and
- special need subsidies for services to rebate the maximum fee for low income families.

8.50 Day care for pre-school aged children is provided through centre-based and family-based services.

8.51 The legislative base for direct grants to child care centres is the Child Care Act 1972. Approximately 300 centres are funded under this Act. In addition, there are two Commonwealth approved funding formulas for the payment of grants to day care centres on a via-the-State basis. (These are the Centre-based Day Care formula and the 'Bowen' formula.) Around 120 centre-based day care services centres are funded via the State under these formulas. A further forty centre-based services are funded by ad hoc arrangements. Moves are in progress to transfer all centres currently receiving funding via the States to direct payments under the Child Care Act.

8.52 There are 170 family-based day care schemes funded by the Commonwealth. Family day care is the care given to children in private homes where minders care for other people's children. Family day care schemes involve the introduction of a third party into the system e.g., a social agency, a local municipal council. The third party plays a role in arranging family day care for children and provides other support to parents and day care centres. A higher level of organisation thus distinguishes family day care schemes from informal private minding arrangements.

8.53 'Day Care Services' for school aged children are provided through outside school hours and vacation care programs.

8.54 Outside school hours care (OSHC) is provided before and after school hours for children of two working parent families and single parents, but also for children who refer themselves. There are some 205 outside school hours projects receiving assistance under the 'Children's Services Program'. In addition, out of school hours services are operated by some neighbourhood centres which receive funding as part of their overall grant. Funding is provided either via the State or direct, on a calendar year basis. The reason for the different funding arrangements is historical, dependent upon the degree of interest shown by individual States when OSHC funding first commenced. Thus in N.S.W., Victoria and South Australia funding is via the State, but in the other States and Territories it remains direct. Contributions towards the cost of out of school hours projects by State Governments are significant only in Victoria.

8.55 Vacation care is the provision of care during school holiday periods primarily for children of working parents, who would otherwise be left unsupervised during school vacations. All Commonwealth support for vacation care to the States and the Northern Territory is provided through an annual block grant. In the A.C.T., services are administered directly. All States except Queensland and Western Australia contribute to the cost of vacation care, and in Western Australia some 'services in kind' are provided.

8.56 The mandate for 'Day Care Services' under the 'Children's Services Program' is derived from the Child Care Act, annual appropriation Bills, ministerially approved guidelines and individual Ministerial approvals.

8.57 'Day Care Services' for both pre-school and school aged children are provided throughout Australia.

8.58 The following are under direct administration by the Department of Social Security from Central Office, Canberra, in conjunction with State Offices of the Department:

- Centres funded under the Child Care Act;
 - Family day care schemes (except schemes in South Australia);
 - Outside school hours care in Queensland, Western Australia, Tasmania, Northern Territory and A.C.T.; and
 - Vacation care in the A.C.T.
- 8.59 The following are administered by State authorities:
- Centres funded through the Centre-based Day Care formula. (It is planned to transfer these centres to direct administration under the Child Care Act);
 - Centres funded through the 'Bowen' formula. (It is planned to transfer these centres to direct administration under the Child Care Act);
 - Family day care schemes in South Australia;
 - Outside school hours care in New South Wales, Victoria and South Australia; and
 - Vacation care except for projects in the A.C.T. which are administered directly, and national coordination of the program which is carried out by Central Office, Canberra.
- 8.60 Estimates of the numbers employed in administering the program are:
- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 79
 - Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 26
 - Estimate of the manhours spent on the administration of this program during 1981/82: 189,100
- 8.61 The responsibility for the administration of grants for the majority of 'Day Care Services' funded through the 'Children's Services Program' rests wholly with the Central Office of the Department, in conjunction with its State Offices. Included in this category are the following: Centres funded through the Child Care Act and most family day care schemes and outside school hours care in Queensland, Western Australia, Tasmania and the Northern Territory. In addition, all 'Day Care Services' in the A.C.T. are administered directly by the Commonwealth.

8.62 State Government responsibility for these services, excluding those in the A.C.T., is limited to licensing regulations governing such matters as buildings, staff/child ratios and service capacities, so cooperation between Commonwealth and State Governments is necessary at the planning stage of individual services.

8.63 The remaining 'Day Care Services' are funded through and administered by State Governments. These are funded either through an annual allocation of funds, the level of which is Ministerially determined (vacation care is in this category, except in the A.C.T.) or else through a claim made on the Commonwealth on the basis of an agreed funding formula in respect of approved projects (centres funded through the Centre-based Day Care formula, the 'Bowen' formula, family day care schemes in South Australia, and outside school hours care projects in New South Wales, Victoria and South Australia are in this group).

8.64 For both categories State Governments are wholly responsible for administration and Commonwealth cooperation with State Governments is limited to agreement on policy objectives. State Governments also cooperate, to some extent, in the provision of financial and statistical data to the Commonwealth. Officer level consultative committees, involving both State and Commonwealth officers, operate in most States.

8.65 All 'Day Care Services' funded under the 'Children's Services Program' are non-profit making, usually organised by voluntary organisations and frequently sponsored by local government authorities. The Department liaises with these organisations in matters of initiating and administering individual services.

8.66 The Department also cooperates with professional and voluntary organisations having an interest in early childhood development including kindergarten unions, day nursery associations and the Australian Early Childhood Association which receives annual funding through the 'Children's Services Program' in recognition, inter alia, of its responsibility for providing advice on accreditation of teachers employed in day care centres funded through the Child Care Act. Informal liaison on child care matters between the Commonwealth and voluntary organisations occurs in all States.

8.67 Estimated total expenditure on 'Day Care Services' is shown in Table 8.4.

Table 8.4: Estimated Total Expenditure - Day Care Services:
1981/82

Item	Expenditure
	\$m
Services	
- Centre - based day care	21.1
- Family - based day care	11.1
- Outside school hours care	1.4
- Vacation care	1.3
Administration	
- Salaries (a)	1.8
- Overheads (b)	1.6
Total	38.3

(a) based on average staffing level during year
(b) estimate

8.68 Subsidies are paid to eligible organisations to assist them in the general operation of 'Day Care Services' and in the reduction of fees for low income families. Subsidies towards general operation are tied to staff salaries in respect of numbers of children in care, or to licensed capacity, or to actual numbers of children in care. Subsidies are paid by cheque either directly by the Department of Social Security or via State and Northern Territory Government departments.

8.69 Until the introduction in August 1982 of new funding arrangements for 'Day Care Services' the rates and method of payment were as follows:

Operational Subsidies

- Centres funded through the Child Care Act receive 75% of salaries of approved qualified staff, the number of these being dependent upon a formula relating to a specified representative day in each quarter. Payments are made quarterly in arrears direct to organisations from State Offices of the Department.
- Centres funded through the 'Bowen formula' receive 75% of salaries of agreed staff, 50% of whom must be recognised as qualified by State licensing regulations. Payments to cover funding for these centres are paid to State Governments quarterly in advance for distribution to the centres.

Outside school hours care projects receive 75% of the prescribed hourly rate of salary (currently \$5 per hour) for a number of staff members, in accordance with the number of children in regular attendance. Payments, which are made to organisations via State Governments in New South Wales, Victoria and South Australia and directly from State Offices of the Department in the remaining States, are usually made quarterly in advance but it is planned to alter this arrangement so that payments are made in advance of each school term.

Centres funded through the Centre-based Day Care formula receive \$9.45 per week per licensed child place, towards the cost of staffing or administration. Payments for funding these centres are made quarterly in advance to State governments.

Family-based day care schemes receive funding on the basis of the 'equivalent full-time child' (EFT), which is defined as thirty-five hours of care in any one week. Each scheme receives a minimum of \$15,000 per annum with an additional grant of \$7 per week for each EFT over and above thirty five hours. Payments are made quarterly in advance from State Offices of the Department directly to organisations, except in South Australia where the grant goes through the State Government.

Service Support Subsidies

Centres funded through Centre-based Day Care formula receive payments on the basis of the actual number of children in care on an agreed representative day in each quarter. The level of grant is based on the following rates:

\$9.45 per week for each EFT child 3 years and over
and \$12.15 per week for each EFT child under 3 years.

The grants are paid quarterly in advance to State Governments for allocation.

'Special Needs' Subsidies

These are paid to organisations in respect of particular categories of children to enable them to operate a sliding scale of fees in order to offer reduced fees to families in economic need. All 'Day Care Services' for pre-school aged children, except centres which receive funds through the 'Bowen' formula, are eligible for subsidy. The basis for determining whether a family is in economic need and,

if so, the amount of reduction to be offered, varies from service to service to reflect both the needs of the locality and the circumstances of the individual.

Centres funded through the Child Care Act obtain the subsidy in respect of children in certain priority groups. They receive a rebate of 40 cents per hour for children under 3 years and 25 cents per hour for children 3 years and over, in respect of:

- one parent families;
- migrant families in which either parent is in the first 3 years of permanent settlement in Australia;
- families where one of the parents is sick or incapacitated; and
- families in possession of a Health Benefit Card, a Health Care Card or a Pensioner Health Benefit Card (since April 1982).

The pool of funds that centres can claim through this mechanism is then provided as fee rebate to low income users of the centre. Except in the case of health card holders, who are by definition members of low income families, families in the 'Special Needs' categories recognised by the Child Care Act for whom rebate is generated, are not necessarily eligible for rebate. Subsidies are paid quarterly in arrears and are based on attendance records submitted by centres.

Centres funded through the Centre-based Day Care formula and family-based day care schemes claim subsidy in respect of each EFT child using the service. Each centre or scheme can claim up to \$7 per week for each EFT child in care. The pool of funds thus generated is used to provide fee rebate for low income families as determined by the income test in operation in that particular service. Subsidies are paid to services quarterly in advance.

Specific 'Special Needs' subsidies are not provided to outside school hours and vacation care projects. However, these projects are expected to provide reduced fees for families in economic need from their total income, i.e., operational grant plus parents' fees.

Eligibility for Benefits

8.70 As a general rule all pre-school aged children in Australia are eligible to receive 'Day Care Services' through the 'Children's Services Program'. However, the underlying aim of the program is to provide care for children and families 'in need'. Two main categories of need are recognised, social need and economic need.

8.71 Priority of access must be given to children with certain social needs e.g., children of single parents, children with both parents working, children of ethnic communities, children with sick or incapacitated parents, disabled children, Aboriginal children, children at 'risk', and children in remote and isolated areas. The subsidisation of fees for child care is provided, on a sliding scale, from a pool available in each service for families who cannot afford to pay the maximum fee for care.

8.72 The priority of access rule for those children deemed to be in most need of child care is generally applied in 'Day Care Services' by sponsoring organisations. In February 1981 it was estimated that more than one third of the children at day care centres were in special need of child care. A major problem with the economic needs rule was that the repeal of the National Health Act 1953 in 1976 removed the mechanism for claiming subsidy on behalf of those in economic need. In April 1982 the Minister approved the addition of the following category for rebate purposes, outside the provisions of the Child Care Act:

- families in possession of a Health Benefit Card, a Health Care Card or a Pensioner Health Benefit Card.

8.73 Grants under the program may go to:

- State Government bodies
- Local government bodies
- Non-government organisations, including:
 - community based non-profit organisations incorporated under the provisions of State and Territory laws; and non-profit charitable trusts established for property holding purposes; and
 - other non-profit community organisations (not necessarily incorporated) whose constitution enables them to carry out the programs for which they are seeking assistance.

General conditions of funding include:

- making the service available to all children in the community, but giving priority to children in need;

- involving the users and the community in planning and managing the service;
- integrating the service with other related services and community resources;
- maximising the use of existing facilities; and
- day care centres for pre-school aged children should be open throughout the normal working year.

8.74 Individual day care projects are constantly monitored to ensure that they continue to meet the objectives for which they were originally funded. All projects are reviewed at least annually.

8.75 The Department of Social Security has no involvement in the actual delivery of 'Day Care Services'. These are provided by community groups and sponsored by voluntary organisations, local government or, in some cases, State Government authorities. Services usually operate under the direction of sponsor appointed management committees which are responsible for employing staff and running the service and are accountable to the Department of Social Security or the State department responsible for the distribution of funds.

8.76 Some of the funded organisations provide consultancy and developmental services through the operation of field staff.

8.77 Some 470 day care centres and 170 family day care schemes are in receipt of assistance through the CSP. It is estimated that 61,800 children, aged between 0 and 5, now attend Commonwealth supported 'Day Care Services'; of these 21,400 are in family-based care and 40,400 in day care centres.

The Nature of the Information Base for the Program

8.78 In the early 1970s the Government began an examination of problems relating to the employment of women, including the need for child care for pre-school aged children. A committee of officers was established to examine the dimensions of this problem, a range of possible solutions and various approaches to financing. The committee consulted with State Governments, and representatives of a wide range of local government, professional and voluntary organisations throughout Australia concerned with day care arrangements for children.

8.79 The consultations indicated that child care which was beneficial to the child's overall development was prohibitively costly and that existing child minding arrangements fell far short of the quality required.

8.80 The Government decided that action was urgently needed to ensure the availability of good quality child care facilities for the care of pre-school aged children at a reasonable cost, especially to parents of children in special need. The Child Care Act enabled the Commonwealth to provide capital and recurrent assistance to day care centres.

8.81 In 1979 a distinction was drawn between social and economic need, both of which are now recognised by the CSP.

8.82 For future development of policy in this area the Commonwealth has initiated the development of a standardised national statistical collection on pre-school and child care services.

8.83 The first National Data Base Workshop was held in June 1977. Several workshops have since been held. Representatives of all responsible State and Territory licensing authorities, as well as the Australian Bureau of Statistics, the Commonwealth Departments of Education, Capital Territory and Social Security (represented by the Office of Child Care) are members. These workshops have led to the development of a national collection mechanism for all licensed and/or supervised pre-school and 'Day Care Services' (both family and centre-based).

8.84 Three annual collections have been conducted. The costs of the collection are shared by all the members of the workshop. Only limited data on family day care schemes has been collected in Queensland to date, but a full collection of data from all Commonwealth-funded services is planned for 1982.

8.85 The information collected is expected to assist the Department in the assessment of the impact of current 'Day Care Services' and the planning of future services to avoid duplication and to direct assistance to areas of high need.

8.86 Individual day care projects are constantly monitored to ensure that they continue to meet the objectives for which they were originally funded. All projects are reviewed at least annually. This monitoring and ongoing evaluation are essential elements of the program. It is not anticipated that major changes to the CSP will take place. The Commonwealth remains committed to the provision of quality 'Day Care Services' at a reasonable cost.

28. OTHER SERVICES FOR CHILDREN

Program Synopsis

8.87 This component of the 'Children's Services Program' assists a number of organisations to provide a service other than pre-school education and/or regular day care for children. Services assisted are State and Territory Playgroup Associations, projects focussing primarily on the needs of 0-5 year old disabled children and their families, child care in women's refuges, staff employed to complement and improve the provisions of child care services through direct contact with community groups and families, information activities, research activities, conferences, child care associated with adult migrant English classes and other services for special needs groups. Organisations which may be assisted are State and local governments and community based non-profit organisations.

8.88 Determination of eligibility of individuals within the community to gain access to the services is a matter for the service itself although the Commonwealth expects that special needs groups would have priority. In recognition of the fact that child rearing practices of Aboriginal families are not the same as those families of European descent, and in consideration of the extreme need of Aboriginal people, services which are initiated and managed by Aboriginal people are given emphasis. Similarly in respect to migrant children, cultural differences are recognised and a number of approaches have been developed in attempting to cater for the varying needs of ethnic communities for child care services.

8.89 The method of payment of grants may be via the State Government or direct to individual organisations. Projects are subject to periodic review.

Administrative Data

8.90 This program, a component of the 'Children's Services Program' (CSP), assists a number of organisations, generally community based, providing a service (other than pre-school education and/or regular day care) for children. Priority is given to certain groups designated by the Minister as 'special needs' groups.

8.91 The organisations assisted may offer one or a variety of services including:

- Playgroup support - assistance is provided to the Playgroup Association in each State and Territory. These bodies coordinate and act as resource centres for play-groups in the State. In some instances, funds have been made available for the employment of Development Officers and to assist playgroups with the purchase of equipment;

- Assistance to handicapped children and their families - the Commonwealth provides funds to projects which specifically focus on the needs of handicapped children in the 0-5 years age range and their families, as well as to some other projects which assist older children and their families;

- Child care in women's refuges - grants are provided to women's refuges to assist in meeting the salaries of child care workers and for related supplementary special needs;

- Miscellaneous services including:

- field staff who perform a variety of functions including providing advice to organisations and families, assisting funded services to operate efficiently, and assisting families to find children's services appropriate to their needs;

- information and resource services which aim to improve public awareness of particular aspects of child care including information on the range of services available;

- conferences and workshops, e.g., conferences of Family Day Care Scheme Coordinators and Training Workshops for administrators and staff of Aboriginal organisations funded under the CSP;

- community information centres which act as a first point of contact for parents with queries on child care and family support matters;

- one-off projects to mark the International Year of the Child, 1979 (e.g., production of a booklet on growth and development of children); and the International Year of Disabled Persons, 1981 (e.g., an evaluation of early intervention projects for disabled children),

- child care associated with adult migrant English classes; and

- other services for 'special needs' groups such as Aborigines, migrants, remote and isolated families (e.g., provision of vehicles to transport isolated Aboriginal children to pre-schools and other care centres).

8.92 The Department pursues a general program of evaluation of many projects funded under the CSP to determine their effectiveness and to provide future policy and planning guidelines. Research is carried out through:

- project monitoring;
- project reviews;
- contracted research and evaluation studies;
- component program evaluation; and
- statistical collections.

8.93 All funding under this program supplements income through the services provided; it does not maintain income.

8.94 The Commonwealth's main policy concern in the area of children's services has been to complement the activities of the States and to encourage the development of services which are seen as being of national importance. The Commonwealth sees its role as being a stimulus to innovative approaches in the provision of services for children and their families, with particular reference to the Ministerially designated 'special needs' groups.

8.95 The Commonwealth funds a flexible network of services. Those services described above have the following purposes:

- Support for playgroups - playgroups provide creative activities relevant to the social, physical and emotional development of pre-school aged children, particularly those of one parent families and handicapped children. Funds are provided by the Commonwealth to assist State and Territory Playgroup Associations to coordinate and provide information to playgroups, to improve the quality of care provided by playgroups and to foster the development of new playgroups.

• Assistance to handicapped children and their families - disabled children are regarded by the Minister for Social Security as a 'special needs' group and, as such, receive priority of access to services, where appropriate. The objective is to meet the needs of disabled children and their families and is based upon the principle of 'normalization'. This principle, which accords with major social welfare policy objectives of the Department of Social Security, implies that people with disabilities and their families, should experience normal community living, as nearly as possible, in keeping with their special needs and capabilities. Accordingly, the 'Children's Services Program' provides a range of services for handicapped children, including family day care, occasional care, parent relief and support services, and early intervention programs, for children of 0-5 years of age and offering assessment and training, family support, toy libraries, and special playgroups. Also encouraged within the objective of the program, are projects which assist

in altering community attitudes, to allow handicapped children and their families greater access to normal community life.

- Child care in women's refuges - the objective is to assist women's refuges in providing care for those children of women temporarily resident in a refuge having regard to the needs of refugees to adequately provide for children who have been involved in family breakdown and, in many instances, are the victims of domestic violence. This conforms with the general objectives of the 'Children's Services Program' of assisting services for children with special needs.

- Research activities - as an adjunct to the stimulus by the Commonwealth to innovative thinking, research activities are intended to provide the means whereby organisations can be assisted by direct research grants, or by participation in a research program, to undertake assessment and evaluation of ongoing or pilot programs.

- Other projects - the Commonwealth provides assistance to a number of service types in addition to those whose purposes have been specifically described. Assistance to these is in accordance with the objectives of complementing activities by the State Governments in the area of children's services and of encouraging the development of community based services appropriate to the needs of disadvantaged groups.

8.96 Grants to organisations to assist in the provision of the services described in this program are approved by the Minister for Social Security from the relevant appropriations for the 'Children's Services Program'.

8.97 In relation to projects for Aboriginals and migrants the following are relevant:

- the Government's commitment, as expressed in the Prime Minister's statement to the inaugural meeting of the National Aboriginal Conference in 1978, to secure access for Aboriginals to Government services equal to that accorded to other Australians, together with additional services appropriate to their state of extreme disadvantage; and
- the Prime Minister's statement on 30 May 1978 when tabling the Galbally Report, that further steps were needed to encourage multiculturalism and the acceptance of a commitment to additional expenditure on certain services for migrants.

8.98 In relation to grants to organisations for research purposes, Section 13 of the Child Care Act 1972 provides that the Minister may, at his discretion, on behalf of the Commonwealth, make a grant of monies to any person for the purposes of or related to:

- research in child care and related matters;
- the initiation and development of methods of child care.

8.99 Grants for all projects described in this program are administered by the Department of Social Security, except grants to assist in the provision of child care in women's refuges (where, except for the A.C.T., grants are administered by the relevant State/Territory health or welfare department). Grants for women's refuges in the A.C.T. are paid direct by the Department of Social Security.

8.100 Depending upon such factors as the relevance of local knowledge and the requirement for centralised coordination, grants may be administered by either Central Office or a State/Territory Office. Research projects, for example, are administered centrally due to the limited number of projects involved and the requirement for overall coordination.

8.101 No delegations are exercised by Departmental officers as all grants are approved by the Minister for Social Security.

8.102 Estimates of the average numbers employed in the administration of 'Other Services for Children' are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 5
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2
- Estimate of the manhours spent on the administration of this program during 1981/82: 12,600

8.103 The objectives of the 'Children's Services Program' include complementing the children's services provided by the States and encouraging innovation. Implementation of these objectives necessarily involves cooperation with relevant State and Territory government departments, welfare organisations, community groups and various associations with interests in child care. There are many organisations involved but in respect of the Commonwealth assistance described in this program, the following points are particularly relevant:

- Playgroup support - State Governments also provide funds to the Playgroup Associations. The States provide 25% of the salary costs of Developmental Officers. Playgroups are self-help projects initiated and operated by participating parents (i.e., informal voluntary organisations).

- Assistance to disabled children and their families - a number of projects were developed in consultation with organisations with experience in this field, including the Fred and Eleanor Schonell Research Centre at the University of Queensland, Macquarie University and the Preston Institute of Technology. One project was jointly planned with, and is jointly funded with, the N.S.W. Department of Youth and Community Services. In respect of early intervention projects in general, there have been discussions on the rationalisation of policy with the Commonwealth Departments of Health and Education, as well as the Schools Commission.

- Child care in women's refuges - State and Northern Territory Government authorities cooperate in the administration of the grants and advise on the continuing viability and standing of individual refuges. In the A.C.T., the Capital Territory Health Commission provides advice, and payments to the Canberra Women's Refuge are made by the Department of Social Security.

- Research studies - depending on the nature of the study, cooperation may be involved with other Commonwealth Government departments, State Government departments, and local government, religious or other community based organisations providing a Commonwealth assisted service. For example, the Department participates in an annual census of pre-schools and child care services (the 'National Data Base Collection') which involves cooperation with the Australian Bureau of Statistics, the Commonwealth Departments of Education and the Capital Territory, as well as the relevant authorities in each State/Territory which have an administrative responsibility for pre-schools and/or child care. The Department of Social Security provides the secretariat for the collection.

8.104 The administration of these and other Commonwealth assisted services for children (other than pre-schools and regular day care) may involve cooperation with other Commonwealth departments, State/Territory departments and voluntary organisations.

8.105 Estimated total expenditure for 'Other Services for Children' is shown in Table 8.5.

Table 8.5: Estimated Total Expenditure - Other Services for Children: 1981/82

Item	Expenditure
	\$m
Services	6.30
Administration	
- Salaries (a)	0.11
- Overheads (b)	0.10
Total	6.51

(a) based on average staffing level during year
(b) estimate

8.106 Service delivery is indirect through the organisations receiving the grants. Details of specific services are:

- Playgroup support - grants-in-aid of \$9,000 per annum are provided to the Playgroup Association in each State and \$8,500 per annum to the Playgroup Association in Northern Territory and \$2,200 per annum to the A.C.T. Playgroup Association.
- Assistance to disabled children and their families - the level of grant is determined by the Minister following assessment of each application for assistance. A total of sixty-two projects, whose primary function is providing assistance to disabled children and their families, are funded.
- Child care in women's refuges - grants are provided to seventy-nine refuges at a level of \$10,000 per annum towards salaries of child care workers and at a level of \$2,000 per annum for supplementary special needs (such as the purchase of toys and equipment, for minor renovations related to child care, for care needs outside the refuge e.g., weekend outings). Grants are reviewed periodically.
- Research projects - each application is assessed separately in relation to the overall aims of the 'Children's Services Program', the availability of funds, and other relevant criteria. Projects have been broad ranging and include studies of pre-schools, child behaviour, child care centres, early intervention projects for disabled children, family support projects, institutional care in non-government homes, family violence and an annual

national census of pre-schools and child care services. A total of forty-five research projects have been funded since 1973. There is no fixed level of funding.

8.107 In addition to the above, some 125 other projects are funded for a variety of purposes including services for Aborigines, migrants, remote and isolated families, child care associated with adult migrant English classes, and community information centres.

8.108 The method of payment of subsidies may be via the State or direct to an individual organisation. There is no fixed frequency of payment, but the usual practice is by cheque, quarterly in advance. The level of payment is determined by various factors and is in accordance with the approval by the Minister.

Eligibility for Benefits

8.109 Grants to organisations, to assist in providing one of the services described, are approved by the Minister for Social Security. There are no uniform conditions of eligibility as such; approval of a grant depends upon a number of factors including the extent to which the service to be provided accords with the aims of the 'Children's Services Program', the need for the service at the particular location in question, the capability of the organisation to provide the service and the availability of funds in the context of competing priorities.

8.110 Depending on the circumstances, including the type of service to be provided, grants are usually approved to State and local governments, incorporated community based non-profit organisations and other non-profit community organisations whose constitution allows them to carry out the project for which they are seeking assistance.

8.111 The determination of eligibility of individuals within the community to gain access to a Commonwealth assisted service is a matter for the service itself, but the intended clientele of the service is a factor taken into account in assessing an organisation's application for assistance.

8.112 Individual projects are monitored regularly to ensure that they continue to meet the objectives for which they were originally funded.

The Nature of the Information Base for the Program

8.113 Commonwealth Government assistance to the services described is predicated to there being a need not met adequately by existing services. As already described, the broad aims of the 'Children's Services Program' include

complementing the activities of the State Governments and encouraging innovation in service provision. The identification of a need for a service type and/or for a particular service at a specific location may arise in a number of ways including Ministerial representations, officer level assessments, the findings of reports (including those commissioned by the Commonwealth, States, other organisations), and the various data collected by the Department of Social Security as part of a research study or as part of its administrative processes.

8.114 In a program of this nature, it is the case that once a particular organisation has successfully applied for assistance, other organisations, perceiving similar needs in their own communities, will also make application.

8.115 The need for services for disabled children and their families has been identified in:

- . major reports commissioned by Government, namely the report of the Family Services Committee, 'Families and Social Services' in Australia 1978; The Australian Government Commission of Inquiry into Poverty - 'A Model for Welfare Service Planning and Delivery' 1975; and the Royal Commission on Human Relationships Vol. 4, 1977;
- . the deliberations of the National Advisory Council for the Handicapped (NACH); and
- . the United Nations - various national and international forums relating to the International Year of Disabled Persons (IYDP), 1981.

8.116 The program has responded to representations from women's refuge groups. Refuges have requested increased levels of assistance and new refuges, and State departments have sought on their behalf funding under this program.

8.117 Other reports which have been relevant to the funding of specific types of services include:

- . the report of the Australian Government Commission of Inquiry into Poverty, 'Poverty in Australia' 1975;
- . 'Migrant Services and Programs: Report of the Review of Post-arrival Programs and Services for Migrants', 1978 (Galbally Report).

8.118 The Commonwealth became significantly involved in the child care field with the introduction of the Child Care Act, in 1972. The major concern of the Act is the provision of centre-based day care services. The administration of funds for day care (including family-based day care) has been a major activity of the Department's Office of Child Care.

8.119 In regard to early intervention projects the Department commissioned the Schonell Educational Research Centre at Queensland University, as a major initiative for the International Year of the Child (1979), to undertake an examination of existing programs in Australia. This study was completed in October 1981 and concluded that there were major deficiencies in the present system of delivery of early intervention services.

29. YOUTH SERVICES SCHEME

Program Synopsis

8.120 The 'Youth Services Scheme' provides funding for emergency accommodation services and related support services for youths up to 18 years of age. Commonwealth funds are matched on a dollar for dollar basis by the State and Territory Governments.

8.121 Joint Commonwealth/State committees have been established in each State and Territory with responsibility for recommending projects for funding to the State and Commonwealth Ministers. In general, grants are made to community agencies. The future of the scheme will be considered as part of the review of Commonwealth crisis accommodation programs.

Administrative Data

8.122 The 'Youth Services Scheme' was introduced as part of the 'Children's Services Program' in July 1979 as a three year pilot scheme to provide emergency accommodation (up to about three months) with ancillary services such as referral, information and counselling for youths up to about 18 years of age. The scheme is cost shared, on a dollar for dollar basis, with the States and the Northern Territory. In the A.C.T. the program is wholly Commonwealth funded. In some cases cash payments are made to youths in need by project sponsors.

8.123 Grants are provided mainly for recurrent funding of projects. Capital grants for new buildings are not available, although the cost of reasonable modifications to existing facilities may be considered for funding. The scheme focuses on youths up to 18 years of age, but, at the discretion of the sponsoring agencies, youths over 18 may also be assisted.

8.124 Emergency accommodation can be provided in:

- residential units offering short term accommodation for periods ranging from overnight to three months. In exceptional circumstances, accommodation may be provided for periods longer than three months;
- subsidised accommodation through 'contract of bed space' by various means for periods ranging from overnight to three months.

8.125 Support services include counselling and information services for children and their parents, supervision of young people in accommodation, rent/lease guarantees to landlords and subsidies. The program could be described as indirectly supplementing the income of the young people who benefit from the services provided by subsidised organisations.

8.126 The purpose of the program is to enable an increase in the provision of services which make available short term accommodation and related support services to youths who are without a stable living situation.

8.127 The objectives are to:

- provide beds for temporary accommodation in specific purpose facilities, either by 'contract of bed space' in private residences or by other means as may be approved;
- employ support and counselling personnel to cater for the counselling or information needs of each client;
- provide material assistance in the form of loans, subsidies or guarantees to assist those clients assessed as requiring them to obtain a long term stable living situation.

8.128 The 'Youth Services Scheme' conforms with the general objectives of the 'Children's Services Program' to provide services to those in most need, and with the Department of Social Security's welfare objectives as a whole.

8.129 At the Social Welfare Ministers' Conference in November 1978, State Ministers pressed for Commonwealth funding to assist in meeting the increasing demand for emergency accommodation facilities specifically for adolescents. The Commonwealth then agreed to offer \$1 million a year for three years on the condition that the States matched it dollar for dollar, and that it be regarded as a pilot scheme subject to evaluation during the three year period. The scheme came into operation in July 1979. In March 1982 it was announced that the Government had agreed to extend the scheme for a further year (i.e., July 1982 - June 1983). The Minister's authority to commit funds for the scheme arises from his power to approve expenditure under the relevant appropriations for the 'Children's Services Program'.

8.130 Joint Commonwealth/State administrative committees have been set up in each State and the Northern Territory and include representatives from community groups. Recommendations made by these committees are submitted to the State Welfare Minister who, in turn, submits them to the Minister for Social Security for his approval. The 'Youth Services Scheme' is Australia-wide but there is a concentration of projects funded under the scheme in metropolitan areas. In general, grants are made to community agencies, but State Government or local government sponsorship of projects is permissible where no community agency is available to sponsor a project. All projects and levels of payment are approved by the Minister for Social Security.

8.131 Estimated total expenditure on the scheme is shown in Table 8.6.

Table 8.6: Estimated Total Expenditure - Youth Services Scheme: 1981/82

Item	Expenditure
	\$m
Services	1.30
Administration	
- Salaries(a)	0.12
- Overheads(b)	0.11
Total	1.53

(a) based on average staffing level during year
(b) estimate

8.132 Estimates of the average numbers employed in administering the scheme are:

- Estimate of the average number of staff working full-time on the administration of this program during 1981/82: 6
- Estimate of the approximate full-time equivalent of staff working part-time on the administration of this program during 1981/82: 2
- Estimate of the manhours spent on the administration of this program during 1981/82: 14,400.

8.133 Payments are made quarterly by cheque to State welfare departments. Those payments are matched by the State and then passed on by the welfare department to individual subsidised agencies. Generally, services funded under the 'Youth Services Scheme' are delivered to clients through community organisations. Sixty-eight projects are funded under the scheme. Most projects provide accommodation, meals, counselling and personal assistance at refuges. Some provide counselling and/or referral. Others provide cash assistance to clients to enable them to find their own accommodation, and some provide loans for bond money for accommodation. Project funds are used mainly to employ staff at refuges, and some agencies use rostered volunteers, working in conjunction with salaried staff.

Eligibility for Benefits

8.134 The objectives of subsidised agencies must conform with the nature and purpose of the scheme i.e., they must provide emergency accommodation and/or ancillary services. State Government or local government sponsorship of projects is permissible only where no suitable community agency is available to sponsor a project. The scheme is not designed to provide for children for whom the States have statutory responsibility (e.g., State wards and parolees). However, where such youths do use the services provided, the State Government reimburses the agency for the costs incurred. Basically, homeless youths up to the age of 18 are assisted under the scheme. Their eligibility is, in general, limited to three months for emergency accommodation. Some services expect their clients to contribute towards the cost of board and accommodation. All projects are reviewed annually.

The Nature of the Information Base for the Program

8.135 The program was established in 1979 in response to requests from State Governments for funds to assist them to meet costs of establishing services for the increasing numbers of homeless youths under the age of 18 years. The program was introduced as a pilot scheme, subject to evaluation.

8.136 A summary evaluation report was presented to Ministers, at the Social Welfare Ministers' Conference, in February 1982 and a full report is currently in preparation. The scheme has been extended for one year (1982/1983) to enable an examination of the full evaluation report, and the report of the Senate Standing Committee on Social Welfare on its inquiry into youth homelessness.

8.137 The evaluation report suggested that roughly a third of the young people using refuges were under 16; most users under 16 were girls; family conflict was a background factor for more than half of the young people seeking refuge; about half the users came to the refuge from home and roughly fifty per cent of these returned home after 'time out'. About a quarter had previously been living independently before becoming homeless - most of these returned to independent living; and a very high proportion were unemployed and had very low incomes or none at all.

8.138 The future of the 'Youth Services Scheme' will be considered in the Commonwealth Government's overall review of crisis accommodation programs in the light of the national evaluation of the scheme, the report of the Senate Standing Committee on Social Welfare of its inquiry into youth homelessness, and any other relevant information.