



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

<b>Name of policy:</b>	Child Abuse Redress Scheme
Person requesting costing:	Senator Richard Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	28 June
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	Released by Australian Greens 10 May 2016: <a href="http://greens.org.au/redress">http://greens.org.au/redress</a> ; <a href="http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-funding-support-national-redress-scheme">http://rachel-siewert.greensmps.org.au/content/media-releases/greens-announce-funding-support-national-redress-scheme</a> .
<b>Description of policy</b>	
Summary of policy (as applicable, please attach copies of relevant policy documents):	Costing of the administration, monetary payments and counselling and psychological care recommendations in the <i>Redress and civil litigation report</i> of the Royal Commission into Institutional Responses to Child Sexual Abuse. Please see below a set of notes on the intended policy. Please cost on the assumption that the Commonwealth provides 50 per cent of funding required for funding of last resort, with the remainder provided by relevant State and Territory governments.
What is the purpose or intention of the policy?	To implement the recommendations of the Royal Commission for a national redress scheme, including administration, monetary payments and counselling and psychological support.
<b>What are the key assumptions that have been made in the policy, including:</b>	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	No.
Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Monetary payments and counselling and psychological care to be demand driven.

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<p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p>	<p>Yes – state and territory governments and relevant institutions will provide funding. The Commonwealth’s contribution is not capped, but will have a role as funder of last resort.</p>			
<p>Are there associated savings, offsets or expenses? If yes, please provide details.</p>	-			
<p>Does the policy relate to a previous budget measure? If yes, which measure?</p>	-			
<p>If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?</p>	-			
<p>Will the funding/program cost require indexation? If yes, list factors to be used.</p>	-			
<b>Expected impacts of the proposal</b>				
<p>If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?</p>				
<b>Estimated financial implications (outturn prices)<sup>(a)</sup></b>				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-7.5	-16.7	-84.3	-142
Fiscal balance (\$m)	-7.5	-16.7	-84.3	-142
<p>(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.</p>				
<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>				
<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	No			

<p>What is the expected community impact of the policy?</p> <p>How many people will be affected by the policy?</p> <p>What is the likely take up?</p> <p>What is the basis for these impact assessments/assumptions?</p>	<p>Finity Consulting estimated that 60,000 people would make claims nationally.</p> <p>Page 5 <a href="http://www.childabuseroyalcommission.gov.au/documents/final-actuarial-report.pdf">http://www.childabuseroyalcommission.gov.au/documents/final-actuarial-report.pdf</a></p> <p>Cited in Page 8 of Royal Commission report</p>
<p><b>Administration of policy:</b></p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?</p>	<p>The Commonwealth to develop a national scheme, in consultation with State and Territory governments.</p>
<p>Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).</p>	<p>The RC provided the broad outlines of eligibility criteria in their final redress report (p. 355).</p>
<p>Intended date of implementation:</p>	<p>The development of administration for the scheme is intended to apply from 1 November 2016.</p> <p>Monetary payments and counselling and psychological care are intended to be available for eligible survivors from 1 July 2018.</p>
<p>Intended duration of policy:</p>	<p>Closing date for the scheme to be specified after ‘applications ... reduce to a level where it would be reasonable to consider closing the scheme’ (RC, p. 358).</p>
<p>Are there transitional arrangements associated with policy implementation?</p>	<p>-</p>
<p>List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).</p>	<p><a href="http://www.childabuseroyalcommission.gov.au/getattachment/743dbe01-eb40-4ecb-8b82-29fcf00b8f43/Final-report-Redress-and-civil-litigation">http://www.childabuseroyalcommission.gov.au/getattachment/743dbe01-eb40-4ecb-8b82-29fcf00b8f43/Final-report-Redress-and-civil-litigation</a></p> <p>The full chapter dealing with costs is p. 310-345, with summaries (total costs) on p. 330 (no funder of last resort role), and p. 340 (funders of last resort role)</p>
<p>Are there any other assumptions that need to be considered?</p>	<p>Yes:</p> <ul style="list-style-type: none"> <li>- Actuarial assumptions about the number of individuals eligible for the redress scheme</li> <li>- Assumptions about the contribution by relevant institutions, and state and territory governments.</li> </ul>

**NOTE:**

Please note that:

The costing will be on the basis of information provided in this costing request.

The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.

## National redress scheme

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This policy is based on the final recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse in the *Redress and civil litigation report*. It is only intended to implement the administration and monetary components of redress, and counselling and psychological care – changes to civil litigation are not included in this policy costing.

The Royal Commission recommended that redress include three components<sup>1</sup>:

- Direct personal response
- Counselling and psychological care
- Monetary payments.

The direct personal response is a responsibility of relevant institutions. This policy costing relates specifically to the administration of a redress scheme, monetary payments available to eligible survivors under the redress scheme, and counselling and psychological care available to eligible survivors under the redress scheme. Footnotes relate to the recommendations in the *Redress and civil litigation report*.

While the Royal Commission recommended a start date of 1 July 2017<sup>2</sup>, this policy costing is for:

- Administrative work on the scheme to begin as soon as possible after the 2016 election,
- Monetary payments are intended to be available to eligible survivors from 1 July 2018, and
- Counselling and psychological care to be available to eligible survivors after 1 July 2018.

The redress scheme is intended to close after eligible survivors have accessed the scheme.<sup>3</sup>

### Eligibility

Eligibility should be for living individuals who were sexually abused as children in an institutional context, as per the recommendations of the Commission.<sup>4</sup> The cut-off date will be set during the detailed development of the scheme.<sup>5</sup>

### Administration

This policy includes multiple administration components:

- A national redress advisory council, including a range of representatives – capped amount of \$20 million<sup>6</sup>

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<sup>1</sup> Recommendation 2

<sup>2</sup> 31

<sup>3</sup> 48

<sup>4</sup> 43-45, 47, 51-55.

<sup>5</sup> Note: Not as per recommendation 46 on civil litigation, which is a separate policy.

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- Advertising for the scheme – \$10m capped<sup>7</sup>
- Organisation requirements - \$30m capped for administration of the scheme, including:
  - Administration
  - Communication<sup>8</sup>
  - Reviews<sup>9</sup>

## Monetary payments

Detailed work to further develop the scoring matrix for the redress payments - \$2 million.<sup>10</sup>

A national<sup>11</sup> monetary payment scheme, that provides payments that:

- Range from \$10,000 to \$200,000, with an average of \$65,000.<sup>12</sup>
- Are not reduced to repay past Medicare expenses<sup>13</sup>
- Are not treated as income for the purposes of social security asset and income tests, or tax law<sup>14</sup>
- Take into account payments survivors may have already received under existing schemes:
  - Already received payments should be treated on a gross basis,
  - Without any account of support services provided<sup>15</sup>

## Counselling and psychological care

This component of the policy costing includes the following items:

A set amount [\$4 million] for the Australian Psychological Society to develop a public register of ‘to enable identification of practitioners with appropriate capabilities to work with clients with complex trauma’<sup>16</sup>

Changes to Medicare to:

- Remove any restrictions on the number of sessions available under Medicare for survivors assessed as eligible for redress under a redress scheme<sup>17</sup>
- ‘Expand the range of counselling and psychological care services for which Medicare funding which is available for survivors who are assessed as eligible ... to include longer-term interventions that are suitable for treating complex trauma, including through non-cognitive approaches’<sup>18</sup>
- Measures to improve survivors’ access to Medicare by providing:
  - ‘Funding case management style support to help survivors to understand what is available’<sup>19</sup>

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<sup>6</sup> 32, 33

<sup>7</sup> 49, 50

<sup>8</sup> 69

<sup>9</sup> 61, 62

<sup>10</sup> 18

<sup>11</sup> 26

<sup>12</sup> 19

<sup>13</sup> 20

<sup>14</sup> 21

<sup>15</sup> 24

<sup>16</sup> Recommendation 10 a)

<sup>17</sup> Recommendation 12

<sup>18</sup> Recommendation 13

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- Maintaining a list of appropriate GPs<sup>20</sup>
- Additional funding for existing services – capped amount of \$20 million<sup>21</sup>
- Funding for practitioners who have not had the necessary training or experience to work with Aboriginal and Torres Strait Islander survivors – capped amount of \$2 million<sup>22</sup>
- Funding for rural and remote practitioners, or Aboriginal and Torres Strait Islander practitioners, to undertake necessary training in working with survivors – capped amount of \$2 million<sup>23</sup>
- Funding for service provision to regional and remote communities – capped amount of \$5 million<sup>24</sup>
- Additional funding for survivors’ needs not otherwise covered – capped amount of \$30 million<sup>25</sup>
- A limited number of counselling sessions for family members of survivors if reasonably required<sup>26</sup>

The establishment of a trust fund to receive the funding for counselling and psychological care, and distribute it.<sup>27</sup>

## Funding the scheme

As per the Commission’s recommendations, the cost of redress should be:

- A proportionate share of administration costs
- Counselling and psychological care
- Monetary payments<sup>28</sup>

Responsibility for the cost of redress should primarily be allocated to the relevant institutions.<sup>29</sup> Where this is not possible, the Commonwealth and state and territory governments should share responsibility as funders of last resort.<sup>30</sup>

Please cost on the assumption that the Commonwealth provides 50 per cent of the funding required for funding of last resort, with the remainder provided by relevant State and Territory governments.

## Costs estimates by the Royal Commission

The Royal Commission provided cost estimates in its report, including scenarios in which Governments (not disaggregated between Commonwealth and state/territory governments) assume a role as funders of last resort. <http://www.childabuseroyalcommission.gov.au/getattachment/743dbe01-eb40-4ecb-8b82-29fcf00b8f43/Final-report-Redress-and-civil-litigation>

The full chapter dealing with costs is p. 310-345, with summaries (total costs) on p. 330 (no funder of last resort role), and p. 340 (funders of last resort role)

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<sup>19</sup> Recommendation 14 a) i)

<sup>20</sup> 14 a) ii)

<sup>21</sup> 14 b)

<sup>22</sup> 14 c) ii)

<sup>23</sup> 14 c) iii)

<sup>24</sup> 14 c) iv)

<sup>25</sup> 14 d)

<sup>26</sup> 68

<sup>27</sup> 40-42

<sup>28</sup> 34

<sup>29</sup> 35

<sup>30</sup> 36