



**Parliament of Australia**  
**Parliamentary Budget Office**

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**Parliamentary Budget Officer**

Senator Richard Di Natale  
Leader of the Australian Greens  
Parliament House  
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Child Abuse Redress Scheme* (letter of 28 June 2016).

The response to this request will be released on the PBO website ([www.pbo.gov.au](http://www.pbo.gov.au)).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

29 June 2016



## Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Child Abuse Redress Scheme
Summary of proposal:	<p>The proposal would establish a National Redress Scheme (the scheme) to administer monetary payments and provide funding for counselling and psychological care services as recommended in the <i>Redress and civil litigation report</i> of the Royal Commission into Institutional Responses to Child Sexual Abuse. State and territory governments and relevant institutions are expected to provide part of the required funding. The Commonwealth would provide 50 per cent of the funding for funding of last resort.</p> <p>The Scheme would be established from 1 November 2016. Monetary payments and counselling and psychological care would be available from 1 July 2018.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	10 May 2016
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

### Costing overview

The scheme is intended to provide monetary payments and counselling and support services to victims of institutional child sexual abuse. The scheme was recommended in the *Redress and civil litigation report* from the Royal Commission into Institutional Responses to Child Sexual Abuse.

The *Redress and civil litigation report* provided expected aggregate costs associated with providing the monetary payments and counselling and psychological care to victims (where government responsibility has been adjusted to take on the role of funder of last resort). As funder of last resort the Government's liability would be increased to offset the expected

shortfall in institutional funding because institutions no longer exist or have insufficient assets to meet their liability under the scheme.

This proposal would be expected to decrease the fiscal and underlying cash balances by \$251.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses by \$213.7 million and an increase in departmental expenses of \$37.5 million.

This costing would have ongoing financial implications beyond the 2016-17 Budget forward estimates period. Financial implications over the period 2016-17 to 2026-27 are at [Attachment A](#).

This costing is considered to be of medium reliability. It relies on estimates of the victim population and take up rates which are subject to some uncertainty.

**Table 1: Financial implications (outturn prices)<sup>(a)</sup>**

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-7.6	-17.2	-84.3	-142.0	<b>-251.2</b>
Underlying cash balance	-7.6	-17.2	-84.3	-142.0	<b>-251.2</b>

(a) A positive number indicates an increase in the relevant budget balance, a negative number a decrease

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

## Key assumptions

Departmental expenses undertaken over the period 1 November 2016 to 1 July 2018, when the operation of the scheme commences, represent start-up costs for the scheme and would be funded by the Commonwealth Government. Thereafter, the departmental expenses of operating the scheme are funded by liable institutions in accordance with their proposed share of liability.

## Methodology

The profile for uptake of monetary payments, counselling and psychological care services and the estimated aggregate payment are based on information provided in the *Redress and civil litigation report*. Departmental costs have been apportioned across the functions of the scheme based on the administered cost of each service.

## Data sources

The Parliamentary Budget Office utilised data contained in the *Redress and civil litigation report* from the Royal Commission into Institutional Responses to Child Sexual Abuse.

## Attachment A: Child Abuse Redress Scheme—financial implications

**Table A1: Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
<b>Impact on fiscal and underlying cash balances</b>													
<b>Administered</b>													
Monetary payments	-	-	- 71.1	- 123.9	- 195.0	- 122.9	- 119.8	- 111.7	- 101.6	- 65.0	- 21.3	- 8.1	- 745.4
Counselling services	-	-	- 6.8	- 11.9	- 18.7	- 11.8	- 11.5	- 10.7	- 9.7	- 6.2	- 2.0	- 0.8	- 71.4
<b>Total - administered</b>	-	-	- 77.9	- 135.8	- 213.7	- 134.7	- 131.3	- 122.4	- 111.3	- 71.2	- 23.3	- 8.9	- 816.8
<b>Departmental</b>													
Scheme establishment	- 5.2	- 11.7	-	-	- 17.0	-	-	-	-	-	-	-	- 17.0
Monetary payments	- 2.2	- 5.0	- 5.8	- 5.7	- 18.7	- 5.4	- 4.9	- 3.6	- 1.7	- 0.6	- 0.4	- 0.4	- 35.7
Counselling services	- 0.2	- 0.5	- 0.6	- 0.5	- 1.8	- 0.5	- 0.5	- 0.3	- 0.2	- 0.1	- 0.0	- 0.0	- 3.4
<b>Total - departmental</b>	- 7.6	- 17.2	- 6.4	- 6.2	- 37.5	- 5.9	- 5.4	- 4.0	- 1.8	- 0.6	- 0.4	- 0.4	- 56.1
<b>Total</b>	- 7.6	- 17.2	- 84.3	- 142.0	- 251.2	- 140.6	- 136.7	- 126.3	- 113.2	- 71.9	- 23.7	- 9.3	- 872.9

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

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

- Indicates nil.