

**Community Affairs
Legislation Committee**

Examination of Budget Estimates 2002-2003

Additional Information Received

VOLUME 2

FaCS Output Groups: Cross outcome 3, 3.1, 3.2, 3.3, 3.4

FAMILY AND COMMUNITY SERVICES PORTFOLIO

AUGUST 2002

Note: Where published reports, etc. have been provided in response to questions, they have not been included in the Additional Information volume in order to conserve resources.

ADDITIONAL INFORMATION RELATING TO THE EXAMINATION OF BUDGET EXPENDITURE FOR 2002-2003

Included in this volume are answers to written and oral questions taken on notice
relating to the estimates hearings on 3 and 4 June 2002

FAMILY AND COMMUNITY SERVICES PORTFOLIO

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DEPARTMENT OF
**FAMILY AND
COMMUNITY
SERVICES**

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Dear Senator,

CORRECTION TO RECORD - BUDGET ESTIMATES HEARING OF 3 JUNE 2002

I am writing to correct the record concerning answers provided by Ms Winzar to the Community Affairs Legislation Committee during the Budget Estimates hearing of 3 June 2002.

During the hearing Senator Collins asked Ms Winzar for information about alternative payments that people might transfer to upon losing qualification for Disability Support Pension (DSP) as a result of announced changes to DSP rules. Senator Collins further asked about the number of current DSP customers who might lose eligibility for Pharmaceutical Allowance and the Pensioner Concession Card. Ms Winzar provided a breakdown of this information at the hearing (Hansard references CA 66, 67 and 68 respectively).

I have since been advised that the original information on the number of people transferring to various alternative income support payments applied an incorrect percentage to the split of customers between allowance and alternative pension payments. This resulted in an overestimation of the number of people who would move to allowance payments such as Newstart Allowance. This overestimate also affects the accuracy of the information provided in relation to the number of people who might lose Pharmaceutical Allowance and the Pensioner Concession Card.

More accurate figures suggest that some 36,000 people losing qualification for DSP under the new rules would move to Newstart over the forward estimates period (rather than the figure of 45,300 suggested at the hearing at CA66). The figures for people moving to other payments need to be adjusted accordingly so that around 11,400 people would move to Carer Payment (up from 4,800), approximately 6,750 to Parenting Payment Single (up from 4,200), 600 to Sickness Allowance (down from 2,250), 3,600 to Parenting Payment Partnered (up from 2,550) and 4,350 to other unspecified payments (up from 1,410). It is estimated that around 1,200 people would not qualify for any other income support payment (down from 3,390).

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The adjustments to payment transfers also mean that fewer people would lose Pharmaceutical Allowance than the figure of 18,200 each year suggested at the hearing (Hansard reference CA 67). The correct figure is estimated to be closer to 15,250 a year. Similarly, 15,250 current DSP customers would be expected to lose the Pensioner Concession Card each year based on these more accurate projections (Hansard Reference CA 68).

I apologise for the need to change the information provided to the Committee during the hearing.

Yours faithfully,

signed

Jackie Wilson
Assistant Secretary
Office of Disability
16 July 2002

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Output Group: 3 Assistance for People of Workforce Age

Question No:111

Topic: Australians Working Together – Delayed Measures

Hansard Page: CA 37

Senator Bishop asked:

When the original implementation costs for the Working Credit were done, what was the total over the four years?

Answer:

The original revenue provided for the Department of Family and Community Services and Centrelink to deliver Working Credit was \$101.1m over the four years ending 30 June 2005 plus a capital injection for Centrelink of \$5.7m in the 2001/02 financial year.

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Output Group: Cross Outcome 3

Question No: 168

Topic: Compliance

Hansard Page: CA 97

Senator Collins asked:

Can you provide a copy of all advertising materials developed? Can you supply copies of reports of the developmental research and market testing that was undertaken prior to the actual compliance campaign?

Answer:

Attached are summaries of the (a) Developmental Research on Voluntary Compliance September 2001; (b) Market Testing Concept Research on Voluntary Compliance February 2002; and copies of all advertising materials developed.

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Summary of Developmental Research on Voluntary Compliance
September 2001

Centrelink customers are generally well informed and highly aware that they are required to report changes in their circumstances to Centrelink as part of their obligations for receiving a payment. Reporting is seen as being part of the rules for getting their payment, and a necessary step in ensuring they receive the correct amount.

- ◆ Some customers from a non-English speaking background feel that they, and other people new to Australia, could be better informed about their reporting requirements so that they can “do the right thing” and avoid overpayments.

Taxpayers also have a reasonable understanding of Centrelink customer’s reporting requirements.

The incidence of non-reporting is perceived by customers and non-customers as being widespread in the community.

- ◆ Many customers and taxpayers say they know of people who have not accurately reported their circumstances to Centrelink.
- ◆ Customers and taxpayers feel that many customers think they can get away with not reporting their changes to Centrelink.
- ◆ There is a commonly held view that Centrelink cannot “catch” people who do not report changes such as cash-in-hand earnings and changes in marital status. In part, this is because customers and taxpayers do not hear or see publicity related to people being “caught”, and also because many customers have personally, or known others who, previously “got away” with non-reporting. This perception reduces the incentive for people to report changes as they think they will not be discovered.
- ◆ In some cases where customers do make the effort to report their changes to Centrelink, and there is an administrative error, they are penalised for doing the right thing, and some are therefore less likely to report changes the next time.

Many customers feel that there are two different types of non-reporting behaviour – and different levels of associated seriousness.

1. “Fraudulent” behaviour is seen as being continued abuse of the welfare system over a long period of time and/or for significant amounts of money – for example someone using false identities to collect multiple payments. All customers feel that this behaviour should be severely punished.
2. However, it is seen as being “acceptable” to not report changes that have only a small impact on their payments if this money is “needed for survival” by someone “doing it tough”.

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Customers who admit to not meeting all their reporting requirements view themselves as falling into the acceptable type of non-reporting, and do not think of themselves as “welfare cheats”.

Customers from a non-English speaking background feel that it is acceptable for customers to make one reporting “mistake” if they do not understand all the reporting “rules”.

Some taxpayers also express a similar perception of the two levels of non-reporting. However, they tend to be less sympathetic and to have a slightly more punitive attitude, than customers towards both groups of non-reporters.

Most customers and all taxpayers feel that more should be done to encourage prompt and honest reporting by Centrelink customers.

- ◆ Non-customers want their taxation to be protected in this way – so that it only goes to the people who need it.
- ◆ Customers want more accurate reporting so that they can be rewarded for doing the right thing, rather than stigmatised as a group for doing the wrong thing.

However, customers and taxpayers feel that a message alone is not enough to change customers’ behaviours and practices.

- ◆ They feel that messages encouraging reporting must be supported by evidence and publicity that people are getting caught.
- ◆ Many also feel that there should be harsher penalties for people who are found to have not reported changes.
- ◆ Many customers and taxpayers feel that the incentive to report is low because even if they are caught, the “punishment” is not harsh enough to penalise or to act as a deterrent to doing it again.

Most customers and taxpayers feel that any campaign needs to be centred around “scaring” people (with a harsh message) and identifying them as “cheats”.

- ◆ They feel this is the only way that people who are doing the wrong thing will take notice and change their behaviour.
- ◆ They also feel that a message of this type will match people’s anger and frustration at what they consider to be a widespread occurrence of non-reporting in the community.

However, the research suggests that there may be some potential barriers to the acceptance and effectiveness of this type of message.

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- ◆ Some customers will not see themselves as “cheating” and hence will have no affinity with any message that refers to the term “cheats”.
- ◆ A scare campaign risks “putting off” the honest and vulnerable customers.
- ◆ If the campaign is too strong or harsh, it could border on the government being perceived as being “over the top” and “bullying” those in need of assistance/welfare.
- ◆ The timing and presentation of the campaign will impact on its credibility.

To balance these considerations, and to maximise the effectiveness of any proposed campaign, customers and taxpayers feel it will have to strike a careful balance between:

- ◆ highlighting the consequences of non-reporting for the individual; and
- ◆ encouraging compliance and informing people of the impact that non-reporting has on the wider community.

Some taxpayers and customers felt that a targeted approach directly to Centrelink customers would be most cost-effective. They felt that taxpayers only needed to be made aware, and regularly updated, that the government had measures in place to do something about non-reporting – for example through Ministers’ statements or the news.

A scenario-based campaign aimed at Centrelink customers is viewed as being a suitable approach for this type of issue.

- ◆ Customers and taxpayers feel that “real-life” scenarios are able to capture the behaviour of the “offender” as well as their “punishment” in a way that is attention-grabbing for the audience, and encourages them to think about and change their own behaviour.

To achieve balance in the campaign, some customers and taxpayers think that a combined approach with several different messages and scenarios will be most effective in reaching the breadth of Centrelink’s customer base, as well as tailoring the message to people with different perspectives on reporting practices and responsibilities.

Television advertisements are seen as being the most effective way to communicate messages of this type, with supporting information promoted in Centrelink offices and other public places, and by direct mail.

- ◆ It is also seen as being important that the same information is made available in community language forums such as SBS, radio and posters.

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Summary of Market Testing Concept Research
on Voluntary Compliance
February 2002

The findings of the concept testing were generally consistent with the developmental research.

- ◆ General support for a voluntary compliance campaign
- ◆ The initial approach should be to raise awareness and encourage reporting to Centrelink
- ◆ Subsequent approaches should be more ‘hard- line’, detailing penalties
- ◆ The success of the campaign was seen to depend upon Centrelink being able to provide appropriate level of service to support reporting of changes

The taxpayers who participated in the research felt that the voluntary compliance campaign was overdue.

- ◆ They were supportive of the campaign because they wanted to be assured that their taxes were being spent properly
- ◆ However, they did not want a campaign that generalised and branded all customers as being criminals or cheats
- ◆ It was important that the government did not come across as being unfair, victimising and unnecessarily “scape goating” Centrelink customers

A number of Centrelink customers questioned the need for the campaign.

- ◆ Some customers felt that there would always be customers who would continue to not inform Centrelink of changes to their circumstances, regardless of the messages and approaches taken in the campaign
- ◆ Hence, the impact of the campaign was anticipated to be minimal on these participants
- ◆ Some customers felt that the campaign budget would be better spent on resourcing Centrelink to improve services

Research participants indicated that most of the concepts suggested an underlying assumption that Centrelink customers were deliberately doing the wrong thing/cheating the system.

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- ◆ It was felt that the images used in many of the concepts were stereotypical of the types of people presumed to be receiving Centrelink payments and were not representative of the actual target audience
 - ◆ Many research participants felt that it was inappropriate for a government campaign to be reinforcing such stereotypes
 - ◆ It was felt that many customers forgot/overlooked informing Centrelink about changes to their circumstances, rather than seeking to cheat the system
 - ◆ However, many customers indicated they knew of people who were deliberately not informing Centrelink of their changes in circumstances so that they could receive a higher rate of payment
 - ◆ Younger research participants tended to be more strongly of the view that people who were not informing Centrelink of their changes in circumstances were doing so on purpose
-
- ◆ Most concepts had portrayed overpayments resulting from the individual's mistakes however, in some cases overpayments are made due to administrative error
 - ◆ Many research participants felt that the use of the term 'welfare' was inappropriate
 - ◆ The term 'welfare' was associated with people living in poverty and being "down-trodden"

The successful concept for the campaign must be clear and unambiguous in its message that people who deliberately cheat the system will get caught.

- ◆ Many of the tested concepts referred to "if you get caught" rather than "when you get caught"
- ◆ Research participants indicated that the campaign should offer multiple ways/methods of contacting Centrelink to facilitate ease of reporting
- ◆ A suggestion was made for a dedicated telephone number to facilitate easy reporting

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Output Group: Cross Outcome 3

Question No:169

Topic: Compliance

Hansard Page: CA97

Senator Collins asked:

Can you provide a copy of the placements of the ads for the compliance campaign?

Answer:

Please refer to the attached documents.

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Output Group: 3.1 Assistance for People of Workforce Age **Question No: 155**

Topic: Breaches

Written question on notice

Senator Bishop asked: Please detail the recommendations of the Independent Inquiry into Breaching (The Pearce Report) that have been or will be implemented by the Government?

Answer:

Many of the arrangements proposed in the recommendations are already in place. The arrangements proposed by the following recommendations are, in substance, either already in place or are in the process of being put in place as a consequence of Centrelink's Review of Breaching Practice and Guidelines or other processes. Comments are provided in italics for each of the recommendations pertinent to the FaCS portfolio.

R1. Initial Centrelink Interviews

(1) The effectiveness of Centrelink's initial interview should be improved substantially by

- providing better training for interviewers;
- improving the content and administration of standard questionnaires, including the Jobseeker Classification Instrument (JSCI);
- providing more opportunity for informal exploration of issues by both interviewers and jobseekers;
- ensuring that interviews take place in reasonable privacy.

Most of the recommendations of the Centrelink internal review concern early identification of disadvantaged job seekers. Training has been addressed through the internal review. Private interview rooms are used when appropriate, and when specialist officers are interviewing vulnerable customers.

(2) Centrelink should be funded for, and should allocate, sufficient time to properly carry out the interview. This will usually require not less than 45 minutes, and not less than 60 minutes when the interview indicates that the claimant may be "especially vulnerable" (see R2).

This is the current procedure for new claim interviews and where necessary vulnerable claimants are referred to specialist officers.

R2. Especially Vulnerable Jobseekers

(1) The initial Centrelink interview should give close attention to identifying "especially vulnerable jobseekers"; that is, jobseekers who appear likely to experience difficulties in receiving, understanding or being able to comply with official communications that require attendance at interviews, notification of information or other obligations.

(2) Reasons for identifying jobseekers as being especially vulnerable in this way should include homelessness; transitory, uncertain or remote accommodation; literacy or language

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difficulties; physical or intellectual disabilities; substance dependency; and other relevant problems.

Centrelink already focuses on identifying vulnerable customers. The Centrelink internal review addresses this issue.

(3) When a jobseeker is identified as especially vulnerable, a special follow-up interview should be scheduled (see R4). Either at the initial interview or the follow-up interview, special arrangements should be made for facilitating ongoing contact and communication (R9) and close consideration should be given to providing an activity test exemption (R15).

This is the case in normal practice and referrals to specialist officers such as social workers are made. Activity test exemptions are already available and applied in a range of circumstances.

R3. Centrelink Information Seminars

(1) Centrelink information seminars should focus on jobseekers' information needs at the early stage of their involvement with the income support and employment services systems, rather than on providing comprehensive descriptions of the systems as a whole.

Seminars already inform job seekers of their immediate requirements.(both pre-and post-grant). They also receive a take-home copy of the magazine "Future Directions" which tells them what services are available to help them find a job, and about their rights and obligations.

(2) Information seminars should be presented by officers with adequate training, in an informal manner, with ample opportunity for asking questions, and with due consideration for people who have literacy difficulties.

Generally, the delivery of information seminars is conducted by a designated officer who has the required skills. Further work on the seminar package is being developed.

(3) The video and supporting written material for the seminar should be available in languages other than English and, wherever possible, appropriate interpreter service should be available.

Currently where there are known large numbers of customer groups from non-English speaking backgrounds, Centrelink arranges for seminars to be presented in other languages. Written material is already available in a variety of languages.

R4. Special Follow-up Interviews

(1) Where jobseekers are assessed in the initial interview as "especially vulnerable", a special follow-up interview by a Centrelink social worker or other specialist officer should be conducted either immediately or at the earliest possible time.

(2) The interview should seek to identify and facilitate ways in which the jobseeker's particular vulnerability can be addressed, such as by identifying additional ways of contacting

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the jobseeker, using a language other than English in communications, or referring them to appropriate services.

(3) Close consideration should also be given at the interview to providing the jobseeker with an activity test exemption, changing the referral determined at the initial interview, or helping the jobseeker to apply for another form of income support which is not activity-tested.

Centrelink currently refers vulnerable customers to specialist officers. eg social workers and occupational therapists. Centrelink makes full use of interpreter services. Activity test requirements are flexible and are modified where appropriate to match the circumstances of the customer.

R6. Contacting Jobseekers

(1) Centrelink and providers should improve their arrangements for identifying and recording appropriate ways of contacting individual jobseekers.

(3) They should also request jobseekers at the initial interview to provide, and to update thereafter, at least one additional contact method such as a secondary postal or telephone address, email address, or contact details for a relative or friend. These methods would be for use if the primary method has met with no response or is likely to be ineffective.

(4) Centrelink should also substantially improve its data entry and management processes for recording and using up-to-date contact details.

Centrelink already uses a variety of means to contact job seekers including, letters, telephone, agents, home visits by social workers.

The Centrelink ISIS system already communicates customer address details each night to DEWR's IES system.

R7. New Options for Making Contact

(1) Centrelink and providers should consider offering additional contact options for jobseekers such as email and voicemail services that are free and secure, and facilitating postal collection arrangements at their offices.

(2) Centrelink should also seek to establish means for communicating brief messages in some circumstances through automatic teller machine screens accessed by jobseekers.

Centrelink will continue to investigate technology options to increase the number of communication channels available to customers.

R8. Effective Communication

(1) Centrelink and providers should place greater emphasis on the use of plain English and accessible formats in their written communications. Where technical language has to be included for formal legal purposes, it should usually be put in an attachment, or on the reverse side, with its meaning being explained simply in the principal communication.

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All Centrelink communication material is checked for readability and clarity. Unfortunately, stance taken by appeals tribunals has forced a legalistic stance on letters to customers in order to ensure breach decision will not be overturned on appeal on technical grounds.

(2) Where failure to respond to a communication may lead to a reduction in payments, there should be a clear and prominent warning to that effect in the letter, possibly involving graphics, and the special importance of the letter should be emphasised in an appropriate way on the envelope.

Letters to customers already clearly state the repercussions for failing in their obligations. These letters reinforce earlier information seminars and other information products. A new 'flyer' is under development already as a response to the Centrelink internal review – this will be in a simple, easy to understand format.

(3) Communications with a jobseeker whose first language is not English should include a prominent message in his or her first language, mentioning the key purpose of the letter and advising how to contact Centrelink or the provider through a telephone interpreter service.

Currently there is a multicultural call centre service, which provides interpreter services in a wide range of languages. Generally, customers from non-English speaking backgrounds incur fewer breach penalties than other customers. Most Centrelink publications are available in other languages and are also available on the internet. FaCS has collaborated with welfare rights and homeless organisations on the production of new products. Wallet cards are being created that will contain important contact numbers and information on why breaches occur, how they occur and what to do if a breach is imposed.

(4) Wherever possible, jobseekers should be provided with the name or position identification, and the direct phone number, of an appropriate officer with whom queries or difficulties about Centrelink communications can be discussed.

Customers, especially vulnerable ones, can make arrangements to have access to a Centrelink staff member.

R9. Arrangements for Especially Vulnerable Jobseekers

(1) When job seekers have been identified by Centrelink as being especially vulnerable, they should be required to give additional contact details, wherever possible. They should be assisted in doing so by Centrelink and providers, which may sometimes involve asking another person or organisation to accept the job seeker's nomination as a contact point for this purpose.

All persons in receipt of Social Security payments are able to nominate another person to handle either their mail or their payment details. Currently this is a formal arrangement that requires the signing of official forms and usually a social worker interview. This process is necessary to ensure that vulnerable job seekers are not open to exploitation. On a less formal basis, job seekers can give contact persons permission to inquire about their payments

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on their behalf. These details are usually notated on the message screen on a person's record and are readily viewed on accessing a customer record.

(2) Use of one or more such additional methods of communication, in addition to sending a written communication to the principal postal address, should be mandatory in relation to especially vulnerable jobseekers, except where it is clearly unnecessary or inappropriate to do so.

The recently announced breaching package will make this less of a problem by ensuring that Centrelink always contacts a customer before applying a breach penalty for failing to attend an interview.

(3) Provision of direct Centrelink contact as in R8(4) above should be mandatory in relation to especially vulnerable jobseekers.

All job seekers will be allocated a one-to-one customer service officer where contact arrangements which suit the job seeker can be arranged.

(4) Centrelink should substantially expand its outreach activities (particularly through its Community Officers), and also utilise its proposed system of Personal Advisers, in order to improve its ability to communicate effectively with especially vulnerable jobseekers.

Currently being done. Personal Advisers are being recruited now, and will undertake extensive training before they begin operating from September 2002.

R15. Activity Test Exemptions

(1) The guidelines about "special circumstances" in which activity test exemptions can be granted should be broadened (especially in relation to jobseekers in transient or unstable accommodation) and should allow for somewhat lengthier exemptions.

(2) Specific consideration of possible eligibility for an exemption should be required whenever activity agreements are being signed or reviewed by Centrelink or providers.

The legislation and guidelines are flexible enough to permit an exemption for anyone in real crisis and the length of the exemption is at the delegate's discretion.

R16. Activity Agreements

(1) Greater efforts should be made by Centrelink and providers to ensure that requirements in activity agreements are appropriate and reasonable in the particular circumstances of the jobseeker in question. Amongst other things, this will require improving the time and training provided to staff for developing such agreements.

(2) In particular, relevant guidelines and practices should be modified to prevent imposition of inappropriate requirements about jobseeker diaries, employer contact certificates, and acceptance of jobs involving very lengthy travel times.

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The current arrangements already provide flexibility for activity agreements to be tailored to meet the individual job seeker's capabilities/circumstances. The introduction of Personal Advisers will also provide more time for Centrelink staff to assess the participation capabilities of jobseekers. The Government agrees that activity agreements need to be tailored and the Breaching Package announced in March includes a measure under which Centrelink would undertake reviews of agreements, partly to make sure that the agreement is matched to the circumstances of the jobseeker.

R19. Preparation of Compliance Reports

- (1) After the fourteen day period for investigation, the provider should send a written compliance report (currently called a "participation report") to Centrelink if, and only if
- it is satisfied that the jobseeker did not have a reasonable excuse for the apparent non-compliance and has not subsequently made reasonable attempts to comply; or
 - it has had no response to the specified attempts at making contact with the jobseeker.

This is an issue for DEWR.

- (2) It should be made clear to all Centrelink officers, providers and jobseekers that compliance reports do not recommend or impose breaches.

It is current practice and understood by Centrelink staff that participation reports are not a recommendation. Breaches are imposed in less than half the cases where the Job Network makes a participation report to Centrelink. The government expects the Job network to advise if job seekers are not participating in activities designed to help them get a job. It expects Centrelink to properly investigate these reports. The fact that the majority of participation reports do not result in a penalty means that the system is working well and the checks and balances are operating effectively.

- (3) Compliance reports should be required to record
- the nature of the apparent non-compliance;
 - details of the attempts made by the provider to make contact, investigate circumstances and achieve compliance;
 - details of the provider's reasons for considering that the jobseeker had no reasonable excuse and has not subsequently made reasonable steps to comply.

See response to R20.

- (4) All compliance reports should have to be signed by the senior staff member in the relevant office of the provider.

This is an issue for DEWR

R20. Centrelink Investigations

- (1) Before considering whether to impose a breach, Centrelink should be required to
- make at least one attempt to contact the jobseeker through his or her primary postal address, enclosing a copy of the relevant compliance report;

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- make at least two further attempts, including use of any additional method that may have been agreed previously by the jobseeker (especially involving direct interview or telephone contact).
- (2) Centrelink should also be required to ensure that
- the provider's compliance report complies with the above requirements and receives close consideration, usually including direct discussion with the provider;
 - investigations adequately cover all relevant statutory and policy criteria, including those relating to possible extenuating circumstances.

There are current guidelines which specify notification requirements and safeguards largely consistent with those outlined above. These guidelines will be reviewed as per recommendation 25 of the Centrelink Internal review. Consideration of this sort of detail will occur in that context.

Procedures already exist and there are agreed procedures between Centrelink and DEWR as to what process JNMs will take when preparing a participation report.

R21. Referral to Specialist Officers

(1) When investigating a potential breach, Centrelink staff should be required to consider referring the jobseeker for interview by a social worker, occupational psychologist or other specialist officer.

(2) Such a referral should be mandatory for all second and subsequent breaches and for all especially vulnerable jobseekers, unless it has occurred previously and is unlikely to be of significant further benefit.

The procedures of the 3rd breach alert applies in all cases of third and subsequent breaches and requires consultation with specialist staff. The introduction of the 'alert' has resulted in a decrease in breach numbers in all categories of breaches, 1st, 2nd, and subsequent. It is current practice to refer vulnerable customers to specialist officers. Centrelink has a large number of highly skilled social workers, occupational psychologists and disability officers who undertake these interventions.

R22. Imposition of Breaches

(1) Centrelink should place greater emphasis in its guidelines for staff on its onus of establishing a breach and the need for close attention to relevant statutory criteria such as "without reasonable excuse" and departmental policy criteria such as "reckless or fraudulent".

The FaCS policy Guide and Centrelink guidelines already emphasise the need to consider reasonable excuse, to give due notice and follow other statutory requirements. As part of an ongoing process to provide the clearest possible guidelines for staff, the "activity test" sections of the Guide are currently being reviewed.

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R23. Guidelines, Training and Monitoring

(1) All policy statements and key procedural guidelines in relation to investigation and imposition of breaches should be in consolidated form and publicly available.

FaCS-authored guidelines are publicly available on the FaCS internet site. All policy and procedures in relation to Centrelink are available to staff in a consolidated form call 'e-Reference'. Centrelink is investigating the technological solutions to providing this information to the general public. Anyone can request copies of policy guidelines on any issue.

(2) Designation, training and monitoring of Centrelink staff who are responsible for investigation and imposition of breaches should be improved substantially.

The Centrelink internal review focussed on this issue. New training materials have been distributed already and Centrelink's area managers were asked in November to ensure that all staff who make breach decisions undertook the training.

R26. Notification of Penalties

(2) Penalties should be notified in writing, with the use of words and format that clearly draw attention to their causes and consequences.

Adverse decisions made under the social security law are notified to customers in writing and sent to their last recorded address. These letters state the decision and the impact, if any, on the customer's ongoing payment. The letters all refer to the customer's review and appeal rights and what they need to do to exercise those rights.

(3) The notification should also provide information about other sources of emergency relief and of advice from a welfare rights worker or other independent adviser.

While it is not currently feasible for this information to be added into notices, it is being considered as part of Centrelink's ongoing work into improving communications with customers about how to meet their obligations and what the customer's rights are in the event of the imposition of a breach penalty. Contact details on local emergency relief and other community services should be available from the customer's Centrelink office.

R28. Post-breach Referrals

(1) Upon imposing a breach, Centrelink should consider referring the jobseeker for an interview with a social worker, occupational psychologist or other specialist officer.

Where appropriate, a customer who has been identified as having particular needs is referred to a specialist officer. These officers include social workers, occupational psychologists and disability officers.

R31. Administrative Review

(1) Centrelink should ensure that jobseekers are not led to believe that they must seek reconsideration of a decision by the original decision-maker before exercising their statutory

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rights to review by an Authorised Review Officer and, subsequently, the Social Security Appeals Tribunal.

Centrelink has advised the Independent review that the guidelines make it clear that customers may seek a review directly to the ARO, and in fact this is the law. Centrelink letters and publications state very clearly the rights of customers. Information seminars and magazines also reinforce this for jobseekers. Review by original decision makers (ODMs) provides the fastest and most effective manner in which to have a Centrelink decision reconsidered.

The inclusion of a first review at the ODM point was to enable a customer to provide any extra information that could easily be considered by someone who already knows their case and thus, where appropriate, ensure the decision is changed as quickly as possible.

The success of the ODM review point is reflected in the fact that the majority of breach decisions that are revoked are done so at the ODM review stage.

(2) It should also ensure that original decision-makers keep records of all requests for reconsideration and of the reasons for the outcome of that reconsideration.

Centrelink decision makers are required to record decisions, including reconsiderations as current practice. This is usually done online in an electronic document for future reference.

R35. Community Monitoring and Consultation

(1) All Centrelink areas and offices should be required to establish processes for regular and open consultation with representatives of organisations and individuals who are affected by their activities. Similar processes should also be required of providers.

(2) The government should invite appropriate peak organisations of providers and welfare groups to combine in establishing quarterly community forums at national and area level in order to exchange information and ideas about the employment assistance system, including the incidence and consequences of breaches.

(3) Representatives of the community forums should also be invited to make regular presentations to national Centrelink meetings, including those of area managers.

(4) These processes should be accompanied by appointment, in consultation with the community forums, of independent and respected individuals to conduct informal inspections of operations in a particular area or office and to provide advice to relevant managers.

This already happens. The Government, Centrelink and FaCS have regular formal and informal meetings with peak organisations to discuss issues of concern. At a local level, both CSC and Area Managers play a vital role in connecting with community groups – in fact it is an expectation that this will be a significant part of their overall jobs. At a national level, for example, FaCS, Centrelink and DEWR participate in the Disability Reference Group with representatives from various community and welfare organisations. The CEO of Centrelink convenes a formal meeting with Welfare Rights groups from around the country twice a year – informal meetings take place all the time.

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Output Group: 3.1 Assistance for People of Workforce Age **Question No: 156**

Topic: Breaches

Written question on notice

Senator Bishop asked: Please detail the recommendations of the Pearce Report that the government has not agreed to implement?

Please provide an explanation in each case for the Government's decision not to implement these recommendations?

Answer:

Most of the arrangements proposed in the recommendations are already in place. However, listed below are the recommendations of the Report that are the responsibility of the FaCS portfolio and which are simply not necessary or are flawed. Explanations are italicised.

R1. Initial Centrelink Interviews

(3) If required to sign an activity agreement, jobseekers should be given at least fourteen days to do so or to propose amendment.

Job seekers are currently given 7 days (21 for those in remote areas). This is sufficient to allow job seekers to propose amendments. In fact, very few people use the available 'think time' and extending it further would slow down the referral process unnecessarily and delay job seekers' access to labour market assistance.

R6. Contacting Jobseekers

(2) In particular, they should confirm and record at least the job seeker's primary postal and, where available, telephone contact details at each meeting with the jobseeker and immediately notify each other if they become aware of changes in those details.

Centrelink currently uses confirmation of address as a means of verifying a job seeker's identity. However, most job seekers would find it annoying to have to confirm their address details every time they contact Centrelink or their Job Network member (JNM). There is also some onus on the job seeker to keep their details up-to-date.

R17. Reporting Income

(1) Centrelink should substantially simplify its rules and practices about jobseekers notifying income, especially in relation to income that may have been "earned or derived" but has not yet been "received".

(2) In particular, steps should be taken to enable jobseekers who indicate that they have "earned or derived" income in a particular reporting period to delay reporting the precise amount until they have actually received it.

Taking income into account when it is earned or derived is the best way of ensuring equity and that people do not manipulate the system (eg: by taking lump sum payments that affect income only in one fortnight)

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(3) Centrelink should also extend the range of jobseekers who can choose to report income on a quarterly, rather than fortnightly, basis.

This might not be helpful to job seekers. For example, to allow a job seeker to only notify of income on a quarterly basis would allow a person to return to work full-time and still retain payment for a further 3 months at which time they would have incurred a substantial overpayment and would be subject to debt recovery action (and possible breach penalty or fraud charges).

R22. Imposition of Breaches

(2) Consideration should be given to legislative reform that would reduce the diversity of terms used in the statutory criteria.

(3) Centrelink should be required to ensure that no breach is imposed unless

- the contact attempts and other required actions have been complied with;
- any recommendation to impose a breach has been considered and endorsed by a higher-level officer with special training and experience in making such decisions;
- at least fourteen days have elapsed since the investigation commenced.

Legislation refers to breaches being applicable where a job seeker fails to meet their requirements without “reasonable excuse” or where they fail to declare or under declare their income “knowingly or recklessly”. This does not seem to represent “diversity of terms”.

FaCS policy Guide and Centrelink guidelines already emphasise the need to consider reasonable excuse, give due notice and follow other statutory requirements.

In relation to R22(3), it is unnecessary to create an arbitrary minimum time in which to impose a breach – the important thing is to ensure that the proper process has been followed, however long it takes.

R24. Structure of the Penalty System

(1) The structure of the penalty system should be modified to match penalties more accurately with the seriousness of the breach in question.

(2) If the current penalty structure is retained,

- administrative requirements should not be written into activity agreements;
- the accumulation period should be reduced to twelve months.

See response to R25.

R25. Recovery, Rate and Duration of Penalties

(1) All penalties should be fully recoverable if the jobseeker takes reasonable steps to comply with the obligation in question not later than four weeks after imposition of the breach.

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(2) The duration of penalties should not exceed eight weeks and the rate of reduction in allowance should not exceed 25%, except in the case of persistent serious breaches.

(3) If penalties are not made fully recoverable as recommended above, the duration of penalties should not exceed eight weeks and the rate of reduction should not exceed 15%, except in the case of persistent serious breaches.

The current breach regime (ie: levels of rate reduction, duration of penalties and “accumulation periods”) is legislative and is the result of extensive debate in parliament. The penalties are set at a level designed to balance the need to provide a disincentive to non-compliance with the need to avoid putting people into undue hardship, particularly for first breaches, as happened under the previous system.

R26. Notification of Penalties

(1) Penalties should not commence until at least fourteen days after notification to the jobseeker.

Preparing for Work Agreement-related breach processing requires the job seeker to be notified that they are taken to be delaying entering into an agreement before they can be breached for doing so. The person receives a notice advising them that a breach may have occurred and what the consequences may be. In general customers would receive an advice before the breach penalty commences and wherever possible they are contacted before any breach is imposed.

R27. Relief from Penalties

(1) Centrelink should be empowered to reduce, delay or forego a penalty on the ground that it is likely to cause hardship. The existence of this power, and the relevant application processes, should be notified to jobseekers when the penalty is notified.

This would raise equity issues: eg. the same act of non-compliance by different job seekers would result in different penalties. Suggesting that only those who are relatively able to afford to be breached should be breached undermines the intention that a breach should be a disincentive to non-compliance.

(2) The current provision that penalties cease if the jobseeker agrees to undertake “work-for-the-dole” should be extended to include undertaking a specified number of hours in paid work, work experience, voluntary work or a course of study.

(3) The combined rate of a job seeker’s reduction in allowances through penalties and Centrelink recoveries should not exceed 20%, unless the jobseeker is able to terminate the penalty by taking reasonable steps to comply with the obligation that gave rise to it.

Waiver provisions currently apply to people who commence Work for the Dole, which provides work experience and is similar to voluntary work, or the Personal Support Programme. The recently announced breaching package extends them to people who commence rehabilitation with the Commonwealth Rehabilitation Service and vocational training under specified labour market programs. These options provide sufficient protection

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for disadvantaged job seekers to clear a breach penalty and further extending these options would require legislative amendment.

See also the response to Recommendation 25.

R28. Post-breach Referrals

(2) Such referral to a specialist officer should be mandatory after a second activity test breach, unless it has already occurred or would clearly be ineffective.

The procedures of the 3rd breach alert applies in all cases of third and subsequent breaches and requires consultation with specialist staff. The introduction of the 'alert' has resulted in a decrease in breach numbers in all categories of breaches, 1st, 2nd, and subsequent. It is current practice to refer vulnerable customers to specialist officers. Centrelink has a large number of highly skilled social workers, occupational psychologists and disability officers who undertake these interventions.

Doing this in all breach cases would be a waste of resources in consideration of the fact that most breaches are for customers who are not vulnerable – eg the large number who receive a penalty for deliberate mis/non declaration of earnings.

R.29 Moves to Low-employment Areas

(1) The period of ineligibility that may be imposed on jobseekers moving to low-employment areas should be limited to 12 weeks, unless a longer period up to the statutory maximum of 26 weeks is approved in a particular case by a senior Centrelink officer.

The length of the preclusion period is legislated and is the result of debate in parliament. The penalty is set a level to provide a sufficient disincentive for job seekers to reduce their employment prospects through moving. Shortening the minimum penalty period would likely see more job seekers moving to areas for lifestyle reasons where they would have little chance of obtaining paid employment. It is not clear on what grounds a longer preclusion period would be approved. A job seeker either does or does not lower their employment prospects by moving, without sufficient reason, to an area that has a higher unemployment rate than their previous location.

(2) The current criteria, exemptions and practice should be reviewed to ensure that no period of ineligibility is imposed unless Centrelink is satisfied that no valid reason applied and the job seeker's personal employment opportunities were substantially reduced. Valid reasons for moving should include a need to achieve lower living costs and accessible accommodation.

The current policy is that a person must be found to have reduced their employment prospects and must have moved without a valid reason for a preclusion period to be applied. However, "valid reason" does not extend to reducing accommodation costs, as this would effectively provide everybody with a valid reason and would render the policy meaningless.

R32. Independent Advice

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(1) The government, providers and other welfare organisations should give higher priority to expansion of the supply of independent expert advisers for jobseekers who wish to understand and pursue their rights in relation to income support and employment assistance.

(2) They should also strengthen their processes for notifying jobseekers in a timely manner about the roles and contact details of these advisers. In particular, such information should be explained in material which has been developed in consultation with representatives of the advisers and is made available prominently in all Centrelink offices, at all initial interviews, and in all requests for explanation of apparent breaches.

The Government already funds Centrelink staff to provide quality advice to the community. Safeguards exist in the form of the statutory right to seek a review of income support decisions, and the Commonwealth Ombudsman. Centrelink staff and procedures ensure that all customers receive advice about their rights to have decisions reconsidered. Funding is provided through the Attorney-General's Department as part of administrative law to provide a safeguard for individuals in the event of an administrative error.

R33. Contracts and Internal Monitoring

(1) Greater care needs to be taken in drawing up and monitoring the service contracts with Centrelink and providers in order to ensure that they do not contradict or militate against relevant legislation, specific policy statements and the overall policy goal of assisting all jobseekers to find work.

(2) Both in these contracts and in Centrelink's internal management and monitoring, greater care should be taken to avoid excessive focus on a few narrow numerical targets and indicators at the expense of broader and more balanced assessments of performance.

(3) In the current context, these recommendations apply especially to avoiding adoption of

- high breach rates as a predominant measure of good performance; and
- other numerical measures that induce inadequate interviewing, communication, referral and investigation of breaches.

No such measures exist.

(4) The content of the contracts should be made publicly available in both draft and final form, especially all performance targets and financial arrangements (perhaps excluding price tenders).

The only terms in the FaCS/Centrelink Business Partnership Agreement that relate to breaching stipulate that Centrelink should apply breaches in accordance with the legislation. Centrelink advised the Independent Review that there are no explicit or implicit targets about how many breach decisions have to be made. There are no performance requirements on Centrelink through its partnership arrangements that require this. There are no staff performance requirements either and no rewards. As noted above, the number of breach decisions has decreased significantly over recent months. Performance requirements in relation to breaching cover the quality and timeliness of decisions.

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R34. Special Support Teams

(1) Centrelink should consider greater use of special support teams for short-term allocation to a particular area or office which appears to be experiencing special challenges or limitations. This should apply especially where there appears to be a relatively high incidence of breaches.

(2) These special support teams should utilise both numerical measures and other forms of assessments to identify problems and devise appropriate responses.

(3) Where possible, team visits should also be allocated to particular Centrelink areas on a random basis.

Centrelink uses a range of methods to identify and respond with early intervention strategies to address emerging issues when necessary. Centrelink has extensive quality assurance and internal audit processes to monitor performance.

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Output Group: 3.1 Assistance for People of Workforce Age **Question No: 157**

Topic: Breaches

Written question on notice

Senator Bishop asked:

Please provide copies of any research contracted or undertaken in house into breaching or breaching policies during the last twelve months?

Answer:

The Youth Allowance Evaluation report (attached) released in March 2002 included one section (page 122) on the factors affecting reviews, appeals, debts and breaches, and another section (pages 96 and 97) on the effectiveness and appropriateness of the Youth Allowance 'breaching' arrangements for Indigenous young people.

The report may be accessed at
<http://www.facs.gov.au/yae/contents.html>

In June 2001, FaCS commissioned Hanover Welfare Services to assess the adequacy of Centrelink's assessment and referral services for homeless customers. The project was commissioned under the National Homelessness Strategy. The report released in June 2002 contains a section on penalties imposed for non-participation (pages 39 to 45).

[Note: the report has not been included in the electronic/printed volume]

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Topic: Breaches

Written question on notice

Senator Bishop asked:

Please indicate any research into breaching that is yet to be completed but in progress at the present time?

Answer:

FaCS commissioned the Social Policy Research Centre to undertake a project on the impact of breaching on income support recipients subject to activity testing. The project, *The Impact of Breaches on Income Support Recipients* is currently underway and the final report is planned for 2003.

The Social Policy Research Centre has been commissioned by FaCS to undertake a research project on long-term unemployment in NSW. This study included a small number of interviews with long-term unemployed individuals and employment assistance providers. The report will include a small section on the reported impact of breaches. The report is currently being drafted.

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Output Group: 3.1 Assistance for People of Workforce Age

Question No: 159

Topic: Breaches

Written question on notice

Senator Bishop asked: Please provide an update on the breaching figures provided in answer to the questions at the last round of estimates?

Please provide this information by SLA or Centrelink area?

The questions on notice asked by **Senator Bishop** at the 2001/02 additional estimates hearings are as follows:

- a) Please provide figures for the year 2000-2001 detailing:
 - The number of administrative breaches applied to individuals (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
 - The number of activity breaches applied to individuals (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
 - The total number of recommendations to breach, a) of an administrative nature and b) an activity nature (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
- b). Please provide figures for July 2001-February 2002 detailing:
 - The number of administrative breaches applied to individuals (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
 - The number of activity breaches applied to individuals (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
 - The total number of recommendations to breach, a) of an administrative nature and b) an activity nature, that were not applied (by payment type and number and percentage of 1st, 2nd and 3rd breaches)?
- c) Please provide figures for the periods a) 2000-2001 financial year b) July 2001-February 2002 detailing the number of breach recommendations from Job Network providers?
- d) Please provide figures for the periods a) 2000-2001 financial year b) July 2001-February 2002 detailing the number of breach recommendations from Job Network providers that were overturned by Centrelink?
- e) Please provide figures for the periods a) 2000-2001 financial year b) July 2001-February 2002 detailing the number of breach recommendations that were overturned by Centrelink?
- f) Please provide figures for the periods a) 2000-2001 financial year b) July 2001-February 2002 detailing the number of breach recommendations that were overturned after review or appeal initiated by the customer?
- g) Has the Department / Centrelink developed a process for identifying at risk customers (of being breached) including a) people with a psychiatric disability b) homeless people c) people with alcohol or drug dependency d) young people?
- h) Please provide any a) trend data, b) 2000-2001 financial year c) July 2001-February 2002 figures on breach rates for each of these populations. Please break this down by payment type, 1st 2nd or 3rd breach, administrative or activity breach?

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Answer:

The methodology used to collect breach data requires that the extraction of data occur at the end of the month following the survey month. Current financial year breach data is only available to March 2002. Data by payment type, and multiple breach penalties applied to individuals, is not readily available. Nor is the data currently available by Statistical Local Area or Centrelink Area or Office. To obtain this data would require a significant diversion of Centrelink's resources. The data provided is based on the number of breach activities recorded.

- A. These figures have not changed as they relate to the 2000-01 financial year.
- B. The number of administrative breach penalties imposed in July 2001 to March 2002 is 35,414.

The number of activity test breach penalties applied in July 2001 to March 2002 is 160,154. Of these: 92,618 (57.8%) resulted in first breach penalties being applied; 42,830 (26.8%) resulted in second breach penalties being applied; and 24,706 (15.4%) resulted in third and subsequent breach penalties being applied.

The following figures are 'gross' breach figures. These figures include the number of breach penalties that have been imposed, the number of participation reports that have been received and subsequently not applied or revoked after review, the number of breach penalties that have been revoked after review, and the number of breach activities that were raised in error.

The gross number of administrative breaches in July 2001 to March 2002 is 60,654.

The gross number of activity test breaches July 2001 to March 2002 is 347,144. The number of these that were for potential first, second, third and subsequent breach penalties is not readily available. To obtain this data would require a significant diversion of Centrelink's resources.

- C. There are no recommendations to breach.

There are no recommendations to breach from Job Network providers. The Job Network provides participation reports to Centrelink, which Centrelink then investigates. A decision is made by Centrelink either to impose a penalty or not. Centrelink-initiated decisions are not the subject of recommendations; penalties are imposed or not. Accordingly there is no information that can be gained to show how many times a breach activity was considered, only the numbers of decisions made to impose a penalty.

Job Network providers submitted 143,799 participation reports from July 2001 to March 2002.

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- D. There were 95,684 participation reports received from Job Network providers during July 2001 to March 2002 that were received and subsequently not applied or revoked after review.
- E. For the period July 2001 to March 2002, the number of breach activities which did not result in the imposition of a breach penalty was 212,230 (this includes: the number of participation reports that have been received and subsequently not applied or revoked after review; the number of breach penalties that have been revoked after review; and, the number of breach activities that were raised in error).
- F. Centrelink does not collect data on the number of breach decisions overturned by the original decision maker, however, decisions reviewed by ARO, SSAT and AAT are as follows:

Activity test & Administrative breach appeals results for period 1 July 2001 to 12 June 2002:

	Total ARO	No. set aside	Percentage
Activity test breach	7,008	3,008	43%
	Total SSAT	No. set aside	Percentage
Activity test breach	909	339	38%

	Total AAT	No. set aside	Percentage
AT breach (customer)	62	32	52%
AT breach (Secretary)	28	9	32%

- G. Where a customer discloses to Centrelink that they fall into an “at risk” group they would not normally be subject to breaching. Centrelink have a number of initiatives that are intended to identify customers at risk of being breached to enable early preventative action. These initiatives include: the Third Breach Alert initiative which has included instructions about how to identify indicators of potential risk; an awareness campaign for Centrelink Customer Service Officers (to help them recognise “at risk” job seekers and refer them on to the appropriate specialist officer before imposing a non-payment penalty); revised training material; Centrelink’s hosting placements of SAAP staff under the National Homelessness Strategy to improve mutual understanding between them and Centrelink staff; Centrelink undertaking ongoing work to develop tools and processes to better identify customers at risk and demonstration projects with specific target groups.
- H. It is not possible to discern how many people with a psychiatric disability, homeless people, and people with alcohol or drug dependency incur breach penalties. If disadvantaged job seekers such as these inform Centrelink of their situation they are not asked to meet the same requirements as other, less disadvantaged job seekers.

Customers under the age of 25 attract the largest proportion of breach penalties imposed. However, we are not currently able to update the figures previously provided. While this data was previously available, the correctness of current data extraction tools is under scrutiny and it would require a significant diversion of Centrelink resources to obtain an age breakdown of breach data. This issue should be resolved shortly.

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Output Group: 3.1 Assistance for People of Workforce Age **Question No: 160**

Topic: Breaches

Written question on notice

Senator Bishop asked:

Has the Department completed any research on the impact of breaching on (a) the duration of unemployment and (b) the duration on benefits subsequent to the Survey of New Newstart Allowance Claimants (Yann, Campbell, Hoare and Wheeler, 1997)? If so, can you please provide a copy of this research? If not, does the Department have plans to conduct any research on this issue?

Answer:

The Department has not completed any research specifically on the impact of breaching on duration of unemployment or duration on income support receipt.

The Department has commissioned The Social Policy Research Centre to undertake a project on the impact of breaching on income support recipients subject to activity testing. One of the research questions for this project is *What overall impact does being breached have on recipients?* This project is planned for completion in 2003.

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Output Group: 3.1 Assistance for People of Workforce Age Question No: 164

Topic: Breaching Package

Hansard Page: CA 91

Senator Bishop asked: *Extension of waiver provision for Newstart recipients*: Do you have a profile of the past customers who have applied for and been granted the waiver? Could you check whether there are any particular locations where this is a factor more so than others and, if so, provide the details?

Answer:

No. We are able to monitor how many waivers are granted over a period, but the data available does not allow profiling.

With a specialised data retrieval run we could look at the numbers of waivers granted in different areas and identify some characteristics (eg. age, duration on payment, indigenous status, history of incapacity (although not the cause)). However, this would require significant diversion of Departmental and Centrelink resources.

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Output Group: 3.1 Assistance for People of Workforce Age Question No: 165

Topic: Breaching Package

Hansard page: CA93

Senator Bishop asked: In relation to finishing an exit and activity under the preparation for work agreement, how many people do you think you will be calling?

Answer:

Under the *Better Monitoring of Preparing for Work Agreements* measure, it is estimated that around 200 000 customers will be contacted in a financial year.

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Output Group: 3.1 Labour Market Assistance

Question No: 166

Topic: Breaching Package

Hansard Page: CA 94

Senator Bishop asked: Changes to the current penalty regime – first, second and third penalties. How are they going to change from 1 July 2002?

Answer:

The penalties applied under Social Security Law will not be changed with the introduction of the Breaching Package from 1 July 2002.

What will change is that most people being referred for the first time to a Job Network provider or Community Work Co-ordinator will be referred by authority of the *Social Security (Administration) Act 1999*. This means that if they do not attend, without good reason, they will incur an administrative breach penalty rather than an activity test breach penalty.

An administrative breach penalty is a 16% rate reduction for 13 weeks. An activity test breach penalty is an 18% rate reduction for 26 weeks for the first activity test penalty, 24% rate reduction for 26 weeks for the second activity test breach within 2 years, and a non-payment penalty for 8 weeks for the third or subsequent activity test breach within 2 years.

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+ \$258m for Extra Services

On top of AWT an extra \$258m is invested over 3 years to purchase over 73,000 new service places

2001-02 and 2002-03 Budget Funding for Services for People with Disabilities						
	Education & Training	Disability Employment	Rehabilitation	Job Network	PSP	TOTAL
AWT Places	5,200	12,300	11,000	-	-	28,500
DSP Changes	*	17,200	14,700	37,600	3,200	Over 73,000
TOTAL	*	29,500	25,700	37,600	3,200	Over 101,500

* DEST to negotiate the exact number of places in mainstream vocational education and training with state and territory governments.

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Output Group: 3.2 Support for people with a disability **Question No: 128**

Topic: Commonwealth-State Disability Agreement

Written question on notice

Senator Harradine asked:

What is the Department's response to the National Council on Intellectual Disability (NCID) report "Broken Promises, Shattered Lives"? Has the Department considered the following recommendations made in the report? If so what is the Department's response?

- a) To provide emergency funding to all States and Territories to address the urgent need for accommodation
- b) To promote a national approach to resolving the accommodation crisis
- c) To resolve the crisis in unmet need by committing, with the States and Territories, the resources to provide accommodation to all people with disability in need in the lifetime of the next Commonwealth State Disability Agreement.

Answer:

- a) The Commonwealth provided funding of \$50 million in 2000-01 and \$100 million (plus indexation) in 2001-02 to help address the backlog of unmet need for State and Territory provided accommodation and related support services, conditional upon States and Territories making a significant financial contribution.
- b) The Commonwealth's initiative in contributing to unmet need resulted in large national effort to address unmet need. The Commonwealth has committed to significant funding growth in coming years in its area of primary responsibility under the Agreement (employment) and asked the States and Territories to similarly increase funding in their areas of responsibility (accommodation).
- c) The third Commonwealth State Territory Disability Agreement (CSTDA) commits parties to work throughout the Agreement on improving the long-term strategies to respond to and manage demand for specialist disability services. There will be regular public reporting by all jurisdictions on progress against the five new policy priorities for the Agreement. Development of long-term demand management strategies is one of the five policy priorities.

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Output Group: 3.2 Support for people with a disability

Question No: 129

Topic: Commonwealth State/Territory Disability Agreement Funding

Hansard Page: CA 40

Senator Mark Bishop asked: Of the \$1.3 billion to \$2 billion (additional funding under CSTDA), how much can be identified as indexation, superannuation and those sorts of changes.

Answer:

Commonwealth rate of indexation for 2002-03 under wage cost index 2 was 2 per cent. Superannuation Guarantee Charge supplementation applied in 2002-03 at 0.9 per cent.

Over the five year period of the new CSTDA, the Commonwealth will be paying to State and Territory governments \$2.68 billion. Of this, based on current estimates, \$154.9m is for indexation, and \$22.6m is the five year effect of the superannuation guarantee charge increase supplementation to be provided in 2002-03. Both these amounts include the indexation and superannuation supplementation applied to the unmet need funds.

Almost \$2 billion will be provided for employment assistance under the CSTDA. This amount includes the compounding effect of the growth provided under the 2001-02 Budget's Australians Working Together package, growth from the 2002-03 Budget measures relating to improving the work capacity of people with a disability, as well as the ongoing 2 per cent per annum growth provided for the employment appropriation. The four year effect of new budget measures (that is, including indexation) is published in the Department's Portfolio Budget Statements. In addition to the new Budget measures, indexation on the ongoing or existing funds for employment is \$84.7m and the superannuation guarantee charge component is \$12.5m.

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Output Group: 3.2 Support for People with a Disability **Question No:** 130

Topic: Commonwealth-State Disability Agreement

Hansard page: CA42-43

Senator Bishop asked:

Can you provide a copy of Minister Anthony's letter post his meeting with Ministers' where he identified issues for a number of jurisdictions around the ability to make commitments over a forward estimates period?

Answer:

In internal Government correspondence, Minister Anthony outlined the Commonwealth's understanding of the commitment made by all Ministers at the July 2000 meeting which was that: no Government had made a budget commitment in respect of continuing their respective unmet need funds; that a number of governments could not make forward budget commitments; and, therefore, governments' gave their in-principle agreement only to continuing respective unmet need contributions.

The Commonwealth has always maintained that funding matters would be considered in the final year of the Agreement. Letters to State and Territory Ministers in late August 1999 from the then Minister for Family and Community Services, the Hon Jocelyn Newman, made it clear that funding arrangements would be considered in the final year of the current Agreement. In late 2001, Senator Vanstone reiterated the Commonwealth's position in a letter to the Hon Sheila McHale, Minister for Disability Services, Western Australia.

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Output Group: 3.2 Support for people with a disability` **Question No: 113 & 133**

Topic: Commonwealth-State Disability Agreement

Written question on notice

Senator Denman asked:

Commonwealth/State Disability Agreement

Is the timeframe for the CSDA to be renegotiated still the previously advised date of 1 July 2002?

In one of the responses provided from the February 2002 Additional Estimates (No. 56), a research project examining the effectiveness of the existing 'unmet need' funding is referred to.

- a) Who conducted that research project?
- b) How were they chosen?
- c) What was the cost of this project?
- d) The final outcomes of this research project were to be available on 30 April 2002 – can we please get a copy of these?

How have the findings of this project influenced the Commonwealth's view of whether the additional funding for unmet need under the last two years of the CSDA has addressed these needs?

Answer:

The current CSDA ceases on 30 June 2002. The Commonwealth has offered States and Territories an extension of four months, to end October 2002.

Research project referred to is "The Effectiveness of Existing Funding to Reduce Unmet Need for Disability Services and Identification of any Remaining Shortfalls".

- a) Research project conducted by Australian Institute of Health and Welfare (AIHW)
- b) Select tender. Chosen by steering committee representing Commonwealth and all State and Territory jurisdictions
- c) Final estimated cost is \$129,750
- d) Report to go to Commonwealth and State/ Territory Ministers at their meeting of 28 June 2002 for consideration and agreement to release.

At this stage we cannot comment on the findings until the report is cleared by Ministers.

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Output Group: 3.2 Support for People with a Disability

Question No: 113(a)

Topic: AIHW Report

Written question on notice

Senator Denman. asked:

(with reference to previous written question on notice 113) Can the Department please advise whether the agreement to release AIHW report was given at the meeting, if so can you please provide a copy of the report?

Answer:

The Australian Institute of Health and Welfare was given Ministers' permission to release its report into the Effectiveness of Unmet Need funding and remaining shortfalls. The Institute will place the full report on its web site as soon as it is ready. A summary is currently on the web site www.aihw.gov.au

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Output Group: 3.2 Support for people with a disability **Question No: 131**

Topic: Commonwealth-State Disability Agreement

Hansard Page: CA45

Senator Bishop/Denman asked:

Can you provide a list of those states (by state), under the CSTDA, that have not provided information of their efforts under the CSTDA?

Answer:

As of 11 June 2002, **all** States and Territories have provided information on Minister Vanstone's request for names of service providers funded under the Commonwealth State Disability Agreement.

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Output Group: 3.2 Support for people with a disability **Question No:** 132

Topic: Commonwealth-State Disability Agreement

Hansard Page: CA 47

Senator Bishop asked:

Have previous ministers asked for information from the states in the life of previous Commonwealth state and territory disability agreements and the responses that have been given in the 10-year period?

Answer:

With respect to service provider names and addresses, there has not to our knowledge been any previous requests.

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Output Group: 3.2 Support for people with a disability **Question No:** 114

Topic: Commonwealth-State Disability Agreement

Written question on notice

Senator Denman asked:

Disability Providers: 'Unmet Need Funding'

What are the amounts by state the Department intends to contribute for the 'Unmet Need funding' for disability services?

How is the Department currently dealing with the issue of the unidentified, as opposed to the identified, 'unmet need' that is, those that fit the criteria for receiving funded disability services but are not aware, or are not seeking assistance? Does the Department have any indication of the level of this 'unidentified unmet demand'?

Is the efficiency dividend going to continue to be applied to funding for disability service providers?

If so, will these organisations also receive an annual grant as they did last year?

Given the increasing demands faced by disability providers, has the Government considered removing the efficiency dividend and grant from the funding that these organisations receive?

Answer:

In its 2002-03 Budget, the Commonwealth allowed for renewed funding equivalent to that provided in 2001-02 plus indexation and superannuation guarantee charge supplementation. In 2001-02 the 'unmet need' amount provided was \$102.3 million, as follows:

NSW	VIC	QLD	SA	WA	TAS	NT	ACT
34,454,640	25,145,340	18,731,130	8,276,070	10,035,630	2,690,490	1,237,830	1,728,870

The States and Territories are responsible for managing demand for accommodation and related services from individuals. The desired outcome is that State/ Territory capacity to identify need is improved in next Commonwealth State Territory Disability Agreement.

The report currently being undertaken by Australian Institute of Health and Welfare on 'unmet need' will help develop better understanding of some of these gaps.

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Output Group: 3.2 Support for people with a disability Question No: 147

Topic: Tender for Evaluation of Assessment and Contestability Trial

Hansard Page: CA 100

Senator Collins asked:

Assessment and Contestability trial. KPMG were the successful tenderer who will be evaluating the research into the trial. Can you provide me with the request for tender?

Answer:

A copy of the request for tender is provided.

[Note: the attachment has not been included in the electronic/printed volume]

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Output Group: 3.2 Support for people with a disability **Question No:** 148

Topic: Methodology for the Evaluation of the Assessment and Contestability Trial.

KPMG's experience in social research consultancy.

Hansard Page: CA 101

Senator Collins asked:

Can you provide further documentation about the methodology for KPMG's proposal. Do you have any material which indicates that KPMG is active in other areas of social research?

Answer:

The objectives of the evaluation of the Assessment and Contestability trial are to:

- assess the ability of the current and trial assessment arrangements to identify the abilities and needs of individuals, including capacity to work;
- determine the impact of the trial assessment process on individual participation; and
- examine the private sector's capacity to deliver specified vocational rehabilitation services on the basis of cost, responsiveness, timeliness, quality and the ability to service the full range of people with disabilities.

The evaluation methodology includes a range of qualitative and quantitative data analysis techniques. There are four distinct but related elements:

- an evaluation of the trial assessment process in terms of its capacity to determine work capacity and to identify appropriate interventions as well as the efficiency by which it delivers participation outcomes;
- an audit of referral decisions to open or supported employment services and rehabilitation services;
- an evaluation of the contestability of vocational rehabilitation service delivery; and
- an assessment of the potential impact of rehabilitation contestability on CRS Australia.

Information for the evaluation is being collected from a range of sources and analysed to identify trends and outcomes. Data sources include:

- Data from individual assessments and post assessment follow-up, collected by FaCS assessors;
- Centrelink administrative and income support data;
- Data from consultation with trial participants, Centrelink staff, FaCS assessors, industry groups, private sector rehabilitation service providers and CRS Australia staff;
- Data from audits of trial referral protocol; and
- Questionnaire data from private vocational rehabilitation service providers.

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FaCS developed the design and methodology of the trial itself in consultation with CRS Australia and Centrelink. Details are available on the FaCS website at: www.facs.gov.au/dsr

FaCS is aware of previous work undertaken for the Commonwealth by KPMG Consulting Australia in a number of areas of social research. These include:

- Conduct of the Disability Business Services Review
- Evaluation of the Supported Wage System for people with disabilities
- Facilitated development of strategic framework in National Disability Advocacy Program Review and recommendations in Victoria.

In addition, KPMG Consulting have undertaken a range of work in social research areas for a number of State Governments.

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Output Group: 3.2

Question No: 149

Topic: Disability Services Abuse and Neglect Hotline

Hansard Page: CA146

Senator Mark Bishop asked: Can you provide details of the Abuse and Neglect hotline? When did it start? What is the level on contact?

Answer:

The Disability Services Abuse and Neglect Hotline (the Hotline) provides a single nationally accessible independent contact point for people with disabilities, parents, carers, advocates, staff at services and health professionals to report incidences of abuse or neglect in State and Commonwealth funded services. These incidents are then referred to the appropriate authority for investigation.

The Hotline has recorded 230 matters and 112 information requests since opening on 29 October 2001 until 31 May 2002. The matters have covered a wide range of issues such as: sexual, physical, financial, psychological and emotional, constraint and restrictive practices, legal and civil abuse, and wilful, emotional, passive and physical neglect.

29 people who have called the Hotline have not given their permission to make the referral to the appropriate complaint handling body. These notifiers are informed of other services that they may wish to contact, such as advocacy or a specific complaint handling body, as the Hotline must protect the privacy of the complainant.

135 matters recorded by the Hotline were considered target and 95 matters were considered non-target. Non-target matters do not involve a person with a disability; or do not involve abuse and neglect; or do not involve a government funded disability service. The Hotline still assists the caller and refers their allegation to an appropriate authority. An example of a non-target complaint would be a complaint about abuse of a person with a disability in their family home.

Apart from referrals to complaint handling bodies, referrals have also been made to a range of organisations such as: aged care assessment teams, community legal centres, advocacy organisations, welfare rights centres, domestic violence agencies and carers resource centres.

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Output Group: 3.2 Support for people with a disability

Question No: 118

Topic: SACS Award

Written question on notice

Senator Bishop asked:

How many Business Services are there, and what are the number of employees currently working in them?

Can you tell us please, approximately the percentage of employees in the high level need category, within these services?

Answer:

There are 447 Business Services offering supported employment funded by the Department.

At the time of the 2001 Commonwealth Disability Census (29 June 2001) there were 15,291 people with a disability 'on the books' of these services. The total number of people assisted by employment services throughout 2001-02 was 17,191.

The Census also collects information on the level of assistance required by people with a disability in the area of work. Of the 15,291 people 'on the books' at 29 June 2001, 3,134 required continual help or assistance and 4,624 required frequent help or assistance with work. This total of 7,758 people (50.7 per cent) were in the high level need category.

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Output Group: 3.2 Support for people with a disability **Question No:** 119

Topic: Certification of Organisations under new Quality Assurance System

Written question on notice

Senator Mark Bishop asked: What support and resource is available to assist business services to successfully reach certification? What are the predicted numbers of business services that will successfully achieve certification by the end of December 2004? How many are expected to close? How many employees will lose access to their employment as a result of the closure of their business service? What are the intentions of the Commonwealth in regard to those employees?

Answer:

The Government has approved more than \$17 million over the four financial years to 31 December 2004 to fund the new quality assurance and accreditation system for disability employment services – including reasonable certification costs, the development of an independent complaints mechanism and a continuous improvement program.

Current services will have up to the end of December 2004 to fully meet the requirements of the new system. Almost 100 per cent of organisations have registered their intention to seek certification under the new QA system – a high indication from organisations that they expect to meet the requirements of the new system by the end of 2004. Some services may not make it through the transition, however with assistance and support from within the industry these numbers will be minimal.

Government funds Business Services for employment assistance for people with disabilities and is committed to ensuring that these services are high quality and deliver the employment outcomes for which they are funded. If people with disabilities are assessed as having a work capacity, the aim is that they will be able to access employment.

During the next few years there will be a number of government initiatives to help services understand the requirements of the new quality assurance system and prepare for the certification process, including seminars, information packs and handbooks. A Continuous Improvement handbook with information on practical ideas on continuous improvement activities will be sent to service providers shortly. Other supports include a “tool box” of assistance developed through the collaborative partnership of ACROD and the Business Services Review Implementation Group, chaired by Mr Nobby Clark. This assistance includes mentoring, networking and other help available through ACROD’s Senior Adviser for Business Services, practical help from State Business Enterprise Centres, and possible extra funding assistance through local Area Consultative Committees.

If a Business Service closes, funding for employment will continue to be made available to employees with disabilities with a work capacity from that service through other eligible employment services. Strategies will be put in place to facilitate ongoing employment support and would include individual consultation with consumers and families.

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Output Group: 3.2 Support for people with a disability

Question No: 120

Topic: Employment for people with high support needs

Written question on notice

Senator Bishop asked:

By their very nature, most business services currently employ a number of people with high needs and lower productivity levels? What is the Commonwealth doing to ensure the continued employment opportunities for these employees?

Answer:

The Commonwealth is fully committed to the provision of disability employment assistance to people with high support needs and vocational goals. Disability employment reforms aim to ensure that provision of assistance is equitable and responsive to individual needs, particularly for people with high support needs. The final case based funding model will set appropriate funding levels for people with high support needs to support their continued employment.

All employees currently in Business Services will continue to receive Commonwealth funding for support during the transition to the new funding model.

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Output Group: 3.2 Support for people with a disability

Question No: 121

Topic: Business Services in a business environment

Written question on notice

Senator Bishop asked:

Business Services will need to operate in a more business oriented manner, in an even more competitive market in the future. Would you agree?

Answer:

Yes

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Output Group: 3.2 Support for People With a Disability **Question No: 122**

Topic: Business Services infrastructure

Written question on notice

Senator Bishop asked:

In many cases, business services exist in premises that are old and in need of upgrade. Has any assessment or survey of the infrastructure of business services been undertaken?

Answer:

No such survey has been done. The primary purpose of FaCS funding is to fund costs associated with provision of employment support for people with disabilities. Funding is not intended to meet the costs of the business operation of the Business Service. However, the Business Services Review Implementation Group is investigating some practical options to assist services, including community banking support.

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Output Group: 3.2 Support for People with a Disability

Question No: 123

Topic: Capital improvement for Business Services

Written question on notice

Senator Bishop asked:

Given the need for them to operate in a competitive market, what support is available to assist in infrastructure or capital improvement in those services?

Answer:

In 1996-97 a decision was taken by Government to cease funding capital acquisitions. However, the Business Services Review Implementation Group is investigating some practical options to assist services, including community banking support.

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Output Group: 3.2 Support for people with a disability Question No: 124

Topic: Additional funds under the new CSTDA for QA reforms to proceed

Written question on notice

Senator Mark Bishop asked: Can you indicate what additional funds are available under the new CSTDA, which will allow the support required for the QA reforms to proceed to their full potential?

Answer:

Funding to be provided under the new CSTDA will be \$2.7 billion over five years to States and Territories and around \$2 billion over five years for the Commonwealth's employment assistance programs. The current Commonwealth State Territory Disability Agreement is due to expire on 30 June 2002. The Commonwealth is presently negotiating the next agreement and has extended the current agreement for four months while negotiations are being finalised.

The Government has approved more than \$17 million over the four financial years to 31 December 2004 to fund the new quality assurance and accreditation system for disability employment services – including reasonable certification costs, the development of an independent complaints mechanism and a continuous improvement program.

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Output Group: 3.2 Support for people with a disability Question No:125

Topic: Additional funds under the new CSTDA for any increase in client numbers

Written question on notice

Senator Mark Bishop asked: Can you indicate what additional funds are available under the new CSTDA which would assist the States and Territories should the client number increase as a result of the QA reform process.

Answer:

The Commonwealth is presently negotiating the next agreement and has extended the current agreement for four months while negotiations are being finalised.

Some people may transfer to State funded services who are better assisted by those services. For example, at retirement or when people can no longer work due to diminished work capacity, State funded services are more appropriate. It is also expected that this will be balanced by transfers of people currently inappropriately in State services who can be assisted into employment with the Commonwealth.

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Output Group: 3.2 Support for people with a disability **Question No: 126**

Topic: Wage Assessment Tool for people employed in Business Services

Written question on notice

Senator Bishop asked: I understand a new wage assessment tool is being developed for use in assessing wage levels for people employed in business services. Who was the successful tenderer for the contract?

When was the contract signed? What is the report by date?

What is the cost of the contract?

Answer:

The successful tenderer was Health Outcomes International Pty Ltd.

The contract was signed on 17 May 2002.

The report by date is 20 December 2002.

The total cost of the contract, including GST is \$374,100.

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Output Group: 3.2 Support for people with a disability **Question No: 127**

Topic: Wage Assessment Tool for people employed in Business Services

Written question on notice

Senator Bishop asked: Would you please outline how the consultation will take place, and who it will involve?

Answer:

The consultant developing the wage assessment tool will consult widely. The strategies for consultation will include:

- Forums for Business Service providers and employee representatives in various states/territories;
- Face to face interviews with other key stakeholders by sector (eg representatives of government, disability employment sector and union/industry);
- Telephone, video or electronic communication where in person meetings are not possible.

FaCS will also provide information on the project via the disability employment assistance newsletter, *The Reform Agenda* and its internet site.

The key stakeholders identified for consultation include:

- Representatives from FaCS and DEWR;
- Business Services across Australia;
- ACROD;
- Employees in Business Services and/or their carers/advocates;
- Training bodies including ANTA and relevant Industry Training Advisory Boards;
- Union/industry bodies; and
- Disability service/support organisations and relevant peak bodies.

A reference group will provide expert advice to the consultant during the life of the project and this may include identification of other stakeholders who should be consulted.

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Output Group: 3.2 Support for People with a Disability **Question No:112**

Topic: National Disability Advisory Council

Written question on notice

Senator Denman asked:

On 28 March 2002, the Minister announced 6 new members to the National Disability Advisory Council. What was the appointment process for these new members? How many times has the Council met this year? How many of these meetings has the Minister attended?

Answer:

Members were appointed through a merit selection process which involved seeking applications through public advertisements (national press); assessment of applicants by an independent selection panel against specified selection criteria; and a workshop (assessment centre) for short listed applicants.

The Council has met twice this year, in Adelaide on 11–12 April 2002 and in Canberra on 20–21 May 2002. Minister Vanstone attended the April meeting and her advisor on disability issues attended both meetings.

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Output Group: 3.2 Support for people with a disability **Question No:115**

Topic: Disability Providers: Fringe Benefits Tax (FBT)

Written question on notice

Senator Denman asked:

Has the Government considered indexing the amount of FBT paid by disability service organisations? If not, why not?

Answer:

FBT is not a fixed amount but is based on the level of fringe benefits provided by the employer to the employee. As funding provided to disability service organisations is indexed then this effectively includes all expenses paid by the organisation, including FBT.

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Output Group: 3.2 Support for people with a disability

Question No: 116

Topic: Disability Providers: Fringe Benefits Tax (FBT)

Written question on notice

Senator Denman asked:

The Federal Government promised that charities would not be worse off as a result of the introduction of the New Tax System. This is not the case for disability services segment in relation to vehicle changeover costs. While a disability service organisation is not required to pay GST on the purchase of a new vehicle, resale of the vehicle for 75% or more of the purchase price does incur GST.

Does the Government recognise that given disability service organisations rely heavily on transport in providing support to clients that GST in this instance, is placing disability service organisations in a position where they are worse off?

Does the Government have any plans to review the amount of GST paid by disability organisations in the resale of vehicles?

Answer:

The purchase and sale of motor vehicles is a business decision made by each organisation.

The price achieved by the organization should implicitly include GST (as comparable market prices for similar vehicles would include GST). Charitable organizations are provided with GST-free treatment where the payment they receive is less than 75 per cent of the market value of the goods.

Questions on reviewing the application of the GST should be referred to the Treasurer.

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Output Group: 3.2: Support for People with a Disability

Question No: 139 & 140

Topic: Disability Employment Services

Hansard Page: CA72, CA73, CA74

Senator Collins. asked:

Can you provide figures, funding and places for the following programs for the last 10 years, and the eligibility criteria during that period? The first group is disability employment services under the third Commonwealth disability agreement. The next group is the supported wage scheme. The next one is the workplace modification scheme. The next is CRS. The next is the community support program. The next is the language, literacy and numeracy program. The next is access to Centrelink personal advisers for guidance and access to support services. Further to that is mainstream vocational education and training places provided by the state and territories. Lastly, there is any other program related to employment or training of people with a disability. And for the four next years.

In relations to the above programs are you aware of any evaluations? If so what are the findings? Could you draw together all those reports and the sources that you have referred to, and incorporating in that as well the ones you have indicated. Can you provide the information

Answer:

Disability Employment Services

Year	Clients Assisted ⁽¹⁾	Funding \$M
1992/93 ^(a)	-	196.9
1993/94 ^(a)	-	165.3
1994/95 ^(a)	-	179.7
1995/96 ^(a)	-	190.4
1996/97	41,900	191.3
1997/98	47,133	197.7
1998/99	49,285	205.2
1999/00 ^(b)	53,427	217.9
2000/01	60,352	238.3
2001/02 est ^(c)	65,500	259.1
2002/03 est ^(d)		282.1
2003/04 est		325.1
2004/05 est		380.4
2005/06 est		419.9

Notes: est = estimate only

(1) Client figures include people assisted under case based funding.

(a) - No comparable figures available. Funding for Employment Assistance from 1992-93 to 1995-96 cannot be readily compared to later years as services were transferred during this

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time from the Commonwealth to State responsibility under the then CSDA.

(b) - Clients Assisted figures based on annual Census data from 1999-2000.

(c) - 2001-02 expenditure is an estimate pending end-of- year reconciliation.

(d) - Forward year funding estimates include projected full year effect of all components of indexation plus funds for AWT new policy initiatives and new growth announced in the 2002-03 Budget.

Eligibility Criteria

A person who is eligible for Disability Employment Assistance as defined by Part II of the *Disability Services Act 1986* is a person with a disability that:

- (a) is attributable to an intellectual, psychiatric, sensory or physical impairment or condition or a combination of such impairments;
- (b) is permanent or likely to be permanent; and
- (c) results in:
 - (i) a substantially reduced capacity of the person for communication, learning or mobility; and
 - (ii) the need for ongoing support service.

Evaluations

*Australian Healthcare Associates, November 2001 The Case-based
Funding Trial Stage 1 Evaluation Report.

*ARTD Management & Research Consultants, February 2001 Evaluation of the Trial of
a New Quality Assurance System for Disability Employment Services.

*KPMG Consulting 2000 A Viable Future – Strategic Imperatives for Business Services.

Service Quality Australia, December 1999 Evaluation of the Disability Consumer Training
and Support Program.

Service Quality Australia, February 1997 Evaluation of the Barriers to the Implementation
of the Disability Services Standards.

Professor Peter Baume AO Head, School of Community Medicine, The University of New
South Wales, January 1995 Working Solution - Report of the Strategic Review of the
Commonwealth Disability Services Program.

*** reports identified by an asterisk are available in electronic form from the FaCS Website**

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Supported Wage System

Year	New Placements ⁽¹⁾	Continuing Clients ⁽²⁾	Funding \$M
1992/93			
1993/94			
1994/95			
1995/96			
1996/97			
1997/98	-	-	3.389
1998/99	1,217	-	4.099
1999/00	1,063	2,284	3.142
2000/01	986	1,834	1.854
2001/02 est ^(a)	1,169	2,267	1.731
2002/03 est ^(b)			
2003/04 est			
2004/05 est			
2005/06 est			

Notes: Prior to 1997-98 the Supported Wages System was included in the Rehabilitation Services appropriation.

(1) – New Placements includes on-going employees from previous years moving to a new employer in the reported year.

(2) – Continuing Clients are those people who accessed the SWS prior to 2001-02. In total there were 3,272 SWS clients in 2001-02.

(a) – 2001-02 expenditure is an estimate pending end-of-year reconciliation.

(b) – No specific forward allocations exist for the Supported Wage Scheme. Funds are allocated from the Employment Assistance & Other Services appropriation as demand patterns become known.

Eligibility Criteria

A person is eligible to participate in the Supported Wages System (SWS) if:

- (a) the job under consideration is covered by an award, industrial agreement or legislative provision which permits employment for pro-rata wages under the SWS; and
- (b) she or he is an Australian citizen or is a person resident in Australia whose continued presence is not subject to a time limit imposed by Commonwealth law (eg. a temporary visa); and
- (c) the person is at least 15 years of age; and
- (d) the person has no outstanding workers compensation claim against the current employer; and
- (e) as determined by the Centrelink, she or he meets the impairment criteria for receipt of a Disability Support Pension

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The current definition of these impairment criteria is as follows:

- the person is permanently blind; or
- the person has a physical, intellectual or psychiatric impairment; and
 - i. the persons impairment is of 20% or more under the Impairment Tables; and
 - ii. the person has a continuing inability to work.

Eligibility for the Supported Wage System will usually be established by the applicant and, where used, an agency which is assisting the worker into employment (not the employer). The employer must be satisfied that it is lawful to employ a person at pro-rata wages for the job in question.

Evaluations

*FaCS/KPMG, April 2001 Supported Wage System Evaluation.

* available in electronic form from the FaCS Website

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Workplace Modifications*

Year	People Assisted	Funding \$M
1998/99	325	0.559
1999/00	311	0.584
2000/01	140	0.528
2001/02 est	263	0.699
2002/03 est ^(a)		
2003/04 est		
2004/05 est		
2005/06 est		

Notes - * FaCS responsibility for Workplace Modifications was transferred from the Department of Employment and Workplace Relations in 1998-99.

(a) – No specific forward allocations exist for Workplace Modifications. Funds are allocated from the Employment Assistance & Other Services appropriation as demand patterns become known.

Eligibility Criteria

- (a) To be eligible for assistance, a worker must be:
- (i) an Australian citizen or permanent resident; and
 - (ii) employed for a minimum of 8 hours per week; and
 - (iii) in employment which is reasonably expected to continue for a period in excess of 13 weeks or other periods as agreed.
- (b) A worker for purposes of the Workplace Modifications Scheme ,means an individual with a disability who is supported by:
- (i) a FaCS funded open employment service; or
 - (ii) a FaCS funded Business Service; or
 - (iii) is attached to a Job Network Intensive Assistance provider; or
 - (iv) is a participant in the Supported Wages Scheme.
- (c) Workers assisted through these agencies must be employed under a legal industrial arrangement that complies with the minimum standards established by Commonwealth, State or Territory law. This includes employment arrangements under:
- (i) an award (where no award exists, the employer is responsible for contacting the Department of Employment and Workplace Relations or equivalent State authority who will nominate an appropriate award), or
 - (ii) an enterprise agreement, or
 - (iii) a certified agreement, or
 - (iv) an individual workplace agreement (eg. AWA) made under the Commonwealth, State or Territory law.

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- (d) The eligibility of each worker will be examined on a case by case basis regardless whether they are in open employment or in a Business Service, or have an approved Slow Worker, Aged and Infirm, or other under-rate permit.
- (e) Self-employed person with disabilities, assisted by a FaCS funded open employment service or a Job Network Intensive provider, who are participants of the New Enterprise Incentive Scheme are eligible for funding subject to a worksite assessment and discretion of the Manager, FaCS Workplace Modifications Unit (FWMU).

Evaluations

A range of disability employment incentive schemes, including workplace modifications, are being evaluated by the department. The report is expected to be completed by end of 2002-03.

Rehabilitation Services:

Year	Programs Provided	Funding \$M
1992/93	n/a	97.7
1993/94	n/a	103.2
1994/95	n/a	125.2
1995/96	29,959	127.3
1996/97	30,478	118.4
1997/98	26,569	108.1
1998/99	26,432	100.4
1999/00	29,222	102.3
2000/01	31,512	103.0
2001/02 est	29,333	104.0
2002/03 est	32,330	113.2
2003/04 est	41,680	141.1
2004/05 est	51,073	169.3
2005/06 est	60,465	173.1

Note: The drop in funding in 1996-97 reflects the transfer of the Supported Wages Scheme from Rehabilitation Services to the Employment Assistance appropriation.

n/a - not available

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Eligibility Criteria

The target group for rehabilitation services as defined by Part III of the *Disability Services Act 1986* is people who are Australian citizens or residents who:

- (a) have attained 14 years of age but have not attained 65 years of age; and
- (b) have a disability that:
 - (i) is attributable to an intellectual, psychiatric, sensory or physical impairment or a combination of such impairments; and
 - (ii) results in a substantially reduced capacity of the person:
 - (A) to obtain or retain unsupported paid employment; or
 - (B) to live independently.

The rehabilitation program would

- (a) result in the person having a substantially increased capacity to:
 - (i) obtain or retain paid employment (whether or not the employment would be unsupported); or
 - (ii) live independently.

Evaluations

The Boston Consulting Group, July 1996 Review of Commonwealth Rehabilitation Service.

Anutech Pty Ltd, February 1993 A Financial Analysis of the costs and returns of the Commonwealth Rehabilitation Service Program.

KPMG Peat Marwick, May 1993 Department of Health, Housing, Local Government and Community Services – Review of Commonwealth Rehabilitation Services.

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Community Support Programme

The Community Support Programme (CSP) commenced in May 1998. In the Round One tender, 7,500 places were allocated over the period of the Contract to 30 June 2000, at a total cost of \$15 million per annum. In the May 1999 Budget process, places were increased to 15,000 and funding was increased accordingly to \$30 million per annum.

To be eligible for referral to CSP, participants must be on Newstart Allowance or Youth Allowance or aged between 15-20 and not in receipt of income support but registered as looking for employment. Centrelink must also identify that particular barriers exist and the participant must volunteer for referral to the programme.

This programme was administered by the Department of Employment and Workplace Relations and it ceased on 30 June 2002 with the commencement of the Personal Support Programme on 1 July 2002.

Personal Support Programme

People are eligible for the Personal Support Programme if they are:

- receiving an eligible income support payment (these include most of the payments made to people of workforce age); or
- 15 to 20 years olds who are registered as job seekers but not on income support; and
- assessed as having multiple non-vocational barriers; and
- deemed as having a capacity to benefit from participation in the Personal Support Programme.

Eligible income support payments are Newstart Allowance, Youth Allowance, Parenting Payment, Disability Support Pension, Mature Age Allowance, Partner Allowance, Wife Pension; Widow B Pension; Widow Allowance, and Special Benefit (in some cases).

As part of the 2001-02 Budget *Australians Working Together* package, the Government announced funding of \$145.7 million for people to participate in the Personal Support Programme.

	2001-02	2002-03	2003-04	2004-05
PSP Participants	0	25,000	35,000	45,000
PSP Expenditure	\$2.7m	\$36.8m	\$45.7m	\$60.5m

To support changes to the Disability Support Pension announced in the 2002-03 Budget, the Government will provide an additional \$11.3 million over three years for the Personal Support Programme.

	2002-03	2003-04	2004-05	2005-06
PSP Participants	0	1050	1070	1100
PSP Expenditure	0	\$3.6m	\$3.8m	\$3.9m

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Vocational Education and Training

Under the national vocational education and training (VET) arrangements, funding for VET is a shared responsibility between the Commonwealth and States and Territories. State and Territory Governments are responsible for the delivery of training, including to people with disabilities.

The Commonwealth provides funds for VET through the Australian National Training Authority to States and Territories. These funds supplement those provided by State and Territory Governments.

The needs of people with disabilities have been recognised. The Commonwealth and all State and Territory Ministers have signed up to implement *Bridging Pathways: a National Strategy and Blueprint for people with disabilities in VET for 2000-2005* with the aim of increasing opportunities for people with disabilities in VET. The strategy is undergoing a mid-term review and its results will be made public early in 2003. The strategy will also be evaluated following its completion.

The Commonwealth has provided \$2 million for national actions outlined in the *Blueprint*.

In the 2002-03 Commonwealth Budget, the Government announced that it would provide over \$33 million additional funds for the VET system to meet the needs of people affected by changes to the Disability Support Pension.

This is on top of the *Australians Working Together* (AWT) initiative announced in the 2001-02 Commonwealth Budget, when the Commonwealth provided \$24.4 million for four years from 1 July 2002 to contribute to States' and Territories' efforts to assist people with disability to enter and complete a VET course.

A Disability Coordination Officer (DCO) Programme, also announced as part of the AWT package, aims to provide information, coordination and referral services for people with a disability interested in participating in post-school education and training and to assist them to succeed in their chosen studies. The DCO Programme commenced on 1 July 2002.

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The number of people who reported a disability who participated in VET has increased from about 37,600 in 1995 to about 69,200 in 2001.

The number of people with a disability in VET, 1995-2001

<i>Year</i>	No. people who reported a disability*	<i>% of Total</i>
1995	37,601	2.9
1996	47,311	3.5
1997	48,236	3.3
1998	53,870	3.5
1999	63,178	3.8
2000	62,082	3.5
2001	69,200	3.9

Source: Australian VET Statistics: In detail for years 1995 to 2001.

Figures for 1995 to 2000 were supplied by the National Centre for Vocational Educational Research (NCVER) on 3/4/02.

*It should be noted that for all years non-reporting of disability is very high, for example, 20.3% of clients in 2000 did not indicate whether or not they had a disability.

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Language, literacy and numeracy assistance

[The following information has been provided by the Department of Education, Science and Training.]

Advanced English for Migrants Programme (AEMP)

Year	Training Commencements	Expenditure (\$m)
1996-97	3,120	5.2
1997-98	3,143	5.3
1998-99	2,910	5.4
1999-00	2,695	4.4
2000-01	2,887	6.4* includes \$0.9m related to 1999-00

Literacy and Numeracy Programme (LNP) (commenced September 1998)

Year	Training Commencements	Expenditure (\$m)
1998-99	2,600	3.98
1999-00	9,254	13.7
2000-01	10,213	18.5

The LNP and AEMP were amalgamated from January 2002. The following table includes data for the LNP and the AEMP for the period July to December 2001 and for the new LLNP for the period January to May 2002.

LNP plus AEMP plus LLNP:

Year	Training Commencements	Expenditure (\$m)
2001-02	11,437 at end May 2002	17.5 at end May 2002

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Language, Literacy and Numeracy Programme (LLNP)

Year	Expected Training Commencements	Funding (\$m)
2002-03	16,000	34.5
2003-04	18,210	40.5
2004-05	18,310	44.1
2005-06	18,400	45.1

Eligibility Criteria

The Literacy and Numeracy Programme commenced in September 1998. The programme is targeted at assisting people whose literacy and numeracy skills are not sufficiently well developed for them to be competitive in the labour market. Eligible people have their literacy and numeracy competencies professionally assessed as a first step to being referred for up to 400 hours of literacy and numeracy assistance. Participants undertake between 6 and 15 hours of training a week over a period of up to 40 weeks.

On 1 January 2002 the Literacy and Numeracy Programme and Advanced English for Migrants Programme were amalgamated to form the Language, Literacy and Numeracy Programme. Three streams of training are available under the Programme: basic English language; advanced English language and literacy and numeracy. Subject to specific eligibility requirements stated below assistance under the Language, Literacy and Numeracy Programme is directed to persons of working age (generally 15 to 64 years of age) who are registered with Centrelink as unemployed and looking for work (that is, a job seeker) and who are not full time students.

Training under the Programme for all three streams is currently available to:

- job seekers aged 15 to 20 irrespective of whether they are on income support;
- Jobs Placement, Employment and Training Programme (JPET) participants;
- job seekers aged 21 and over who are in receipt of one of the following forms of income support;
 - Youth Allowance,
 - Newstart Allowance,
 - Disability Support Pension,
 - Parenting payment (single and partnered) who are generally participating in the Jobs Education and Training programme, and
 - Community Development Employment Project participants.

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- Migrant job seekers not in one of the above categories can access basic and advanced English language training assistance (but not literacy and numeracy training) if they are:
 - a holder of a temporary or provisional visa subclasses 309, 310, 445, 450, 820, 826, 850, 437, 781, 783, and 784; or
 - subject to the two year waiting period for income support and social security benefits.

In addition, job seekers whose first language is not English and who are either citizens or permanent residents can access the advanced English language stream irrespective of whether they are on income support.

Evaluations

An evaluation of the Literacy and Numeracy Programme was carried out by the Department of Education, Science and Training in 2001-02. The report on the findings of this review is expected to be released on the Department's web site shortly.

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Personal Advisers

Personal Advisers were established as part of the 2001-02 Budget *Australians Working Together* package. The role of Personal Advisers will be to talk to customers about their circumstances and:

- Identify goals and opportunities and develop a plan with the customer that includes details of activities and referrals.
- Assess needs and barriers the customer may have to getting a job or getting involved in the community.
- Guide and motivate people toward greater economic participation wherever possible by dealing with non-vocational barriers.

Personal Advisers will provide extra help to eligible mature age customers, parents with school age children and job seekers claiming Newstart and Youth Allowance who are indigenous, activity test exempt (certain) or recently released from prison as well as people with disabilities who have a restricted ability to work.

These groups have been selected because they face a high risk of long-term dependency on income support and, in the case of parents and some mature age customers, because they will face activity requirements for the first time after July 2003. In the case of people with disabilities they will need extra assistance to access the most appropriate services and to look for work.

The 2001-02 Budget allocated funding of \$140 million over 4 years for Personal Advisers. The 2002-03 Budget provided an additional \$13.2 million in funding to Centrelink for Personal Advisers.

Number of Personal Advisers	2002-03	2003-04	2004-05
2001-2002 Budget	412	818	855
2002-2003 Budget	0	60	60

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Output Group: 3.2

Question No: 117

Topic: SACS AWARD

Written question on notice

Senator Denman asked:

Question :

Does the Department have an estimation of the number of vocational or business services (as disability employment services they are completely funded by the Federal Government) who are currently in a 'state of limbo' as the Federal Government considers funding reform to accommodate the increases to the NSW SACS Award?

Is the Department able to offer these providers and their clients any reassurance on whether the Government will pay its share of the NSW SACS Award increase?

Has the Department taken any steps in the last 6 months to prevent vocational or business services from being forced to reduce their services, or from being forced to close, in light of the NSW SACS Award increase?

Answer:

FaCS provides funding to 326 disability employment assistance and related services in NSW under the current Commonwealth/State/Territory Disability Agreement. The Commonwealth is committed to supporting quality community services and wants to do this in close cooperation with State and Territory governments and the community sector.

As a practical demonstration of this commitment, a one-off payment equal to 4 per cent of a service's total recurrent grant for 2001-02 has recently been made to Commonwealth direct funded disability services at a cost of \$9.22 million. This payment will relieve the immediate pressure of rising costs on services and assist them with the transition to the new funding model for disability employment assistance.

State Governments remain responsible for the programmes they fund and deliver. An options paper has been prepared and will be considered by government. The Government is also examining new funding arrangements as part of a broad reform agenda for employment assistance and rehabilitation.

The Prime Minister responded to a question by Ms Plibersek in the House of Representatives on 19 June regarding the SACS award impact on services:

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“... I have had drawn to my attention the concerns of a number of groups in relation to this quite difficult issue. I have asked for the preparation of a paper listing a series of options for the Government to consider relating to ensuring that the Commonwealth’s responsibilities in this area are met. I want to give an assurance that I do not intend to see important services for the disabled and the disadvantaged in NSW or indeed elsewhere in the Commonwealth affected. It will take a while to work through the response but I want to assure those representatives that we are concerned. We do recognise that many of the people employed in the sector are paid quite low wages and that a proper and sympathetic response from Governments at both levels is needed”.

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Output Group: 3.2 Support for people with a disability Question No: 134

Topic: Evaluation of JSCI

Hansard Page: CA 57

Senator Collins asked:

Can you provide a copy of the interim evaluation on JSCI in relation to the assessment and contestability trial? Can you provide us with any further detail in relation to the Methodology – without touching on the evaluation component of the trial?

Answer:

No JSCI analysis was undertaken as part of the Evaluation of the Assessment and Contestability Trial. Detail relating to the methodology for the Evaluation of the Assessment and Contestability Trial can be found in response to Question 148.

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Output Group: 3.2 Support for people with a disability

Question No: 135

Topic: Type of private income for Disability Support Pension customers

Hansard Page: CA 61, 63 and CA 67

Senator Collins asked:

Eighty one percent of people on DSP have private income (PBS P154). How does that translate to the population moving to Newstart Allowance? What was the source of the private income?

Answer:

As at March 2002, there were 652,015 people receiving DSP. Of these, 534,827 (82%) customers had at least one source of income with an average amount of \$84 per fortnight. A number of customers have income from more than one source, such as savings and employment. The main sources of income are as follows.

- 519,846 customers (or 80% of all DSP customers) had income from savings or investments.
- 61,669 (9.5%) had income from employment.
- 24,580 (3.8%) had income from superannuation.
- 16,476 (2.5%) had income from real estate.

It is not possible to specify who in the above groups will move to Newstart Allowance under the new measures. For further explanation please refer to the response to QON 136.

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Output Group: 3.2 Support for People with a Disability Question Nos: 136

Topic: Disability Support Pension Budget Measures

Hansard Page: CA 66

Senator Collins asked: What savings have been calculated in relation to people who are currently eligible for DSP but who, because they have private income, will no longer be eligible once they move to Newstart? Could you disaggregate that on a yearly basis? Do the savings take into account the reduction in the issue of the telephone allowance? Can you provide figures on the savings due to the loss of pharmaceutical allowance? Can you provide a forecast for the period of those that would have become eligible for DSP, the telephone allowance and these additional allowances or benefits?

Answer:

The costings assume that some people would be precluded from receiving an allowance payment because of their income or assets if they lost entitlement to DSP as a result of the changes.

These savings are disaggregated over the forward estimates period in the table below.

(\$m)

2002-03	2003-04	2004-05	2005-06
0.0	-2.2	-6.6	-11.0

Some people who no longer qualify for DSP under the new rules (either at claim or on review of their continuing eligibility) will not be entitled to Pharmaceutical Allowance and Telephone Allowance. These savings are disaggregated over the forward estimates period in the table below.

Pharmaceutical Allowance(\$m)

2002-03	2003-04	2004-05	2005-06
0.0	-3.1	-9.0	-14.9

Telephone Allowance (\$m)

2002-03	2003-04	2004-05	2005-06
0.0	-1.5	-4.3	-7.1

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Output Group: 3.2 Support for People with a Disability **Question Nos: 137**

Topic: Disability Support Pension Budget Measures

Hansard Page: CA 66

Senator Collins further asked: Have you done any work on people who will suffer a loss of payments beyond just the \$52 per fortnight, and what savings go to the Commonwealth from these people?

Answer:

Average rates have been used to cost savings. This is the difference between the *average* rate of DSP and the *average* rate of the payments people affected by the changes will transfer to (for example, Newstart). Average rates take into account particular customer characteristics such as whether someone is partnered or single, whether they have children and whether they have private (that is, non-pension) income. The effect of these particular characteristics cannot be identified separately to the average rate.

Question 136 provides information on savings in relation to Telephone Allowance and Pharmaceutical Allowance, which are fixed costs that can be identified as separate savings components. Similarly, Question 138 provides information on savings relating to Pensioner Concession Cards.

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Output Group: 3.2 Support for People with a Disability **Question No: 138**

Topic: Disability Support Pension Budget Measures

Hansard Page: CA 69

Senator Collins asked: Of the \$5.1 million savings over the forward estimates period can you disaggregate this component?

Answer:

The savings of \$5.1 million over the forward estimates period accrue to the Department of Health and Ageing as a result of fewer people receiving a Pensioner Concession Card (PCC). The savings are modest because most people who do not receive the PCC will receive a Health Care Card instead.

The savings are disaggregated per annum in the table below.

Pensioner Concession Cards	2002-03	2003-04	2004-05	2005-06
	0.0	-0.1	-1.5	-3.5

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Output Group: 3.2 Support for people with a disability

Question No: 141

Topic: New Zealand Disability Support

Hansard Page: CA 76

Senator Collins asked:

In relation to New Zealand's disability Support system is there no difference between welfare payments for someone who is disabled but able to work 15 hours and someone who is underemployed?

Answer:

A person in New Zealand who is disabled but able to work 15 hours may receive either Unemployment Benefit or Sickness Benefit, depending upon their circumstances, and subject to meeting specified eligibility criteria. Sickness Benefit is available for people who are temporarily unable to work, including due to a disability.

A person in New Zealand who is underemployed may receive Unemployment Benefit, subject to meeting the specified eligibility criteria.

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Output Group: 3.2 Support for people with a disability

Question No: 142

Topic: Previous occupation of DSP customers who were not previously in receipt of any income support

Hansard Page: CA 79

Senator Bishop asked:

Can you identify people who were receiving income support from a partner or were in receipt of some sort of other payment or were in a preclusion period from a lump sum compensation prior to coming onto DSP? Can you aggregate this to find out how many DSP recipients came from the workforce?

Answer:

Available data shows that of the customers coming onto DSP, around 45 per cent come from outside the income support system. Information on customer's circumstances prior to receiving income support payments is not recorded on Centrelink systems due to privacy issues.

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Output Group: 3.2 Support for people with a disability Question No: 143

Topic: Disability Support Pension customers cancelled as a result of a medical review by State

Hansard Page: CA 85

Senator Denman asked:

Do you have a breakdown state by state of cancelled DSP customers due to medical reviews?

Answer:

Below is a table showing the results of medical reviews for the period 1 July to 31 December 2001.

STATE	Number of reviews completed	Number of reviews resulting in a cancellation
New South Wales	12,190	23 (0.19%)
Northern Territory	209	2 (0.96%)
Queensland	6,444	29 (0.45%)
South Australia	3,252	6 (0.18%)
Tasmania	1,428	3 (0.21%)
Victoria	7,328	12 (0.16%)
Western Australia	3,228	8 (0.25%)
International Services Centre*	19	0 (0.00%)
TOTAL	34,098	83 (0.24%)

Source: National Selective Review System

* International Services Centre manages payments for customers who reside overseas.

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Output Group: 3.2 Support for people with a disability

Question No: 144

Topic: Disability Support Pension customers by impairment rating

Hansard Page: CA 86

Senator Bishop asked:

Do you have the figures for the number of DSP payees in each decile of permanent incapacity – 20 per cent through to 100 per cent? Which groups are exempt from medical reviews and what number is in each group?

Answer:

Below is a table showing the impairment rating for DSP customers as at March 2002.

Impairment rating	Number of DSP customers	% of total
0 points*	199,474	30.6%
20 points	188,373	28.9%
21 to 30	154,309	23.7%
31 to 40	68,034	10.4%
41 to 50	24,240	3.7%
51 to 60	9,367	1.4%
61 to 70	3,669	0.6%
71 to 80	1,875	0.3%
81 to 90	1,572	0.2%
Over 90 points	1,102	0.2%
TOTAL	652,015	

Source: Superstar Pensions Database.

* There are two main groups of customers who have an impairment rating code of 0 points. The majority are customers who are granted as manifest. This means that they clearly meet the eligibility criteria for DSP without the need for a further medical assessment. The other group is a small number of people who were granted Invalid Pension prior to the introduction of the Impairment Tables in November 1991 and have not had their impairment rating updated.

Customers may be exempt from medical reviews in the following circumstances:

- Blind customers;
- Customers with a terminal illness;
- Customers with a severe and degenerative condition;
- Customers who are in a comatose state with poor prognosis for recovery;
- Customers who have a medical condition resulting in permanent confinement who are in a nursing home;
- Ex-Invalid Pension customers with a manifest indicator;

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- Customers living in an area remote from medical practitioners; or
- Customers within five years of Age Pension age.

It is not possible to get data on the number of customers by exemption categories.

With the exception of blind customers, customers in the above categories will not be exempt from medical reviews if their earned income exceeds \$250 a week for a four week period.

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Output Group: 3.2 Support for People with a Disability

Question No: 145

Topic: Disability Support Pension Budget Measures - Veterans

Hansard Page: CA 87

Senator Collins asked: Of the people who are in receipt of a disability pension from DVA and are in receipt of DSP, what DSP rate payment do they receive?

Answer: A person's rate of Disability Support Pension (DSP) varies according to the amount of their/their partner's income from all sources. This would include any amount of Disability Pension from the Department of Veterans' Affairs.

The table below details the amount of DSP a person would receive per fortnight if their only other income were a DVA Disability Pension.

	DVA disability pension rate*	DSP*
TPI Rate	\$730.70	\$174.32
Intermediate Rate	\$504.30	\$264.88
<u>General Rate:</u>		
100%	\$277.10	\$355.76
90%	\$249.39	\$366.84
80%	\$221.68	\$377.93
70%	\$193.97	\$389.01
60%	\$166.26	\$400.10
50%	\$138.55	\$411.18
40%	\$110.84	\$421.80
30%	\$83.13	\$421.80
20%	\$55.42	\$421.80
10%	\$27.71	\$421.80

* All rates are those payable fortnightly to single people with no children and are current as at June 2002.

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Output Group: 3.2 Support for People with a Disability

Question No: 146

Topic: Disability Support Pension Budget Measures - Veterans

Hansard Page: CA 87

Senator Collins asked: If I asked you to break up that 1019 (DVA pensioners who are not receiving TPI or Intermediate Rate but are still on DVA pension and receive some DSP) into the 10 per cent categories in receipt of the DP, could you do that?

Answer:

There were 1015 DVA Disability Pensioners receiving Disability Support Pension (DSP) as at June 2002. The table below provides data on the number of DSP customers who receive a Disability Pension from DVA by rate of Disability Pension.

DVA disability pension rate	Total number of DSP recipients
<u>General rate:</u>	
100%	113
90%	49
80%	70
70%	52
60%	135
50%	110
40%	137
30%	127
20%	111
10%	111
Total	1015

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Output Group: 3.3 Support for Carers

Question No: 150

Topic: Carer Payment

Written question on notice

Senator Bishop asked:

How many people on Carer Payment are likely to be affected as a result of changes to the Disability Support Pension work test.

Answer:

A carer's entitlement to Carer Payment is determined by their caring responsibilities, of which the care receiver's employment situation is but one consideration. Generally, a carer's entitlement is unlikely to be affected by the changes to the Disability Support Pension. It is anticipated that the caring responsibilities will remain unchanged.

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Output Group: 3.3 Support for Carers

Question No: 151

Topic: Carer Payment

Written question on notice

Senator Bishop asked:

The Department of Family and Community Services is examining arrangements with regard to the Child Disability Assessment Tool. Can you outline the nature of these changes, when they are likely to be implemented and the impact the change would have on eligibility for the Carer Payment?

Answer:

In June 2000 the evaluation of the Child Disability Assessment Tool (CDAT) made a number of recommendations to the CDAT. It recommended that its list of recognised disabilities be reviewed every three years (the first during 2002); that a number of new special care needs criteria be incorporated; and that its assessment form be refined. With the exception of the three year review, all these changes have already been implemented. It is too early to estimate their impact.

The first three-year review of the CDAT's list of recognised disabilities will occur in the second half of 2002.

The CDAT is used to determine eligibility for Carer Allowance for carers of children under 16 years of age. Eligibility for Carer Payment for carers of children with disabilities under 16 years of age is legislation based. Consequently, any change to the CDAT will not affect eligibility for Carer Payment.

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Output Group: 3.3 Support for Carers

Question No: 152

Topic: Carer Payment

Written question on notice

Senator Bishop asked:

Can you provide an update of the number of people (by illness/disability) who have lost eligibility for Carer Payment in respect of a child?

Answer:

The following Centrelink data for the period 8 June 2001 to 7 June 2002 shows the number of Carer Payment customers who look after a child with a disability who have had their payment cancelled by disability type.

Disability Type	Number of Cancellations
Specific Learning/Attention Deficit Disorder	36
Cancer/Tumour	18
Physical	149
Respiratory	17
Autism	15
Vision	13
Circulatory	4
Hearing	5
Intellectual	36
Neurological	17
Speech	1
Acquired Brain Injury	5
Other/not coded	6
TOTAL	322

Cancellations were mainly caused by a customer's income being above the income limit or by the customer no longer caring for the child.

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Output Group: 3.4 Support for the Aged

Question No: 167

Topic: Measure - tightening the social security gifting rules

Hansard Page: CA 95

Senator Bishop asked:

Can you provide some data from DVA indicating the level of serial gifting?

Answer:

- It has not been possible to get data on the amount of gifting by Centrelink customers to estimate the impact of the proposed new gifting rules.
- Instead, DVA data has been used, and extrapolated to Age Pensioners.
- DVA records show that around 1300 part-rate pensioners made gifts over multiple years and nearly two thirds of those gifted \$10,000 or more each year.
- As DVA pensioners and age pensioners have relatively similar profiles, this was then applied to age pensioners – resulting in an estimate that around 3800 age pensioners also gift this sort of amount and would thus be affected by the proposed changes.

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Output Group: 3.4 Support for the Aged

Question No: 153

Topic: Aged Persons Savings Bonus

Written question on notice

Senator Bishop asked:

1. Please provide an explanation for the decision in regard to the following case (see attached papers – Gordon Clark)
2. What avenues are available to the Department to provide an ex gratia payment to Mr Gordon Clark that recognises that he has been disadvantaged under the dual rules?

Answer:

The answers to Senator Bishop's questions are:

1. Qualification for an Aged Persons Savings Bonus was based upon every claimant's own individual income from savings and investments. If the claimant did not have to lodge a tax return for the 1999-2000 year, they lodged a claim through Centrelink or the Department of Veterans' Affairs and were assessed under those agencies' income assessment rules. The *Privacy Act* prevents public discussion of an individual's personal circumstances. However, anyone who was obliged to lodge a tax return for that year had to have their Bonus claim assessed under the rules applying to ATO customers. These provisions were specified in the *A New Tax System (Bonuses for Older Australians) Act 1999*. Anyone dissatisfied with the ATO assessment was entitled to a review of their assessment under the *Taxation Assessment Act 1953*.

Some people may have felt that they were discriminated against because of the operation of the two somewhat different assessment regimes. In particular, they may believe that they and their partner should have received the same amount of Bonus, rather than receiving more or less. However, information provided by Centrelink to all of its potential Bonus customers on how the Bonuses were to be claimed and assessed specified that "(t)he amount of savings bonus you can be paid is worked out on your own income. This means that your partner may receive a different amount of bonus to you." The Centrelink assessment of Bonus qualification was based on deemed income on each individual's own savings and investments. However, ATO customers were assessed by the ATO according to their own adjusted taxable income from savings and investments.

2. An ex gratia payment is generally inappropriate in relation to individuals: such payments normally are made in respect of particular classes of people. A more appropriate type of payment for an individual claiming to suffer loss where no other viable means of redress is available is an act of grace payment.

The ATO assessed qualifications for over one million Bonus claims, including many thousands of people whose partner was assessed by Centrelink or Veterans' Affairs. Those assessments were made under legislation which clearly spelt out the conditions

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of payment and it would be unreasonable to say that any individual was 'discriminated against' relative to other customers claiming the Bonus.

To be eligible for consideration for an act of grace payment in this context, there would need to be evidence that the applicable legislation resulted in an "unintended, anomalous, inequitable, unjust or otherwise unacceptable" outcome. The Department does not consider that the different assessment processes applied to any couple assessed by different agencies produced an unintended, anomalous, unjust or unacceptable outcome – in many thousands of cases, it was in fact beneficial for couples to be assessed as individuals, as the legislation anticipated. Under the *Social Security Act 1991* both members of a couple generally have their income and assets combined for assessment purposes, so that total combined income is effectively halved for each person. However, the Bonus legislation specified that each person's **own income** from savings and investments would be used to calculate their Bonus payment, so the Department also does not consider that the assessment outcomes in such cases were inequitable.

Of course, any person who believes they have been unintentionally disadvantaged in this type of situation is entitled to lodge a request for an act of grace payment and the decision to grant or reject such a request is a matter for the Minister for Finance and Administration (or a delegate). However, subject to the circumstances of a particular case, the Department would not be likely to support such a request, for the reasons outlined above.

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Output Group:3.4 Support for the Aged

Question No:154

Topic: Income streams

Written question on notice

Senator Mark Bishop.asked:

Please provide an explanation for the decision in regard to the following letter (see attached papers – R F Williamson)

Answer:

There is no record of Mr Williamson's letter of 19 March 2001 having been received. The copy of the letter that was provided indicates that Mr Williamson is seeking a Ministerial exemption from the income streams changes introduced in September 1998 but there is insufficient information to judge whether his allocated pension would qualify for exemption.

Correspondence dated January 2001 to the Hon Simon Crean MP, in response to an enquiry on behalf of Mr Williamson, advised that if Mr Williamson applied to receive a Centrelink payment he could request that his income stream product be assessed to determine whether it qualifies for an exemption. Centrelink has no record of him having done this to date.