

# Chapter 3

## Social Services Portfolio

### Department of Social Services

3.1 This chapter outlines key issues discussed during the 2014–2015 budget estimates hearings for the Social Services Portfolio.

3.2 The committee heard evidence from the department on Wednesday 4 and Thursday 5 June 2014. Areas of the portfolio were called in the following order:

- Cross Outcomes/Corporate Matters
- Social Security Appeals Tribunal (SSAT)
- Disability and Carers
- National Disability Insurance Agency
- Social Security
- Housing
- Families and Communities
- Australian Institute of Family Studies
- Ageing and Aged Care

3.3 The committee heard additional evidence from the department on Thursday 19 June 2014 about discretionary grants programmes.

#### *Cross Outcomes/Corporate Matters*<sup>1</sup>

3.4 Proceedings commenced with Mr Pratt tabling a series of charts and diagrams that depicted the changes to the outcome and programme structure of the department.<sup>2</sup> These changes include the broad banding of 18 discretionary grants activities into seven to facilitate greater efficiency. The committee inquired into the process for contacting current grant recipients and sharing information on changes with them.<sup>3</sup> Senator Smith and officers discussed the departmental and organisational efficiencies that will result from the broad banding of the grants programme. Senator Siewert raised the issue of indexation on extended contracts. Officers explained that those contracts with no indexation could expect to realise administrative efficiencies through the simplification of the application and reporting requirements of the grants programme with no impact on service delivery.<sup>4</sup>

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1 *Proof Estimates Hansard*, 4 June 2014, pp 2–19; 24–27.

2 *Proof Estimates Hansard*, 4 June 2014, pp 3–4.

3 *Proof Estimates Hansard*, 4 June 2014, pp 6–10.

4 *Proof Estimates Hansard*, 4 June 2014, pp. 11–13.

3.5 Departmental accommodation in Canberra was discussed by the committee. Senator Seselja asked questions about the new fit-out of the Tuggeranong facility. The department explained that due to the consolidation of staff from multiple sites and buildings into one building, there would be a \$7 million saving in time as staff will be closer together. The improved energy efficiency of the building was also discussed. A small cluster of staff in the Aged Care Division will remain in Woden.<sup>5</sup> Senator Moore inquired about the staffing profile of the department including staff numbers and redundancies.<sup>6</sup>

### ***Social Security Appeals Tribunal***<sup>7</sup>

3.6 The committee was interested to find out about the impact of budget measures and the efficiency dividend on tribunal funding. The officers explained that there would be a net increase in budget funding for the coming year. Further discussion revealed that the tribunal experiences an increased workload when changes to welfare payments occur. Senator Cameron inquired into the level of discretion the tribunal has when making decisions. SSAT Principal Member, Ms Macdonnell, explained that:

The only matters that the tribunal can take into account are the matters that are made relevant or material by the statute.

Officers explained that issues relating to the action or conduct of departmental officers in regard to customer claims and payments should be referred to the Ombudsman.<sup>8</sup>

### ***Disability and Carers***<sup>9</sup>

3.7 Senator Fifield made a brief statement on the progress of the NDIS reiterating the government's full support for the roll-out of the scheme. Gratitude and admiration to the agency's staff was also expressed. The Minister explained that the average cost for an NDIS package had fallen from \$46,300 in the first quarter to \$34,000 in the third quarter. This average cost was within the budgeted framework. Three new NDIS sites will be established in coming months in the Perth Hills (WA), Barkley Region (NT) and in the ACT. The capability review has been completed with consultants to provide further advice on a number of identified issues.<sup>10</sup>

3.8 The committee discussed the issue of the newly formed Disability and Carers Industry Advisory Council and its replacement of the Disability and Carer Council. This new council's focus will be on employment opportunities for the disabled and also the growing disability carers industry.<sup>11</sup> Senator Moore raised questions on the future of the Young Carers Programme. Officers confirmed that this programme

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5 *Proof Estimates Hansard*, 4 June 2014, pp. 13–16.

6 *Proof Estimates Hansard*, 4 June 2014, pp. 16–18.

7 *Proof Estimates Hansard*, 4 June 2014, pp 19–24.

8 *Proof Estimates Hansard*, 4 June 2014, pp. 19–23.

9 *Proof Estimates Hansard*, 4 June 2014, pp 27–28; 47–65.

10 *Proof Estimates Hansard*, 4 June 2014, pp. 27–28.

11 *Proof Estimates Hansard*, 4 June 2014, pp. 47–49.

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would continue and illustrated some of the work this programme supports.<sup>12</sup> Senator Smith questioned officers about the ABC Ramp Up grant. The department explained that this was a seeding grant and that the department's understanding was that on-going funding is to be found within the ABC's general revenue.<sup>13</sup>

3.9 Australian Disability Enterprises and the Business Services Wage Assessment Tool (BSWAT) were then discussed. The department informed the committee that the Fair Work Commission has still not determined whether the BSWAT is still a valid tool to determine adjusted wages for disabled people. Senator McLucas inquired as to what work was being undertaken by the department to develop an alternative tool. Officers advised that the department continues work in this area.<sup>14</sup>

3.10 The committee also examined the following:

- Disability and Carers grants;<sup>15</sup>
- Personal Helpers and Mentors Scheme (PHaMS);<sup>16</sup> and
- Age limits on disability support.<sup>17</sup>

### ***National Disability Insurance Agency (NDIA)***<sup>18</sup>

3.11 The committee commenced discussion with the NDIA capability review. Senator McLucas asked if this review would impact on the roll-out timetable or the changes to the scale of the scheme. Senator Fifield explained that:

All governments remain committed to the full scheme roll-out of the NDIS which will be informed by the important lessons being learnt from the trials.

It was further explained by the Minister and officers that the capability review and further reviews aim to identify risks, controls, issues and options to allow the board to make recommendations about the full roll-out. Where changes have been made to roll-out timeframes, notably the ACT, this has been at the request of the territory government.<sup>19</sup> Senator McLucas questioned the Minister about the future timetable for the roll-out of the NDIS and engagement with COAG. The Minister responded that:

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12 *Proof Estimates Hansard*, 4 June 2014, pp. 50–51.

13 *Proof Estimates Hansard*, 4 June 2014, pp. 51–53.

14 *Proof Estimates Hansard*, 4 June 2014, pp. 53–55.

15 *Proof Estimates Hansard*, 4 June 2014, pp. 58–62.

16 *Proof Estimates Hansard*, 4 June 2014, p. 63.

17 *Proof Estimates Hansard*, 4 June 2014, pp. 64–65.

18 *Proof Estimates Hansard*, 4 June 2014, pp 28–47.

19 *Proof Estimates Hansard*, 4 June 2014, p. 28; 41–41.

[T]here was no proposition from the Commonwealth to arbitrarily change the rollout schedule, nor to seek to alter the funding agreements that have been entered into by the Commonwealth and the States.<sup>20</sup>

3.12 The committee examined the effect of the efficiency dividend on the NDIS. Officers of the NDIA noted that the efficiency dividend would be met through the national office with no impact on service delivery.<sup>21</sup> Officers explained that the agency is on track with property and staffing arrangements for the 1 July 2014 Trials. New sites in WA, NT and the ACT were discussed.<sup>22</sup> The committee then asked questions about the negotiations between the commonwealth and the states about the transition from trials to full roll-out of the scheme. The Minister and the officers explained that these discussions were on-going and that the commonwealth remained vigilant in ensuring that states met their obligations under the bilateral agreements.<sup>23</sup>

3.13 Senator Seselja asked a series of questions about the communication strategy for the NDIS. The NDIA uses a range of targeted and factual advertising media including print, radio and below-the-line to disseminate information about upcoming trial sites. Advertising would be targeted towards potential participants.<sup>24</sup>

3.14 The evaluation being conducted by the National Institute of Labour Studies at Flinders University was discussed by the committee. The agency explained that the study was focused on outcomes for disabled people rather than implementation of the scheme. The agency noted that this information would be useful in shaping NDIS policy.<sup>25</sup>

3.15 The committee turned its attention to issues around eligibility for the scheme. Senator Wright asked questions about outcomes for those who are assessed as not eligible for the scheme. The example of an individual who may be deemed not eligible, but may require some small intervention or assistance to prevent or defer more expensive interventions at a later date was discussed. Senator Siewert followed this with questions about disability impairment tables. The agency explained that the tables require on-going adjustment to reflect feedback from the trial sites. The issue of participants with psychiatric impairment was raised. The agency noted that approximately 15 per cent of participants had a primary or secondary psychiatric impairment.<sup>26</sup>

3.16 Senator McLucas questioned whether it was equitable to compare average package cost in the first quarter and the third quarter. The agency explained that the experience from the first quarter informed a series of reforms that had assisted in

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20 *Proof Estimates Hansard*, 4 June 2014, pp 41–42.

21 *Proof Estimates Hansard*, 4 June 2014, p. 29.

22 *Proof Estimates Hansard*, 4 June 2014, pp 29–31.

23 *Proof Estimates Hansard*, 4 June 2014, pp 32–33.

24 *Proof Estimates Hansard*, 4 June 2014, pp 33–34.

25 *Proof Estimates Hansard*, 4 June 2014, p. 34.

26 *Proof Estimates Hansard*, 4 June 2014, pp 34–37; 45.

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decreasing the average package cost in subsequent quarters. NDIA Chief Executive Officer Mr David Bowen added:

We will not know entirely what the cohort effects are until we have done a second year plan for everyone who went through in the first year. Then we will be able to ask: 'Are the seasonable [sic] effects due to the phasing?' I would say that in some cases that will prove to be true. For example, I have reported to this committee previously that it appeared to us that Tasmania had front-end loaded a lot of their high cost clients and that will come through. But, more generally, the impact was of uncertainty and the newness of the construction around the planning, and we have got much more rigorous in our ability to do that.<sup>27</sup>

3.17 The committee also discussed the interface between the agencies and other departments. Senator Siewert questioned the likelihood of responsibility and cost shifting between the agency and the Education and Housing Departments. The agency explained they were conscious of this risk and were developing strategies that both removed this risk and prevented service gaps. Data collection and ICT capacity were also discussed. Finally, Senator Boyce inquired as to whether the agency has processes that ensure two similar individuals in different jurisdictions receive similar plans that result in similar outcomes. The agency discussed a range of quality control mechanisms it uses to ensure these outcomes.<sup>28</sup>

### ***Social Security***<sup>29</sup>

3.18 This section commenced with discussion about the McClure welfare review and the consultation process. Senator Moore asked questions about welfare reform in New Zealand and the United Kingdom and lessons that may be taken from these by the current government. The committee discussed the idea of a one payment model or universal credit as a possible new mechanism to deliver welfare benefits.<sup>30</sup>

3.19 The committee then asked about the proposed changes to Family Tax Benefit eligibility and indexation. A document was tabled by the department that detailed some modelling of these proposed changes on families with different incomes and circumstances. The committee discussed these modelled impacts. Senators Moore and Cameron noted modelling conducted by NATSEM that appeared to arrive at a different conclusion to the department. The department explained the parameters and assumptions used in the department's modelling. Officers explained that NATSEM's modelling considered the impact of all budgetary measures on households whereas the departmental modelling considered the Family Tax Benefit in isolation.<sup>31</sup>

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27 *Proof Estimates Hansard*, 4 June 2014, pp 38–39.

28 *Proof Estimates Hansard*, 4 June 2014, pp 42–44.

29 *Proof Estimates Hansard*, 4 June 2014, pp 65–131.

30 *Proof Estimates Hansard*, 4 June 2014, pp 65–72.

31 *Proof Estimates Hansard*, 5 June 2014, pp 73–92.

3.20 The committee then moved to changes to the rate of indexation for aged pensions. The department and Minister confirmed that the rate of pension increase would be indexed using the consumer price index (CPI); however, the actual rate of pension would remain unchanged. Senator Peris asked questions about the application of a national average CPI in jurisdictions where CPI is considerably higher than this national average. The department explained that it implements policy on a national platform. Proposed changes to asset threshold rates and the numbers of pensioners impacted were also discussed.<sup>32</sup> Changes to pensioner concessions, specifically removal of Commonwealth Government contributions to State Government concessions for public transport were scrutinised by the committee.<sup>33</sup>

3.21 The committee examined the proposed indexation freeze on Disability Support Pensions (DSP) and the impact on recipients. Senator Siewert inquired into the re-assessment of some people under the age of 35. The department explained that the assessment process will result in some recipients being given return to work programmes, whilst others may have their DSP removed and be eligible for a more suitable payment.<sup>34</sup>

3.22 Senator Siewert questioned changes to working age payments. The department explained the likely impact on a number of hypothetical recipients of changes to eligibility. Specific questions about the proposed "work for the dole" scheme and the requirement to be in work or working towards a qualification were also examined.<sup>35</sup>

### ***Housing***<sup>36</sup>

3.23 Senator McLucas questioned the reduction in funding for the National Partnership on Homelessness. The department indicated that states and territories would make final decisions about changes to services in this area.<sup>37</sup> The committee discussed the government's current review of housing and homelessness policies and programmes.<sup>38</sup> The committee was also interested in interactions between the minister's office and stakeholders.<sup>39</sup>

3.24 The committee moved to a discussion about the changes to the National Rental Affordability Scheme (NRAS). The department explained that it would not proceed with round five of NRAS, although it will honour all currently tenanted properties. The committee discussed the history of the programme in light of the

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32 *Proof Estimates Hansard*, 5 June 2014, pp 96–111.

33 *Proof Estimates Hansard*, 5 June 2014, pp 112–115.

34 *Proof Estimates Hansard*, 5 June 2014, pp 115–121.

35 *Proof Estimates Hansard*, 5 June 2014, pp 121–131.

36 *Proof Estimates Hansard*, 5 June 2014, pp 6–30.

37 *Proof Estimates Hansard*, 5 June 2014, pp 6–8.

38 *Proof Estimates Hansard*, 5 June 2014, pp 9–12.

39 *Proof Estimates Hansard*, 5 June 2014, pp 16–17.

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Auditor-General's report.<sup>40</sup> Finally Senator McLucas questioned the implications of changes to welfare payments on rent assistance. The department confirmed that there would be no changes to how rent assistance is calculated.<sup>41</sup>

### *Families and Communities*<sup>42</sup>

3.25 The department tabled an Income Management Summary at the start of the session.<sup>43</sup> The committee asked a range of questions about the current trial sites in Bankstown, Shepparton, Logan, Playford and Rockhampton. Discussion turned to on-going funding for the trial and expansions into other areas. Criteria for income management customers in the Northern Territory were also canvassed. Senator Edwards raised questions about programme objectives and how the department might assist customers to regain control of their finances.<sup>44</sup>

3.26 Emergency relief funding and discretionary grant programmes were discussed. The committee had a number of questions relating to the detail in these budget measures. The department advised that it could not share the specific detail with the committee until 19 June 2014 as it would interfere with the procurement process. After extended discussion, the committee agreed that the department would return on the 19 June 2014 to discuss the discretionary grant programme in detail.<sup>45</sup> The committee requested a breakdown of where savings and spending measures had been applied between the 2013–14 and 2014–15 budgets.

3.27 Senator Moore asked questions about gambling research programmes and about reform initiatives to support problem gamblers.<sup>46</sup> Questions about eligibility, service providers and operation of the proposed Family Relationship Support Trial were raised by Senator Brown. Specific questions were asked about the *Marriage Act 1961*(Cth) that guides eligibility and how that may impact on same-sex couples and those under 18 years of age. The department assured the committee that the policy intent was to cover all relationships and that providers would not be able to discriminate against certain relationships on ethical or religious grounds.<sup>47</sup>

3.28 The committee also examined the following:

- Settlement Services;<sup>48</sup>
- Building Multicultural Communities Programmes;<sup>49</sup> and

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40 *Proof Estimates Hansard*, 5 June 2014, pp 17–25.

41 *Proof Estimates Hansard*, 5 June 2014, pp 27–28.

42 *Proof Estimates Hansard*, 5 June 2014, pp 30–41; 47–77.

43 *Proof Estimates Hansard*, 5 June 2014, p. 30.

44 *Proof Estimates Hansard*, 5 June 2014, pp 52–64.

45 *Proof Estimates Hansard*, 5 June 2014, pp 30–41; 66–74.

46 *Proof Estimates Hansard*, 5 June 2014, pp 48–52.

47 *Proof Estimates Hansard*, 5 June 2014, pp 64–66.

48 *Proof Estimates Hansard*, 5 June 2014, pp 74–76.

- National Action Plan to Reduce Violence Against Women.<sup>50</sup>

### *Australian Institute of Family Studies (AIFS)*<sup>51</sup>

3.29 The AIFS provided the committee with a status report on the Building a New Life in Australia project.<sup>52</sup> The committee had questions about the upcoming conference, the impact of the efficiency dividend on the institute and current staffing arrangements.<sup>53</sup> Senator Siewert asked questions relating to advice that the institute may have given to government on the proposed changes to adoption policy.<sup>54</sup>

### *Ageing and Aged Care*<sup>55</sup>

3.30 Proceedings commenced with a brief statement from the Assistant Minister Fifield in relation to changes to the Dementia and Severe Behaviour Supplement. The Assistant Minister indicated that there was a twelve-fold increase in supplement recipients over projected numbers. As such, the policy requires review to ensure that it is fiscally sustainable into the future.<sup>56</sup> Senator Siewert raised questions about how this policy might have been handled differently. Ms Smith explained:

Certainly the discussion we have had with clinicians at the time was that 2,000 was a reasonable estimate. That was based on a range of clinical evidence and studies that have been done with this group of people. We have talked to this same group of clinicians in the last couple of months to understand the patterns of claiming that we are seeing. They do not believe it is a reasonable conclusion that there can be 25,000 residents who have these very extreme behaviours.

Officers further explained that the review would look at the design of the scheme and the tools that are used in determining eligibility.<sup>57</sup>

3.31 The committee discussed the My Aged Care website. Senator Smith asked specific questions about the number of providers using this service to publish pricing information.<sup>58</sup> Following on from this, Senator Seselja asked questions about the new home care package levels created as part of the aged care reform package. Officers explained the additional flexibility that these two new levels—lower and intermediate—brought to the administration of this scheme.<sup>59</sup> The committee also

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49 *Proof Estimates Hansard*, 5 June 2014, pp 74–76.

50 *Proof Estimates Hansard*, 5 June 2014, pp 76–77.

51 *Proof Estimates Hansard*, 5 June 2014, pp 41–47.

52 *Proof Estimates Hansard*, 5 June 2014, pp 42–43.

53 *Proof Estimates Hansard*, 5 June 2014, pp 43–45.

54 *Proof Estimates Hansard*, 5 June 2014, pp 46–47.

55 *Proof Estimates Hansard*, 5 June 2014, pp 77–101.

56 *Proof Estimates Hansard*, 5 June 2014, pp 77–78.

57 *Proof Estimates Hansard*, 5 June 2014, p. 94.

58 *Proof Estimates Hansard*, 5 June 2014, pp 86–89.

59 *Proof Estimates Hansard*, 5 June 2014, pp 79–80.



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examined the impact of the removal of the aged-care payroll tax supplement on aged care providers. The department explained that increased revenues and capital from accommodation bonds should offset this change for aged-care providers.<sup>60</sup> Finally, the committee canvassed a range of issues about future workforce requirements in the aged care sector.<sup>61</sup>

### ***Discretionary Grants Programme***<sup>62</sup>

3.32 The Minister opened with a brief statement on the Discretionary Grants Program.<sup>63</sup> The department moved to explain a series of documents that were provided earlier in the day in addition to documentation tabled during the hearing.<sup>64</sup> The department also explained that 18 discretionary grant programmes have now been broad banded into seven grant streams.

3.33 The committee requested information that would enable a comparison between program expenditure in 2013–14 and proposed expenditure in 2014–15. Officers of the Department of Social Services expressed concern at providing some requested details due to probity issues related to a current tender process. The committee determined to hold an additional estimates hearing on Thursday 19 June 2014 to facilitate examination of the discretionary grants programmes in greater detail.<sup>65</sup>

3.34 At the additional hearing explanations relating to the estimates were received from Senator the Hon Concetta Fierravanti-Wells. Officers from the Department of Social Services were in attendance.

3.35 The department explained the difficulty in tracing where particular funding may have been moved from due to the large number of programmes administered by the department.<sup>66</sup>

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60 *Proof Estimates Hansard*, 5 June 2014, pp 82–83.

61 *Proof Estimates Hansard*, 5 June 2014, pp 94–98.

62 *Proof Estimates Hansard*, 19 June 2014, pp 2–35.

63 *Proof Estimates Hansard*, 19 June 2014, pp 2–3.

64 *Proof Estimates Hansard*, 19 June 2014, pp 4–6.

65 *Proof Estimates Hansard*, 5 June 2014, pp 68–70.

66 *Proof Estimates Hansard*, 19 June 2014, pp 6–35.

