



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

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

Dear Senator Di Natale

Please find attached a response to your costing request, *Stopping another stolen generation: Reducing the number of Aboriginal and Torres Strait Islander children in out of home care* (letter of 28 June 2016).

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

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

Yours sincerely

Phil Bowen

29 June 2016



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

<b>Name of proposal:</b>	<b>Stopping another stolen generation: Reducing the number of Aboriginal and Torres Strait Islander children in out of home care</b>
Summary of proposal:	<p>This proposal is comprised of two components.</p> <p><u>Component 1: Funding for projects to reduce out of home care</u></p> <ul style="list-style-type: none"><li>• This component would provide capped funding of \$20 million over four years (not including departmental costs) for projects to reduce the number of children entering out of home care.</li></ul> <p><u>Component 2: Improving support for children in out of home care</u></p> <ul style="list-style-type: none"><li>• This component would implement a number of recommendations of the Senate Community Affairs References Committee inquiry into out of home care:<ul style="list-style-type: none"><li>– Recommendations 1, 4-7, 9-13, 15, 17, 20, 23-28, 31-32 and 34-49<ul style="list-style-type: none"><li>♦ Provide additional capped funding of \$10 million over the 2016-17 Budget forward estimates period to the Department of Social Services (DSS) to support progress of these recommendations.</li></ul></li><li>– Recommendations 2, 3 and 19<ul style="list-style-type: none"><li>♦ Provide additional funding of \$1.5 million to the Australian Institute of Health and Welfare (AIHW) over the 2016-17 Budget forward estimates period to improve data collection.</li></ul></li></ul></li></ul>

	<ul style="list-style-type: none"> <li>– Recommendation 14 <ul style="list-style-type: none"> <li>♦ The DSS, the Department of Human Services (DHS) and the Department of Immigration and Border Protection (DIBP) to review parental consent requirements for identity documents.</li> </ul> </li> <li>– Recommendation 21 <ul style="list-style-type: none"> <li>♦ Increase the Transition to Independent Living Allowance (TILA) from \$1,500 to \$3,000 per eligible person.</li> </ul> </li> <li>– Recommendation 33 <ul style="list-style-type: none"> <li>♦ National Disability Insurance Agency (NDIA) to review support available.</li> </ul> </li> </ul> <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	26 May 2016 <a href="http://greens.org.au/stolen-generation">http://greens.org.au/stolen-generation</a> ; <a href="http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-package-stop-another-stolen-generation">http://rachel-siewert.greensmps.org.au/content/media-releases/greens-launch-package-stop-another-stolen-generation</a> .
Date costing request received:	28 June 2016
Date costing completed:	29 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$41.4 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$25.4 million and an increase in departmental expenses of \$16.0 million over this period. A detailed breakdown of the financial implications by component is at [Attachment A](#).

The only ongoing financial impact beyond the 2016-17 Budget forward estimates relates to the TILA component of the costing, which is estimated to be \$1.4 million per year. All other specified funding amounts cease at the end of 2019-20.

The first component (funding for projects to reduce out of home care) and the first two elements of the second component (funding for DSS and AIHW) of the costing are

considered to be of high reliability as the amount of funding is fixed. However, no analysis has been undertaken to determine the adequacy of the prescribed funding amounts to achieve the objective of the proposal.

The remaining elements of the costing (the increase in the TILA, and funding for the review of parental consent requirements and NDIA support) are considered to be of medium reliability as they are based on departmental costs of similar programs and DSS 2016-17 Budget forward estimates projections (for future TILA recipients).

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

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-10.8	-10.2	-10.2	-10.2	<b>-41.4</b>
Underlying cash balance	-10.8	-10.2	-10.2	-10.2	<b>-41.4</b>

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

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

## Methodology

Administered costs that account for the increased TILA are based on the number of eligible individuals multiplied by the amount of the increase.

Estimated Departmental expenditure estimates (other than the specified capped amounts) are based on other like programs. Estimates allow for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance’s costing practices.

## Data sources

- Senate Community Affairs References Committee *Out of home care* inquiry, August 2015.
- Department of Finance provided indexation and efficiency dividend parameters.
- Department of the Prime Minister and Cabinet, *Portfolio Budget Statements 2016-17*.

## Attachment A: Stopping another stolen generation: Reducing the number of Aboriginal and Torres Strait Islander children in out of home care—financial implications

**Table A1: Combined impact of all components—Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<b>Impact on fiscal and underlying cash balances</b>					
Administered	-6.4	-6.4	-6.4	-6.4	<b>-25.4</b>
Departmental	-4.5	-3.8	-3.8	-3.9	<b>-16.0</b>
<b>Total</b>	<b>-10.8</b>	<b>-10.2</b>	<b>-10.2</b>	<b>-10.2</b>	<b>-41.4</b>

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

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

**Table A2: Component 1: Funding for projects to reduce out of home care—Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	<b>Total to 2019–20</b>
<b>Impact on fiscal and underlying cash balances</b>					
Administered (DSS)	-5.0	-5.0	-5.0	-5.0	<b>-20.0</b>
Departmental (DSS)	-0.8	-0.9	-0.9	-0.9	<b>-3.5</b>
<b>Total</b>	<b>-5.8</b>	<b>-5.9</b>	<b>-5.9</b>	<b>-5.9</b>	<b>-23.5</b>

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

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

**Table A3: Component 2: Improving support for children in out of home care—Financial implications (outturn prices)<sup>(a)(b)</sup>**

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
<b>Impact on fiscal and underlying cash balances</b>					
<b>Administered</b>					
Increase TILA	-1.4	-1.4	-1.4	-1.4	-5.4
<b>Total - Administered</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-5.4</b>
<b>Departmental</b>					
Additional funding (DSS)	-2.5	-2.5	-2.5	-2.5	-10.0
Improve data collection (AIHW)	-0.4	-0.4	-0.4	-0.4	-1.5
Review parental consent requirements for identity documents (DSS, DHS, DIBP)	-0.1	-0.1	-0.1	-0.1	-0.3
Review support available (NDIA)	-0.7	-	-	-	-0.7
<b>Total - Departmental</b>	<b>-3.6</b>	<b>-2.9</b>	<b>-2.9</b>	<b>-2.9</b>	<b>-12.4</b>
<b>Total</b>	<b>-5.0</b>	<b>-4.3</b>	<b>-4.3</b>	<b>-4.3</b>	<b>-17.9</b>

(a) A positive number for the fiscal and underlying cash balances indicates a decrease in expenditure. A negative number for the fiscal and underlying cash balances indicates an increase in expenditure.

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

- Indicates nil.