

## Senate Community Affairs Legislation Committee

### ADDITIONAL ESTIMATES – 26 FEBRUARY 2015 ANSWER TO QUESTION ON NOTICE

#### Department of Human Services

**Topic:** Costs of allowance administration

**Question reference number:** HS 14

**Senator:** Siewert

**Type of question:** Hansard pages 36-37

**Date set by the committee for the return of answer:** 17 April 2015

**Number of pages:** 2

#### **Question:**

- a) Senator SIEWERT: You might need to take this on notice. Do you have figures on how much it costs to administer each allowance—so how much it costs to administer Newstart and Youth Allowance?

Ms Campbell: We have a funding model with the Department of Finance where we are allocated a certain amount per customer on a certain allowance. I do not have that information with me. We could take that on notice.

Senator SIEWERT: If you could take on notice then how much it costs to administer for a person on Newstart, Youth Allowance, carers payments and DSP.

Ms Campbell: We will tell you what we are given to do it. Is like an average, a unit cost. That is what we can provide.

- b) Senator SIEWERT: So then the question is: the amount that you calculated last time—do you have that, or do you have to take that on notice as well?

Ms Campbell: I do not have that with me. We will give you that on notice.

- c) Senator SIEWERT: Do you get indexation? First of all, though, how do you calculate it?

Ms Campbell: I cannot recall whether it is indexed or there is a base amount that is indexed. We will take that on notice as well.

- d) Senator SIEWERT: Thank you. It would be appreciated if you could take it on notice. So 2017-18. When did you last do it?

Ms Campbell: Was it last year or the year before? 2013-14, 2014-15, 2015-16, 2016-17, and then we get a new one in 2017-18.

Senator SIEWERT: So that is what, four?

Ms Campbell: It is about a four-year cycle, a forward estimates cycle.

Senator SIEWERT: If you could take that on notice it would be appreciated.

**Answer:**

- a) – d) The department has a funding model which is agreed by government and is the mechanism by which the department is appropriated. A unit price is set for each programme the department administers which covers the cost of its service delivery operations.

The DHS Funding Model is an incremental funding model whereby the department's appropriation is adjusted for any incremental changes in volumes (either increasing or decreasing). The department updates its estimates based on the expected volumes for customers, transactions and cases. A reconciliation process is undertaken at the end of the financial year with respect to actual volumes for the year.

The 2014-15 unit prices for Newstart Allowance, Youth Allowance, Carer Payments and Disability Support Pension are as follows:

<b>DHS FUNDING MODEL – Unit Prices</b>	
<b>Programme</b>	<b>2014-15 Unit Price</b>
Newstart Allowance	\$773.59
Youth Allowance - Student	\$222.66
Youth Allowance - Unemployed	\$1,282.31
Carer Payment	\$148.03
Disability Support Pension	\$148.32

Unit prices are subject to indexation based on parameters supplied by the Department of Finance. The Efficiency Dividend is also applied.

Unit prices are expected to be re-assessed in the context of the 2017-18 Budget.