

# Chapter 4

## Social Services Portfolio

### Department of Social Services

4.1 This chapter outlines key issues discussed during the 2015–2016 budget estimates hearings for the Social Services Portfolio.

4.2 Areas of the portfolio were called in the following order:

- Cross Outcomes/Corporate Matters/Grant Programs
- Housing
- Families and Communities
- Social Security
- Ageing and Aged Care
- Aged Care Quality Agency
- Disability and Carers
- National Disability Insurance Agency

### *Cross Outcomes/Corporate Matters/Grant Programs*

4.3 The committee inquired into the department's recent grants process, for which there is currently a Senate inquiry. There was a discussion about the bridging funding for Emergency Relief, the gap analysis being undertaken by the department and the new IT system.<sup>1</sup>

4.4 Questions were asked about the new premises being built at Tuggeranong, for which the contract was signed on 18 March. The committee heard that it will house 2,500 staff, is expected to be completed by August 2017 and approximately 350 car parks.<sup>2</sup> The Chair asked 'how does the estimated cost of the rent, lease and related outgoings for the first 12 months compare to the last 12 months of the existing lease?'<sup>3</sup>, to which Mr Broadhead said:

We are expecting to spend about \$7 million less per annum, so in the first 12 months of the new lease than we would spend in the last 12 months of the old lease. That is substantially rent but it is also due to the difference in the nature of the lease. The lease for the building we are currently in at Tuggeranong is what is known as a triple net lease, so we pay a number of costs under that lease that we will not have to pay under what is known as a gross lease for the new building.<sup>4</sup>

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1 *Proof Estimates Hansard*, 3 June 2015, pp 81–96

2 *Proof Estimates Hansard*, 3 June 2015, pp 97–99

3 *Proof Estimates Hansard*, 3 June 2015, p. 98

4 *Proof Estimates Hansard*, 3 June 2015, p. 98

4.5 Senator Moore asked for an update on the current enterprise bargaining. The department was asked whether in the bargaining they have taken into account the Government's proposed changes to legislation on paid parental maternity leave. Ms McKinnon responded:

Currently eligible DSS employees with 12 months' continual service have access to 12 weeks' paid maternity leave through the Maternity Leave Act 1973. Employees may also access the government's PPL scheme, if eligible. Under various enterprise agreements that we currently have there are employees who can access additional support above that allowed for, including an additional two weeks' paid maternity leave; 14 weeks' adoption, fostering or permanent care leave; up to 12 months' unpaid parental leave with the possibility of a further 12-month extension; and two to four weeks of supporting partner leave depending on the enterprise agreement that they are currently covered by. The government's PPL scheme is 18 weeks' payment at the minimum wage. That is a long-winded way of saying if employees are eligible and the arrangements under the various EAs do not bring them over the PPL entitlement then they would be eligible for that.<sup>5</sup>

#### ***Outcome 4 Housing***

4.6 The committee asked how the new focus on domestic violence in the National Partnership Agreement on Homelessness will be implemented. Mr Scott replied:

The Commonwealth funds the structure of the National Partnership Agreement on Homelessness to \$115 million per year, which is then matched by the states and territories. The states and territories then have the responsibility to identify area service providers and geographic footprint for service delivery...Minister Morrison identified as two priority areas homelessness arising from domestic and family violence, and youth homelessness. We are currently in negotiations with the states on the new agreement, including how that particular aspect of the Commonwealth's commitment will be implemented. We are proposing that at least 50 per cent of Commonwealth funding be prioritised to servicing those client groups.<sup>6</sup>

4.7 Senator McLucas inquired into the National Rental Affordability Scheme and issues related to compliance and fraud. The committee heard there are 26, 469 dwellings currently in the scheme.<sup>7</sup>

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5 *Proof Estimates Hansard*, 3 June 2015, p. 102

6 *Proof Estimates Hansard*, 3 June 2015, p. 136

7 *Proof Estimates Hansard*, 3 June 2015, p. 140

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## ***Outcome 2 Families and Communities***

4.8 The committee inquired into the proposed changes to the Paid Parental Leave scheme. Ms Bennett provided the following summary on women who will be affected by the measures:

There are about 308,000 babies born in Australia each year to about 304,000 mothers. Of the current PPL scheme, about 47 per cent of new mothers are eligible for PPL... Of that 47 per cent that receive the PPL, 53 per cent, which is about 90,000 women, will be unaffected by this measure as they do not have access to employer-provided maternity leave. Of those, about eight per cent work in the public sector and 92 per cent work in the private sector and their median income is around \$39,000 per year.

Of that 47 per cent that do receive PPL, about 20 per cent who would have previously been eligible will no longer be eligible, that is, around 34,000 women, because they have access to employer-provided maternity leave valued greater than the full PPL of about \$11½ thousand. Of those women, 61 per cent work in the public sector and 39 per cent work in the private sector and their median income is around \$73,011 per year. These are their incomes. These are not family-based incomes.

Of the 47 per cent of those mothers that will receive a partial PPL, once the measure is introduced, 27 per cent of previously eligible mothers, which is around 45,000 women who have access to employer-provided maternity leave, which is valued less than the full 18 weeks at the national minimum age, will be eligible to receive a top-up, a partial PPL payment. About 38 per cent of them work in the public sector and 62 per cent work in the private sector. Their median income of these women is \$43,000 per year.<sup>8</sup>

4.9 Senator Moore asked about the national awareness campaign being developed for violence against women between the Commonwealth and states and territories. The committee heard that the Commonwealth has committed \$15 million, which has been matched by the states and territories and that the particular focus of the campaign has not yet been determined.<sup>9</sup>

4.10 The committee sought clarification on the removal of the vulnerable social worker assessments carried out in relation to income management. The committee heard that this measure will save the department \$4 million over two years.<sup>10</sup> In discussion, the committee heard that 'these were an intensive assessment by the social workers and the feedback we [the department] received was that it detracted from the more broad support that they would wrap around and provide, because it is a tool that they had to complete in a particular way'.<sup>11</sup> Mr Johnson added:

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8 *Proof Estimates Hansard*, 4 June 2015, p. 28

9 *Proof Estimates Hansard*, 4 June 2015, p. 40

10 *Proof Estimates Hansard*, 4 June 2015, p. 44

11 *Proof Estimates Hansard*, 4 June 2015, p. 44

...the vulnerable welfare recipient measure of income management stays in the legislation. But underneath that, as you will know, there are auto youth triggers and a range of other classes of person listed by legislative instruments that could be automatically placed on that vulnerable measure of income management. In addition, there is a discretion for a social worker to place someone onto the compulsory vulnerable measure of income management if they assess the person is at risk of financial crisis. We are just taking out the social worker assessment making those referrals to that measure. The reason is that the numbers of people being placed on that measure by social workers over a number of years have been very low. They have been captured by a range of other measures, including people who, in their conversations with social workers...decide to volunteer for income management at that point rather than through a compulsory referral.<sup>12</sup>

4.11 The committee also discussed the trial of the Healthy Welfare card. The department gave evidence that \$2.7 million in the budget was allocated to further consultation and testing of the feasibility of the card.<sup>13</sup> When asked about the extent to which communities will be consulted in the process, Mr Pratt said 'it is my strong expectation that there will be widespread consultations in communities'.<sup>14</sup> The department indicated that products that are being considered for exclusion from purchase under the trial include alcohol, gambling and drugs.<sup>15</sup>

4.12 There were questions on the proposed changes to child care. Senator Smith asked for an explanation as to how the new policy will address inflationary pressures. Mr Pratt gave the following answer:

Under the current system, it is obviously not counterbalancing particularly well. The design features of the new system will, I think, have considerable benefits in this area, particularly with the new fee arrangements, where there is a tapering scale from 85 per cent of the scheduled fee down to 50 per cent, based around family income. That should put a lot of downwards pressure on price increases for childcare.

4.13 Ms Wilson continued:

In addition to what the secretary was just saying, there is also an hourly fee cap. What we are proposing is a fee cap as well as a subsidy. By setting a cap we are saying to the market that these are reasonable prices for you to pay for long day care, family day care or outside-school-hours care and that you will get a subsidy, for example, 85 per cent, up to that, but if you are actually paying higher than that you should be looking around at what you

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12 *Proof Estimates Hansard*, 4 June 2015, p. 45

13 *Proof Estimates Hansard*, 4 June 2015, p. 50

14 *Proof Estimates Hansard*, 4 June 2015, p. 54

15 *Proof Estimates Hansard*, 4 June 2015, p. 58

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are being charged, because we think you are being charged more than you should be.<sup>16</sup>

4.14 In discussions about the work-study-training test for childcare, the department confirm that types of volunteering will be taken into account and so will the inclusion of travel time.<sup>17</sup> Mr Pratt explained:

The question is the extent to which the volunteering activity is actually going to contribute to enhancing someone's capacity to participate into the future, particularly in the workforce. Lots of volunteering activities are actually very helpful in doing that. But there might be some things in the grey areas at the edges of what can be construed as volunteering.<sup>18</sup>

4.15 The committee discussed the proposed policy to create an hourly fee cap for the childcare rebate. When asked how the proposed measures will constrain the market, Mr De Silva said:

...because families will always have an out-of-pocket cost; if you get the maximum rate, you will have to pay 15 per cent, and 85 per cent will be covered; if you are a higher income earner, 50 per cent will be covered up to the annual cap, per year, per child. So it really is the market factors that would, depending on the profile of the families that you have, influence what prices you may or may not increase.<sup>19</sup>

4.16 Mr Pratt added:

...for those who are charging above the hourly fee cap rates the signal would be strongest; but even for those charging below it there is still going to be a contribution from the families, either at the minimum of 15 per cent for those who are at a lower income, or 50 per cent for those who are at a higher income. So there will always be a signal for them to try and keep their prices lower to compete with others—acknowledging that different labour markets will operate in different ways, those parameters will continue to operate to put downwards pressures on price increases.<sup>20</sup>

### ***Outcome 1 Social Security***

4.17 Changes to the Family Tax Benefits were examined including the modelling done by the National Centre for Social and Economic Modelling. The key budget initiatives were outlined by Ms Wilson:

The limit of FTB part B to families with a child under age six, which is a change from 18; the maintenance of FTB payment rates for two years—they will not be indexed; the reduction of FTB end-of-year supplements to the original 2004 values of \$600 for an FTB part A child and \$300 for an FTB family—you know what their changes are there: \$726.35 per FTB part

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16 *Proof Estimates Hansard*, 5 June 2015, p. 16

17 *Proof Estimates Hansard*, 5 June 2015, p. 26

18 *Proof Estimates Hansard*, 5 June 2015, pp 26–27

19 *Proof Estimates Hansard*, 5 June 2015, p. 37

20 *Proof Estimates Hansard*, 5 June 2015, p. 37

A child and \$354.05 per family for FTB; and the freeze on the eligibility thresholds for family tax benefits for three years.<sup>21</sup>

4.18 The proposed changes to the pension were discussed. The committee heard that 88 per cent of pensioners will not be affected, while four per cent will benefit and eight per cent will be adversely affected.<sup>22</sup>

4.19 The department provided detail on the drawdown amounts of different groups that would be required to make up for the loss of the part rate pension, broken down by single homeowner, single non-homeowner, couple homeowner and couple non-homeowner.<sup>23</sup> It was noted that the maximum drawdown required would be 1.84 per cent of their assets.<sup>24</sup> Mr McBride clarified:

This does not look at the income growth of your asset. It just says from your asset base you would have to draw down this amount. It may well be that the income that your asset earns exceeds that.<sup>25</sup>

4.20 Ms Wilson further explained:

That is based on a total asset value, noting of course that it is assets in addition to their family home where they are a homeowner.<sup>26</sup>

### ***Outcome 3 Ageing and Aged Care***

4.21 The committee received an update on the Dementia and Aged Care Services Fund and the review into dementia services. In discussing how the Government is going to better support dementia patients, the department confirmed that applications have been opened for the severe behaviour response teams. Ms Smith said:

Applicants will have I think six weeks to put in their submissions, and then we will go through a process of evaluating those and making decisions. In terms of the dementia strategy, as Ms Moody said, there is a significant investment by the department in dementia programs...We are working very closely with stakeholders to ensure that in moving forward we are targeting our dementia investment in the most effective way possible.<sup>27</sup>

### ***Outcome 5 Disability and Carers***

4.22 The NDIA received questions on the My Way Trial and the Federal Court ruling on the Business Services Wage Assessment Tool and associated proposed legislation. Senator McLucas asked 'what work is being progressed to ensure that

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21 *Proof Estimates Hansard*, 4 June 2015, p. 74

22 *Proof Estimates Hansard*, 4 June 2015, p. 94

23 *Proof Estimates Hansard*, 4 June 2015, p. 87

24 *Proof Estimates Hansard*, 4 June 2015, p. 87

25 *Proof Estimates Hansard*, 4 June 2015, p. 87

26 *Proof Estimates Hansard*, 4 June 2015, p. 88

27 *Proof Estimates Hansard*, 4 June 2015, p. 117

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NDIS will link with disability employment services and with ADEs?<sup>28</sup> The response from Senator Fifield was:

The disability employment service contracts, as you probably are aware, expire in March 2018. We have kicked off a round of consultations about what might be a better model and for delivering the DES. As I touched on the other night, we spend about \$1 billion a year on 150,000 participants. Only one-third are placed in work. We probably all agree there is the capacity to and the need to do better. The expiry of those contracts at that time is fortuitous because it gives us the opportunity to see whether we can more closely align the supports with NDIS supports for those people who are participants in both systems. One of the things we will be looking at, for instance, is whether some part of the DES money should be attached to an individual for them to deploy as they think best to support their preparation and readiness for going into work...When we are looking at DES it is important to recognise that the bulk of people who are DES participants will not be NDIS participants. So we need something that works for both cohorts...<sup>29</sup>

4.23 Mr Bowen continued:

...we have been running a pilot in Tasmania for the young adults, which has [sic] been a cooperative between the agency, the department and local DES providers and, indeed, the Tasmanian government.<sup>30</sup>

4.24 Ms Skordis added:

That has been very positive about understanding an approach which considers an individual, particularly at the age of leaving school, and how we can transfer the best quality information from the education system and support making a decision about which pathway is most appropriate for a person so that they do not have to knock on several different [doors] and as a collaboration people come together and can guide that process.<sup>31</sup>

**Senator Zed Seselja**

**Chair**

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28 *Proof Estimates Hansard*, 4 June 2015, p. 133

29 *Proof Estimates Hansard*, 4 June 2015, p. 133

30 *Proof Estimates Hansard*, 4 June 2015, p. 133

31 *Proof Estimates Hansard*, 4 June 2015, p. 134

