

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION
LEGISLATION COMMITTEE**

**2005-2006 BUDGET SENATE ESTIMATES HEARING
30 ,31 MAY and 3 JUNE 2005**

EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO

QUESTIONS ON NOTICE

Outcome 3: Increased workforce participation

Output Group 3.1: Working age policy

Outputs 3.1.1: Working Age Policy and Legislation

Question Number: W036-06

Question:

Senator Evans asked at *Hansard* page 117:

In relation to the Welfare to Work package, \$198.2 million is paid to Centrelink case managers; we have part of \$42 million is paid to families who are being case managed to pay their bills and part of \$42 million which is due to the fact that job seekers who in the past may have been breached for long period of time, 6 or 12 months, now will be breached for a maximum of eight weeks. Can the department provide a breakdown of the costs for these three categories?

Answer:

As part of costing the improved compliance measure in the Welfare to Work package, two additional cost components were identified. They are:

1. additional funding of \$198.2 million for Centrelink (including case management) for administering the new measure; and
2. a net increase of \$42.3 million in DEWR administered special appropriations.

The net increase in \$42.3 million in special appropriations as a result of the improved compliance measure was calculated taking account of the estimated increase in the number of recipients subject to participation requirements, as well as a reduction in the amount of benefits lost per recipient under the new model. The latter is due to the likelihood that recipients who incur penalties under the improved arrangements would be reconnected more rapidly, and hence resume benefits quickly, rather than be subject to ongoing fixed rate penalties as under the current system. The policy intent of the improved compliance arrangements is to encourage quicker reconnection of job

seekers, thereby increasing their likelihood of finding employment, and subsequently moving off benefit.

For families being case managed under the improved compliance arrangements, the costings have been based on a working assumption that the level of financial assistance per recipient being case managed is equivalent to the receipt of benefits foregone. The \$42.3 million cannot, therefore, be disaggregated as requested in this question.