

**Senate Community Affairs Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**SOCIAL SERVICES PORTFOLIO**

**14 October 2016**

**Outcome Number: Outcome 3**

**Topic: National Disability Insurance Scheme Savings Fund Special Account Bill 2016**

**Hansard page: 39**

**Senator Dastyari asked:**

What is the current balance of the DisabilityCare Australia Fund (DCAF)? How much of that fund is expected to be spent this year? And how much does that leave in unallocated funds in the DisabilityCare Australia Fund?

**Answer:**

The balance of the DCAF as at 30 June 2016 is \$6.1 billion. This figure is published on the Department of Finance website at the following url:

<https://www.finance.gov.au/investment-funds/disabilitycare-australia-fund-overview/disabilitycare-australia-fund-financials/>

In the 2016-17 Budget Paper No. 3 (printed page number 42 refers), \$270.6 million was estimated to be paid to the states and territories in 2016-17.

The balance of the DCAF is updated on the Department of Finance website on a quarterly basis.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

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**Senator Dastyari asked:**

Earlier, you replied to a question from Senator Smith regarding this page 4 document that I have here, which I supplied for the purposes of the table down the bottom as I did not have the budget papers with me. Senator Smith drew your attention to savings to deliver Disability Care Australia. You made the point that some of those savings had been passed and some had not, and that some of them had been used to fund that and some have not. Can you take on notice to provide a broader explanation of that point?

**Answer:**

A paper titled DisabilityCare Australia, released as part of the 2013-14 Budget, identified how the cost of the National Disability Insurance Scheme (NDIS – at the time known as DisabilityCare Australia) would be met. This included:

- Payments from the DisabilityCare Australia Fund (DCAF);
- Private Health Insurance reforms;
- Reforms to retirement incomes; and
- Other long-term savings.

The DCAF is funded by a half percentage point increase to the Medicare levy that took effect on 1 July 2014. As per the *DisabilityCare Australia Fund Act 2013*, one of the main purposes of the DCAF is to debit amounts in order to reimburse the Commonwealth for expenditure incurred in relation to the *National Disability Insurance Scheme Act 2013*.

As at 30 June 2016, the balance of the DCAF was \$6.1 billion.

The Private Health Insurance reforms have been implemented and are expected to deliver \$1.1 billion of savings in 2019-20. These savings will go into the Consolidated Revenue Fund and have no direct link to the NDIS.

The reforms to retirement incomes have been partially implemented and are expected to deliver \$0.6 billion of savings in 2019-20, as opposed to \$0.9 billion had they been fully implemented. These savings will go into the Consolidated Revenue Fund and have no direct link to the NDIS.

The other long-term savings were only identified as selected long-term savings from the 2013-14 Budget and 2012-13 Mid-Year Economic and Fiscal Outlook. The full estimated

**Senate Community Affairs Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**SOCIAL SERVICES PORTFOLIO**

**14 October 2016**

savings from these measures has not been realised. The savings from the other long-term savings will go into the Consolidated Revenue Fund and have no direct link to the NDIS.

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

14 October 2016

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**Hansard page: 30**

**Senator Smith asked:**

Were any of those special accounts in the DSS portfolio created between 2007 and 2013?

**Answer:**

There are currently three active special accounts in the DSS Portfolio:

- The National Disability Research Special Account was established on 23 August 2016 through a PGPA Act Determination by the Minister for Finance, Senator the Hon Mathias Cormann. This special account replaced the National Disability Special Account, which was repealed by sunsetting on 1 October 2016.
- The Services for Other Entities and Trust Moneys was established on 12 October 2010, through a FMA Act Determination by the then Minister for Finance and Deregulation, Senator the Hon Penny Wong.
- The Social and Community Services Pay Equity Special Account was established via the *Social and Community Services Pay Equity Special Account Act 2012*, which was given Royal Assent on 8 November 2012.

The Department of Social Services also managed the following special accounts (published in the DSS Annual Report 2015-16), which were repealed, or transferred to other departments as part of the Administrative Arrangement Orders issued on 21 September 2015:

- The National Disability Special Account, which was repealed by sunsetting on 1 October 2016.
- The Early Years Quality Fund Special Account, which was established via the *Early Years Quality Fund Special Account Act 2013*, which was given Royal Assent on 29 June 2013, transferred to the Department of Education and Training as a result of the Administrative Arrangement Orders issued on 21 September 2015.

A number of special accounts have been administered by DSS and its former iterations between 2006 and 2016. A list of these special accounts is provided at **Attachment A**. A list of all current special accounts across the Commonwealth can be found via the following url:

<http://www.finance.gov.au/sites/default/files/chart-of-special-accounts.pdf?v=4>

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

14 October 2016

Attachment A

DSS List of Special Accounts from 2006 to 2016 by Current Status - as at 30 September 2016

Special Account	Legislation or Determination	Date of Act or Determination	Current Status	Agency Responsible
Services for Other Entities and Trust Monies	Finance Minister Determination	2010	Active	Department of Social Services
Social and Community Services Pay Equity Special Account	Legislation - <i>Social and Community Services Pay Equity Special Account Act 2012</i>	2012	Active	
National Disability Research Special Account	Finance Minister Determination	2016	Active	Department of Social Services
Comcare Trust Account	Finance Minister Determination	1988	Inactive	
Commonwealth State Disability Agreement Reserve	Finance Minister Determination	2006	Inactive	
Commonwealth, State, Territory, Disability Agreement Special Account	Finance Minister Determination	2006	Inactive	
National Disability Special Account	Finance Minister Determination	2006	Inactive	
Other Trust Monies	Finance Minister Determination	2008	Inactive	
Other Services - Services for Other Government and Non-Government Bodies	Finance Minister Determination	2008	Inactive	
Social Security - Services for Other Government and Non-Government Bodies	Finance Minister Determination	2008	Inactive	
Income Management Special Account	Finance Minister Determination	1999	Inactive	
Supported Accommodation Assistance Program Data and Program Evaluation Fund Special Account	Finance Minister Determination	2000	Inactive	
DisabilityCare Australia Transitional Special Account	Legislation - <i>DisabilityCare Australia Fund Act 2013</i>	2013	Inactive	
Indigenous Employment Special Account	Finance Minister Determination	2009	Inactive	
Northern Territory Flexible Funding Pool	Finance Minister Determination	2007	Inactive	
Aboriginal Advancement Account	Legislation - <i>Aboriginal Land (Lake Condah and Framlingham Forest) Act 1987</i>	1987	Active	Department of Prime Minister and Cabinet
Aboriginal and Torres Strait Islander Corporations Unclaimed Money Account	Legislation - <i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i>	2006	Active	
Aboriginal and Torres Strait Islander Land Account	Legislation - <i>Aboriginal and Torres Strait Islander Act 2005</i>	2005	Active	
Aboriginals Benefit Account	Legislation - <i>Aboriginal Land Rights (Northern Territory) Act 1976</i>	1976	Active	
Indigenous Communities Strategic Investment Program Special Account	Finance Minister Determination	2008	Inactive	
Indigenous Remote Service Delivery Special Account	Finance Minister Determination	2010	Active	
Early Years Quality Fund Special Account	Legislation - <i>Early Years Quality Fund Special Account Act 2013</i>	2013	Active	
National Youth Affairs Research Scheme Account	Finance Minister Determination	2006	Inactive	Department of Education and

Senate Community Affairs Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

SOCIAL SERVICES PORTFOLIO

14 October 2016

**Outcome Number: Outcome 3**

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**Hansard page: 39**

**Senator Dastyari asked:**

So the DisabilityCare Australia Fund, as currently structured, would not allow it to be the stand-alone fund to put this money into?

**Answer:**

The *DisabilityCare Australia Fund Act 2013* would allow the savings the Government has earmarked for the Savings Fund to be credited to the DisabilityCare Australia Fund (DCAF). Under the *DisabilityCare Australia Fund Act 2013*, the Treasurer may determine that amounts are to be credited to the DCAF. However, the DCAF has been designed for a different purpose to the National Disability Insurance Scheme Savings Fund Special Account (Savings Fund).

The DCAF was set up to reimburse both the Commonwealth and the states and territories for expenditure incurred in relation to the *National Disability Insurance Scheme Act 2013*.

The Savings Fund is for the Commonwealth only, and has the broader objective to assist the Commonwealth to meet its funding obligations in relation to the *National Disability Insurance Scheme Act 2013*.

A significant limitation of the DCAF is that any payments made are reimbursements to the Commonwealth and states and territories for expenditure incurred in relation to the *National Disability Insurance Scheme Act 2013*. In contrast, the Savings Fund would allow payments to be made to the National Disability Insurance Agency in advance to avoid any cash flow issues. This flexibility would better enable the Commonwealth to meet its funding obligations for the *National Disability Insurance Scheme Act 2013*.

In addition, as the Savings Fund is a special account in the Consolidated Revenue Fund, it would ensure the Government has greater flexibility to respond to urgent funding needs. If a funding risk materialises, funds could be withdrawn from the special account as determined by the Minister for Social Services. Withdrawing invested funds (such as the DCAF) takes longer relative to withdrawing funds in a special account in the Consolidated Revenue Fund.

Another important difference between the Savings Fund and the DCAF is that the balance of the Savings Fund would not lead to an increase in the Commonwealth's gross

**Senate Community Affairs Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**SOCIAL SERVICES PORTFOLIO**

**14 October 2016**

debt or public debt interest payments. This means the Savings Fund would better support the Commonwealth's objective of repairing the Budget.

**Senate Community Affairs Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**SOCIAL SERVICES PORTFOLIO**

**14 October 2016**

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**Hansard page: 38**

**Senator Smith asked:**

In the ACOSS report there is this point that Senator Siewert drew attention to about funding. The account effectively means that funding caps will be put in place and will restrict access to services et cetera. It is made in the second-last paragraph of the ACOSS submission, which states:

*In addition, the funding cap sends a message that funding for the NDIS could be restricted, and consequently services and supports made available under the scheme would be limited.*

On notice, can you provide a specific rebuttal to that?

**Answer:**

There is no funding cap on the NDIS. The NDIS is a demand-driven, entitlement based-program.

The Government estimates that at full scheme the cost of the NDIS will be \$22 billion in 2019-20. Of this, \$11.2 billion is the Commonwealth's funding responsibility.

These amounts are based on estimating demand for the program. These estimates are updated at every Budget estimates, which is standard practice for such programs. They do not represent restrictions on the services and supports available under the NDIS.