

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2011-12 Budget Estimates Hearings

Outcome Number: 5

Question No: 411

Topic: Indexation Provided for Advocacy Groups

Hansard Page: Written

Senator Boyce asked:

- 1) What index has been used by the department?
- 2) What are the components of that index?
- 3) What is the weighting of each of those components?
- 4) How has this compared to the growth factor for the Disability Specific Purpose Payment in each of the past 5 years?
- 5) How has this compared to the indexation provided to Australian Disability Enterprises (or their predecessors) over the past 5 years?
- 6) How has this compared to the Australian wages and prices indexes over this period?

Answer:

- 1) Wage Cost Index (WCI) 2 has been used to calculate price increases for Advocacy (NDAP) organisations for each of the past five years.
- 2 & 3) WCI 2 is comprised of 90 per cent Safety Net Adjustment, which is an index related to wage growth and 10 per cent Consumer Price Index.
- 4) The growth factor for the National Disability Specific Purpose Payment (SPP) is the rolling five-year average of year-on-year growth in nominal gross domestic product. The National Disability SPP has been indexed as follows over the past five years:

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|---------|--|
| 2007-08 | 1.9 per cent (WCI 2) |
| 2008-09 | 1.8 per cent (WCI 2) |
| 2009-10 | 4.7 per cent (new NDA SPP Treasury growth factor rolling 5 year average nominal GDP) |
| 2010-11 | 6.8 per cent (as above) |
| 2011-12 | 6.3 per cent (Growth estimate) |
- 5) Australian Disability Enterprises indexation over the past five years has also been based on WCI2. For the original three year funding agreement (2007-10), a rate of 3.42 per cent was applied as an estimate of the compounded rate of WCI 2 by the mid-point of the agreement. In 2010-11 WCI 2 was applied and in 2011-12 WCI2 plus 0.5 per cent:

| | |
|---------|---|
| 2007-10 | 3.42 per cent (provided at the start of the three year agreement) |
| 2010-11 | 1.50 per cent (WCI 2) |
| 2011-12 | 2.00 per cent (WCI 2 plus 0.5 per cent) |
- 6) The Australian Bureau of Statistics publishes a range of wage price indices.