



## Policy costing

Stolen Generations compensation	
Party:	Australian Labor Party
Summary of proposal: This proposal has three components to provide redress for members of the Stolen Generations. <ul style="list-style-type: none"><li>• Component 1: Establish a Stolen Generations healing fund of \$10 million in administered funding, spread evenly over four years.</li><li>• Component 2: Establish a compensation scheme for living Stolen Generations survivors in the Northern Territory and Jervis Bay to provide a one-off payment of \$75,000 per eligible recipient. Eligible recipients would be able to claim their payment at any time over the period 1 July 2020 to 30 June 2024.</li><li>• Component 3: Provide ongoing funeral assistance funding for Stolen Generations survivors in the Northern Territory and Jervis Bay. Eligible parties would be entitled to claim a one-off payment of \$7,000 following the death of a member of the Stolen Generations.</li></ul> The proposal would have effect from 1 July 2020.	

## Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$110.8 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$106.6 million and an increase in departmental expenses of \$4.2 million over this period. A breakdown of the financial implications over this period is at [Attachment A](#).

The proposal would be expected to have an ongoing impact that extends beyond the 2019-20 Budget forward estimates period.

- The proposal would cost \$28.3 million in 2023-24. From 2024-25 Components 1 and 2 terminate, leaving only Component 3 with an ongoing impact of less than \$0.1 million per year which declines in line with the assumed Stolen Generations mortality rate.

The financial implications of this proposal are sensitive to changes in assumptions regarding the number of eligible Stolen Generations survivors in the Northern Territory and Jervis Bay, the number of eligible claims made over the period of analysis, and the timing of payments.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	<b>Total to 2022–23</b>
Fiscal balance	-	-41.2	-40.9	-28.6	<b>-110.8</b>
Underlying cash balance	-	-41.2	-40.9	-28.6	<b>-110.8</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

## Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- The number of Stolen Generations survivors as a proportion of the entire population of New South Wales is an appropriate proxy for determining the number of Stolen Generations survivors in Jervis Bay.
- All eligible Stolen Generations survivors would claim a compensation payment from 2020-21 to 2023-24, with the majority of claims coming in the first two years.
- Relevant parties would access funeral assistance at each instance of the death of a member of the Stolen Generations.
- The compensation and funeral assistance payments would be non-taxable.

## Methodology

Administered expenses for Component 1 are based on the \$10 million capped amount, distributed evenly over four years to 2023-24.

Administered expenses for Component 2 were calculated by multiplying the estimated number of eligible Stolen Generations survivors by the specified one-off payment amount per survivor with claims assumed to occur over the period 2020-21 to 2023-24.

Administered expenses for Component 3 were calculated by multiplying the estimated number of Stolen Generations survivors' deaths by the specified one-off payment amount over the period from 2020-21 to 2029-30.

The number and mortality rate of Stolen Generations survivors in the Northern Territory were derived from estimates published in the Australian Institute of Health and Welfare report *Aboriginal and Torres Strait Islander Stolen Generations and descendants: numbers, demographic characteristics and selected outcomes*.

Departmental expenses were informed by a similar compensation scheme and their payment profile, scaled by the value of administered expenses.

Estimates have been rounded to the nearest \$100,000.

## Data sources

Australian Bureau of Statistics, 2016. *DataPacks & GeoPackages*, Canberra: ABS. [Online] Available at: <http://www.abs.gov.au/websitedbs/d3310114.nsf/home/2016%20datapacks> [Accessed 21.04.2019].

Australian Bureau of Statistics, *ERP by SA2 and above (ASGS 2016), 2001 onwards*, Canberra: ABS. [Online] Available at: [http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS\\_ANNUAL\\_ERP\\_ASGS2016](http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_ANNUAL_ERP_ASGS2016) [Accessed 21.04.2019].

Australian Bureau of Statistics, *No. 3302.0 Deaths, Australia*, Canberra: ABS. [Online] Available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/3303.0Main+Features12017?OpenDocument> [Accessed 21.04.2019].

NSW Government, 2016. *Unfinished Business: NSW Government Response to the General Purpose Standing Committee 3 Report into Reparations for the Stolen Generations*, Sydney: NSW Government.

Australian Institute of Health and Welfare, 2018. *Aboriginal and Torres Strait Islander Stolen Generations and descendants: numbers, demographic characteristics and selected outcomes*, Canberra: AIHW.

Commonwealth of Australia, 2015. *Redress and Civil Litigation Report: Royal Commission into Institutional Responses to Child Sexual Abuse*, Canberra: Commonwealth of Australia.

## Attachment A – Stolen Generations compensation – financial implications

**Table A1: Stolen Generations compensation – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
<b>Expenses</b>					
<i>Administered</i>					
<i>Component 1 – Stolen Generations healing fund</i>	-	-2.5	-2.5	-2.5	-7.5
<i>Component 2 – Stolen Generations compensation scheme</i>	-	-36.8	-36.8	-25.2	-98.8
<i>Component 3 – Stolen Generations funeral assistance fund</i>	-	-0.1	-0.1	-0.1	-0.3
<b>Total – administered</b>	-	<b>-39.4</b>	<b>-39.4</b>	<b>-27.8</b>	<b>-106.6</b>
<i>Departmental</i>					
<i>Component 1 – Stolen Generations healing fund</i>	-	-0.1	-0.1	-0.1	-0.4
<i>Component 2 – Stolen Generations compensation scheme</i>	-	-1.7	-1.4	-0.7	-3.8
<i>Component 3 – Stolen Generations funeral assistance fund</i>	-	..	..	..	..
<b>Total – departmental</b>	-	<b>-1.8</b>	<b>-1.5</b>	<b>-0.8</b>	<b>-4.2</b>
<b>Total – expenses</b>	-	<b>-41.2</b>	<b>-40.9</b>	<b>-28.6</b>	<b>-110.8</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.