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Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

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SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE
Wednesday, 16 February 2005

Members: Senator Knowles (*Chair*), Senator Greig (*Deputy Chair*), Senators Barnett, Denman, Humphries and Moore

Senators in attendance: Senators Allison, Barnett, Bartlett, Jacinta Collins, Crossin, Denman, Eggleston, Chris Evans, Forshaw, Greig, Harradine, Humphries, Knowles, McLucas, Moore and Wong

Committee met at 9.05 a.m.

FAMILY AND COMMUNITY AFFAIRS PORTFOLIO

In Attendance

Senator Patterson, Minister for Family and Community Services

Department of Family and Community Services

Executive

Dr Jeff Harmer, Secretary

Mr Wayne Jackson, Deputy Secretary

Mr Stephen Hunter, Deputy Secretary

Group Managers

Mr David Kalisch, Group Manager, Social Policy

Ms Glenys Beauchamp, Group Manager, Families and Children

Ms Kerry Flanagan, Group Manager, Women and Youth

Mr Robert Knapp, Group Manager, Housing and Disability

Ms Gwenda Prince, Acting Group Manager, Communities

Ms Virginia Mudie, Group Manager, Corporate Support

Mr Tim Youngberry, Group Manager, Business, Financial Services and Information Technology

Office for Women

Ms Kerry Flanagan, Group Manager, Women and Youth

Ms Jenny Bourne, Branch Manager, Safety, Leadership and Consultation

Ms Lee Emerson, Branch Manager, Policy, Research and International

1.1 Family Assistance

Mr David Kalisch, Group Manager, Social Policy

Mr David Hazlehurst, Branch Manager, Family Payments

Mr Loucas Nicolaou, Branch Manager, Indigenous Family and Child Wellbeing

Mr Jeff Popple, Branch Manager, Families and Children's Policy

1.2 Youth and Student Support

Ms Kerry Flanagan, Group Manager, Women and Youth

Ms Kim Loveday, Youth Bureau

1.3 Child Support

Ms Glenys Beauchamp, Group Manager, Families and Children

Mr Tony Carmichael, Branch Manager, Family Relationship Services and Child Support Policy

1.4 Child Care Support

Ms Glenys Beauchamp, Group Manager, Families and Children

Ms Donna Griffin, Acting Branch Manager, Child Care Services Branch

Ms Linda Powell, Branch Manager, Child Care Policy and Planning Branch

2.1 Housing Support

Mr Robert Knapp, Group Manager, Housing and Disability

Ms Liza Carroll, Branch Manager, Housing Support Branch

Mr Peter Taylor, Branch Manager, Indigenous Housing and Infrastructure

2.2 Community Support

Ms Gwenda Prince, Acting Group Manager, Communities

Mr Barry Smith, Branch Manager, Community Branch

Ms Fiona Smart, Branch Manager, Community Program Design

Mr Geoff Richardson, Branch Manager, Indigenous Policy Branch

3.1 Labour Market Assistance

Mr Robert Knapp, Group Manager, Housing and Disability

Ms Fiona Dempster, Branch Manager, Strategic Policy Branch

3.2 Disabilities

Mr Robert Knapp, Group Manager, Housing and Disability

Mr Roger Barson, Branch Manager, Disability and Carers Branch

Ms Peta Winzar, National Manager, National Disability Operations

3.3 Carer Support

Mr Robert Knapp, Group Manager, Housing and Disability

Mr Roger Barson, Branch Manager, Disability and Carers Branch

3.4 Aged Support

Mr Robert Knapp, Group Manager, Housing and Disability

Mr Alex Dolan, Branch Manager, Seniors and Means Test Branch

FaCS Cross all outcomes

Mr Evan Lewis, Branch Manager, Early Childhood and Communities Branch

Mr Steve Jennaway, Branch Manager, Budget Development Branch

Mr Nick Hartland, Branch Manager, Social Security Relationships and Compliance Branch

Ms Peter Hutchinson, Acting Branch Manager, International Branch

Ms Sarah Byrne, Branch Manager, Legal Services Branch

Ms Michalina Stawyskyj, Branch Manager, People Branch

Ms Kasy Chambers, Branch Manager, Communications and Events Branch

Mr Andrew Whitecross, Branch Manager, Research and Data Management Branch

Ms Donna Phillips, Advisor, Budget Development Branch

CHAIR—I declare open this public hearing of the Senate Community Affairs Legislation Committee. The Senate has referred to this committee the particulars of the proposed additional expenditure for the year ending 30 June 2005 for the Family and Community Services portfolio and the Health and Ageing portfolio, the final budget outcome for 2003-04

and the advance to the Minister for Finance and Administration as a final charge for the year ended 30 June 2004. The committee will now commence examination of the Family and Community Services portfolio. I welcome the Minister for Family and Community Services, Senator the Hon. Kay Patterson, the departmental secretary, Dr Jeff Harmer, and all the officers of the Department of Family and Community Services. It is lovely to have you again.

Witnesses are reminded of the procedures to be observed by Senate committees for the protection of witnesses and, in particular, of the resolution which states in part, 'Where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant, or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken.' I also remind officers that they will not be asked to give opinions on matters of policy and will be given the opportunity to refer questions asked of them to superior officers or to a minister. Evidence given to the committee is protected by parliamentary privilege; however, the giving of false or misleading evidence may constitute a contempt of the Senate. Finally, I ask witnesses to clearly identify themselves when first called to answer a question to assist the Hansard reporters and to ensure that all mobile phones are turned down or off.

Before I go any further, I note that there are a number of changes that have taken place since the election. Centrelink is not here with us today, but on behalf of the committee I do want to acknowledge the outstanding contribution and work of Ms Sue Vardon as CEO of Centrelink. She was always prepared to give of her time, both to this committee and for other briefings if necessary. I would like to take the opportunity to wish her well and to wish her successor everything of the best. We have seen him before our committees on a number of occasions, too. So our thanks to Ms Vardon. Minister, do you wish to make an opening statement?

Senator Patterson—No.

CHAIR—That is very good; that shortens the system. The committee will be working from the portfolio additional estimates statement. I propose that we commence with general questions on the department overview, at pages 9 to 33, and then the outcomes on pages 61 to 85. 'Statement of Post 2004-05 Budget Measures', listed in section 2, pages 35 to 60, can be considered under the relevant outcomes.

Senator CHRIS EVANS—I particularly want to congratulate Dr Harmer on his appointment as Secretary to the Department of Family and Community Services. I was about to ask a couple of MRI questions, just to go back to the old days with you in the chair, Senator Knowles, and Dr Harmer on the other side. What is happening with the MRI, Dr Harmer? How is the funding going?

Dr Harmer—Senator, I am sure it has all settled down now.

Senator CHRIS EVANS—That is probably the only plus about coming to FaCS, I suppose—there will be no MRI any more.

Dr Harmer—Indeed.

Senator CHRIS EVANS—I will find a link somehow, just to be able to talk to you about it. I appreciate that you gave me a briefing a month or so ago on some of the changes to the

departmental arrangements, and there is some coverage of that in the additional estimates. But for the record, and also to get a bit of an update, given that when we last spoke you were in bit of a state of flux as those new arrangements were settling down, would you give us a sense of the changes, what they mean for the department and its staffing levels and how things are settling in.

The staffing levels are noted on page 29. I knew there had been a big change, but you have effectively gone from 4,450 staff down to 1,700, so you have been more than halved in your staffing numbers. That is obviously a huge organisational change. Perhaps you can take us through the major changes and their impacts.

Dr Harmer—Very big machinery of government changes were announced by the government on 26 October. The biggest change in terms of staff numbers was the movement of the Child Support Agency from the Family and Community Services portfolio to the new Human Services portfolio. I will rely on one of my colleagues for the exact numbers, but I think there were over 3,000 staff in that. So the biggest block of staff to transfer was the Child Support Agency, which was previously part of the Department of Family and Community Services. Other than that, the change in staff numbers was relatively small. The Department of Family and Community Services as a policy department, prior to the machinery of government changes, had around 2,200 staff. Following the completion of the machinery of government changes the department has around 1,800 staff. So we have lost about 400 of the 'department proper' policy staff, primarily to DEWR. They went with the three key income support payments for the working-age population—that is, newstart, parenting payment and disability support pension.

Senator CHRIS EVANS—What did that mean in staffing terms?

Dr Harmer—It meant 323 staff. In macro terms, prior to the machinery of government changes, the department had around 114 separate programs. The machinery of government changes transferred about 17 of those programs to DEWR and five to the Department of Education, Science and Training, leaving the Department of Family and Community Services with about 90 of the former 114 programs. I can go through that in some detail, but we have provided to the secretary of the committee a detailed breakdown of the various programs and where they now are. I was not proposing to go through that unless you wanted me to.

Senator CHRIS EVANS—That is fine. I just want to confirm that what you provided is now final. Is there anything still in doubt?

Dr Harmer—Negotiations are still being finalised on the exact number of staff.

Senator CHRIS EVANS—Negotiations always cover a multitude of sins! How is the arm wrestle with DEWR going?

Dr Harmer—The relationship is very good, very cordial.

Senator CHRIS EVANS—What is still in doubt in terms of the programs?

Mr Youngberry—There is no doubt around which programs are transferring; the doubt relates to many of the systems and processes that underpin the delivery of those programs. For example, we cannot expect DEWR to immediately pick up paying or reporting the payments delivered by Centrelink, so we will still provide support in that until their systems are capable

of receiving information from Centrelink and reporting it. There are issues around the logistics of moving people from FaCS accommodation into DEWR accommodation, which requires a degree of planning. The issues that remain are largely logistical in terms of systems, accommodation and financial management arrangements.

Senator CHRIS EVANS—What about personnel, human resources, payroll et cetera? Were they all done in-house and do they remain in-house or have you had to break up some of those functions?

Mr Youngberry—All the people transferring to DEWR are paid by DEWR. We migrated the data in early December, so all those people are on the DEWR payroll as we speak.

Senator CHRIS EVANS—And the Child Support Agency had their own systems anyway?

Mr Youngberry—They did.

Senator CHRIS EVANS—Is there anything else you want to draw attention to?

Mr Youngberry—No, they are the main areas. It is really the logistics and planning of change that is outstanding.

Senator MOORE—Each of the departments had very specialised computer processes and servicing arrangements with the computer staff. Has that been a cooperative process between people from each agency who are involved working together to work that through? Is there a time frame in terms of when you could successfully say that now all the systems issues have been finalised?

Mr Youngberry—There is certainly a very cooperative arrangement between FaCS and DEWR in terms of what changes need to be made. I would be reluctant to set a fixed time frame on it because developmental activities need to occur. The people who still sit in FaCS accommodation have access to the DEWR network through some IT changes that were put in place. So the people do work as though they are part of DEWR, even though they are sitting on FaCS premises still using FaCS computers and so on.

Senator MOORE—And FaCS chairs, tables, the whole thing?

Mr Youngberry—Yes, that is right.

Senator CHRIS EVANS—Has JET stayed with FaCS?

Mr Youngberry—I will have to check my list.

Senator CHRIS EVANS—I feel less embarrassed about not knowing now if the department does not know.

Mr Youngberry—I think JET stayed with FaCS.

Dr Harmer—JET stayed with FaCS. JPET has gone to DEWR.

Senator CHRIS EVANS—What is JPET?

Mr Youngberry—JPET is Job Placement, Employment and Training.

Dr Harmer—Job Placement, Employment and Training has gone to DEWR. We hesitated because they are similar acronyms. JET has stayed; JPET has gone.

Senator CHRIS EVANS—I spent the last two or three years learning defence acronyms. I now have to get back into social security acronyms. So you have kept JET, but JPET stands for—

Dr Harmer—Job Placement, Employment and Training.

Senator CHRIS EVANS—Can you explain how that works and the rationale for the divide?

Dr Harmer—I can give you a general answer.

Senator Patterson—It is in the annual report.

Dr Harmer—JET has gone.

Senator CHRIS EVANS—In the last couple of minutes?

Dr Harmer—No, Senator. JET has gone. As I mentioned before, we had 114 programs, many of them small.

Senator CHRIS EVANS—But JET is not a small program.

Dr Harmer—No. What did happen in the transfer is that there was some discussion about whether or not JPET went and that was settled later. JPET eventually did go and that was the confusion for me. After three months in the place, I am still getting across all of the program.

Senator CHRIS EVANS—That is fine, as long as someone from the department is on top of it. So child care stays wholly within FaCS.

Dr Harmer—Yes.

Senator CHRIS EVANS—But JET has gone to DEWR—is that right?

Dr Harmer—That is true, yes.

Senator CHRIS EVANS—Can someone explain the rationale that underpins that?

Dr Harmer—I am not sure we have that. What I would like to do, as I did in the previous committee, is where we can get an answer during the day, I come back and interrupt at the end with that answer.

Senator CHRIS EVANS—I am sure that would be acceptable to the chair and it would help the committee. So if someone could get us the rationale as to why those two programs went from FaCS, particularly given that you retain sole responsibility for child care. I would be interested to know why. JET did go to DEWR?

Dr Harmer—Yes.

Senator CHRIS EVANS—We only had a brief time with Human Services last night, unfortunately, but I asked them about the distinction or delineation between policy and program. I used the example of child support. Mr Alby Schultz, a member of the House of Representatives, had a fairly frank assessment of child support the other day and got a lot of media, and I used that to try to find out who the responsible minister was for responding to criticism of child support. The answer I got was, in the initial stages, quite unhelpful. They said, 'If he was criticising policy then FaCS would respond and defend the government's position and the officers involved, but if he was attacking process then Human Services would

respond.' I thought, 'Hang on—this new arrangement is supposed to solve these perplexing difficulties of who is responsible for what.' It reinforced in my mind a concern about how the policy versus program delineation is going to work. Could you explain to me how that is going to work in areas where you run the policy but Human Services run the program? In particular, given my serious concern that Human Services now appear under Finance, how is that going to be accountable to the parliament and to the estimates committees?

One of the advantages we always had before with FaCS—and I appreciated the cooperation of the ministers in that—was that we used to have Centrelink turn up with FaCS and sit at the table at the same time, so we did not have this: 'No, you will have to ask Centrelink that question because it is a process question and FaCS does the policy advice,' or vice versa. We had everyone at the table, and the ministers cooperated in that. It was a much more useful way of resolving what occurred. Already, last night, we ran into the difficulty of having Human Services off in the finance estimates. I know this is a very long-winded question but it is an issue that is going to trouble the committee. It is an issue we are going to raise in terms of the estimates reporting. So I would like you to comment on that and on how it is going to work. How do I know if it is a policy issue or a process issue? Where does the buck stop?

Dr Harmer—We have got very good relationships with Centrelink and we will do our best to help the committee by either answering the question here or quickly taking it on notice if we can get the answer from Centrelink and provide it you. We will share information where there is a grey area, and there always is some grey area between policy and delivery. But if it is fundamentally about the way Centrelink operates over the counter, if it is about numbers et cetera that Centrelink has, it will be a matter of delivery; if it is about eligibility and those sorts of things—policy—we will answer it. We will do our best to help the committee in the grey areas by sharing information and perhaps getting information, as you ask, from our Centrelink colleagues. But there will no doubt be some times when we will have to say, 'Senator, that is a question that you need to direct to Centrelink.' And they will no doubt in some of those areas from time to time say, 'That is a question for FaCS—it is a policy question.'

Senator CHRIS EVANS—I had a concern about how the Child Support Agency were assessing income, compared with Centrelink. I asked them about it last night. They said that was a policy question. So I ought to ask you, should I, about how CSA assess income?

Dr Harmer—It is a question that you could ask us, but it would be better asked when I have the right people here.

Senator CHRIS EVANS—I will raise it in the appropriate program. I just wanted to make sure I asked Human Services and FaCS the same question and I got the same answer. The question is: if I have a query about how the Child Support Agency are assessing income, the methods they are using and why they are different from Centrelink's, you will be able to the explain to me why that is occurring?

Dr Harmer—It is likely to be a policy question, I would think.

Senator CHRIS EVANS—Okay. Can you tell me briefly how you are going to manage the relationships between the various departments, particularly the relationship with Centrelink? What formal mechanisms are in place to manage that relationship?

Dr Harmer—As you would know, in this area there are a number of different departments operating parts of it. We have got DEWR, DEST, Human Services and FaCS, and we have links with other departments as well on particular programs, including DIMIA for the Office of Indigenous Policy Coordination. There has always been a significant responsibility on departments to cooperate, coordinate, share information and operate across boundaries. The new changes add an additional degree of difficulty to that, but it is not insurmountable and not something that we have not managed and do not need to manage regularly. In terms of the specifics, we have a regular monthly meeting of the purchasing secretaries, chaired by Ms Scott, the new Secretary of the Department of Human Services, where the head of DEWR, the head of FaCS, the head of Health and Ageing, the head of Veterans' Affairs and the head of Education, Science and Training meet to discuss issues that are common across us and, in particular, how we will relate to the various agencies that are now in Human Services. That mechanism, I am confident—it is early days—will be a very useful mechanism.

We will also retain our very direct link with Centrelink and the Child Support Agency and there will be regular meetings between, for example, me and Jeff Whalan, the new head of Centrelink, dealing with issues between FaCS and Centrelink. That will be a separate meeting which we will retain. I am not sure of the exact title but it is an ongoing meeting that was part of the formal arrangement before; we are going to continue that. And there is a lower level meeting at the management level which will also share information and deal with issues at a program administration level. So I am confident with those mechanisms in place. I am still on the board of Centrelink, for example, and will have interaction—

Senator CHRIS EVANS—Is that designed to continue, or is it because the government has not yet reorganised the board? I do not mean that in a personal sense.

Dr Harmer—I am still on it; I have replaced Mr Sullivan. I am not sure how long it will continue, but I am certainly on it at the moment and have been attending board meetings, and that is another mechanism to allow me to coordinate with the Centrelink agency.

Senator CHRIS EVANS—Hasn't a reorganisation of the Centrelink board been proposed?

Dr Harmer—Yes, there is likely to be a reorganisation.

Senator MOORE—Last night we talked with Human Services and Centrelink about the production of detailed data about the work force—a regular production between Centrelink and FaCS which was considered to be a bit of a bible for people in that area. We are concerned to know whether, with the new arrangements, those statistical updates which showed how many people are going in and out of income support arrangements, work force participation and all those sorts of things would continue. We heard from Centrelink that they have a thing called the 'data shop'—which I did not know existed—and the idea was that these arrangements would continue. Is that built into the forward planning? Will FaCS still be providing it or will they be handing that task over to another agency?

Dr Harmer—Anything related to estimates of numbers for newstart, disability support payment and parenting payment—the three big ones that have gone to DEWR—will now be a matter for DEWR.

Senator MOORE—My understanding is that you were the agency that accumulated that data and extracted it using whatever systems you have to produce that. Is that part of the transfer of systems knowledge to Human Services?

Dr Harmer—I do not know the answer to that. In most cases, the information we have to answer those sorts of questions would come from Centrelink. I assume that, instead of making that information available to us, Centrelink will now make it available to DEWR.

Senator MOORE—It has been mentioned that one thing people have used, although a little out of date, is Occasional Paper No. 7: *Income support customers: a statistical overview 2001*—obviously a bestseller! That is the document we all use to look at how the trends are going. The last one was 2001, and it was a FaCS production. Is it your understanding that future things of that nature would come from Human Services?

Dr Harmer—It may be that there needs to be two of them now, but it is likely to be DEWR for primary income support for the working aged.

Senator MOORE—So we should direct that question to DEWR?

Dr Harmer—Yes. It may be something on which we could provide an answer during the day, but I suspect it is still being worked out between DEWR and Centrelink and that DEWR would probably not know whether they are going to continue that or not; they probably have not made that decision.

Senator HARRADINE—In response to questions on notice I asked the Department of Family and Community Services you provided an answer in December. I asked the department what work you have done to research the reasons why women seek an induced abortion, what the reasons are and how the department addresses the reasons or the problems women encounter which lead them to have an abortion. Your answer was that the department had not commissioned research or done work on this matter. Why aren't you investigating this important problem to see what you can do to assist women to avoid abortions?

Dr Harmer—I will ask Ms Flanagan, the head of the Office for Women, to address that.

Ms Flanagan—We provided these answers to the questions that you asked in December. Basically, we have not been asked to do any work on abortion simply because the debate is raging at the moment, but there are no issues of fact that we have been asked to comment on. The only thing we have done is to provide—as we would do with any matter that might be raised in parliament—some background information on questions that the minister might be asked in question time.

Senator HARRADINE—I would have thought that it would be generally accepted that women should not be forced to consider an abortion if they can be assisted with alternatives. Why do you not offer particular assistance to those women? You are the Family and Community Services people.

Ms Flanagan—Yes, and I am head of the Office for Women, but across Family and Community Services we have not commissioned, or been asked to undertake, any work around abortion issues at this time.

Dr Harmer—Senator, we have a relatively modest research budget and, as you can imagine, in a department with 114 programs and with lots of issues that we need to research,

we have to make decisions about priorities in research, and that obviously has not been a priority for the research budget for FaCS.

Senator HARRADINE—Could you provide me with the details of the research budget?

Senator Patterson—Senator Harradine, that is listed quite clearly in the annual report. We have a regular report that gives out the research that the department undertakes. We can make sure that those details are given to you, but it is a public report.

Senator HARRADINE—I have got the annual report.

Senator Patterson—The annual report, and the budget statement, list how much money is spent on research.

Senator HARRADINE—If there are opportunities to improve government programs to give women the option to steer clear of abortion, we should embrace that opportunity and women should not be put in a position where they have an abortion they do not really want because they cannot find help to take a different path. In those circumstances, why would you not be doing work to investigate how to help these women?

Ms Flanagan—As I say, we have not been asked to do any work on this. The sort of research that the Office for Women has commissioned most recently is around safer fertility decision making—

Senator HARRADINE—I am sorry?

Ms Flanagan—Of the most recent projects we have done, we commissioned a research report on fertility decision making that the Australian Institute of Family Studies prepared for this. So it was not going to the abortion issue per se but about, I suppose, the choices that families made to have or not to have children—

Senator HARRADINE—You would not state that is in the abortion—

Ms Flanagan—No; what I am stating—

Senator HARRADINE—You are not equating abortion with fertility control, are you?

Ms Flanagan—No. I am just saying that, in terms of the priority research projects we have had, that is an example of one we have done recently. We have not had abortion as a research project, or commissioned any work on abortion, in the recent past—not to my knowledge.

Senator HARRADINE—Is it correct that most lone mothers are dependent on benefits for an average of 12 years, partly because they lack formal education and work experience?

Ms Flanagan—We would need to ask the people in the children and families division, and they are not here at the moment. Would you like to give me a question I could take on notice?

Senator HARRADINE—No. Can't you answer that question?

Dr Harmer—No, I can't answer it.

CHAIR—Dr Harmer has said that the people who would answer that question are not here at this stage, and that they can answer it when they arrive.

Senator HARRADINE—It is under a different part, is it?

CHAIR—Yes, it is, Senator.

Senator HARRADINE—Which part are we looking at?

Dr Harmer—It will be under the children and families division.

Senator HARRADINE—What is your department doing to help lone mothers to improve their education and training for work so that they can come off government payments—for their wellbeing and that of their children?

Dr Harmer—With the machinery of government changes last October, the income support payment—parenting payment it is called—for lone parents has gone to the Department of Employment and Workplace Relations. They have responsibility for the income support payments. We have responsibility for the provision of child care to those groups. Education, Science and Training has the responsibility for coordinating the training and the education for all sorts of people, including lone parents.

Senator HARRADINE—In other words, this whole question—

Dr Harmer—Is one for Employment and Workplace Relations—yes, it is.

Senator HARRADINE—So you do not pay them?

Dr Harmer—We do not now have responsibility for the income support payment for lone mothers. That has gone to Employment and Workplace Relations. The rationale is that it is primarily a working age income support payment. The three big working age income support payments—newstart, which was the old unemployment benefit; the parenting payment, which was the supporting parents benefit; and the disability support pension—have all gone to Employment and Workplace Relations.

Senator HARRADINE—Thank you. So there is no need for me to come back on this—

Dr Harmer—No, there is not.

Senator EGGLESTON—This question is related to abortion, if that is the topic. I notice that there is a Medicare item, 16525, for ‘mid-trimester termination of pregnancy’. Is it possible to put on notice a question providing the number of 16525, abortion—

CHAIR—Senator, we are on Family and Community Services, not Health and Ageing.

Dr Harmer—That would be a question for Health and Ageing. That is why I asked at the beginning if this was the topic. I am sorry. I misunderstood.

CHAIR—Tomorrow is the great opportunity to ask that question.

Senator EGGLESTON—My apologies. I came in late.

Senator CROSSIN—I am here for the Office for Women. I still have a number of questions which are outstanding from the budget round.

CHAIR—I did not think there were any questions.

Dr Harmer—I think we have provided the answers.

Senator CROSSIN—I do not seem to have PM19, 20 or 23.

Dr Harmer—I will check that. I was informed that we have now provided answers to all the questions taken on notice.

Senator CROSSIN—I was hunting in the last week for those three. I do not seem to have them.

Dr Harmer—I understand from Ms Flanagan that they were questions asked of the Office of the Status of Women when they were in the Department of the Prime Minister and Cabinet. I do not have a record of answers from the Prime Minister's department.

Ms Flanagan—We can check.

Senator CROSSIN—That might be so, but they were asked back in June.

Senator Patterson—That is all very well, Senator, but it is not this department.

Senator CROSSIN—I understand. We are in a situation where they were asked of the Office of the Status of Women which has become the Office for Women under this department.

Senator Patterson—We will check with PM&C. They may have been answered; we cannot assume that they have been answered.

Dr Harmer—They would not have been in our bundle of questions. They may have been provided to a separate committee.

Senator CROSSIN—They directly relate to outcomes for the Office of the Status of Women for which I thought you would have taken responsibility with you to FaCS.

Ms Flanagan—That is correct. I need to check where the answers are. At the last hearing we also had problems with questions which did not get to us to be answered. Let me speak and we can get back to you during the day as to where they might be.

Senator CROSSIN—I am pretty sure you got these questions.

Ms Flanagan—We certainly prepared answers for all of them, so I need to check where they might have gone.

Senator CROSSIN—What was the date of the announcement that the Office of the Status of Women would be moved to FaCS?

Dr Harmer—It was part of the government changes announced by the government on, I think, 26 October.

Senator CROSSIN—So when did that move occur?

Ms Flanagan—The physical move occurred at the end of November when we moved to a site in Woden as part of Family and Community Services.

Senator CROSSIN—So you have physically moved offices as well, have you?

Ms Flanagan—Yes, we have.

Senator CROSSIN—Do you have an organisational chart of the new arrangements?

Ms Flanagan—We certainly have it at branch level. Basically, all of the functions of the office moved from Prime Minister and Cabinet to Family and Community Services, so we have retained two branches. We have done a slight restructure on moving to sharpen up the functions that we are currently performing and make clearer reporting lines and things like that within our new organisation.

Senator CROSSIN—So are you able to provide me with an organisational chart of where you sit in FaCS and an organisational chart of the Office for Women?

Ms Flanagan—Yes, we can do that. I think we can get that to you fairly quickly.

Senator CROSSIN—Why was the office moved?

Senator Patterson—We think it is appropriate that the Office for Women be located in a program delivery department. Prime Minister and Cabinet is not a program delivery department. A lot of the work for the Office for Women—now called—for example, the domestic violence campaign, are delivery focused and we believe it is a much better location. I point out that a similar move has been achieved in a number of the state jurisdictions as well, I suspect for similar reasons. There will be people in PM&C who have particular responsibility for women's policy and I am sure there would be coordination between the Office for Women and those people in PM&C who are focusing on overall women's policy as PM&C sees it.

Senator CROSSIN—So the Office for the Status of Women will still be responsible for providing the women's budget statement?

Senator Patterson—Not necessarily in a women's budget statement. In recent years we have produced a document other than the women's budget statement—

Senator CROSSIN—You know what I mean.

Senator Patterson—A summing-up of the coalition's achievements and contributions in terms of financial assistance in issues affecting women.

Senator CROSSIN—So that role will not change at budget time?

Senator Patterson—No.

Senator CROSSIN—Are you still part of the interdepartmental committee looking at treaty reform?

Ms Flanagan—Yes, we will still perform those functions.

Senator CROSSIN—None of those whole of government cross-portfolio areas will differ?

Ms Flanagan—That is certainly what we are expecting will happen, that we still have a role in terms of whole of government. In fact the minister still as Minister Assisting the Prime Minister for Women's Issues has been charged with monitoring the implementation of election commitments for women across government, and we are shortly to set up a mechanism where we actually contact departments that might be implementing programs with major impacts on women to have a dialogue with them to see whether we can provide any expertise but also to monitor how that is being delivered.

Senator CROSSIN—Who do you report to?

Ms Flanagan—I report through a deputy secretary, Wayne Jackson, to the secretary.

Senator CROSSIN—Who are the people in Prime Minister and Cabinet responsible for women's policy that you would liaise with?

Ms Flanagan—We have left a small core of resources to do that. It is called the Women's Policy Unit and it is based within the social policy division of Prime Minister and Cabinet.

Senator CROSSIN—Why was the title changed to Office for Women?

Ms Flanagan—We had a title of the Office of the Status of Women for 30-odd years and we thought it was time for a change.

Senator Patterson—Also, I think four state jurisdictions call it the Office for Women as well. So if you are going to complain about it you might as well complain to some of your state colleagues as well.

Senator CROSSIN—So you are happy to follow the Labor states, are you?

Senator Patterson—No. I think we suggested the name, then we had a look and found that they had the same name.

Senator CROSSIN—So the title change is not reflecting any philosophical shift—

Senator Patterson—No.

Senator CROSSIN—in terms of moving the office?

Senator Patterson—No.

Senator CROSSIN—You just felt like a new broom—is that right?

Senator Patterson—Well, that was what I decided it would be called.

Senator CROSSIN—Will the office still be consulted regarding whole of government briefs, with respect to the impact on women?

Ms Flanagan—This is one of the things we are working out between Prime Minister and Cabinet and ourselves. We would hope that that will be the case, but that is something that we are just trying to establish at the moment.

Senator Patterson—In addition, as a cabinet minister our department can make comments on any submission that goes forward, and of course if it was an issue that affects women there would be a comment from FaCS.

Senator CROSSIN—Is there a specific brief though that the office would submit papers to cabinet regarding issues affecting women?

Ms Flanagan—No, and we did not have that brief in Prime Minister and Cabinet.

Senator CROSSIN—So you did not provide a comment on whole of government response on legislation that might impact on women from time to time.

Ms Flanagan—We would certainly provide inputs to comments that Prime Minister and Cabinet might make, but we did not ever provide independent comments. There might be situations where a cabinet submission is going forward. Other areas of FaCS might not want to provide a comment so we would probably take the lead and provide the comment in that situation. There might be other occasions where it might be a child-care issue where we might like to provide a perspective from women but the child-care area of FaCS would also be responsible for that. So we would work with them to come up with a comment that we would provide as a portfolio.

Senator CROSSIN—Do you have an idea of how many comments have been provided in the last year? I understand that you cannot tell me on what. How many times would you have made a comment on a cabinet brief?

Ms Flanagan—I cannot give you the exact number, and again much of the comment we provide is when new policy proposals or budget submissions are being developed. As you would appreciate, I cannot go to the detail of those but certainly we were consulted on a wide range of new policy proposals in the lead-up to last year's budget.

Senator CROSSIN—Can you take it on notice to provide me with exactly how many.

Senator Patterson—No, I do not think that is appropriate. I do not think that is a legitimate question to ask Ms Flanagan because sometimes it is a comment made in a meeting that might be looking at a cabinet submission. I think that would be impossible to assess.

Senator CROSSIN—Predominantly are those comments written?

Ms Flanagan—They can be and, again, when we were working in Prime Minister and Cabinet we would often have meetings or discussions on all of the paperwork that was coming through. Sometimes they would be written and sometimes they wouldn't, but there were different—

Senator CROSSIN—From your recollection, are we talking about tens or hundreds?

Ms Flanagan—I would really need to—I can't say.

Dr Harmer—I do not think it would be possible for Ms Flanagan to answer that. If I look back to how various divisions operated within my previous department or this one, when we get a cabinet submission through it is sent to the various divisions for comment, for addition and the consolidated comment is put together. I would be very surprised if Ms Flanagan kept a record of how many times that happened.

Senator Patterson—Also, you might make that same comment or a number of comments about the same submission at different stages. I do not know how this goes to estimates, but anyway—how much it costs Ms Flanagan to her department.

Senator CROSSIN—You do not envisage that your role will be diminished at all by your relocation to FaCS in terms of providing comment on budget documents?

Ms Flanagan—As I say, that is one area that we are still working out because there is a women's policy unit in Prime Minister and Cabinet that will be seeing all submissions. What we will need to seek clarity on is which submissions the Office for Women will see or, in fact, whether we do not physically see the submissions but will consult with the women's policy unit—they will speak to us and say this particular issue is coming through and involve us in that way.

Senator CROSSIN—Do you have a brief now or a statement on exactly what is intended your office will achieve?

Ms Flanagan—I think that, as I say, there are some high-level functions that we will still perform. We still believe that we will have a policy role.

Senator CROSSIN—Across whole of government?

Ms Flanagan—We will continue to deliver programs ourselves but also to monitor and ensure that programs that have a major impact on women are being delivered appropriately across government. We will continue to undertake research. We will continue to consult with the women's sector, and we will continue I suppose to celebrate women's achievements and continue to run things like the appointment register where we are trying to ensure that women get on to government boards, for example.

Senator CROSSIN—At this stage, you are telling me that the specific role of the women's policy unit in PM&C and the role you will play is still being decided. Is that correct?

Ms Flanagan—Yes, and this goes more to how that is going to be operationalised. It might be more difficult in another portfolio for us because of cabinet confidentiality to see some documents, and that is where the women's policy unit will be able to keep an eye on that, but we still see our role as developing policy for women and commenting on policy for women.

Senator CROSSIN—In your move from PM&C to FaCS, have a number of staff been reduced in any way?

Ms Flanagan—Yes, they have.

Senator CROSSIN—Can you provide me with details of that?

Ms Flanagan—We had a staffing level of 47.4 in 2003-04. On transfer we had funding transferred to cover the equivalent of 30 full-time staff, and we left coverage for four staff in Prime Minister and Cabinet to person or woman—I do not know what the right term is—the women's policy unit.

Senator CROSSIN—What is the amount of money that was transferred with your department? What was the allocation?

Ms Flanagan—Do you want departmental and administered?

Senator ALLISON—That is a drop of 14 people. What functions did they previously perform that cannot be performed now?

Ms Flanagan—I think what has happened is we have moved from a very small department to a rather larger department with much more significant infrastructure, so the Department of Family and Community Services is able to provide us with much greater support around, for example, our communications activities and things like that.

Senator ALLISON—It doesn't come out of your budget?

Ms Flanagan—No. So we are looking to Family and Community Services to provide us with a lot more support. In Prime Minister and Cabinet, we had to do much more of that in-house in effect because it was such a small policy department.

Dr Harmer—In Family and Community Services, because we are a much bigger department than Prime Minister and Cabinet, we expect to be able to give a lot more support to the Office for Women around communications, PR and those sorts of things which in PM&C they basically had to have themselves. So there are significant economies of scale, we believe, in having the Office for Women located in a big policy department.

Ms Flanagan—Senator, going back to your question, I think that in terms of administered program expenditure the amount that was transferred was around \$7.6 million. In terms of the departmental spent, \$1.9 million was transferred.

Senator CROSSIN—Of the OSW staff reductions were any made redundant?

Ms Flanagan—No, Senator.

Senator CROSSIN—So all people have either stayed in PM&C or took on another role within. Is that correct?

Ms Flanagan—Yes, we have a fairly higher turnover in Office for Women so we have been able to just to manage it through natural attrition.

Senator CROSSIN—You are actually saying that of the staff who have been reduced, they have retained a job in the Commonwealth Public Service somewhere. Is that correct?

Ms Flanagan—Yes, or found jobs elsewhere—we have not had to go through any redundancies.

Senator CROSSIN—So you have currently got 30 full-time positions?

Ms Flanagan—Yes, that is correct—funding for 30 full-time positions.

Senator CROSSIN—And how many people is that actually?

Ms Flanagan—I think that in terms of people on board at the moment, we do have around 30—some of those are on contract, some of them work part time et cetera. But in actual terms of people, there are around 31.

Senator CROSSIN—But that might not necessarily be your 30 full-time allocation though—is that correct?

Ms Flanagan—No, that is right. At the moment, we are undertaking a recruitment process.

Senator CROSSIN—For how many positions?

Ms Flanagan—Probably about half a dozen.

Senator CROSSIN—And the position descriptions have changed?

Ms Flanagan—No, the position descriptions have not changed. They remain the same because we are going to be continuing to do the same sort of work.

Senator CROSSIN—Your web site actually says that the role of the Office for Women is to provide high-level advice to the Prime Minister. Can you explain to me how that occurs and how you are intending to achieve this?

Ms Flanagan—Going back to the fact that we still have a women's policy unit in Prime Minister and Cabinet, we would be liaising with them. So there will be issues that might come up that they might either contact us about or we might see something that we think might need to be raised by the Prime Minister so we would work through them to do that. In addition, as I say, the minister has been asked to monitor the implementation of election commitments and that is the role that the Office for Women will be undertaking on behalf of government and we will be reporting back to the Prime Minister on how that is going.

Senator CROSSIN—Is that something that OSW has done previously—monitoring election commitments?

Ms Flanagan—No, it is not.

Senator CROSSIN—So this is a new role?

Ms Flanagan—This is a new role.

Senator CROSSIN—What other new roles have you been asked to undertake?

Ms Flanagan—This is the only one that I can think of.

Senator CHRIS EVANS—What about the monitoring of the child-care policy? Do you report on that?

Ms Flanagan—No, not yet.

Senator CHRIS EVANS—How do you deal with that?

Ms Flanagan—This is the implementation of programs. As I said, we have not started to set up that process yet.

Senator CHRIS EVANS—I look forward to asking about that next time.

Senator MOORE—The minister may want to comment on this question as well. You are going to be having a role in assessing and commenting on budget initiatives and government programs from the point of view of women. Will it be expected that your comments from the Office for Women will now be public—information about what your group finds out about any particular programs? I know that the minister has made statements about the importance of particular programs to families and women. If your new role is going to be assessing how they are going, will that data then be public?

Ms Flanagan—This is one of the issues with the Office for Women. We are part of a government portfolio and we would do what is done in any other process by government officials. If we provide comment as part of a policy process we do it in confidence. It is not the role of the Office for Women to publicly release information that it might give to government. It is done as we would normally do as public servants.

Senator CROSSIN—Ms Flanagan, you now have a new role of monitoring election commitments—is that correct?

Ms Flanagan—Yes. The minister has been asked to keep an eye on things to ensure that the election commitments for women are administered and implemented in an appropriate way.

Senator CROSSIN—So you will also monitor the election commitments that are not implemented or become broken promises? Will you comment on those as well?

Ms Flanagan—If we do we, we will do it, of course, in the course of normal government business.

Senator CROSSIN—In an article in the *Age* last year, Pru Goward, the now federal Sex Discrimination Commissioner, made a comment that she was not surprised that your policy unit had been moved because your advice was almost always ignored. Do you find that that is the case?

Ms Flanagan—No, Senator, I do not.

Senator CROSSIN—What would be some examples of where you believe your advice has been taken on board?

Ms Flanagan—This goes yet again to, I suppose, the policy advising process and what input we provide.

Dr Harmer—It would be very difficult for Ms Flanagan to answer that question. The way the process operates in any department is that Ms Flanagan, from her position, makes comment which she provides sometimes separately, sometimes in a consolidated form. Just how that is taken account of is not something that Ms Flanagan can speculate on.

Senator CROSSIN—So how can the general public have any confidence that the Office for Women is being effective?

Senator Patterson—Because of what we have achieved in government for women.

Senator CROSSIN—That might not go to the specific office, though.

Senator Patterson—I do not know how else you assess that. I can go through a list of our achievements for women if you would like me to.

Senator CROSSIN—There is a view that because we can never get an answer out of you about what you might have commented on—not what you commented on but what areas you commented on—that that questions whether or not the office has been effective.

Dr Harmer—That could apply to any of the departments. We can never answer questions about policy advice we give to the minister. As a result, it would be very difficult to make a judgment. We are delighted to have the Office for Women in Family and Community Services and I can assure you—

Senator CHRIS EVANS—The modern speak is all about performance indicators, is it not?

Dr Harmer—Indeed.

Senator Patterson—I do not know that you can ask any other section within a department how they can demonstrate how they have been effective in the advice they have given. Why would you single out the Office for Women for that sort of question?

Senator CHRIS EVANS—I have asked others in the past, Minister. This is now pretty much purely a policy department so it goes to the question of how we are to assess the department's performance. I was asking what performance indicators—the current language of this sort of accountability measure—are for this office that have been set by the department.

Ms Flanagan—I can tell you what the performance indicators are that we currently have and, because our functions are not changing all that much, I doubt that there will be much change to them, noting that we are moving from Prime Minister and Cabinet to Family and Community Services, so I can tell you what our current performance indicators are.

Senator CHRIS EVANS—You will not be quite as well protected I suspect.

Ms Flanagan—I could read them to you from the PM&C annual report or just refer the page numbers.

Senator CHRIS EVANS—Yes.

Ms Flanagan—As I say, we have a range of functions, we do not just do policy advice nor does Family and Community Services, so we have performance indicators—

Senator CHRIS EVANS—Senator Crossin obviously was interested in the policy advice, so maybe you could point to the key performance indicators for the policy advice so she and others would know to measure how you are going.

Senator CROSSIN—Ms Flanagan, I am aware of your indicators in the annual report, you are telling me that they will not have changed, other than monitoring of election commitments will be added to it—is that correct?

Ms Flanagan—Yes, but as I say we have portfolios so we just need to ensure to retest those performance indicators, but I do not think that they will change substantively from what they were when they were in Prime Minister and Cabinet.

Senator CROSSIN—When are you intending to retest those, given your language?

Ms Flanagan—I think that there is a process. They will be redone for the annual report. As you would appreciate, our output structure has changed significantly with all of the moves into and out of FaCS and the corporate area might be able to explain the timing, but we are part of that process of looking again at our performance indicators for the portfolio.

Dr Harmer—We are going through a process at the moment of redoing our outputs reflecting the changes. We have had discussions with Finance. We are close to finalising that and out of those outputs will flow the performance indicators et cetera.

Senator CROSSIN—While we are talking about performance indicators, can you tell me why the web site www.women.gov events section has not been updated? The last recorded event on that web site is actually International Women's Day last year.

Ms Flanagan—Again, I would need to get some detail on that, but the web sites have been migrated from Prime Minister and Cabinet host to Family and Community Services.

Senator CROSSIN—Surely, if your last posting of events on that web site is IWD of 2004, you did not move until the end of November, what has been happening between March and November last year?

Ms Flanagan—I might need to get somebody to come to the table about that.

Ms Bourne—I have responsibility for the web site and, you are right, it has not been updated for a substantial period of time. We had a lot of trouble. We attempted to recruit when we were in PM&C for a number of months to get somebody to come and work on the web sites. We were still doing that at the time when our move was announced. In the move to FaCS we have focused on moving the domains from PM&C to FaCS so that people could still access it and get other information, because there is a lot of other information on the sites. We have done that, and we are in the process of discussing with the IT people who best—we are learning how to fit into the FaCS environment—to do this work for us.

Senator CROSSIN—I am really interested though in the lack of action before November of last year. Was no thought given to hiring a consultant?

Ms Bourne—That is what we tried to do.

Senator CROSSIN—Between March and November you could not find any consultant Australia-wide who could update your web site for you?

Ms Bourne—We were working with the Department of Prime Minister and Cabinet, their IT specialists, and we could not. We tried and tried to recruit, and we could not find somebody who had the specific skills to use the software.

Senator CROSSIN—Prime Minister and Cabinet did not think it was important enough to try and allocate someone from their area for you to update your web site?

Ms Bourne—No, Senator. We were working very closely with them but we could find a person to come and do that work.

Ms Flanagan—I think this is one of the advantages of moving to Family and Community Services in that we have much wider access—

Senator CROSSIN—It might be a very good example of perhaps—

CHAIR—Senator, can you let Ms Flanagan—

Senator CROSSIN—of your inability to actually meet your performance indicators from time to time.

CHAIR—Order! Senator Crossin, when I call you to order would you please acknowledge that I have called you to order. Can you please let Ms Flanagan finish and not talk over the top of her.

Ms Flanagan—As I say, we are very pleased that we now have the support network and infrastructure of Family and Community Services to help us do this. Rather than doing it internally, because we were maintaining many of these web sites internally, in the Office for Women—we are not expert at this—it is of great benefit to be able to have a whole branch that is responsible for communications events that will look after our web sites in Family and Community Services.

Senator CROSSIN—So you are telling me that between March and November last year you had responsibility for a whole of government response to women's issues and nowhere could you find someone who could update a web site for you in that period of time?

Ms Bourne—We do have a number of web sites. I am certain that some of them were updated more recently than March of last year.

Senator CROSSIN—I am talking specifically about the events section of your web site.

CHAIR—Senator Crossin, I do not think Ms Bourne can answer the question in any other way than she has already done three times. You have asked the question three times. Ms Bourne has answered the question three times. There is no other answer, I presume.

Senator CROSSIN—Ms Bourne, my question which I just asked, and I do not think I have asked it previously, was that across all of government—outside of PM&C, across any other area; you have been telling me for the last half an hour that you have responsibility for a whole of government response—there was no-one to update your events section of your web site, not all your other web sites but that particular section.

Ms Bourne—We were trying to find somebody to come and work on the site updating the range of matters that are on the site, and we could not. We went to enumerable consultancies, we tried all sorts of recruitment firms, and we could not find somebody to do that work for us.

Senator CROSSIN—Now you have been in FaCS since the end of November, which is nearly 2½ months now. International Women's Day is less than a fortnight away. There has been no response from FaCS to make it a priority so that women around the country can know what is happening for women's day this year. Has that not been a priority of your new department?

Ms Bourne—Senator, we still have not quite finished migrating all of our web sites from the PM&C environment to FaCS. I think the last one might have been done only last week, I am not certain of the date there.

Dr Harmer—I can assure you that International Women's Day will be a priority for FaCS and will be giving the Office for Women as part of the new department a great deal of support. I have had some discussions with Ms Flanagan about various events that I will be participating in and she will be as well. In the move from PM&C to FaCS, managing those sorts of changes including systems and accommodation are quite tricky, and we have been working very hard. We moved them across very quickly and are very confident we will be up and running with all the systems and will be certainly giving them as much help as possible in getting their events material up. I can assure you that FaCS will be supportive.

Senator CROSSIN—So Ms Flanagan where do women in Australia go for information on what events are happening for International Women's Day?

Ms Flanagan—I do not think that we have ever on our web site indicated that we would try and publicise every single event that was being held for International Women's Day around Australia. I think that there will be state events and I presume that they are being publicised on web sites or in some other way by the offices for women around Australia, in the states and territories. We are currently finalising arrangements for International Women's Day. We hope that will be done within the next couple of days and we will then be letting people know all of the things that are going to be done for International Women's Day. But that is very close to finalisation and will have that out very soon.

Senator CROSSIN—Through the web site?

Ms Flanagan—If the web site is operational.

Senator CROSSIN—You have had in the past a summary of state and territory events on your web site and that will not be available for this IWD—is that right?

Ms Flanagan—The first question is that we need to make sure that the site is operational, and there have been some migration issues. If the site is operational, we would look at trying to update the event schedule, certainly for International Women's Day. I might mention in this context that we have undertaken a review of our communications activities—both what we do with our web sites and with our publications. That has been undertaken by key connections. We are awaiting a final report on that, and that will also determine the content of our web sites, what they look like, what information is relevant to women and how we get to the women of Australia.

Senator CROSSIN—Ms Flanagan, what policy initiatives will the Office for Women be conducting or commissioning during 2005-06?

Ms Flanagan—There is a women ministers conference, which has all state and territory ministers, of which Minister Patterson is the chair this year. Out of that, work has been commissioned on assisting women to understand superannuation and saving for retirement. We are interested in looking at the impact of ageing from women's perspective, and work is being undertaken on that. We are working with the child-care area of FaCS on child-care issues. These are just some of the things that we are focusing on at the moment.

Senator CROSSIN—During the budget estimates, I asked quite a number of questions about your allocation for the 2005-06 year. Quite a number of times you told me you had only just received that allocation. Are you still at the point of negotiating with the minister what particular programs or policy initiatives you would be working on and, correlated to that, the expenditure? Do you have an outline of those that you can table today?

Ms Flanagan—Later on today I think that we will be able to give you what projects we are currently working on.

Senator CROSSIN—And the budget allocated amount beside that?

Ms Flanagan—What we have actually spent on those projects to date. We have actually had a meeting earlier on this week because, as the year goes by, we need to reassess whether the projects are on track and whether they are costing more or less than we thought they would, so I have asked the managers in the Office for Women to get back to me with a report on how the projects are going and whether we in fact need to look at some different projects or rescheduling of them. Then we would need to get back to the minister for that.

Senator CROSSIN—So you are able to get that information through to us today. Is that correct?

Ms Flanagan—Yes. I will give you what projects we are currently working on and how much has been spent on them.

Senator CROSSIN—Following Senator Boswell's request with questions on notice for the Department of Health and Ageing regarding abortion statistics two weeks ago, has the Office for Women received any similar requests?

Ms Flanagan—On abortion statistics? Not to my knowledge, Senator.

Senator CROSSIN—How would you respond if such a request were made?

CHAIR—That is a hypothetical question, Senator.

Senator Patterson—You do not have to answer that question—it is a hypothetical question.

Dr Harmer—The office would not get those sorts of questions. Data for that would be held in the health department or HIC.

Senator CROSSIN—Has the office been requested to provide information at all about the impact of restricting such things as Medicare on abortions to women? Have you been requested to provide any advice at all in relation to the current debate on abortion?

Ms Flanagan—No, Senator, we have not.

Senator Patterson—Also, Senator Crossin, I am not sure it would be an appropriate question for the Office for Women. It is a much more appropriate question to Health and Ageing, I would suspect.

Senator CROSSIN—It might well be. I just wondering whether you have been asked for any information on the impact it might have in terms of long-term social outcomes.

Senator Patterson—For example, I am not sure that we would get questions on cigarette smoking and the impact on women's health. That would be more likely a question that would go to health. It is the same sort of issue. If it is a health issue that affects women, it is unlikely that the question would come to the Office for Women.

Senator CROSSIN—You are saying when you provide a whole of government response it is whole of government except for health?

Senator Patterson—No, I am just saying when you get a question on notice one does not go to every department and say, 'What do you think about the answer to this?'—on policy, yes, but not an answer to a question on notice.

Senator CROSSIN—I also asked whether you have been asked about any issue to do with abortion—whether it is a question or a policy matter from other departments?

Ms Flanagan—No.

Senator CROSSIN—Has the office considered whether it will put a position or a view together about the possible implications on women of any changes to the Medicare funding of abortions?

Ms Flanagan—If we were requested to do so, then of course we would do that and we would work with other departments to do that—if the minister, for example, requested it—but what I am saying at the moment is that nobody has requested us to do it and, therefore, we haven't.

Senator CROSSIN—Given that it is an issue that is now in the public arena, does the Office for Women take an initiative and provide comments about that, rather than wait to be asked, or do you always wait to be asked?

Ms Flanagan—No, we do not always wait to be asked. At the moment, there is a public debate going on about abortion, but there seem to be no matters, in my view, that we need to comment on at this stage, or that we would take the initiative to want to comment on or draw something to the minister's attention.

Senator CROSSIN—You are saying that at this stage you have not got involved, either by being asked or by initiating a discussion paper or issues paper about it?

Senator Patterson—The Prime Minister has made it very clear that the government does not intend to change the legislation, so that would not warrant the Office for Women making a comment about it. There is to be no change, as the Prime Minister has indicated, to federal legislation.

Senator CROSSIN—The Beijing Plus 10 forum is occurring within a month, I understand; is that correct?

Ms Flanagan—Within two weeks.

Senator CROSSIN—Who will be attending?

Ms Flanagan—We have 16 people at the moment going from Australia. We can give you a list of the people that are going. The delegation comprises officers from the Office for Women. I, for example, will be going. Pru Goward, another representative from HREOC and two NGO representatives will be part of the delegation.

Senator CROSSIN—Who are the NGOs?

Ms Flanagan—We can give you names: Geulah Solomon, who is from the Jewish women's council—I do not know whether I have got that actual title right—and Suzette Mitchell, from the International Women's Development Agency. We also have a young Indigenous woman coming as part of the delegation, Tammy Williams, who I think is on the National Indigenous Council. The South Australian Office for Women is sending a representative. We also have representatives from other government departments, such as AusAID and AFFA, and we also have Anne Dunn, who is the chair of the Deputy Prime Minister's regional women's advisory group. It is a very big delegation, and there are a range of NGOs attending as well that we are aware of and that we are in contact with.

Senator CROSSIN—Can you provide me with a list of the NGOs you are aware of that will be attending?

Ms Flanagan—We can give you some of those. We are still getting names in at the moment.

Senator CROSSIN—What process was conducted to select the representatives from Australia?

Ms Flanagan—In terms of government representatives, they nominate themselves, so they pay for themselves. So there is no selection process in that sense, except within their own portfolios or departments where a selection process is made. We called for nominations for NGOs to join the delegation. Again, they are usually self-funded. We received a number of applications this year. We were looking for a mix of skills, responsibilities and experience that they would bring to the delegation, noting that they do have to pay for themselves. We made some recommendations to the minister about the people we thought appropriate to be in the delegation this year.

Senator CROSSIN—You said they are usually self-funded? Are there any NGOs you are paying for?

Ms Flanagan—On this occasion we are paying for Tammy Williams, the young Indigenous woman, to attend. The minister has just reminded me that we might have done it once or twice before, so I will need to check that. We do it in special circumstances but, as a general rule, we expect the NGOs to pay for themselves.

Senator CROSSIN—So why is no-one from the opposition or any of the minor parties invited?

Ms Flanagan—We do not usually invite—or we have not invited in the past, to my knowledge—parliamentarians to attend.

Senator CROSSIN—Not to Beijing or Beijing Plus 5?

Ms Flanagan—I can check that for you.

Senator CROSSIN—Who is going to be presenting at the conference on behalf of this country?

Ms Flanagan—There are some set statements that are usually made. The head of the delegation will be doing that.

Senator CROSSIN—Who is that? Is that you, Ms Flanagan?

Ms Flanagan—It may be. I was the head of the delegation last year, but we are still hoping that Minister Patterson may be able to attend but there is government business and other things that still need to be worked through.

Senator Patterson—One of the problems, Senator Crossin, is that there are a number of other conferences on this year—for example, the conference in Asia on families and a range of issues. There has to be a balance in how many conferences I can go to and focus on what I am doing here. If I am unable to go, Ms Flanagan will be doing it.

Senator CHRIS EVANS—We will be cooperative about the pair.

Senator Patterson—Thank you.

Senator MOORE—From the point of view of the committee and also from the point of view of the opposition, the Beijing Plus 10 conference is important in many ways. It is an extremely significant time for women across the world—we have established that the minister has attended past forums—and I would like to put on record that I really hope that circumstances allow you to be there to head that delegation.

Senator Patterson—I am looking at it carefully, Senator Moore, but I only have 24 hours in the day and seven days in a week. There are a number of conferences, and we do have a particular focus on the Asia-Pacific region and there will be a major conference in Cambodia. So we will be looking at how I, or somebody else, can manage to attend. I would like to be omnipresent, but I am not able to be, so I can only be in one place at a time.

Senator CROSSIN—Ms Flanagan, has the presentation for that conference been finalised yet?

Ms Flanagan—No, it has not.

Senator CROSSIN—Would you be able to provide the committee with a copy of it when it is finalised?

Ms Flanagan—Yes, we will do that.

Senator CROSSIN—I would have asked you to put it on the web site, but I am not sure whether that is as reliable. Perhaps we should have a hard copy.

Ms Flanagan—We will get it to you by carrier pigeon if we need to. It will arrive.

Senator CROSSIN—That might be faster! Can you tell me how much money in total was spent on the No Respect, No Relationship campaign?

Ms Flanagan—I can do that fairly quickly. We will just need to add a few columns together, noting that we have expended in PM&C and also now that we have moved to FaCS.

Senator CROSSIN—Can you provide me with a summary of what the money was spent on?

Ms Flanagan—It is being prepared at the moment. It will probably be 10 or 15 minutes.

Senator CROSSIN—So you did not bring that with you?

Ms Flanagan—It is not in a format that is going to be helpful for me to give to you.

Senator CROSSIN—Can you tell me exactly how much money had been spent on campaign materials that were shelved?

Ms Flanagan—I think that we went through this in quite a lot of detail in May last year if I remember correctly.

Senator CROSSIN—I am assuming that more has been added to that amount since May.

Ms Flanagan—I think your question was about what had been shelved.

Senator CROSSIN—I am asking about the amount that you have spent on the material that was not used.

Ms Flanagan—That was covered last May. We went through the detail of what had been paid for and also how much we needed to pay out for the contracts.

Senator CROSSIN—So those figures are the final figures then? No additional money has been added to that.

Ms Flanagan—Extra money has been spent but I think your question was on what had been shelved. We can give you the total of the amount that has been spent under the various contracts to date.

Senator CROSSIN—But in terms of money that you have spent on material that was not used you are telling me that that has not increased since your answer in May.

Ms Flanagan—That is correct.

Senator CROSSIN—There are no other bills or any other areas that you needed to acquit money post-May for materials not used?

Ms Flanagan—No.

Senator CROSSIN—That amount remains as it was in estimates?

Ms Flanagan—Yes.

Senator CROSSIN—Is there any evaluation being done on the material?

Ms Flanagan—There is an evaluation that has been done on the ads themselves and how they went. As you would appreciate, we have not in the past tabled that market research per se but certainly it showed that around 80 per cent of people recalled the ads, so they were very effective in getting through key messages.

Senator CROSSIN—Are you able to table that evaluation for us now?

Ms Flanagan—No, Senator. It is usually done through MCGC or through the GCU and the policy has been in the past that we do not table those evaluations.

Senator CROSSIN—When was that evaluation conducted?

Ms Flanagan—It was conducted very soon after the ads were shown. It was probably a couple of weeks after. We can get you the exact time but the ads ran in June.

Senator CROSSIN—So they only ran in June?

Ms Flanagan—They ran in June; they ran for four weeks. That was the ads themselves then, of course, there were other things, such as cinema advertising, the booklet that was distributed to all households et cetera, so there were other forms of media.

Senator CROSSIN—Do you intend to use the resources already paid for in the campaign on another campaign in the future?

Ms Flanagan—Yes, Senator. That was announced as part of the government's election policy commitment that we will continue to rerun of the campaign.

Senator CROSSIN—Are there plans? Do know when that will be?

Ms Flanagan—We have to secure funding through the budget process. The budget process is currently going on and we would hope, if successful in that endeavour, that we would be rerunning the campaign probably towards the end of this year.

Senator CROSSIN—Can you give me an indication of how much money you have spent so far on the Australia Says No hotline?

Ms Flanagan—We certainly have the information here so we will put that on the list of things that we will give you shortly.

Senator CROSSIN—When does the funding for this hotline cease?

Ms Flanagan—The contract that we currently have with Lifeline to provide this independent service finishes on 30 June. That is in fact when our major program funding ceases.

Senator CROSSIN—If it was going to continue, you would be looking for a budget allocation?

Ms Flanagan—Yes, we are currently in budget processes.

Senator CROSSIN—How many calls have been received on the hotline to date?

Ms Flanagan—There have been around 40,000 calls that have been received to date. That is up until the middle of January.

Senator CROSSIN—I notice there is also no link on your web site to this hotline. Is there an intention to put one on?

Ms Flanagan—There is a separate web site for the campaign which is still up and running. We publicise the number in a whole range of different ways. It was in the booklet, for example, so we feel that it is available.

Senator CROSSIN—Why would you not put a link from your main web site to the hotline if you wanted to promote further?

Ms Flanagan—There was a link from our main web site to the campaign web site.

Senator CROSSIN—It is my understanding that there is not. Would you check that.

Ms Flanagan—We can check that.

Senator CROSSIN—There is one other area I wanted to ask you about: the personal safety survey. Has the sample been completed?

Ms Flanagan—The design of the sample?

Senator CROSSIN—Yes.

Ms Flanagan—I am being advised that we think it is near completion, yes.

Senator CROSSIN—When will it be complete?

Ms Flanagan—I am being advised that we are going to test the sample in late 2005 before we go out and run the survey itself.

Senator CROSSIN—So you are still planning to go ahead with the surveys?

Ms Flanagan—Yes, with the personal safety survey, what we have done is to rephase money into the out years to ensure that it is run. So money is locked in to conduct the personal safety survey.

Senator CROSSIN—Where will the survey be run?

Ms Flanagan—We will get back to you with that today.

Senator CROSSIN—Have you set a date to start the collection of information? You are planning to run the survey in 2006, by the sound of things—is that right?

Ms Flanagan—Yes. You would appreciate that the ABS is running the survey for us, so it needs to fit into their program. They should have it locked into their schedule now, so we can give you the date of when the survey will be run.

Senator CROSSIN—What preparation has been undertaken so far for the survey?

Ms Flanagan—There has been a reference group with experts that has been convened by the Bureau of Statistics. They have drawn in various experts on statistical sampling and things like that. We have had a representative on that reference group.

Senator CROSSIN—Could you give us the names of the people in that reference group.

Ms Flanagan—Yes.

Senator CROSSIN—Is the forecast estimate for the survey still \$3.4 million?

Ms Flanagan—Yes.

Senator CROSSIN—I would not mind having an outline on how this money will be spent. Do you have a list of what information comparable to the 1996 survey will be collected?

Ms Flanagan—We are trying to make it as comparable as possible so that we can look at the trains over 10-year period. That is certainly what we asked the ABS to do. You would appreciate that, in tidying up some of the questions, it might not be directly comparable. We have asked for it to be as comparable as possible.

Senator CROSSIN—But if the sample is still being completed, that is still a work in progress, is it?

Ms Flanagan—I think we might have pretty much finalised the survey questions. What we are now finalising is how to select the sample and test the sample.

Senator CROSSIN—Is the aim to measure how domestic violence has changed in the last 10 years?

Ms Flanagan—In terms of having comparability with the 1996 survey, it will allow us to do that but I think it is really to give us an update of the picture of what is happening with domestic violence in Australia. Is it still occurring in particular age groups or is that different? It gives us very good information to move forward and suggest policy responses to government on this.

Senator CROSSIN—How long is it planned that the survey will be conducted and on how many people?

Ms Flanagan—I will get that from the ABS but we were going to make the sample size bigger than we had in the 1996 survey. We will give you the figure but it is a significant sample.

Senator CROSSIN—Has there been in any consideration given to conducting a personal safety survey every five years?

Ms Flanagan—No, no consideration has been given to that.

Senator CROSSIN—So you are conducting this one and then that is about it for now, is that right? Have you got an idea of when the results will be available?

Ms Flanagan—I think they are going to be available in 2006.

Senator CROSSIN—Is there any intention to specifically collect data from men?

Ms Flanagan—There is an intention to collect data from men but the Office for Women will not be paying for that part of the sample that goes to men. The Bureau of Statistics have decided that if they want to commit to doing that they will find funding from within their own organisation.

Senator CROSSIN—Partnerships against domestic violence money ceases in June this year—is that correct?

Ms Flanagan—Yes.

Senator CROSSIN—Has the Office for Women put a request forward for budget consideration to extend that program?

Ms Flanagan—There are certain elements of the various programs. Partnerships against domestic violence is only one of six programs we have. There are others of them ceasing as well, and we are currently involved in budget processes to see whether we can secure funding for ongoing activities.

Senator CROSSIN—There are quite a few questions on notice, so I look forward to that information.

Ms Flanagan—We will try to get as many to you today as possible.

Senator CROSSIN—Have we found out what happened to questions 19, 20 and 23?

Ms Flanagan—We are checking. We think they may have been lodged on 9 February but they may have been lodged with the finance committee, so let us just get the bottom of that and we will get back to you as quickly as possible.

Senator CHRIS EVANS—I want to ask some questions under output 1.1 about family tax and the changes to benefit part B. I think I really need one of the bean counters—

Senator CROSSIN—I am very sorry to do this. I have one last urgent question. I have a report in front of me called *Child sexual abuse in rural and remote Australian Indigenous communities: a preliminary investigation* that was compiled by Lyla Coorey. I can provide you with the cover sheet of it, if you like. Can you ascertain for me whether or not that report was provided to the Office for Women or to the old Office for the Status of Women?

Ms Flanagan—The officer who might be able to answer that question has just left the room. Can I get back to you on that as well?

Senator CROSSIN—I wanted to know if you commissioned the report—if you did not, that is fine—and whether the person who compiled this provided your office with a copy of the report and what you have done with it. If I could have that answer today, that would be very useful.

Ms Flanagan—Yes.

Senator CHRIS EVANS—I preface my remarks by saying that I do not understand accrual accounting, but then I have never found anyone else in government that understands it either. I want to go through the family tax benefit B changes. I understand what it means for FaCS's budget and outlays et cetera. I suppose the starting point is: can you point out for me in the original portfolio statements expenditure on family tax benefit B plan for this financial year? Is there any interpretation that you want to put on those figures? Is there any commentary that you want to provide on them?

Mr Kalisch—In our PAES document there is a table on special appropriations on page 32 that provides estimates for family tax benefit as a whole—family tax benefit part A and B together—the budget estimate and then the revised estimate. It does not split FTBA and B in this table—and I will just see whether our original portfolio budget statement did that split.

Senator CHRIS EVANS—This is the page 32 of the budget statements for 2004-05?

Mr Kalisch—Page 36 of the PAES and then page 31 of the portfolio budget statements for 2004-05.

Senator CHRIS EVANS—Page 31—which line item is the—

Mr Kalisch—It is family tax up towards the top where there are special sets for a new tax system, family tax benefit A and then family tax benefit B.

Senator CHRIS EVANS—So it is accounted for separately?

Mr Kalisch—In this document, yes.

Senator CHRIS EVANS—So projected expenditure on family tax B for 2004-05 was \$3.64 billion.

Mr Kalisch—As at the time of the budget.

Senator CHRIS EVANS—So that is the total expenditure proposed at the time of the budget for family tax B?

Mr Kalisch—Yes.

Senator CHRIS EVANS—There are no qualifications on that?

Mr Kalisch—At the time of the budget.

Senator CHRIS EVANS—Has something been thrown in there that I should understand or is it just straight family tax B expenditure?

Mr Kalisch—It is just straight family tax B expenditure.

Senator CHRIS EVANS—So that is your baseline for this year. Where are the out years shown?

Mr Kalisch—They are not published.

Senator CHRIS EVANS—Why is that?

Mr Kalisch—There was a decision not publish them. They have not been published in the budget papers.

Senator CHRIS EVANS—Is there an explanation for that?

Mr Kalisch—They just have not been published.

Senator CHRIS EVANS—I think that we have established that they have not been published so I am not going to dispute you on that. That confirms why I could not find them. What is the policy rationale? As I understood it, you generally provide out years for the next three or four years of expenditure on major items. Clearly, it is a \$3 billion item. It is in no way minor. Does it mean that it has not been done?

Dr Harmer—When I came into the portfolio I was briefed about this issue. Apparently at the last Senate estimates Mr Sullivan, my predecessor, indicated that he was seeking Treasury advice about the possible release of this information and how it could compromise some sensitive Treasury parameters at estimates. We received Treasury advice about disaggregating by payment type. Treasury indicated that it was basically up to us but they asked us to be very careful and be confident that we would not compromise the various Treasury parameters. There are a number involved in some of these payment types.

I have discussed the issue with the minister and we cannot be confident enough—and I am not confident enough—that we will not in releasing these figures inadvertently provide information that will allow people to make estimates of the Treasury parameters. We will not be releasing by payment type the forward estimates. We will publish in the budget papers.

Senator JACINTA COLLINS—Has the committee received that response yet other than what you have just spoken to?

Dr Harmer—I do not think so. In preparation for the estimates committee we have been through the issue.

Senator CHRIS EVANS—This might look like a cunning follow-up of something Senator Collins said last time but it is actually an innocent question because I am just trying to understand how it works. Obviously there is a mystery to this that my sojourn from FaCS—

Dr Harmer—I am not sure who it was but Senator Collins—

Senator CHRIS EVANS—She seems to know about it so that is useful.

Senator JACINTA COLLINS—I am absolutely confident Mr Kalisch will not say today, and we should know.

Senator CHRIS EVANS—I must say then, Dr Harmer, that was totally incomprehensible to me as to what the defence was for not releasing it. I think you used the words ‘compromised Treasury parameters’. Is there a plain English explanation for what that means?

Dr Harmer—It is possible that by releasing forward estimates at the disaggregated payment type level it may be possible, as I understand it, for Treasury parameters to be calculated or worked out from it, and Treasury have urged us to caution. They said it was up to us but I must say, from my advice, I cannot be confident in releasing all of the payment types that we would not be providing information that would not allow calculation of the Treasury parameters.

Senator CHRIS EVANS—I am not quite sure what ‘Treasury parameters’ means.

Mr Jennaway—In this context it is MTAW, CPI, and—

Senator CHRIS EVANS—I see. There is some concern that we could work out what the Treasury forecasts for those movements were by working out what the proposed increases are.

Mr Jennaway—Correct, senator.

Senator CHRIS EVANS—I understand that.

Dr Harmer—Thank you, Mr Jennaway.

Senator CHRIS EVANS—I am not saying I agree but at least now I understand the rationale. I suspect I do not agree. So why is it that an aggregated figure does not reveal Treasury’s assumptions for those indicators but a disaggregated figure does?

Mr Jennaway—We have got them disaggregated in the PAES for the current year but we are not breaking it down below an output group for the out years. So Treasury is not releasing those parameters publicly, as I understand it, for the out years, and given that we are using essentially confidential parameters to base the out year estimates on, then that is where we run into some difficulty.

Senator CHRIS EVANS—Where and how do you express the out year costs to the bottom line of family tax benefit?

Mr Jennaway—We do in the measure tables against particular measures, and thereafter we are not providing it past the current year.

Senator CHRIS EVANS—What is the best information you can point me to for information on the cost of family tax benefits A and B in the out years provided in your budget statement?

Mr Jennaway—The best information would be at page 31—

Senator CHRIS EVANS—Page 31 only gives me 2004-05.

Mr Jennaway—Page 32 in the PAES.

Senator CHRIS EVANS—Could you take me through it, please?

Mr Jennaway—We have got the family tax benefit figure as at budget estimates and the revised estimates, although I think Mr Kalisch—

Senator CHRIS EVANS—Are we looking at the same document?

Mr Jennaway—In the additional.

Senator CHRIS EVANS—Let us start with the current budget. We will move on to the additional. Can you point me to where in the portfolio budget statements for 2004-05 as of May last year I can find what you expect to happen to family tax benefit A and B, or family tax payments in the out years?

Mr Jennaway—It is on page 31 in table 1.4 in the PBS.

Senator CHRIS EVANS—That is it?

Mr Kalisch—This goes to the answer I gave you earlier.

Senator CHRIS EVANS—So we are going to spend \$13 billion this year and we have no idea what we are going to spend next year? Are you seriously saying you are not providing any advice to the parliament on what you are going to spend on family tax benefit next financial year?

Mr Jennaway—That is for all payments by payment type. That is the decision at this stage.

Senator CHRIS EVANS—I understand the argument about disaggregated, people working out MTAWA et cetera. I do not agree with it, but I hear what you are saying about that. But you are telling me that we are going to spend \$13 billion this year and I, as a senator on the estimates committee, have got no idea whatever what you are going to spend next year.

Mr Kalisch—Perhaps I can qualify that. We have given some indication in the portfolio budget statement document on page 20, where there is some discussion of trends, and the department's PBS does give you an indication of what the spend will be in 2007-08. What we are not providing is the detailed disaggregation across each of the years. What we are saying is, at the time of printing, family tax benefit expected to grow from \$13.17 billion in 2004-05 to \$15 billion in 2007-08. Similarly, across some of the other income support payments we give you an indication, for example, the age pension, what is going to change over the entire forward estimates period. What we do not provide you is the disaggregated year by year figure, for that very reason that Dr Harmer said.

Dr Harmer—So you have got some indication, Senator, but on a year by year basis we do not want to split it up.

Senator CHRIS EVANS—So you reckon we are not smart enough to take 2007-08 away from 2004-05 and then work out what the average is over the three years?

Mr Kalisch—It would be a particular challenge.

Dr Harmer—I am sure you are smart enough, Senator.

Senator CHRIS EVANS—Someone in my office would be. But this is rubbish, isn't it? You are saying to me that the only forecast available to the parliament of expenditure which is currently in the order of \$13.17 billion is one line which says, 'We expect it to grow to about \$15 billion'—a nice round number—'in a couple of years time,' and that is it.

Dr Harmer—It is a reasonable estimate.

Senator CHRIS EVANS—That is the extent of the accountability for the payment of family tax being provided to the parliament?

Dr Harmer—Each year we will provide the next year's estimate by payment type.

Senator CHRIS EVANS—No, you will not—you will provide the one for the year, not for the next year. I cannot find next year's; you will not give me next year's.

Mr Kalisch—At the time of the budget we will provide you with the figure for 2005-06.

Senator CHRIS EVANS—So this is what is called open and accountable government?

Dr Harmer—We provide you with some estimates of what we think is going to happen to the growth in the outlay.

Senator CHRIS EVANS—No, you provide me with one sentence.

Dr Harmer—That gives you an indication of our estimate of what is going to happen.

Senator CHRIS EVANS—Do you, Dr Harmer, think that is the appropriate level of accountability for \$15 billion worth of taxpayers' expenditure that you ought to provide to the parliament?

Dr Harmer—Given that we need to be very careful and I need to be very confident we are not exposing estimates, I think that is the appropriate information, yes.

Senator CHRIS EVANS—I sat through an excruciating estimates hearing earlier this week where we discussed the cost of the wedding present for Prince Charles on his second time round and the cost of the bollards and replacing the grass at Parliament House. Some of these figures we were fretting over were in the order of thousands. But you are telling me it is the old thing, is it—if you have got a big enough number you do not have to actually provide any detail? Fifteen billion here or there—don't worry about it, Senator!

Senator JACINTA COLLINS—Well, first you blame Treasury!

Mr Kalisch—Senator, we provide full accountability for the amount we are spending this financial year.

Dr Harmer—Indeed.

Senator CHRIS EVANS—Yes, but I am just asking you whether—

Dr Harmer—And we will do our best to provide you with some indication of what our estimates are. What we are not going to provide is our figuring of our precise estimates worked out using the Treasury parameters, but we will answer your questions on what sort of growth we expect in general terms. We just will not be publishing a specific figure. We will do our best to help you.

Senator CHRIS EVANS—So you are going to tell me what you will pay on weedkiller for the weeds out the front of the office but you will not tell me anything about the \$15 billion you are going to spend on family payments.

Mr Kalisch—We will not tell you the estimate of what we are going to spend on weedkiller for next financial year.

Senator CHRIS EVANS—You won't?

Dr Harmer—No. We probably do not know. But it would not be because we might expose Treasury parameters.

Senator JACINTA COLLINS—It was not a concern prior to last round.

Mr Kalisch—The exposure of Treasury parameters is always a concern.

Senator JACINTA COLLINS—But the provision of forward estimates was not previously a concern, as you would recall.

Mr Kalisch—It was at the last estimates and that is why Mr Sullivan took it on.

Senator JACINTA COLLINS—And prior to that—for many years?

Mr Kalisch—For some years that I can recall.

Senator JACINTA COLLINS—It was not a concern, was it?

Senator CHRIS EVANS—Are you telling me this is a change made last year?

Dr Harmer—As I understand, it is a change to practice, yes.

Senator CHRIS EVANS—If it is a change to practice, why is it a change to practice? You said to me that Treasury indicated to you that it was a decision for you, so the Treasury excuse does not stand up.

Dr Harmer—No, I am not—

Senator CHRIS EVANS—I am not being critical; it is your call. So you are telling me that FaCS had been happy to provide the information up until last year, but now FaCS has taken a policy decision not to provide it.

Dr Harmer—Indeed.

Senator CHRIS EVANS—And the rationale is that Treasury estimations might be revealed, but they are leaving it to your judgment. So that is their level of concern; they are prepared to say you can release it.

Mr Kalisch—They were not publishing it themselves. They are not publishing it within their standard budget papers.

Senator JACINTA COLLINS—But they did not previously, did they?

Mr Kalisch—They did not previously, but they are still not going to.

Senator JACINTA COLLINS—So that is not something that has changed.

Mr Kalisch—It has not changed, but it is still an indication that they are not confident to publish themselves.

Senator JACINTA COLLINS—So it is not really a relevant explanation for your change of policy, is it?

Dr Harmer—One other thing has changed since FaCS released these details: there are now three departments that are responsible for the range of payments that we used to reveal at that level. I am sure we would need to consult with DEWR and DEST about the consistency across payments.

Senator JACINTA COLLINS—Yes, but that is an explanation for today. It is not an explanation for the last occasion, when the policy was changed.

Dr Harmer—Indeed not. I was not present.

Senator JACINTA COLLINS—You were not the secretary at the time. I understand that.

Senator CHRIS EVANS—Just in a general policy sense, what are you going to tell us about the out years for other costs or outlays of the department?

Dr Harmer—We will be as helpful as we can in giving you broad estimates, but we will not be giving you precise year-by-year estimates.

Senator CHRIS EVANS—You will not be giving us precise year-by-year estimates for any issue, or just for family tax purposes? Which categories of expenditure does this new policy cover in that you will not provide us with the out year estimates?

Mr Jennaway—This covers the full range of special appropriations.

Senator CHRIS EVANS—All the special appropriations?

Mr Jennaway—Yes.

Senator CHRIS EVANS—All of the items at page 31?

Mr Jennaway—At page 31 in the PBS.

Senator CHRIS EVANS—So that is basically all of the payments?

Mr Jennaway—Correct.

Senator CHRIS EVANS—The estimate for this year is \$62 billion. What are the total outlays, special appropriations and others, for the department?

Mr Kalisch—This was at budget time, so it has not actually—

Dr Harmer—It is reduced to about \$45 billion.

Senator CHRIS EVANS—In terms of this document, at the start of the financial year, \$62 billion is the budget estimates for expenditure on special appropriations. What is the expected total departmental expenditure at that time?

Mr Jennaway—Are you talking about total departmental expenditure or total resourcing for the agency?

Senator CHRIS EVANS—Total resources.

Mr Jennaway—At that time we had \$68 billion. Including other resourcing, we had \$69 billion.

Senator CHRIS EVANS—So of the \$68 billion or \$69 billion of expenditure by the department, you are going to share with us, as at the budget estimates, information for the out years for the \$6 billion or \$7 billion, but information on the \$62 billion, the vast majority of outlays from FaCS, will be kept from us?

Mr Jennaway—Broken down by payment time, yes. But, for example, on page 33 it is at least broken down into outcomes 1, 2 and 3 for appropriations and departmental expenses for the out years.

Mr Kalisch—I think it is also fair to say that your characterisation is not quite accurate. What we are proposing to provide you with is the information by outcome level, but nothing else below that outcome level. So it is not just the special appropriations but the other programs as well.

Senator CHRIS EVANS—I am sorry. The answer about special appropriations was given by one of your officers.

Mr Kalisch—Yes, and that is correct. I was also going to add that the information on the other output groups, outside of the special appropriations, will also not be provided on a year-by-year basis..

Senator CHRIS EVANS—Would you say that for me again, Mr Kalisch, just so that I understand the full import.

Mr Kalisch—Yes. We talked about the department as a whole, and we have broken it into outcomes 1, 2 and 3 in the current outcome structure. That will be provided on a year-by-year basis. But once you get into the output group level, whether it be either a special appropriation or a fixed appropriation, it will not be provided on a year-by-year basis. Is that clear?

Senator CHRIS EVANS—So basically you will divide the total outlays into three outcomes. You can tell us that, but we will not be able to find out what you are spending on any particular classification of payment or allowance.

Mr Kalisch—In later out years.

Senator CHRIS EVANS—I must admit to being gobsmacked.

Senator JACINTA COLLINS—I was at the time.

Senator CHRIS EVANS—We will come back to that. This is before July. I expected this to happen after July not before. Can I take you to the additional estimates. Obviously I will not be asking you about the out years. Treasury released a costing of the changes to family tax benefit B announced by the government during the election campaign. Were you consulted about those costings?

Mr Kalisch—We were consulted in the process of that costing, but our costing was one that I understand Finance put together.

Senator CHRIS EVANS—Do you take any ownership of that?

Mr Kalisch—We were consulted in the process and, from what I understand, we were happy with the methodology they used.

Senator CHRIS EVANS—Can you describe for me what you understand—I have a number of documents here and I want to be clear about it—was the government view about the cost of the government’s election promise in relation to family tax benefit B?

Mr Kalisch—As I understand it, you are talking about the costs here?

Senator CHRIS EVANS—Yes.

Mr Kalisch—We understand that the costs that were prepared by Finance during the election campaign were: in 2004-05, there was a cost of \$3 million; in 2005-06, there was a cost of \$373.9 million; in 2006-07, there was a cost of \$394.2 million; and in 2007-08, there was a cost of \$386.3 million—giving a total over the four years of \$1,157,400,000.

Senator CHRIS EVANS—These are forward estimates over the four years; these are very helpful figures.

Mr Kalisch—And we provide that for all of our measures. You will notice in the measures statements that we provide that.

Senator CHRIS EVANS—Yes. I am just looking for the consistency in approach.

Mr Kalisch—It is obvious to us.

Senator CHRIS EVANS—See how helpful you can be when you apply yourself.

Dr Harmer—We will try to be helpful, Senator.

Senator CHRIS EVANS—Good. I should not congratulate you too early; these were Finance figures. So these are Finance figures, which you concur with, which are the costs of that FTB initiative announced by the government during the election campaign?

Mr Kalisch—Yes. And these were the costs prepared within the election campaign.

Senator CHRIS EVANS—Yes, as part of the Charter of Budget Honesty measures.

Mr Kalisch—Yes.

Senator CHRIS EVANS—You have been keen to take me to the additional estimates, but I needed the grounding first. Tell me the story, then, about what it is really going to cost and why it is different.

Mr Kalisch—On page 37 of the portfolio additional estimates statements for 2004-05 there is a table which outlines the FaCS costs of the extra assistance for families, increase to family tax benefit part B measure. As I was partly alluding to, and I will make it particularly clear, these are the FaCS costs only. There are costs also to the Australian Taxation Office that are reflected within the Treasury PAES. In comparing the Finance figures, you need to add the FaCS figures to the ATO and Treasury figures to get the total sum. We can give those to you now.

Senator CHRIS EVANS—Do you want to take me through that then? I want to be clear first. The table on page 37, outcome 1: this is solely relating to that family tax B initiative?

Mr Kalisch—That is solely related to the family tax benefit part B increase and it is solely related to the costs to the FaCS portfolio.

Senator CHRIS EVANS—It is purely that election announcement measure’s impact?

Mr Kalisch—Yes.

Senator CHRIS EVANS—And it is a subset of the total cost?

Mr Kalisch—Yes.

Senator CHRIS EVANS—So you have got your figures there: 121.279 for 2004-05 et cetera. Can you give me what you think the total cost to government is?

Mr Kalisch—The total costs, adding in the tax office and the Treasury figures, for 2004-05 are 212.4. In 2005-06 they are 430.9. In 2006-07 they are 439.4. In 2007-08 they are 450.5. That brings a total of \$1,533.2 million.

Senator CHRIS EVANS—Is that one billion 533 million?

Mr Kalisch—Yes. You have to get used to the big numbers again.

Senator CHRIS EVANS—I have been in Defence, mate—they spill that much at morning tea! It seems to me, at face value, that you have more expenditure in 2004-05 than you initially estimated.

Mr Kalisch—Yes.

Senator CHRIS EVANS—But your total seems about the same—no, it is about 400—

Mr Kalisch—It is nearly 400 million greater.

Senator CHRIS EVANS—But it is much larger in the 2004-05 year.

Mr Kalisch—Yes.

Senator CHRIS EVANS—Now I know we are going to run into the cash versus accrual argument!

Mr Kalisch—I am going to talk to you about fiscal balancing, Senator.

Senator CHRIS EVANS—Yes, and I am going to scream. Do you want to take me through it? I will pretend to understand it.

Mr Kalisch—And I will pretend to understand as well in giving you my explanation! The government's original commitment was for the increase to apply from 1 July 2005 which has a fiscal impact first being felt on administered costs—so fiscal costs in administered spends from July 2005 in the first instance. So it applies for the 2005-06 financial year as at the first step. What you are seeing in terms of the Finance figures that I gave you originally were some estimates of departmental costs that would be incurred in 2004-05 in the preparation, in the lead-up, to making those initial payments. What you are seeing in the Finance figures is, in effect, a full year of payments in the 2005-06 year on a fiscal basis.

As you are aware, the government has announced that it has brought forward its commitment to start from 1 January 2005, and therefore there is an impact in the 2004-05 financial year of roughly half a year. What we are also seeing in these revised estimates is that there has been some refinement of the estimates that Finance did within the election period and we have now agreed a slightly higher figure.

Senator CHRIS EVANS—I will come back to the major points, but what is the driver of the slightly higher figure?

Mr Kalisch—I understand that it is indexation.

Senator CHRIS EVANS—Okay. Intuitively, the decision by the government was that the payment be made as a lump sum and therefore you will not actually pay any money out in the financial year 2004-05—is that right?

Mr Kalisch—The process that has been agreed by the government is that people need to lodge their tax returns before they are eligible for the lump sum payment, in much the same way as they received the lump sum \$600 per child supplement for FTB part A. So it requires people to lodge their tax returns, which will take place from 1 July onwards.

Senator CHRIS EVANS—For someone who does not understand accrual accounting with the sophistication that some of us do, you would say it is not going to cost the government anything this year?

Mr Kalisch—It will be accounted for against the costs for the 2004-05 year, because that is the entitlement year of family tax benefit it is being attributed to.

Senator CHRIS EVANS—I thought that would be your answer. In outlay terms, though, you actually will not pay any money to families this financial year?

Mr Kalisch—We will not be paying people dollars until they have lodged their tax returns, which will be in the next financial year, but it will be still attributed, in an accounting sense, to this financial year.

Senator CHRIS EVANS—I just want to be clear, though, that there will no payment to families this financial year.

Dr Harmer—Yes, that is right.

Senator CHRIS EVANS—But, for the purposes of your accounting, you show it as a cost this financial year because it is an entitlement they earn from January to the end of June.

Dr Harmer—Yes.

Mr Kalisch—It is an entitlement that is incurred during the 2004-05 financial year and that is what is reflected in the PAES numbers.

Senator CHRIS EVANS—The supplementary estimates show effectively a half-year cost of \$212 million for 2004-05, but that money will not be distributed—spent, outlaid, whatever the correct term is—in that financial year. It will be reflected in payments to families in the following financial year by virtue of the lodgment of their tax returns.

Mr Kalisch—Can I just be particularly precise here—

Senator CHRIS EVANS—Yes, I am happy for you to. I am not trying to verbal you.

Mr Kalisch—You are largely correct. There will be some money that will be spent in this financial year with regard to administration of that, but that will be very much the smaller component.

Senator CHRIS EVANS—Sure. Tell me how the system will work. You put in your tax return and a calculation is made. Do you have to claim the FTBB?

Mr Kalisch—You will have to claim FTBB at the time you put in your tax return or, alternatively, have been an FTBB claimant or recipient already.

Senator CHRIS EVANS—What I am asking is—

Mr Kalisch—There is no separate claim for this.

Senator CHRIS EVANS—There is no separate claim. This is an assessment the tax office will make without you having to complete a separate form or what have you.

Mr Kalisch—Yes.

Senator CHRIS EVANS—They will have you marked as being a client of FTBB, effectively.

Mr Kalisch—Yes, unless you are newly claiming FTBB as part of your tax return, but that then is built into the *TaxPack* or the tax agent does it for you.

Senator CHRIS EVANS—So people will not actually necessarily receive a payment of \$150 or \$300 maximum. They will get a tax assessment that provides a net result of the calculation of their taxation, their family tax A and their family tax B. Is that right?

Mr Kalisch—Yes, that is correct. They will receive an amount for FTBB that will include the \$150 increase in this financial year and, for subsequent years, a greater amount.

Senator CHRIS EVANS—But they will have been receiving their family tax payments in accordance with their entitlements throughout the financial year.

Mr Kalisch—Yes, on a fortnightly basis. Some will be receiving it on a fortnightly basis; some, of course, do just get it as a lump sum.

Senator CHRIS EVANS—Sure. But the majority still, as I understand it, opt for the fortnightly payment systems.

Mr Kalisch—Yes.

Senator CHRIS EVANS—At the end of the year you have this calculation which includes their taxation liabilities, their family tax A \$600 payment, if they are entitled.

Mr Kalisch—It is \$600 per child plus reconciliation.

Senator CHRIS EVANS—Yes, plus reconciliation—otherwise known as debt—and their FTBB reconciliation.

Mr Kalisch—Yes, and now the \$150 will be added into that process.

Senator CHRIS EVANS—Yes, added in . So that should be totally incomprehensible to every client involved, shouldn't it?

Mr Kalisch—I think people have got used to the FTBA supplement now and understand that is available. What we have also done as part of *The What, Why and How of Family Assistance* Booklet.

Senator CHRIS EVANS—Is this the new booklet you have produced?

Mr Kalisch—Yes, it is the new booklet that is being produced. There is some more information that is being provided to them by way of an insert. I do not have that with me. It is an insert about the FTBA and, as you are aware, the minister put out a press release last week.

Senator CHRIS EVANS—That added to the confusion. I think that from that you would think that you are going to get a cheque for 150 bucks at the end of the year. I am just trying to understand, from a client's point of view, how they will know what they have got in the way of FTBB/FTBA reconciliations, what is taxed, what is FTBA and what is FTBB. Can you explain to me how, when I get my tax return back, I will work out what the hell has happened?

Mr Kalisch—I will get some further advice for you during the day. As I understand it, certainly the tax components are separately identified on the tax notice of assessment. There is also a separate line in terms of government payments. I am not quite sure in what detail people are informed—whether there is actually a split of FTBA and FTBB, for example—within that thing or whether it is just one line.

Senator CHRIS EVANS—We will come back to that. I am sure all members of parliament will be interested because they will get asked about it. I would like to be able to provide them with some advice to explain it.

Dr Harmer—We will try to find out from Tax the format of the assessment to see whether it does break down A and B.

Mr Kalisch—It certainly would not provide or separately identify the nature of the supplement.

Senator CHRIS EVANS—That is what I wondered. It would be useful if you could provide formal advice. Obviously you have been consulted about it. I know that in the end it is a Tax decision but part of your job is to sell the family payments. I know the government has been concerned to make sure that people understand what they are getting from family payments. It seems to me this is not necessarily an easy thing to do. Putting that to one side, I have a broader question. What can you tell me about what the actual expenditure in the financial years will be? Is cash the best term?

Mr Kalisch—Cash is possibly the best term. What we have provided you with is the fiscal balance. What this shows is the expenditure that is attributed to the particular financial years. As I suspect you are alluding to, not everyone is paid in the following financial year, because they do not lodge tax returns necessarily straightaway. Most of them do.

Senator CHRIS EVANS—Most of the judges are not eligible for family tax benefit B, so that is all right.

Mr Kalisch—Some might be because there is no income test on the primary income earner. It depends on the income of the spouse with family tax benefit B.

Senator CHRIS EVANS—I do not think the government wants you to advertise that, I suspect.

Mr Kalisch—That is a very open part of the policy design.

Senator CHRIS EVANS—What I am interested in is this: can you give me—and correct me if it is not the right term—the cash outlays for each of those financial years?

Mr Kalisch—I do not have them with me. I will see whether we can get them for you.

Senator CHRIS EVANS—Perhaps you could take those on notice so we can see what the effect is.

Mr Kalisch—Yes.

Senator CHRIS EVANS—In terms of the announcement about the \$150 for this financial year, have you got the assumptions that underpin that—how many families there are and how many families are likely to receive the maximum rate?

Mr Kalisch—I do not have those assumptions with me.

Senator CHRIS EVANS—Is there anyone here who can help us with those? Obviously, you have worked out what the cost is.

Mr Kalisch—So you are interested in those who are getting the maximum rate?

Senator CHRIS EVANS—I want some idea. I do not want to hold you to the exact number.

Dr Harmer—We may be able to give you some of those broad figures during the day.

Senator CHRIS EVANS—Okay, thanks. I just want to have an understanding of how many there are. It is further confused because when you do the reconciliation some of them might have got the maximum \$600 and the maximum \$150 but they might still end up with a tax debt.

Mr Kalisch—They may well. There are those who will get the maximum of the supplement—the full \$150—and there are those who might have a part-year entitlement. It is not so much a question of the reconciliation outcomes as of those who have either a part-year entitlement or a shared care entitlement.

Senator CHRIS EVANS—I am interested in both: your estimation of who is going to get what benefit from that measure and what it will mean at the end of the financial year. But I suspect that might be out of remit at the moment?

Mr Kalisch—We certainly do not estimate or try and predict future reconciliation outcomes. What we can give you is the estimated impact of this specific \$150 and \$300 measure.

Senator CHRIS EVANS—Numbers of families and who is getting part payment versus full payment—

Mr Kalisch—And the amount that we expect to pay on top of what would have been paid anyway. So it is just the impact measure.

Senator CHRIS EVANS—Obviously I will have to ask Tax what their predictions are and about the additional complication of reconciliation of FTBA and FTBB.

Mr Kalisch—I suspect they will not have done the forward estimates.

Senator CHRIS EVANS—I suspect they will look pained and say, ‘Ask us next year, Senator.’

Mr Kalisch—Or tell you what did happen.

Senator CHRIS EVANS—Yes, which is probably fair enough, but don't tell them that; I will give them a grilling anyway.

Mr Kalisch—I am sure they are not watching.

Senator JACINTA COLLINS—I think the child-care rebate will be far more interesting.

Senator CHRIS EVANS—What are the implications of changing from a fortnightly payment to the lump sum? Does that affect your administrative costs?

Mr Kalisch—No, in fact, I think this is partly a matter for Centrelink in terms of their own processes, but I will see whether I can help you. Given that they already have a supplement process with the \$600 per child for FTBA, they will progress the increase in FTBB by transporting that same process or mechanism into the FTBB system. So the actual processes are ones that they have been using for FTBA and they are really translating them across. It is relatively simple to do it—as simple as reconciliation can be—but it is relatively easy to translate that into the process for FTBB. That means that people are getting it at one time.

Senator CHRIS EVANS—Sure, but is there a saving to government in the sense that the money is expended later? That must affect the costs. If the government is not paying out the fortnightly payments through the year, it is cash not spent; it is cash held in reserve.

Senator Patterson—But we are paying out \$150 earlier, which is an important new measure.

Senator CHRIS EVANS—You are not actually.

Senator Patterson—Yes, because they are getting \$150 as soon as they put their tax return in.

Senator CHRIS EVANS—They are not getting it until the 2005-06 year. You promised it to them for the 2004-05 year. You promised it to them as a payment in this financial year.

Mr Kalisch—From July 2005.

Senator Patterson—So they are getting a payment for this financial year which is \$150 ahead of what we committed, so we have actually gone over and above what we committed.

Senator CHRIS EVANS—This is a political argument, but next year families will get a maximum of \$150 when you promised them a maximum—

Senator Patterson—No, this financial year they will get \$150.

Senator CHRIS EVANS—No, they will not get anything this financial year.

Senator Patterson—This financial year in respect—

Senator CHRIS EVANS—No family will get a cent from you this financial year.

Senator Patterson—In respect of this financial year, they will get \$150. If you want to go on, like Mr Swan did about the \$600 not being real, and pretend that this \$150 is not real, you do it—

Senator CHRIS EVANS—You tell me how many families will get \$150 this financial year.

Senator Patterson—Two or three of your colleagues did that and the Australian public understood what they were doing. Families entitled to FTBB will get up to \$150 more in respect of this financial year.

Senator CHRIS EVANS—When will they get the money?

Senator Patterson—They will get it when they put their tax return in—

Senator CHRIS EVANS—Next year.

Senator Patterson—in respect of this financial year.

Senator CHRIS EVANS—They will not get a cent this financial year.

Senator Patterson—They will get \$150 more than was anticipated by families or promised by us.

Senator CHRIS EVANS—You promised them they would get \$300 next year, they will get \$150.

Senator Patterson—They will get up to \$300 in respect of next financial year.

Senator CHRIS EVANS—They will not get \$300 until 2006-07.

Senator Patterson—They will get it in respect of next financial year.

Senator CHRIS EVANS—You are in contradiction of what your officers have told us about when they will get the money.

Senator Patterson—They will get the money in respect of next financial year, up to \$300.

Senator CHRIS EVANS—‘In respect of’, but they will not get it during.

Senator Patterson—They will get it in respect of that financial year.

Senator CHRIS EVANS—That is the sort of semantic defence that will not hold, Minister.

Senator Patterson—It will hold, because families are going to get up to \$150 more than they anticipated for this financial year.

Senator CHRIS EVANS—They may get it next year, and we await the figures to see how many will get it when your department provides those to me, but they will not get a cent until next financial year.

Senator Patterson—I will tell you what, they will get the money in their bank accounts and they will know it is real, like they knew the \$600 was real.

Senator CHRIS EVANS—No, they will not. The officials have just explained to us they will not get it in their bank accounts; they will get it calculated as part of their tax return.

Senator Patterson—They will get it if they do not have any link to—

Senator CHRIS EVANS—Do not have any other debts, do not have any tax liabilities.

Senator Patterson—And a significant number of them, if they have not had that money during the year, will be getting up to \$150 in respect of this financial year that was not committed in the election.

Senator CHRIS EVANS—I think the bottom line is they will get \$150 instead of \$300.

Senator Patterson—That is not the bottom line, and you know that as well as I do. In respect of this financial year, they will get \$150 more than they anticipated or were told or promised.

Senator CHRIS EVANS—They will not get a cent this year.

Senator Patterson—You can run a line and behave like Mr Swan if you want to—

Senator CHRIS EVANS—You have got to get over Mr Swan, Senator Patterson—move on.

Senator Patterson—I am over him.

Senator CHRIS EVANS—You have got to get over him.

Senator Patterson—I am well over him.

Senator CHRIS EVANS—Oh, good. I could get you some counselling.

Senator Patterson—I have learned that his message was very unhelpful to you.

Senator CHRIS EVANS—You have a very unhealthy attitude to Mr Swan. We have to get some way of dealing with this.

Senator Patterson—No, I do not.

Senator CHRIS EVANS—You have got to move on.

Senator Patterson—Senator Evans, I could develop an unhealthy relationship with you.

Senator CHRIS EVANS—Let go, let go!

CHAIR—Can we please move on?

Senator CHRIS EVANS—Senator Knowles, you might take on this role. You are very good at counselling services.

CHAIR—Can we please move on?

Senator Patterson—Oh, Mr Swan! I love the fact that he has had his day in public.

Senator CHRIS EVANS—I will speak to the chair afterwards about involving her in this role. She has just the right approach.

Senator JACINTA COLLINS—We might have to start counting swans in estimates now.

Senator CHRIS EVANS—Anyway, rather than have the debate with the minister, which I am happy to have, I would actually like the officials to provide the factual answers to the questions and that will allow us to be clear.

Senator Patterson—We will declare that people are getting up to \$150 in respect of this financial year.

Senator CHRIS EVANS—‘In respect of’, I love that—semantics.

Senator Patterson—Up to \$150 they were not expecting.

Senator CHRIS EVANS—Your election material did not say ‘in respect of’, did it?

Senator Patterson—Because we told them it would be—

Senator CHRIS EVANS—That they would get it this year.

Senator Patterson—for the next financial year.

Senator CHRIS EVANS—You will be able to get us today those assumptions. Is that right?

Mr Kalisch—I hope so.

Senator CHRIS EVANS—That will give us the cash amounts for each of those financial years which will show us exactly what the expenditure is. In terms of those reconciliation arguments, you really are not able to help us with that. That is for Tax to provide some information. Do you have feedback from them on the FTB reconciliations for previous years or not?

Mr Kalisch—Can I just be clear about the reconciliation question that you asked: was that asking us to try and predict what would happen with this \$150 in respect of future reconciliation processes?

Senator CHRIS EVANS—Yes.

Mr Kalisch—I suspect that no-one will be able to give you an answer.

Senator CHRIS EVANS—No, that is right. I said that was an issue really for tax to form judgments on. One of the things they will have is the experience of the FTBB—

Mr Kalisch—FTBA.

Senator CHRIS EVANS—Sorry—FTBA reconciliation—so they may have some informed judgment. Have you had any information back from Tax about those FTBA reconciliations?

Mr Kalisch—Yes, and this is material that is held by Centrelink and Tax in terms of the latest reconciliation outcomes. We certainly provided some updated information in a question on notice just recently around that.

Senator CHRIS EVANS—Who asked that question?

Mr Kalisch—FaCS answered that question for this committee. I think we provided information as at the end of November 2004.

Senator CHRIS EVANS—Do you have the reference for that? I am sorry—I am playing a bit of catch-up. I may have seen it but I just—

Mr Kalisch—I have it in my other folder. I will get it for you.

Senator CHRIS EVANS—The secretariat have provided it to me. Do you have any update then? That was 26 November 2004.

Mr Kalisch—Yes. We do have the latest figures which go to the end of December 2004.

Senator CHRIS EVANS—Do you want to table that?

Mr Kalisch—We are certainly happy to table that information.

Senator CHRIS EVANS—Great, thanks for that.

Senator MOORE—Mr Kalisch, do you do those reconciliations monthly?

Mr Kalisch—We do them quarterly.

Senator MOORE—Quarterly. We had them in November 2004, and now you have them for December 2004.

Mr Kalisch—The usual period in which we have provided them to the committee is around the end of September, December, March and June.

Senator MOORE—So it is just coincidental, that November-December thing?

Mr Kalisch—We did November because that is what the committee asked for.

Senator MOORE—Still quarterly, that is good.

Mr Kalisch—Quarterly gives you an indication of how it changes from year to year. Perhaps I can just indicate one thing of interest in the latest reconciliation numbers. As you may have seen from the figures we gave you just recently, more families seem to be lodging their tax returns earlier in this tax period compared to the last three or four years. There does seem to be an indication that the FTBA supplement and the need to lodge your tax return to get that supplement has actually induced what seems like nearly 200,000 families to have lodged their tax returns earlier than previously. We have now got 1.726 million families lodging their tax returns as at the end of December 2004. In past years the numbers were 1.53, 1.54 and 1.45, so it was fairly evenly clustered around the 1.5 million families.

Senator CHRIS EVANS—Do you think that might be an effect of people making a decision that they are more likely to get a net tax return than a net debt than in the past?

Mr Kalisch—They were certainly advised that to get the supplement they had to lodge their tax returns.

Senator CHRIS EVANS—Normal human behaviour, from what I have observed, is: if you owe the tax department, you put it in late and, if they owe you, you put it in early.

Mr Kalisch—And that is certainly a comment that we have made to this committee in the past around behaviour.

Senator CHRIS EVANS—It probably explains why I have not put mine in yet.

Mr Kalisch—It would not necessarily apply to the first year where people were still uncertain quite how the system was going to operate.

Senator JACINTA COLLINS—Was it one of the original policy rationales?

Mr Kalisch—Certainly for the FTBA supplement, to encourage people to put in tax returns.

Senator JACINTA COLLINS—I do not recall being told that.

Mr Kalisch—It was certainly something that was quite obvious. I thought we had mentioned that to this committee.

Senator CHRIS EVANS—That is a helpful addition to the picture. I asked you before, Mr Kalisch—and I just want to be clear what the answer was—whether there are any cost implications for the department between the two payment options, the change from fortnightly to lump sum methodology?

Mr Kalisch—As far as I am aware, I do not think that there was too much change in terms of the running costs that we would have to incur or that Centrelink would actually incur.

Senator CHRIS EVANS—That is because you are already making a fortnightly—

Mr Kalisch—The fortnightly payments are happening and the reconciliation process is happening, so there is no extra process. We just adjust one or the other.

Senator CHRIS EVANS—Would that be the same for Tax as well in this instance?

Mr Kalisch—I would envisage it would be the same, although they do not have too many that are paid on a fortnightly withdrawal basis.

Senator CHRIS EVANS—I was just trying to think about whether the lump sum affects their operations in a significant way. It does not strike me that it would but I would just—

Mr Kalisch—There certainly needs to be the congruence between both Centrelink and the Tax arrangements, and they work together in terms of the administration of that. But nothing special.

Senator JACINTA COLLINS—With the child-care rebate being deferred a year beyond the relevant tax year, how will that impact on overpayments?

Mr Kalisch—The child-care tax rebate is a matter for the Treasury portfolio.

Senator JACINTA COLLINS—But will it be counted as people's income in the year in which they have received it, not with respect to the year in which they became entitled?

Mr Kalisch—It is not counted in their taxable income, so there would be no impact.

Senator JACINTA COLLINS—Are you aware of any other payment that has ever been deferred 12 months in terms of a tax rebate?

Senator Patterson—It is hard to hear you, Senator Collins.

Senator JACINTA COLLINS—I was just asking Mr Kalisch if he was aware of any other payment that had been deferred in the way the child-care cash rebate has been. You and Senator Evans were having the debate about the payment of the \$150 or \$300 and whether it occurred in the year or when you claimed it through your tax return. The child-care rebate is an even better example of that, because it is deferred one year further. I can think of no other precedent.

Mr Kalisch—You might want to speak to the Treasury portfolio, because they generally deal with the tax arrangements.

Senator CHRIS EVANS—Mr Kalisch, this is part of my re-education, so I am sorry if we go over areas the committee may have covered in the past. It is useful for Dr Harmer as well!

Dr Harmer—It is very good for me as well.

Senator Patterson—So long as you do not ask about helicopters you will be fine!

Dr Harmer—I am quite happy for you to use this opportunity.

Senator CHRIS EVANS—I have a deal: I will not ask Dr Harmer, about MRIs and he will not start shaking!

Dr Harmer—Indeed. I will not criticise you for asking questions!

Senator CHRIS EVANS—I appreciate your giving us the updated reconciliation figures. I want to understand the methodology for the overpayment figures. I want to understand how

you count FTB—and, Minister, could you put your mind to finding a new name for FTBA and FTBB? It is very hard to get one's head around it. I am trying to understand how you calculate FTBA reconciliation with the \$600 payment. When you calculate an overpayment, does it now include those who would have had an overpayment but the overpayment has been offset by the \$600? Could you take me through the assumptions?

Mr Kalisch—The figures you have in front of you for the FTB reconciliations—this is just for FTBA—include the impact of the \$600 per child supplement, because that is part of FTBA. As you would be aware, that was introduced for the 2003-04 financial year, and was payable once people lodged their tax returns. So the overpayment reflects their final FTBA result, taking into account the supplement. I would also like to make it clear that initially when people put in their tax returns the supplement could not be added in because Centrelink and the tax office could not implement the supplement for the early part—say, around July and August. Early September was the earliest time they could introduce the supplement payment. So what we had quite uniquely for this financial year, because of that administrative difficulty, was that people who lodged their tax returns early only received the supplement from, I think, 5 September.

Senator Patterson—I want it to be absolutely clear that there was a systems issue, because Centrelink only change their systems at certain times, which meant we could not deliberate. The figures now include that reconciliation, but Mr Kalisch did say 'as soon as they put in their tax return', and a certain number of people are better than you and me, Senator Evans, at putting in their tax returns immediately. That was not able to be taken into account until September.

Senator CHRIS EVANS—I appreciate your making sure the record is correct.

Senator Patterson—I was not correcting.

Senator CHRIS EVANS—Making it clear then.

Senator Patterson—It is just that there may be some families who say, 'We didn't get it in that first period.'

Senator CHRIS EVANS—I appreciate what you are trying to do. I just wanted to be clear that I understand that.

Senator PATTERSON—That has now been taken into account in those overall figures.

Mr Kalisch—Yes. Certainly as soon as people put in their tax returns next year the reconciliation process will work, taking into account the \$600 per child supplement straightaway.

Senator CHRIS EVANS—Take me through this so that I am sure I understand it. If I had improved my behaviour and put in my tax return in early July or August, what is it that you could not have done that you could do after 5 September?

Mr Kalisch—If you lodged your tax return around, say, mid-July and it was calculated that you were owed a top-up in FTB, all the tax processing would progress and you would also be paid the top-up, disregarding the \$600 per child supplement. So you would be paid an initial top-up at that time. You would then receive the per-child supplement from 5 September in a separate payment.

Senator CHRIS EVANS—Separate from?

Mr Kalisch—Mainly from the tax office.

Senator CHRIS EVANS—Oh, from the tax office as well. So if you had a positive tax outcome—that is, if the tax office owed you money—you would have received two cheques? You would have received whatever they owed you for your tax FTB reconciliation generally, and then you would have got the \$600 in a separate cheque?

Mr Kalisch—Yes.

Senator CHRIS EVANS—Conversely, if you owed the tax office \$200 as a result of your tax reconciliation, and you put in your tax return early, what would have happened then?

Mr Kalisch—The tax office would still have sent you a \$200 bill for the tax elements.

Senator CHRIS EVANS—And you would have got your \$600 cheque later on in a separate transaction?

Mr Kalisch—Yes.

Senator CHRIS EVANS—And after 5 September, someone in that situation would have got a cheque for \$400 as the net outcome?

Mr Kalisch—Yes.

Senator CHRIS EVANS—And that is what should apply to all customers for this financial year?

Mr Kalisch—Yes. That would be separately identified as a tax debit, and the government payment dimension would be separately identified in total.

Senator CHRIS EVANS—What impact does that have on the reconciliation outcome figures you have given me? Are you telling me that particular subset is not included in those figures, or that it throws out the result?

Mr Kalisch—Because these figures are taken as at the end of September and then at the end of December, they are beyond the point. They add in the total impact over that period, so what you are seeing is the net impact. This is the final result here.

Senator CHRIS EVANS—That takes me back to my central point. The overpayment question is now confused by the fact that you have \$600 on top of the reconciliation. These figures, as I understand it, reflect the reconciliation of payments during the year, plus any \$600 or \$1,200 payments, depending on the number of children. Then there is a net result. Is it fair to say that your overpayment figures now reflect the net result?

Mr Kalisch—That is correct. The supplement is part of FTBA.

Senator CHRIS EVANS—I am trying to make sure I am comparing apples with apples and oranges with oranges. You say that is the net result, but are we able to ascertain how many families would have had an overpayment at the end of the year had there not been a bonus?

Mr Kalisch—No. It is a question that does not have all that much legitimacy, because the FTBA supplement is part of FTBA.

Senator CHRIS EVANS—It does have legitimacy in that it is a measure of how we are going at improving the accuracy and understanding of FTB calculations. The government has been at great pains to try and limit the number of overpayments—and therefore debts—and make people familiar with the system. There has been a lot of criticism. There has been a huge political debate. I have no doubt that the community is now better tuned to the new system by virtue of its having been in place for a few years. It is still enormously complex, but if people get a debt one year, they adjust their behaviour because they do not want to get it again. I have no doubt that that effect is occurring. But the measure of whether we are getting better at income estimation, education methods et cetera is how overpayments are going. I am not accusing anyone of distorting anything, but I take it that, when you add the \$600—leaving aside the number of children—anybody whose debt was up to \$599 on a normal reconciliation would not appear as an overpayment.

Mr Kalisch—That would be correct, certainly for those that had one full child for the entire year.

Senator CHRIS EVANS—One full child!

Mr Kalisch—If they did not share care, to make that particularly clear.

Senator CHRIS EVANS—As different from the underfed children or the half-full children.

Mr Kalisch—What we can tell you, Senator, is that the average value of the supplement per family is about \$1,100. I suppose that to some extent reflects the average number of children per family as well.

Senator CHRIS EVANS—So what does that really tell me, Mr Kalisch? Is it another statistic or does it tell me anything?

Mr Kalisch—What it really tells you is that it is not just the debts below \$600 that you are probably wiping out but on average the debts up to potentially \$1,000 or more and, for larger families, even more than that. What the supplement has done is remove pretty much all of the small debts and, for larger families, it has upped the value. I think that is what you are saying.

Senator CHRIS EVANS—That is right. Basically, it removes every debt under \$600, effectively, if there is a full child. Obviously, for a family with two children, it removes every debt under \$1,200. I accept that, and I understand that. No doubt one of the benefits of the system is that it generates fewer overpayments and therefore less debt. That is obviously a helpful thing. But to go back to question of measuring whether or not families are getting the calculations right, can you provide us with the figures about where families would have been placed, pre the impact of the lump sum? I know the net figure gives you that but, if you give me the one figure that says ‘average \$1,100,’ it does not really tell me what that means for families with one child. I forget the correct mathematical term, but have you got a distribution?

Senator Patterson—It means that the percentage we said—eight per cent—do not have an overpayment at the end.

Senator CHRIS EVANS—You would expect the overpayments to fall dramatically as a result of the \$600 being thrown in. I think that is accepted and, as I say, that is one of the benefits of the system.

Senator Patterson—I did actually have that in mind when I proposed that. It was not just an accident.

Senator CHRIS EVANS—That is good, Minister.

Senator Patterson—I have been working on this issue for the 10 months I have been minister in this portfolio.

Senator CHRIS EVANS—What I am trying to get at, though, is that we used to use that as a measure of how people were going in terms of calculation, budget and getting their estimations right. The weakness in the system was that, while people at the end of the year got exactly what they were entitled to—that was the benefit; there were ups and downs with it—how do we now measure how we are going in terms of that estimation issue? Because the \$600 masks that in a sense. I am sure it is getting better, but what is the performance indicator on the estimation now? The debt used to be the easy way of doing it, because you would say, ‘That many families have got over that; this many got under.’

Senator Patterson—And now we are getting better at people getting, for that financial year, a correct payment.

Senator CHRIS EVANS—I think that is right, but how do we measure that?

Senator Patterson—We have got eight per cent of people who were overpaid.

Senator CHRIS EVANS—But even you can see that that is affected by the \$600.

Senator Patterson—Are you saying it is not real?

Senator CHRIS EVANS—No, I am not, but I am trying to get an estimation of whether families are getting better at dealing with the estimation system. That has been the cause of a lot of concern. A lot of the heat has been around the system. How do we measure that now?

Senator Patterson—There is also another measure that will come into effect, which will have an impact. That is the quarantining of FTBB when the secondary income owner goes back to work. There are still some other measures that will influence overpayments, which are being counteracted by that. That is another measure, for example.

Senator CHRIS EVANS—That is fine. I accept that. I do not know a lot about that; I might get that later. But we would want a performance indicator, then, to see what impact that has, wouldn't we? What I am trying to figure out is what the performance indicators are, given that debt is no longer a reliable indicator of how the system is working in terms of overpayments and underpayments.

Senator Patterson—Yes it is, because there are reduced overpayments. You cannot have it both ways. The money is real. People in respect of that financial year are getting \$600 more per child if they are entitled to it for a full year and a full child—we will use that term. What we are looking at is similar families in similar circumstances over a financial year being treated similarly by the taxpayer in terms of assistance to the family.

Senator CHRIS EVANS—I do not think I disagree with any of that, but the question is: how do we measure the results of that estimation system now that—

Mr Kalisch—Even prior to the FTBA supplement coming in it was probably quite contentious to actually use the indicator you are using. There had been some changes to the program that you may not be aware of in terms of the More Choice for Families measures, providing people with different options as to how they spread and receive their payments, which was progressively introduced from November 2002 and fully in place from the middle of 2003. So, in effect, that has been starting to impact on the last two years' reconciliation data and therefore that in itself is having an impact. What we are proposing to do is to look at the impact of More Choice itself. I know I have mentioned to the committee that we needed to get at least one full year's data about how it would apply, and we are still approaching that time, but we are starting to look for some of that analysis.

Senator JACINTA COLLINS—Senator Evans's question is essentially: what do you anticipate will happen next year with estimates, for instance, when families will make an estimate factoring in that they have received the supplement? Do you expect debts to increase as a result of families estimating the supplement to be in place and no additional supplement coming into place to act as a new buffer.

Mr Kalisch—We would hope that families do not change their behaviour fully to reflect the supplement. The indications are that families are getting more used to the system but also wanting to avoid debts.

Senator Patterson—I have indicated publicly that there are other measures that I am looking at, for example, uplift factors of estimates. One of the issues is that people can put an estimate in three years ago and not change it. That is something we need to address; it is something that I am looking at. I hope that if we introduce those things that your party will look at them favourably in trying to ensure that people get as close as possible to the amount of money they are entitled to and that at the end of the financial year families in similar circumstances are treated the same. I am constantly looking at other measures we need to take to ensure that we get as accurate as possible an estimation, and I think one of the factors is that people have not been required to update their estimate.

Senator CHRIS EVANS—That might be a useful additional measure—I would have to think about that, Senator Patterson, but that is right. And Mr Kalisch's point is a good one, that we actually have not had two years the same—and, quite frankly, now next year will not be the same either, and the year after that will not be the same, because you will have the \$150 and the \$300. So we will not ever have apples and apples, and oranges and oranges, until we are all very old and in a retirement home, it seems—

Mr Kalisch—Then it's a different area!

Senator CHRIS EVANS—and taking a keen interest in the pensions issue. That is why I was looking for the measure to properly track it, because I accept that those changes mean we are not getting a clear picture of performance measures on the estimation system. And that is why when you tell me debts have reduced to eight per cent and there are only 125,000 families or whatever, I think, 'Well, that's interesting, but it doesn't tell me the whole story and it doesn't tell me what is really going on.' Senator Collins raises an interesting point. I

pay extra tax each month, and I think I factor that in sometimes—that I know I am paying the extra tax so I should be okay—but I always get it wrong.

Senator Patterson—So you like a little lump sum at the end, do you?

Senator CHRIS EVANS—No, I just do not like the bill I usually get.

Senator Patterson—I bet you like the lump sum when you get it, too.

Senator CHRIS EVANS—If you could speak to the Treasurer about that I would be very appreciative, Senator Patterson. He has not been all that sympathetic in the past—but enough of my financial affairs. Senator Collins made the good point that the knowledge that there is an additional amount affects your behaviour. For some families there is now an additional \$900 that they can factor in to the net gain. I had not thought about it, but that obviously affects behaviour.

Senator Patterson—I have thought about it. I have discussed it with the department and, as I have said, publicly I have indicated that there are other measures that I have been contemplating. If they come to fruition I am sure that, given your understanding of the system, you will be very supportive of the measures.

Senator CHRIS EVANS—I suspect you will not get the legislation in before July and you will not have to worry about that, Senator Patterson.

Senator Patterson—I would still worry, and I still would expect you to support it, Senator.

Senator CHRIS EVANS—If it is good legislation I will.

Senator Patterson—Good.

Senator CHRIS EVANS—Mr Kalisch, we are having a really interesting discussion but I am not getting this—and it is largely my fault: how do I test the performance measure for that estimation system, given the other changes going around? I do not accept the overpayments is the proper test for it.

Mr Kalisch—No. Certainly in the past we have given this committee an indication that the overpayment performance is getting better within the program as a whole, but with the caveat provided previously to the committee that there were other policy and administrative changes that were also happening within the program. Perhaps we can explore, and you raised this earlier, the distribution dimension—large families.

Senator JACINTA COLLINS—Mr Kalisch, I am wondering if you have anything about the indicators of the impact of the measure. What has been the impact of the supplementary payments on the number of families who received it?

Mr Kalisch—As I indicated to Senator Evans, we have the amount that the average family has received in terms of the supplement.

Senator JACINTA COLLINS—I understand that. But I am sure that, from past behaviour, you can go much deeper than that.

Senator CHRIS EVANS—Do you have anything other than an average? I was never very good at maths; do you have some sort of distributional curve?

Mr Kalisch—I have not seen it myself, but we might well have that information available.

Senator CHRIS EVANS—Just to give us a better understanding of what it means to families—how it is impacting. The average is one figure, but it tells you what is in the middle of quite wide experiences, doesn't it.

Mr Kalisch—This goes very much to the distribution aspect that you were talking about before.

Senator CHRIS EVANS—Yes, I am trying to get a sense of that.

Mr Kalisch—A sense of how many families get a certain amount.

Senator CHRIS EVANS—Yes.

Mr Kalisch—I will see whether we can provide that.

Senator CHRIS EVANS—Maybe you can take that on notice and see what you can do for us.

Senator JACINTA COLLINS—I do not want to be too disjointed, Mr Kalisch, but I want to go back to the discussion we had before about the 30 per cent child-care tax rebate. Shortly after, I read something in the PAES which I do not understand following your comments earlier. On page 57 it states:

The tax rebate will be implemented on 1 July 2006 (subject to passage of legislation)—

which is what we were discussing—

Consequential impacts for Child Care Benefit (CCB) are expected during 2005-06.

Can you explain to me what they are?

Mr Kalisch—I cannot. Unfortunately, with the changed responsibilities I am no longer responsible for CCB. I think we could follow this a bit later in the hearings.

Dr Harmer—We will provide you with the answer to that.

Senator JACINTA COLLINS—But you understand my concerns, from what you had said earlier?

Mr Kalisch—Yes. But you would also recognise that these numbers are very small compared with the total child-care tax rebate numbers that the government has talked about.

Senator Patterson—Are we at the end of that section to the issue about FTB B and A?

Senator CHRIS EVANS—Not completely, no. That particular line, yes.

Senator Patterson—I will make a comment about FTB B, just to put it on the public record. In the coalition election policy extra assistance for families, on page 5, halfway down the page it says:

To ensure that families continue to have choice as to the arrangements which best suit their own circumstances, a re-elected Coalition Government will increase the maximum rate of Family Tax Benefit Part B by \$300—

and it gives the costing there. It further says:

These increases will take effect from 1 July 2005

It talks about an increase in the maximum rate. It gives no specification on delivery, whether it is fortnightly or lump sum. The increase is being delivered as a lump sum and it is now

being delivered six months earlier than indicated there in the policy document. I just want to make that very clear, that the increases were to take effect from 1 July—that was up to \$300 for that financial year. The \$150 lump sum is in respect of this financial year, which is not mentioned in that document, which is an additional up to \$150 for families in FTB B in the maximum rate.

CHAIR—Thank you, Minister. Further questions on the family tax benefit?

Senator CHRIS EVANS—Yes. The minister referred to this a minute ago about the initiative for parents returning to work:

When a parent returns to work families would be able to keep the family tax benefit part B received prior to re-entering the workforce.

Could the officers give me a take on where that is up to and when that will be implemented?

Mr Kalisch—As you are aware, this measure was announced in last year's budget. It is intended that the measure will commence on 1 July 2005. The government is still—

Senator JACINTA COLLINS—For the 2005-06 tax year?

Mr Kalisch—Yes, that is correct. The government is still considering the precise micro policy details of this measure and we expect that that decision will be reached soon and legislation introduced into the parliament soon.

Senator CHRIS EVANS—It does require legislation?

Mr Kalisch—Yes, it certainly does.

Senator CHRIS EVANS—Obviously the timetable for that is getting tight, but the intention is to try and get that through prior to—

Mr Kalisch—Prior to 1 July.

Senator CHRIS EVANS—For implementation on 1 July.

Senator Patterson—There are some issues we will discuss when the legislation is going through about what is meant by 'returning to work'. If somebody takes on a job for a short period of time they may not deem that returning to work. I think we have to look at those issues. Always in policy something can seem easy at the time but there are people who have slightly different circumstances and are not going back to work full time, so we need to address those issues. We are working to the timetable to get that commitment, that measure which was announced in the budget, but because of the requirements of systems and everything that needs to be changed it could not be implemented until the 2005-06 financial year—that is 1 July this year.

Senator JACINTA COLLINS—Minister, I find it hard to imagine what your options would end up being beyond people having any eligibility for family tax B.

Senator Patterson—There are some other issues and we need to address those. I want to make sure that it is as fair as possible. But, also, it was not to be implemented until 1 July 2005 because the budget is in May and there are Centrelink systems that need to be put in place. It could not have been introduced this financial year. We are working to the timetable to ensure that it will be introduced for this coming financial year, 2005-06.

Senator CHRIS EVANS—I have a couple of specific issues to raise which are coming from constituent queries about the family tax system.

Senator JACINTA COLLINS—Senator Evans, just before you go to those, can I just rule off one other earlier issue from before, now that Dr Harmer is back. He raised earlier the answer to the questions that I had been pursuing previously about the forward estimates. I am wondering if you could provide the committee fairly promptly with a formal response to that effect, because I am interested in exploring further what additional information could be available, arguably, without compromising Treasury concerns. It may well be I can frame questions in a way where at least I can argue that such is not compromised.

Dr Harmer—As Mr Kalisch said earlier, we will be prepared to provide the estimates for years out. What we will not do is provide, for payment type, specific year-by-year estimates. I suspect we can give you quite a lot of what you want without breaking down the payment type year by year. I will take that on notice, if you like—

Senator JACINTA COLLINS—I was hoping you might be able to get me that answer and then I could put questions on notice to the committee in the framework of these hearings so that we could proceed the matter.

Dr Harmer—I will see what I can do.

Senator JACINTA COLLINS—Thank you.

Senator CHRIS EVANS—Dr Harmer, one of the issues that has been raised with me is that where a child earns more than \$10,947 in a financial year the family have to pay back FTBB received for the child for that year. I have had a couple of families approach me about this issue. A child might have been at school part time and working at Kentucky Fried during the year, then leave school in November and get full-time work. That child's family, who had a child in school for half a year before that child moved into employment, get hit with an FTBB debt even though that might have been cancelled in November or December, when the kid left school. Could you explain to me if this is a real issue, how you are dealing with it and whether any policy responses are being considered.

Mr Kalisch—It is an issue for some families, either FTBA or FTBB, and it really goes to the definition of 'dependent child'. The child income threshold provides a numerical threshold for them as dependent on the parent or, beyond that threshold, the assumption is that they have independent financial means.

Senator JACINTA COLLINS—Mr Kalisch, in the light of earlier discussions, so that we do not get bogged down in areas that we have previously got bogged down in, let us deal with the child who is not working at all and has moved into full-time employment.

Mr Kalisch—It is exactly the same scenario.

Senator JACINTA COLLINS—I know. But, in the past, Senator Vanstone and others have argued till they are blue in the face that if people are out in the work force and earning money then why shouldn't it impact on the overall family budget. Let us use that stark example. The child has not been earning anything for a significant proportion of the year and then, unpredictably to their family, they move into full-time employment.

Mr Kalisch—I suppose we would question whether it would be ‘unpredictably’, because advice is certainly provided to families when a child is approaching 16 and potentially about to move out of school and into a full-time work situation. Families have a number of options at this stage. They can opt not to receive FTB for that child for the intervening period; they can claim it at the end of the year, when they know whether they have met the income rules; and they can potentially claim it through the tax system.

Senator CHRIS EVANS—Aren’t we just moving out of fortnightly family payments and into an end-of-year tax calculation? Most families with a 16-year-old teenager who is eating them out of house and home and for whom they are buying new Nikes et cetera are facing real costs.

Senator JACINTA COLLINS—Just the food bill!

Senator CHRIS EVANS—I have a 13-year-old who is just starting to grow, and I am beginning to learn about that.

Mr Kalisch—Senator, I have a 15-year-old who is taller than I am.

Senator Patterson—We are all interested in your individual families!

Senator CHRIS EVANS—I went out and bought sports shoes on the weekend and we will be paying for them for a couple of months. The point is that families who are a lot less well placed than you and I are struggling—they might have other kids. Is your only answer: ‘Stiff! Once the child earns more than \$10,000, we want the money back’?

Mr Kalisch—This has been a feature of family payments for as long as I can remember: there is an indicator or benchmark below which a child is deemed to be dependent and above which they are deemed to be independent. The other thing I think we could say is that that child threshold has increased quite significantly over the past couple of years. As a result of some of the changes that government has made in other policy areas, this child income threshold has gone up to well over \$10,000, whereas I think it was previously in the range of \$6,000 to \$7,000. I think you would also recognise that \$10,000 is a significant amount of income.

Senator CHRIS EVANS—That is right.

Senator Patterson—And it is quite a significant increase.

Senator JACINTA COLLINS—The other measures took into account changes during a financial year with respect to dependent spouses, but not in relation to dependent children. Senator Evans point is: why not?

Mr Kalisch—Sorry, I could not quite understand the question.

Senator JACINTA COLLINS—The adjustments that have been made to the system in relation to FTBB—what was the word you used earlier?

Senator Patterson—It is about the secondary income earner going back to work—

Senator JACINTA COLLINS—Yes, that is right.

Senator Patterson—which in many cases is not as predictable. You know when a child is going to turn 16 and likely to be earning money. We have increased the amount of money they

can earn—that was one of the factors that I thought would assist in this, the increase would eliminate a number of people who would otherwise have received overpayments. But it is not always obvious when a secondary income earner returns to work or at what time of the year they are going to return to work. As Mr Kalisch has said, the income of children has been taken into account as long as he can remember, and I presume he can remember back further than when we were in government.

Senator CHRIS EVANS—I accept what you are saying. I do not want to have an argument about it. I do not think saying it is obvious to them when the child is going to enter the work force is necessarily right. I do not accept that, but that is a difference of opinion. What I am trying to get to is: is there any relief measures for those people? I understand there are always difficulties in resolving these things. Families get hit with a debt when, in fact, they only claimed while the child was at school and was dependent but then at the end of the year they are assessed as having, if you like, inappropriately claimed. This is for someone who has met the guidelines—the child gets a job in December, they declare it et cetera. So it is not as if it is someone who is not playing the game. They are playing the game, they did everything correctly, but they still end up in a financially disadvantaged position as a result of the impact of it. I understand how the system works. You also understand there is concern about it—some families do not like the way it works, and the minister obviously understands that. Is there any alternative policy being considered, or have you considered other ways of actually helping families not getting into that position?

Senator Patterson—There are two things we have done. One is to increase quite significantly the amount that a young person can earn before it affects family tax benefit. It was not a small percentage increase—I don't know what percentage increase.

Mr Kalisch—It was a matter of thousands of dollars.

Senator Patterson—Thousands of dollars increase and that was one of the factors when this was raised, and that is one of the reasons we did that. I am just looking through the booklet. I did have my hands on this booklet when it was being redone, and from memory it is quite clear about other income that can affect overpayments. I made very sure that—and I do not think it was as clear in the previous books, and I stand corrected on that—there was a list of things that you would need to watch out for. It lists on page 42, and also somewhere else in this booklet, the things you need to look for:

If you think your child over 16 will earn \$10,947 or more

I clearly asked for that to be in every time we talked about overpayments so that people were aware that if your child was going to be over 16 and likely to earn \$10,947 or more that that would be a factor. That is more clearly explained in this booklet. I think it is written in a language that people can understand. In previous books I think some explanations were a little bureaucratic or sometimes expressed in the way that Tax would say things rather than the way you and I might talk about things. It is very clear in this documentation that parents are told. We may need to do better, but raising the amount that they can earn by a very large percentage should have an impact, and that was a policy response to that issue.

Senator CHRIS EVANS—So the answer is there is no other policy response other than—I do not want to labour this—the raising of the threshold to a higher level than what it was. Is that the formal answer?

Senator Patterson—And telling people more clearly.

Dr Harmer—Apart from those things, clearly like all other programs we run we would continue to monitor it, collect information and provide advice to the government.

Senator CHRIS EVANS—Are you able to tell me how many families are affected by the child going over the income limit?

Dr Harmer—We probably have not got it.

Senator CHRIS EVANS—Would you like to take that on notice about how many families are affected.

Senator Patterson—The other thing is we would need to say is that it would be since it has been increased to \$10,900, because it would be not a good indicator for use otherwise.

Senator CHRIS EVANS—I would be interested in both, Minister, before and after, so we can see whether the income limit has made a difference. I have had a couple of issues raised with me already in the last couple of months. I am not pretending it is sweeping the nation as a major issue, but I have been surprised that I have had a couple of constituents raise it with me already.

Dr Harmer—We will try to get you those.

Senator JACINTA COLLINS—Isn't one further issue that is relevant here the movement of young people onto youth allowance? If a young person moves over onto youth allowance, then they are no longer in the annual assessment system. Is that not correct?

Mr Kalisch—Once they are on youth allowance there is for some of those people a separate parental income test, depending on whether they are dependent or independent students or dependent or independent job seekers

Senator JACINTA COLLINS—Would this then mean that in some circumstances there is an advantage for young people to move onto youth allowance, rather than families receiving family payment before they enter employment?

Mr Kalisch—That is a choice that people have had for a number of years. The choice varies with regard to the respective generosity of youth allowance and family tax benefit. In fact, one of the results of family tax benefit becoming more generous is that we are expecting a few more children to remain on family tax benefit rather than transfer across to youth allowance.

Senator Patterson—It is giving them a choice.

Mr Kalisch—Families have a choice: they can elect one or the other.

Senator JACINTA COLLINS—What happens if a child swaps between the two during the financial year? Does the family still end up with a debt if the child's income is more than estimated?

Mr Kalisch—They will be treated as a part-year recipient and go through the usual reconciliation process for the time they have been on family tax benefit.

Senator Patterson—It is a similar thing when a child turns a certain age in the middle of the year.

Senator JACINTA COLLINS—So the lesson for smart players is to move your child off family tax benefit onto youth allowance before they get a job and then let them move into employment—yes?

Mr Kalisch—Not necessarily.

Senator JACINTA COLLINS—I think it highlights a bigger problem with the system.

Senator MOORE—One of the things that we have been talking about is how people know how to work the system. That has always been the issue: the amount of knowledge and awareness of the system and what you can do. That is always going to happen, no matter what happens.

Senator Patterson—That is why we try to make the communications as clear as possible.

Senator MOORE—I have a specific question, Mr Kalisch. It comes out of someone's confusion. It is to do with the interaction of family tax benefit A and access to the Medicare safety net. Someone scrolls through the HIC web site and looks at their entitlements and sees that if you get family tax benefit A you are eligible for the \$300 Medicare safety net. It is a 'what if' question, and I know we have had a lot of them today. I always feel as though I need a whiteboard every time I see you, so I can see it all up there on the board. When looking at the HIC process, it says if you are eligible for family tax payment A you will then be covered for Medicare processes. So if you elect to take your FTBA payment straightaway and you get that payment, then you should be able to get your Medicare \$300 rebate for the rest of the year. But if you defer it and get it at the end of the year with your tax return, you may not be able to be covered by the Medicare \$300 safety net for the whole year. Is that one of those things that you cannot reconcile?

Mr Kalisch—I recall this issue was being discussed around the time the Medicare safety net threshold was being considered. I cannot quite recall exactly where we got up to in the discussions with the health department in terms of the system interactions. Hopefully I will be able to come back to you on that today.

Senator MOORE—Yes. It is one of those cases where you look at the interaction of the systems and, as Minister Patterson has been saying, it is about getting the communication clear. It is clear to look at it but then you think that it does not seem fair. So if you would not mind taking that on notice, please.

Mr Kalisch—Yes, we certainly will. People back in the department have the answer.

CHAIR—That has now concluded output 1.1, so we will have a break and recommence on output 1.2.

Proceedings suspended from 12.24 p.m. to 1.40 p.m.

CHAIR—We now proceed to output 1.2, youth and student support.

Senator MOORE—I only have a couple of straightforward questions, Dr Harmer. If you need to take them on notice, so be it; otherwise we will just run through them. We are trying yet again to clarify exactly who does what. Does your department retain any of the responsibilities in youth and youth support under the new arrangements?

Dr Harmer—We have some youth programs but the income support payments for youth have gone to either DEWR or DEST now.

Senator MOORE—Did people go with those as well?

Dr Harmer—Yes, they did, in both cases.

Senator MOORE—What have you retained? What exact youth programs have you kept?

Dr Harmer—Indeed.

Senator MOORE—Thank you. This is another occasion where a very large whiteboard could be useful.

Dr Harmer—Indeed.

CHAIR—We do not talk about whiteboards.

Senator MOORE—I find them very comforting.

Senator JACINTA COLLINS—Especially when you think about speeches made in particular locations.

Senator MOORE—Ms Flanagan, what have you got?

Ms Flanagan—I have youth now as well as women.

Senator MOORE—So it is women and youth, that is the name of it?

Ms Flanagan—Yes.

Senator MOORE—So it is office for women and youth affairs, or something?

Ms Flanagan—The Office for Women is still a separate entity within the department and designated as a separate entity, but I think they thought I did not have enough to do so I have taken over youth as well.

Senator JACINTA COLLINS—There is now an office for youth?

Ms Flanagan—No, there is not an office for youth, it is just that as a group manager I have taken on responsibility for youth as well. I have only been at it two weeks.

Senator MOORE—What exactly do you think you are doing with that, Ms Flanagan—what people, what tasks, what programs?

Ms Flanagan—In the machinery of government changes, as the secretary has just indicated, a number of the income support related programs did go to other portfolios, but Family and Community Services are still responsible for a number of programs and those are set out in the portfolio additional estimate statements.

Senator MOORE—Can you refresh my mind, though, particularly from that focus, and why—what is the rationale for keeping them?

Ms Flanagan—The programs that we have kept are actually shown on page 65—

Senator MOORE—Of the additional estimates?

Ms Flanagan—Of the portfolio additional estimates statements.

Ms Flanagan—It, in fact, lists all of the administered appropriations but there are footnotes of those that have transferred to other portfolios. The ones that have remained with Family and Community Services are Reconnect, the Targeted Youth Assistance Program, Mental Marketplace, the Transition to Independent Living Allowance and Youth Activity Services. We also have responsibility for a research program that we do on behalf of MCEETYA and a range of activities such as still continuing to organise National Youth Week. As well as that we also have consultative mechanisms such as the youth roundtable.

Senator MOORE—You have retained the youth roundtable?

Ms Flanagan—Yes, we have. The reason I believe that was done was, in effect, because we can explore the synergies with families and communities and some of the other activities that are within the portfolio.

Senator MOORE—How many people do you have working in that area?

Ms Loveday—We have 49.

Senator MOORE—They were all pre-existing employees that stayed and you just lost the ones that went across to the other departments?

Ms Loveday—Yes.

Senator JACINTA COLLINS—What is the difference between a bureau and an office? Excuse my naivete.

Ms Flanagan—It is a name—a rose by any other name.

CHAIR—Very good answer.

Senator JACINTA COLLINS—It is just that I asked Ms Flanagan whether there also an office of youth and she said no, but then I learnt there was a bureau.

Senator MOORE—They are co-located with you in your Woden office?

Ms Flanagan—They are certainly at Woden, and, again, I think as was explained earlier on today, there is a lot of movement going on. We hope to be co-located somewhere together soon, but at least we are just across the road.

Senator MOORE—That would be the plan at this stage?

Ms Flanagan—That would be the plan, to try and locate us together.

Senator JACINTA COLLINS—Can you just take me quickly through the revisions and expenditure here, what they relate to, in terms of what you have kept. On page 65, what do the revisions actually relate to?

Ms Flanagan—There are only very slight variations between budget estimates and the revised estimates. I think there has been a very small rephrase for the mentor market place that was rephased from 2003-04 to 2004-05, and I know that there are some indexation factors in

Reconnect that might explain it, but perhaps Ms Loveday might be able to give you some more detail on that.

Ms Loveday—The minor revision downwards for Reconnect was to reflect that one or two Indigenous services are difficult to establish in the time frame for the full year, so that is to reflect that that took a bit longer than anticipated. The other factors were indexation in the youth activity services, and the variants in the mentor marketplace was also an accounting and an accrual adjustment that had been made from the previous years inadvertently.

Senator JACINTA COLLINS—Now, if there were to be an adjustment in the amount that was being spent on the youth roundtable for National Youth Week, where would I see that?

Ms Loveday—In departmental.

Ms Flanagan—So, it is not separately identified.

Senator JACINTA COLLINS—Has there been any revision in the departmental? What page are we on for that?

Ms Loveday—No, not that I am aware.

Senator JACINTA COLLINS—Not at all.

Ms Loveday—Not in youth.

Senator JACINTA COLLINS—And there has been no revision in internal budgets in relation to the roundtable for youth week?

Ms Loveday—Not that I am aware of.

Ms Flanagan—We will just double check that.

Senator JACINTA COLLINS—If there is more you can provide it.

Ms Flanagan—We do not think so, but it is administered by another branch so we will just need to double check that, but we believe there has not been, that is our understanding.

Senator MOORE—It has been confirmed that there is no adjustment. That is all I have.

CHAIR—If there are no further questions on output 1.2, we will move to output 1.3, child support.

[1.47 p.m.]

Senator MOORE—These are almost the same questions just using the words ‘child support’ this time, Dr Harmer, Ms Beauchamp and Mr Carmichael. What responsibilities, if any, does your organisation have in the child support area since the changes?

Dr Harmer—We retain the responsibility for policy on child support and, as I indicated to Senator Evans earlier, the Child Support Agency—the delivery agency—has gone to the new Department of Human Services. There is a large number of staff in that agency, around about 3,000, but we retain the child support policy capacity, so there has been no change in that. In fact, when the Child Support Agency was in the department, it operated as a separate unit.

Senator MOORE—So your unit in the new department would be largely unchanged?

Ms Beauchamp—That is correct.

Senator MOORE—The same number of staff?

Mr Carmichael—There is some enhancement to the staff.

Senator MOORE—That is positive, Mr Carmichael. By much?

Mr Carmichael—It is a work in progress. Obviously you are aware of the task force that is reviewing child support policy, so we have had to uplift the number of staff to support the work of the task force. We are just going through a process now to work out what the permanent staffing level should be over the long term.

Senator MOORE—What is the current time frame for the task force?

Mr Carmichael—It will report towards the end of March—31 March this year.

Senator MOORE—That has come quickly, hasn't it?

Mr Carmichael—It has.

Senator MOORE—March 2005 we would be expecting a report. It would seem to me that that would be the bulk of our questions, Senator Collins. We just want to clarify exactly what are the new arrangements and how they are working. Whereabouts is the policy unit located physically?

Mr Carmichael—It is physically located in Juliana House in Woden.

Senator MOORE—It still is. There has been no change to your area.

Dr Harmer—When I can I am going to bring them closer to where I am in Tuggeranong, but it is going to be a little while.

Senator MOORE—Thank you very much all that for that.

[1.50 p.m.]

CHAIR—We move to output 1.4, child care support.

Senator MOORE—I know Senate McLucas is coming for this, but I have my perennial statistical questions for the child-care support people. Ms Beauchamp, do you have the happiness of responding to the statistical questions again? It may well be you might have to take them on notice, but they are standard questions about update information on CCB overpayments and top-ups for the last financial year 2003-04.

Ms Beauchamp—Yes, I have got the responsibility now for children support services. I think there was a question on notice towards the end of last year around reconciliation and top-ups in overpayments.

Senator MOORE—Yes, there was.

Ms Beauchamp—I have got some updated information, but obviously I will have to put a caveat around that. That is not complete for the whole of the year. I am happy to table that when I get it in a table form some time today.

Senator MOORE—In the response that you gave to the question on notice from Senator Evans you said that there was a new methodology being put in place. I will just remind you of your answer. You said:

Comparative data using the new methodology will be available from February 2005.

Can you fill us in on what the new methodology is and is it meeting the time frame you hoped it was going to meet in December?

Ms Beauchamp—It is meeting the time frame. It is a fairly technical response.

Senator MOORE—It is better if it is that technical because I think we would like to know. There was interest in the fact that there was a new methodology brought in because this area has been under review. Maybe if we could get a briefing note on the new methodology that might be useful and then if we can consume that we may get back to you. I do not think there is any value in—

Dr Harmer—You would like an explanation of the methodology.

Senator MOORE—Yes, I think it would be useful just so we are asking the right questions at the right time.

Ms Beauchamp—Okay.

Senator MOORE—You will be able to provide us with some data, but there is a caveat around it in terms of it being incomplete.

Ms Beauchamp—Yes.

Senator MOORE—If we can get that and just have the little explanation as to exactly why we cannot.

Senator JACINTA COLLINS—It would be useful if it is possible to have that in time for us to deal with any questions on notice—

Ms Beauchamp—Around the reconciliations and the top-ups?

Senator JACINTA COLLINS—No, if you could give us the briefing note in relation to the new methodology—

Ms Beauchamp—The methodology, sure.

Senator JACINTA COLLINS—and we can consume that in time for us to put questions on notice in this round, then I think that would be the most useful way.

Dr Harmer—We will see what we can do.

Senator JACINTA COLLINS—Can I go back to an issue that I raised with Mr Kalisch earlier about page 57 of the PBS. What are the consequential impacts for CCB of the 30 per cent child-care tax rebate?

Ms Beauchamp—I guess from our department's point of view we are expecting some people who would be currently eligible for CCB and not currently claiming because of choice would now start claiming CCB to be eligible for the child-care tax rebate when that does come in.

Senator JACINTA COLLINS—What are your estimates here then based on? What is the current level of non-claiming in your estimates, and what proportion of people do you think will then claim? This estimate intrigues me because I have asked this question in the past about what proportion did the department estimate of people that did never claim, and you have always told me you just could not possibly estimate, but obviously to reach these sorts of figures you have. So I would like to know the methodology behind this data.

Ms Beauchamp—I have not got that detail in front of me.

Dr Harmer—We will take that on notice, Senator.

Senator JACINTA COLLINS—Are you able to tell me whether this estimates up to the 100 per cent of people now claiming?

Ms Beauchamp—In general terms we would be looking at people on minimum CCB and making an assessment of those currently using child-care services that are not currently claiming.

Senator JACINTA COLLINS—The issue here is that it is suspected that there is a fair proportion of people who do not bother claiming CCB because they would only receive, as was suggested, the minimum amount—not so much by choice but by the fact that they will now be eligible for this additional 30 per cent rebate—who will now claim. You cannot tell me the parameters of what these estimates are based on even in the broader sense?

Ms Beauchamp—As a bald figure— and I would have to put caveats around this and get back to you on the methodology—our estimate that we are using is a little over 10,000 families currently not claiming.

Ms Powell—That would be currently not claiming and likely to claim the tax rebate, that of course would not be the estimate of the number of families entirely within the system not claiming.

Senator JACINTA COLLINS—There is also the work test, is there not? You would need to be qualifying for the work test to qualify for the rebate and if you did not qualify for the work test there would not be much point in now claiming CCB. I would be very interested to see the methodology behind these estimates factoring in those issues. I will come a little bit later to questions about the work test as well because in the past with the department we have discussed problems with the work test as it is presently structured and now we have thrown another billion dollars at it. I am going to be intrigued to see how that works.

The issue, responding to some frowns in the background here, is that the way the work test is currently being applied you can get access to a child-care place and be counted as receiving CCB for work related purposes by simply working one hour a week. Whether your child-care coincides with when you actually work is simply not relevant to the way the Commonwealth administers this payment.

Ms Beauchamp—Were you asking me a question?

Senator JACINTA COLLINS—No, I was responding to some frowns from people trying to understand what I was getting at.

Senator McLUCAS—This issue goes to DSUPS, the disability payment in child care. I do have some knowledge of DSUPS in that there was a review around supplementary services quite a few years ago, I understand. Where is that up to? I understand there was a change to the delivery of supplementary services.

Ms Griffin—DSUPS is included in the overall review of the child-care support program because that is the source of funding for it. Those outcomes and the way forward for the new now called child-care support program, were announced early June last year and we are

moving towards implementing those changes. But the new payment that overtakes DSUPS and SNSS from 1 July 2006 will be called inclusion support subsidy and the guidelines around that have not been developed yet. So DSUPS will continue as it is until 30 June 2006.

Senator McLUCAS—When I looked up on the web site I was a bit intrigued at the way that it seems to be shown. It is almost like a work in progress. Is that how it is meant to appear on the web site, with striking out and underlining?

Ms Griffin—I am not sure which part of the web site you are referring to.

Senator McLUCAS—‘3.1 Types of funding available’ and there was just a whole heap of text underlined and struck out.

Dr Harmer—You have got the track changes on.

Senator McLUCAS—Tracking changes.

Ms Griffin—It sounds unusual.

Senator McLUCAS—It is unusual—it is my problem, not yours. I just thought this might be explaining to people what the changes were meant to be but it is not meant to look like that.

Dr Harmer—No, it is not meant to be like that.

Senator McLUCAS—Maybe I have got a system that gets into your system.

Ms Griffin—Just to clarify, the changes around the whole Inclusion and Professional Support Program for child care included public consultation. The consultation closed on 22 December, and a full consultation paper was released late last year. All of that is on our web site and seeks to explain the context of the changes and the time frames for going forward.

Senator McLUCAS—There is the SNSS—that is, assistance to child-care services to provide support for people with disability?

Ms Griffin—That is right.

Senator McLUCAS—I know DSUPS is going to change, but can you tell me how it works currently?

Ms Griffin—DSUPS is the payment for family day care and in-home care. It is similar in that it is a supplement to services in recognition of the extra work involved in caring for children with disabilities and extra support needs. The SNSS, which you referenced earlier, is for long day care and the other care types, and it includes similar sorts of payments.

Senator McLUCAS—Outside school hours care, occasional care—all those?

Ms Griffin—Yes. It is a different care type.

Senator McLUCAS—Can you tell me about the in-home care part of it, which I did not know about. In a moment I want to come to a particular issue, but I had not previously heard of the in-home care component of DSUPS.

Ms Griffin—It is just an applicable care type.

Senator McLUCAS—It does not have to be paid to a registered day care provider?

Ms Griffin—Sorry, Senator, I do not understand.

Senator McLUCAS—It is paid to the parent of the child?

Ms Griffin—No, it is payable to the service, the in-home care service and family day care service.

Senator McLUCAS—Then that service would employ someone to provide in-home care?

Ms Griffin—No, in fact it is for particular purposes. I think it is for supporting excursions out of the home and to allow the carers to obtain extra training so that they can include children with extra needs.

Senator McLUCAS—Is that the document I should be reading?

Ms Griffin—Yes, those are the correct guidelines.

Senator McLUCAS—The particular case that has been brought to my attention involves a parent of a child with disabilities so severe that the child cannot actually leave the home. The DSUPS payment is paid to employ an in-home carer who basically works in shifts with the single mother. This woman has been told that she no longer qualifies for DSUPS. On my reading of the guidelines, that possibly is correct. Does that sound right to you?

Ms Griffin—Yes. I just need to clarify. It is the in-home care that provides care. It is the service type, the care type, that provides for children with disabilities to be cared for in their own home, and the DSUPS. In-home care is also applicable to rural and remote families where there is no access to mainstream child care, parents who work shiftwork and parents who themselves are disabled. So in-home care is a type of care targeted at several groups for whom mainstream care is not available. On top of that, DSUPS is a payment to the carer in recognition of the fact that they are able to care for fewer children because they are caring for a child with a disability. So it sounds like the in-home carer of this person should be eligible for DSUPS. But it is not the child or the person who attracts the DSUPS payment themselves.

Senator McLUCAS—In this particular case the carer is paid for by an organisation, clearly. This woman has been advised by that organisation that as of 1 July 2006 she is not eligible for this support.

Ms Griffin—From 1 July 2006?

Senator McLUCAS—Yes.

Ms Griffin—Yes, that does relate to the changes that are under consideration in the new Inclusion and Professional Support Program. I mentioned earlier that the guidelines for the inclusion support subsidy, which will replace DSUPS and SNSS, are still being worked through.

Ms Beauchamp—The minister has recently announced a review of in-home care, and we will be going through a process consulting with both service providers and clients to get an understanding of how we might better meet the needs of, for example, your case study. So that is a process that we are now embarking on.

Senator McLUCAS—How long do you think that will take?

Ms Griffin—That review will be completed by the end of May.

Senator McLUCAS—You are talking about in-home care. Is that a subset of DSUPS?

Ms Griffin—No.

Ms Beauchamp—That will be a subset of the Child Care Support Program. The process we are going through is very much a transitional process moving to this new arrangement, streamlining existing services and payments, and coming up with a model based on four particular programs. This has been out there under consultation, and in-home care is one element of that.

Senator McLUCAS—So it is proposed the review will be completed by the end of May. What will happen after that?

Ms Beauchamp—We will consolidate all the feedback we get from both clients and service providers, look at where we might make improvements and obviously put some advice and recommendations to the minister.

Senator McLUCAS—I am worried about the time frame, to be frank. I think you will understand why when I read you a section of this letter in a moment. That process will take time. You are hopeful that the minister will have advice by June?

Ms Beauchamp—We will have advice before 1 July, when we are hoping to put in place the new arrangements around the Child Care Support Program. If I could make a suggestion: if you have a particular client and a particular issue, perhaps you should refer them to the department to see what actually can be done.

Senator McLUCAS—Certainly. I got this letter just recently, and this is an opportunity to deal with it. I will not read from this extremely emotional letter, but it is from a woman who, in tandem with a carer, is looking after an extremely disabled child. She got advice from her provider and, as she tells you in the letter, she cried all afternoon. When you understand the level of disability involved, you will agree we cannot leave her in the lurch—and I am sure there are plenty more around Australia in the same position—worrying about what is going to happen after 1 July 2006. I cannot understand how she could care for this child by herself. We have to be able to give people in this situation some surety that something is going to happen, that they are not going to be left by themselves.

Ms Beauchamp—I guess that is exactly the objectives of the program. We would have to look at the case and the exact circumstances.

Senator Patterson—People like that really need and deserve that assistance. Mind you, I might also say the states need to lift their game a lot with regard to respite for parents with children with a profound disability. Many of them are doing abominably at that. That is why we put the \$75 million—

Senator McLUCAS—It is not worth playing politics about this, Senator.

Senator Patterson—Hang on. That is why we put in \$75 million, for respite for older people. That should help relieve some of the pressure on the states to actually address respite for these people. It is to ensure that people who need and require that sort of care are getting it, not the people who do not require it. I will ensure that that sort of case is the type of case that we focus on very clearly. That is what this program is meant to be for.

Senator McLUCAS—Is there evidence of people who are not eligible for DSUPS payments accessing them?

Senator Patterson—That is why we are having a review: to make sure that assistance is going to people who really require it. I am not being political about this. People caring for profoundly disabled people is an issue the Commonwealth and the states have to address. I have said that to the ministers in the ministers meeting. It is going to be hard for all jurisdictions—state, territory and federal—to do this. But part of the review is to ensure that we deliver to people who require this sort of service—and it is always difficult to deliver individualised type programs, rather than somebody fitting a program—a program that fits them. With my interest in and passion about people with disabilities, you can bet your life that I will be focusing very much on this. I would be quite happy to look at the letter, if you are prepared to hand it to me.

Dr Harmer—Senator, you might not want to hand over the letter, but perhaps you could give us the details of the person and the service provider. It sounds to me that we need to give some advice and information to both parties. The service provider is giving the wrong information to the client or misinterpreting information it is getting from us.

Senator McLUCAS—Dr Harmer, I just wrote down, ‘What advice have you provided to the providers?’ What communication has been had with DSUPS providers about what is happening? It seems to me that the provider has got the wrong end of the stick—

Dr Harmer—Yes, it sounds like it,

Senator McLUCAS—and just reacted by saying, ‘This is what is going to happen.’

Dr Harmer—And has perhaps unnecessarily upset the parent.

Ms Beauchamp—There has been an extensive consultation process around the whole redevelopment of the new Child Care Support Program. I might ask Donna to talk about the consultation process.

Senator JACINTA COLLINS—How far back do you want to go?

Senator McLUCAS—I am aware of the early part of this from another life before I came to this place. What have we told the providers in just the most recent correspondence with them?

Ms Griffin—I suppose the Inclusion and Professional Support Program consultation before Christmas is the most recent and public, from which we received 130 submissions and posted out the consultation paper directly et cetera. But I just wanted to clarify that the purpose of the new program—

Senator JACINTA COLLINS—Sorry, which new program?

Ms Griffin—The inclusion support element of the Inclusion and Professional Support Program, which is part of the new Child Care Support Program—is for the inclusion of children with additional needs, including DCALB and Indigenous, and children with mild disabilities, in a normal child-care environment where they can benefit from developmental interaction with other children. So we have advised on our web site that the new inclusion support subsidy as framed from 1 July 2006 will not be applicable to in-home care, where children are not in a normal child-care environment.

Senator McLUCAS—That is where the confusion is.

Ms Griffin—That is right.

Senator McLUCAS—That is what she has been advised, that she will not get that payment, and her child cannot go to child care.

Ms Griffin—But happening in tandem with that is the in-home care review, which is looking at how we can better support families in that predicament in their in-home care environment.

Senator McLUCAS—She got that part of the story and not the other part.

Ms Griffin—That review will be completed by May this year, when we will start developing guidelines for the new inclusion support subsidy and of course all the transitional arrangements. What we will do for children and families in such a predicament is still being developed, because it is a 1 July 2006 time frame.

Senator JACINTA COLLINS—Just slow down one stage here. So people presently receiving support on what will be the future inclusion support subsidy, the old DSUPS essentially, have been told that that particular subsidy will be focused exclusively on essentially child-care centre type care?

Ms Griffin—No, family day care can also provide inclusive practices.

Senator JACINTA COLLINS—So you would include family day care?

Ms Griffin—Yes.

Senator JACINTA COLLINS—But not in-home care?

Ms Griffin—On the face of it, no, but we are looking to the outcomes of the in-home care review to understand the sector and how they currently cater to the needs of children with disabilities, and what the appropriate form and level of support is.

Senator McLUCAS—In her letter she explains to me why her child cannot go to a child-care centre or why her child cannot go to family day care. So that is what has happened.

Senator Patterson—When people are very vulnerable, if there is a suggestion of any change, they sometimes can interpret it as going to affect them. I think this might have happened in that case: they hear one part of the message and not the other. But we are quite happy to correspond with her, if she is willing, and also to try to work out where she got this message from and correct it if that is the case. We have another year and a bit to go, and we need to make sure that other people are not in the same situation. So I appreciate your bringing it to our attention. We will get the department to talk to her, if she is willing, about why that misunderstanding might have occurred. If it is a fault in our communication, we will correct it and try to make sure that people get direct communication from us about what the review is about.

Ms Beauchamp—To add to what the minister is saying, we are hoping to write in the very near future to providers around the whole new program, including people under current payments.

Senator McLUCAS—I think that might be timely.

Senator JACINTA COLLINS—Do the terms of the in-home care review actually include looking at alternative payments for people who would no longer qualify for the inclusion support subsidy?

Ms Griffin—It does.

Senator JACINTA COLLINS—That is obviously the message that is not reaching some people. Minister, perhaps on another occasion I might talk to you about the in-home care scheme in relation to some other problems.

Senator Patterson—We are having a review. You are very welcome to submit to the review and also to talk to me. I am happy to meet with you with some of the officers who are doing the review. I am willing to listen to anything we can do to improve it.

Senator JACINTA COLLINS—I have some significant problems with what may have occurred with some of the start-up funding under earlier schemes. I would rather not spend the time here exploring it, but I think it should be looked at.

Senator Patterson—We will organise a time. I will get the officers who are responsible for the review, and you can give it to us full frontal—bang on.

Senator MOORE—You have mentioned the review. There was some media coverage of the review when it came out. What exactly stimulated the need for this review—just to do things better? I know reviews get stimulated by lots of things. What caused the review of in-home services?

Ms Beauchamp—It did come out of the review of the old Child Care Support Broadband.

Senator MOORE—The long-awaited broadband.

Ms Beauchamp—Yes. I do not think we have had an objective look at this program for quite some time; so that is another reason.

Senator JACINTA COLLINS—I recall history a little differently. When Senator Newman announced this scheme back in about 2000 a certain number of places were allocated and then—what is the right word for it?—a stall was applied and no additional places were allocated under this program for quite some time. Then not long before the election Minister Anthony announced that lots of extra places would eventually be brought online and the original commitment of 7,000 was eventually met. But my impression from earlier discussions about this scheme is that there were some concerns about its operations dating right back to when no additional places were being allocated for a period of about two years.

Ms Griffin—Because in-home care is a fledgling of the sector, I suppose— family day care, OSHC and the others are quite well established, and in-home care is the newest—the feedback we have from the sector is that there is some lack of clarity on issues around engagement of carers.

Senator JACINTA COLLINS—This is presently?

Ms Griffin—Yes.

Senator JACINTA COLLINS—No, what I am suggesting in the history of this is that the department stopped allocating any new places well under the minister's original commitment

to places, presumably because there were concerns about how this program was being rolled out, and the number of places being provided stagnated at a flat level for quite some time.

Senator Patterson—I do not think you can assume that.

Ms Beauchamp—Or the level of demand may not have—

Senator JACINTA COLLINS—No, it was not the level of demand. We know it was not the level of demand. Perhaps I might ask you on notice to give us the history of the review of this payment rather than just refer to it in the present sense, because it does have a long history going back to 2000.

Senator Patterson—We might go back and also look at how much in-home care was given to people with disabled children before that.

Senator JACINTA COLLINS—I am just asking the department not to rewrite history, Minister.

Senator Patterson—I am just interested in the history. I would like to know it. I do not know that there was any in-home care pre-1996.

Dr Harmer—You would like us to give some sort of chronology of how we have got to where we are?

Senator JACINTA COLLINS—Yes.

Senator McLUCAS—A stream of complaints from parents of disabled children, severely disabled children, have come into this place. Whilst I was pursuing that matter on behalf of one individual, there are many others. This is not just a one-off. It goes to the advice they have been given that they will be removed from DSUPS without being given any advice about what will happen in its place. Who ascertains the level of disability that would make a family or a child eligible for the inclusion support payment or whatever it will be called?

Senator JACINTA COLLINS—No, it will not be that anymore; whatever the review might produce.

Senator McLUCAS—Whatever the in-home payment is going to be called.

Ms Griffin—It will still be in-home care. The inclusion support subsidy will in most cases of the in-home care provision not be payable as it currently stands, as it is proposed, because it does not include the child in a normal child-care environment. But, as you say, the part of the message that has not reached concerned parents is that transitional arrangements and alternative arrangements for families in that situation have not been agreed yet. That is why the implementation date is now 1 July 2006. It was originally to be 1 July 2005.

Ms Beauchamp—The review process will inform the preparation of appropriate guidelines and eligibility requirements under the in-home care.

Senator McLUCAS—So we have not identified what the level of disability is, who will ascertain the level of disability and who will make a decision whether support in a registered child-care setting or in-home support is more suitable for a child. Are you saying that that has not been worked out yet?

Ms Beauchamp—I think that will be based on the feedback we get from consultations with clients and service providers. That might be one element, if it is a recurring theme, that we would consider.

Senator McLUCAS—Sorry, it might be an element?

Ms Beauchamp—I cannot anticipate the outcomes of the review. We will go through a consultation process, as I said, with providers and clients to inform the preparation of guidelines and eligibility for the in-home care program.

Senator McLUCAS—The process will identify who assesses the level of disability and who makes the decision about whether the child is more appropriately supported in a child-care setting or in the home? I do not think we are understanding each other here.

Senator Patterson—I think what the officers are saying is that that will be part of the review. Providers may indicate that there is a need to clarify the level of disability. That will be taken into account in the review. That is why we are having the review. I do not have any recollection of any of my colleagues raising this issue with me. I have checked; I answer all letters from my colleagues, whichever side of the house they are from. You say there has been a stream of complaints. We have not had that sort of information. But, as I said, if you can give us the people who have been misinformed or have information that is of concern to them, we will look at it and we will make sure we clarify it with the providers and see whether there is any other way we can make sure they understand the process.

Senator McLUCAS—I understand it is not only individuals but organisations that have made complaints.

Senator Patterson—I will stand corrected, but I do not remember any correspondence on that issue. When something catches my attention, I follow it up and ask the department what we are doing about it. I take letters from my colleagues seriously. I do not have any recollection of a letter in that regard. Senator, you have raised it. I will ask the department to address that while we are in the process of the review.

Senator McLUCAS—When was the in-home care benefit established?

Senator Patterson—That is what I was saying: it did not exist before Senator Newman.

Senator JACINTA COLLINS—DSUPS started applying to in-home care when the scheme was first introduced in 2000.

Senator Patterson—Right.

Senator McLUCAS—I will leave that issue there, but there may be some questions on notice to try to get to the bottom of the issue.

Senator MOORE—One of the things I think we are trying to establish is that it was a pre-existing service. We have been all through the process of looking at numbers and figures for the various programs. I have to put on record that I am sorry to see SNSS go, because I am fond of the acronym. In terms of the process, I think what we are trying to search out is that the people who are involved in this, who are probably the most vulnerable—those who are caring for kids with disabilities—have some sense of confidence, and just the linking of the community process, because this is working for people.

My understanding is that this kind of payment, whatever it is going to grow into, cannot be used for nursing. It has a particular care provision, so it is not to have that process. Also, people who have children with significant intellectual disabilities have raised a concern about the mainstreaming concept that is being proclaimed everywhere. Those with children who are developing in one way but not another—for example, 12- or 13-year-olds who have the intellectual capacity of a two- or three-year-old—are worried that they may be actually brought back by going into a mainstream child-care centre. I expect that that is the kind of thing your consultation process will be looking to find out, but I would like to hear some confirmation of that.

Ms Griffin—The issue of children over 12 who have disabilities is of concern and is not that straightforward.

Senator MOORE—No. It never is.

Ms Griffin—They can be cared for in outside school hours care services at the discretion of the service or at the decision of the service and the approval of the department. But generally those children qualify for assistance from the state government as well. So the child-care programs and the payments have limited application to older children with disabilities.

Senator MOORE—So it is a balance of those providers?

Ms Griffin—That is right. In the OSHC service the service providers have to have regard to the needs and requirements of the other children in their care. Some OSHC services are able to provide separate environments for very young children and older children, and some are not. So it is essentially a decision on the part of the service provider and then approved by the department.

Senator MOORE—Can you just clarify for me the difference between the current FaCS set-up, which is based in state offices and some regional offices, and the people in there who look after the various programs, and the proposal for the new professional support coordinators? What is going to be the difference between what people know and the new scheme proposed?

Ms Griffin—Currently the department directly contracts, and those contracts are managed through our state and territory offices, resource and advisory agencies that provide professional support and in-service trainers who provide professional support—SUPS workers. In the new structure, the department will directly contract coordinators for professional support and inclusion support who will then manage the workers on the ground to deliver services to families and child-care services; so essentially the same effect but a more administratively efficient process.

Senator MOORE—So are these people going to be employees of FaCS or contractors from outside?

Ms Griffin—Contracted to FaCS, yes. We are going to an open tender process to appoint those.

Senator MOORE—And that differs from what currently exists?

Ms Griffin—Providers are still contracted but through many more agreements. The broadband review found that that led to duplication and areas where there was no service provision. So there will be national consistency and better coverage of professional support and inclusion support nationally under the new model, which sees FaCS administering directly a smaller number of providers but just as many workers on the ground and better coverage.

Senator MOORE—Will they still be contracted out from the existing regional offices or from one central spot?

Ms Griffin—Our state offices will still have an involvement—

Senator MOORE—There is one in Townsville, isn't there?

Ms Griffin—Yes.

Senator MOORE—So they are not just state.

Ms Griffin—No. There is one in Townsville.

Senator MOORE—They are in capital cities plus Townsville.

Ms Griffin—Yes.

Senator MOORE—Are there any others? I think that is it.

Ms Griffin—That is it. So they will still be involved in managing contracts with providers for professional and inclusion support, as they are now—just a smaller number directly contracted to the department. But I guess this is where some of the concern arises, because we are reducing the number of contracts we directly manage. But we will still have checks and balances in place to make sure the actual services on the ground are better. As well, extra funding is being put into this program under the new arrangements.

Senator MOORE—Are there any proposed job losses of people who are employed in the current FaCS structure?

Ms Griffin—No.

Senator MOORE—You are contracting, as people do, out to open tender. Is anyone open to apply for those tenders? There is no limitation on who can apply for those contracts?

Ms Griffin—There are some limitations. I just have to look it up to be sure.

Senator MOORE—I would just like to know that. That area does generate concern, so it is better to get all the information. Is how this all works not written down anywhere publicly?

Ms Griffin—Yes, absolutely. Who can apply is outlined in the public consultation paper. I just do not have my copy with me at the table. It is available on our web site. Of course, the consultation has ended now.

Senator MOORE—Yes, I have seen your web site.

Ms Griffin—Who is an eligible organisation is on one of the early pages of that.

Senator MOORE—Is that particular page still up?

Ms Griffin—The paper is still up, but the consultation has closed.

Senator MOORE—In New South Wales 13 direct service agencies of kids with special needs have said that they have been told their funding will not be renewed. Is any evaluation process done before these agencies are told that their contracts will not be renewed?

Ms Griffin—All agencies currently contracted to the department will continue in funding until the new arrangements are in place. The new contracts will be put in place through open competitive tender. So I guess that is an evaluation of sorts.

Senator MOORE—Is that linked to the whole new program so that the contracts of people who are now providing services should last until the new structure is put in and they would be welcome to apply?

Ms Griffin—Yes, absolutely. They can do so as individuals or as consortia with lead agencies. So the arrangements and hopefully the information around tendering under the new arrangements are quite clear and set out in the consultation paper.

Senator MOORE—So no-one has been knocked off at this stage?

Ms Griffin—Not in terms of moving to the new structure. I understand that in 2003 some providers may have been defunded because they were not delivering. But it was nothing to do with moving to the new structure.

Senator MOORE—In that process they understood exactly why it was happening and there was consultation?

Ms Griffin—Yes.

Senator MOORE—How many services were funded under the disability supplementary services payment in July 2004?

Dr Harmer—We may need to take that on notice, unless someone here has the figure.

Ms Griffin—We do have it; we just have to find it.

Senator MOORE—You understand the intent of the question is that they were funded in July 2004 and the expectation of the changes is they will cease to have that funding in 2005. So it is just a question as to whether they knew that, what the processes in place were—all those kinds of things.

Ms Griffin—This is for DSUPS?

Senator MOORE—Yes, disability support services payment.

Ms Griffin—That will continue until 30 June 2006.

Senator MOORE—Would that normally be a two-year contract? Is that normally the tendering arrangements? If they got funded in 2004, would it normally be a two-year program?

Ms Griffin—They are normally three-year contracts.

Senator MOORE—If the program had not been reviewed and there was going to be no change, they would have been expecting a three-year contract. So it may well be a shorter funding period than normal for anyone who got funded under this particular program in 2004?

Ms Griffin—That is right, yes.

Senator MOORE—How do you tell people that?

Ms Griffin—Just to clarify that it is DSUPS you are referring to.

Senator MOORE—DSUPS, disability supplementary services payment.

Ms Griffin—Yes, that is it. Sorry, I missed your last question, Senator.

Senator MOORE—How do you tell them that? When they were funded in 2004, this particular process had not been agreed to. It may well have been on the drawing board.

Ms Griffin—I think since 2003, when the broadband process has been in train, there have been lots of messages to the sector through their peaks and directly to the services that we are in a period of transition, we are looking to provide as much continuity and support in that transition period as we can, and reduce the level of uncertainty for providers in this sector. But I think for some time they have been braced for change.

Senator MOORE—I think since about 1980! But the current bunch know that. Is there a clause in the contract saying ‘subject to government’—

Ms Griffin—I would have to check that.

Ms Beauchamp—Most of our funding contracts are subject to government appropriation. I think in all of our standard funding agreements that clause is included.

Ms Griffin—But, apart from the fact that they are expecting change, each of the individual providers has a relationship with the state and territory office, and would be informed when its agreement is going to be varied, extended, reduced.

Senator MOORE—I think we have spoken before in this place about the fact that sometimes people get to sign those contracts and it comes to the end and they more or less have an expectation that, even though it is not a legal agreement, they will get refunded. It is even more difficult when their program is shorter than they thought it would be. As you know, it is always a sensitive time.

Although still in relation to child care, the next area I want to go to is shortages and waiting lists—that kind of area. The term ‘unmet demand’ is used a lot in discussions in this area, amongst other government programs. What kinds of methodologies has the department used to establish where there is an unmet demand, if any? What is the process?

Senator Patterson—Just before we do that, we need to clarify that there are three types of child care.

Senator MOORE—It is for all three.

Senator Patterson—Let’s deal with those one by one, because they are different. Long day care, for example, is uncapped.

Senator MOORE—I have each of the little subgroups, Minister. It was a general question going into long day care, family day care, before and after school care, vacation care and occasional care. Have I got them all?

Senator JACINTA COLLINS—I was curious as to what the minister’s idea of the three types was.

Senator Patterson—I am talking about the three main large ones that usually people talk about in terms of—

Senator MOORE—I have five little dot points. Minister, which do you put together for your three?

Senator Patterson—The three big ones. Because there are different ways of approaching it, it would be better if we looked at the different forms.

Ms Beauchamp—So to confirm your question?

Senator MOORE—In relation to the methodology for establishing whether there is unmet demand, how does the department determine whether there is unmet demand in child care?

Ms Beauchamp—It is a fairly complex issue.

Senator MOORE—Yes, it is.

Ms Beauchamp—The Australian government is not the only responsible entity for child care, for the child-care network. We do hold some data in the department. Centrelink holds some data. The ABS does surveys. We have the child-care census. We have data from service providers. Our state office network is in close and regular contact with child-care providers. So there is a number of sources of data where we try to understand the level of demand rather than, I guess, relying on anecdotal reports that we hear. But, as I said, it is quite a jigsaw and various other areas are responsible also for gathering information around demand levels. We use the ABS survey occasionally and the child-care census every two years.

Senator JACINTA COLLINS—Where are you up to with the state planning advisory bodies? Are they still around? Are they meeting? Are some of them meeting? I think we agreed we could see their minutes, didn't we?

Ms Powell—I believe at the last hearing there was discussion about that and we agreed that. We have since advised all the planning advisory committees that their minutes may be made publicly available, and the terms of reference have been changed to reflect that. Since that time, there has been one meeting and that was in Tasmania.

Senator MOORE—We had the discussion about the concerns about privacy and so on with these minutes. When you actually sought the permission to see whether people were prepared to allow that to go public, was any concern raised?

Ms Powell—Not that I am aware of.

Senator MOORE—It is just that, as we had extensive discussion about getting to that level, I was wondering whether there was any feedback.

Ms Powell—I cannot be sure, but I imagine the conversation would have been more along the lines of, 'This information has been requested. We will be making it publicly available, and you need to keep that in mind.'

Senator JACINTA COLLINS—Can we have that information for the Tasmanian meeting, please?

Ms Powell—Yes, that is available.

Senator MOORE—In relation to the basis of the collection of data—and I know it is actually done at the regional office level, that it comes through there—what is the point on which that is done? Is it by local community or by electorate? What is the standard unit for how you determine the region?

Ms Powell—There is a little bit of variation between some states. Some states use statistical planning areas and others use local government areas. They use whatever works best for them.

Senator MOORE—Then that is all collated nationally in terms of the basic data?

Ms Powell—National data is normally collected by the ABS or through the child-care census.

Senator MOORE—This kind of issue is always talked about: whether there is unmet demand and how you calculate it. Certainly one of the things that we have asked about before is the number of additional CCB funded places requested by a service. It would be an indicator. If services were asking for more places, that could mean there was a need. Also, there are the other methodologies, looking at the current usage of places. Is that one of the units used in gathering collection?

Ms Powell—The state and territory offices are in close contact with the local providers, and they have a good sense for their state of play at any given point in time. I am sure you are aware that last year there were 44,000 extra places for family day care and outside school hours care. They fully met all of the demand from services for those places at the end of last year.

Senator MOORE—I am interested in what actually stimulates the department to determine that there is a need in a particular region. What is the alarm signal before the department says, 'There is a need in North Queensland,' for instance?

Ms Beauchamp—In terms of long day care, there is no—

Senator MOORE—Yes, I know; long day care is separate.

Ms Beauchamp—In relation to outside school hours care and family day care, we are in contact through our state and territory offices with service providers, and service providers actually put in expressions of interest to the department. Towards the end of last year, as Ms Powell said, outside school hours care and family day care met all those expressions of interest.

Senator MOORE—So that would mean from the department's point of view there was no unmet demand?

Ms Beauchamp—Around those two areas, yes.

Senator JACINTA COLLINS—Is that still the case now?

Ms Powell—There was actually a series of national press ads over last year inviting services to register for that round. So it was quite comprehensive.

Senator JACINTA COLLINS—But is that still the case now? From the department's point of view, there is no unmet demand in the OSHC sector?

Ms Powell—There is currently no unmet demand in family day care, and there is some demand coming in from the OSHC sector.

Senator JACINTA COLLINS—What is your estimate for the OSHC sector?

Ms Beauchamp—There are some expressions of interest coming in from the outside school hours care sector, and we are in the process of validating and confirming that, particularly with the start of the school year. As it settles down, we will go out to service providers and say, ‘Do you need all your outside school hours care?’ I think there will be some ons and offs in that process. So we are yet to confirm those figures.

Senator JACINTA COLLINS—In expressions of interest, what level are you at?

Ms Beauchamp—I would prefer not to provide that information because it has not been validated.

Senator JACINTA COLLINS—But in the past, if I recall correctly, you have told us the level of expressions of interest and then you have told us what you have then validated.

Ms Beauchamp—I would prefer to tell you the validated number.

Senator MOORE—What does ‘validated’ mean? ‘It has been validated’. What does that mean from your point of view? When you say it has not been validated, what does that mean?

Ms Beauchamp—That we need to go back to the service providers, given that the school year settles down, and understand, ‘Is this the real number of places you actually need, not necessarily want?’ A number of people may be putting their names down in a couple of services and the like. I think we do need to validate it to give you an accurate figure.

Senator JACINTA COLLINS—How soon will that occur?

Ms Powell—That will be done over the next few weeks, possibly months. We find that service providers say they would like a number of places. Certainly when we make the offers they do not all get taken up, but also they are not always able to provide those places for a whole variety of reasons. So we do find that, when we go back to them to confirm that they are able to do something with those places should we give them, the number drops quite significantly. We provided a whole lot of new places at the end of last year. Because the school term is just starting, there will be some change, there will be relinquishments. We will be responding in that context.

Senator JACINTA COLLINS—I understand all that history very well. But, given your reluctance, unlike in the past, to indicate the number of expressions of interest—and I accept that in the past when you have done so I think you may have at the same time been able to say ‘This was the original level of expressions of interest, but this was the number we then validated’—what I am trying to get to is how long it will be before you can tell me both figures.

Ms Beauchamp—I would have to take that on notice because I have not been involved in the process. I am not too sure how long it would take. Hopefully it would take within six weeks.

Senator JACINTA COLLINS—If it is within the period for answers to questions on notice, I would appreciate an answer to that question then. In relation to long day care, in the

past you have indicated that a number of areas had been flagged or highlighted as areas of significant unmet demand. I may be wrong, but I think we got a list of up to about 10 areas around Australia. Do we have a similar number of areas of concern at the moment? If so, where are they?

Ms Beauchamp—I do not think the department keeps such a list.

Senator JACINTA COLLINS—You have in the past.

Ms Beauchamp—To my knowledge, no list currently exists. I think it is a very fluid process. Demand and supply will change for local areas, depending on a range of factors—for example, the demographic changes, factories closing down, people moving in and out of communities and the like. There may be anecdotal evidence of demand not being met in some places. We do not control that.

Senator JACINTA COLLINS—But in the past the department has identified some areas of significant concern and been prepared to indicate where, in its view, those problems were in relation to how planning concerning long day care occurs. Are you saying to me that is not the case now, that what I thought was a step forward has gone backwards?

Ms Beauchamp—No, I am not saying that is not the case. I am saying I am not in a position to confirm that and to confirm those reports that you may have.

Senator JACINTA COLLINS—Let us go back a step. There have been some reports, subject to discussion in estimates, made to the minister of particular areas that were of concern in relation to shortages of long day care places. Those regions or areas were confirmed before an estimates committee. Last year, further areas were added as areas of concern with respect to shortages in the number of long day care places. I am asking for an update.

Dr Harmer—As Ms Beauchamp has said—I have placed her newly in this area, and I suspect she is not aware of what was provided—there has certainly been no policy about not providing information that we have provided before. So, if we can update what we have provided for you in the past and give it to you in a similar form, we will do it.

Senator McLUCAS—I need to go back to DSUPS just to get a bit more of an understanding of the numbers of people we are talking about. What is the cost of the in-home care component of DSUPS? What is the cost of delivering that subsection of DSUPS?

Ms Griffin—I can answer the question in terms of our estimates of expenditure for the current financial year, but I just wanted to clarify that DSUPS is a payment in its own right and extends beyond in-home care. It also includes family day care, and that payment complements the SNSS payment. It is not a supplement to in home-care, but it is payable to some in-home carers because they care for disabled children in their homes. But it is also payable to mainstream services, to family day care services.

Senator McLUCAS—Can you disaggregate the payments to long day care, family day care, whatever service—

Ms Griffin—Yes. Our estimates for the current financial year are that in the order of a million dollars will be spent on DSUPS in in-home care.

Senator McLUCAS—How many children are being cared for for that amount?

Ms Griffin—I do not believe I have that figure with me.

Senator JACINTA COLLINS—And DSUPS in other areas?

Ms Griffin—Family day care is \$3.3 million—the estimate.

Senator JACINTA COLLINS—That is it in terms of DSUPS, isn't it?

Ms Griffin—Yes.

Senator JACINTA COLLINS—The inclusion support for children in child-care centres.

Ms Griffin—Long day care and OSHC is SNSS.

Senator McLUCAS—Can you give me an indication, in relation to the \$1 million, as to whether we are talking about 100 children or 1,000 children?

Ms Griffin—I can tell you it is a demand driven program within a capped appropriation, which makes it challenging. Where services are eligible for DSUPS for children in their care, they apply for that funding. So it is not limited to a certain number of children.

Senator McLUCAS—I am not talking about children in registered day care or family day care, just children who are in in-home care.

Ms Griffin—I do not have with me the number of children that covers.

Senator JACINTA COLLINS—Can you give an estimate of how many children in in-home care would be disabled?

Ms Griffin—I cannot estimate that.

Senator JACINTA COLLINS—Working backwards, if they have occupied all of the places that have been freed up for in-home care, that is 7,700. If we had a proportion, roughly, of that type of care that is known to be for children with disabilities, that might give you a feel for how many children we are talking about. You do not know that?

Ms Griffin—No.

Senator McLUCAS—So the \$1 million is providing care for not only children with disabilities; is that what I learn out of that discussion?

Ms Powell—That is right.

Senator McLUCAS—What other families would have in-home care support?

Ms Griffin—It also covers children who have high support needs in terms of learning difficulties et cetera. So it is not just for disabled children.

Senator McLUCAS—Is it for children where, for a range of reasons, it is not appropriate for them to attend either a child-care centre or a school?

Ms Griffin—No. It is a payment to family day carers and in-home carers in recognition of the additional care and attention that children who have high ongoing support needs, such as a disability or a learning disability, require. So it is to supplement the cost of providing care to those children.

Senator McLUCAS—I now want to go to why in-home care was reviewed. I realise we traversed this issue earlier but, unless there is some evidence that the million dollars is not being channelled into the most appropriate activities, I am interested to know why this review was instigated.

Ms Griffin—It flows from the review of the Child Care Support Broadband, of which DSUPS is a subprogram, and comes back to what I mentioned earlier. The public consultation paper references the fact that the purpose of SNSS and DSUPS always was to assist the integration of children with special needs into mainstream child care so that they can benefit from engagement with children at an appropriate developmental stage. So, in reviewing the payments, we have refocused in the new structure the inclusion support subsidy to those types of care that have an inclusion element for children.

The consultation paper is quite clear that, because in-home care does not provide an inclusive model of care due to care being provided in the child's home, it limits the opportunities for children to engage with children, typically developing peers. It goes on to say in-home care will not be eligible for direct remuneration through the inclusion support subsidy from 1 July 2006. But it does go on to say that DSUPS will continue until then and that a comprehensive transition strategy for in-home care providers will be developed in the broader context of the program to ensure that families with high needs are assisted in the new arrangements.

So, whilst we have said clearly inclusion support subsidy will not cover these situations, the in-home care and developing the guidelines for inclusion support mean that no decisions have been made about these families yet. The message is quite clear in the consultation paper. But it comes to the issue of inclusion, and that is the focus of the new payment.

Senator McLUCAS—In relation to the particular matters that have been brought to my attention, each and every child is not a candidate for inclusion. The level of their disability is so severe or their behavioural dysfunction is so high that inclusion is not an option.

Ms Griffin—No, and that is the purpose of the in-home care program. I just wanted to clarify for the record that the million dollars is just the level of DSUPS funding that goes to in-home care providers. In fact, \$31 million over four years is provided for the support of in-home care. That care type specifically caters to disabled parents-disabled children in recognition of the fact that they cannot be mainstreamed.

Senator McLUCAS—I know I asked this question earlier, but I may have it wrong: how does DSUPS in-home care differ from the \$31 million over four years that you are calling in-home care? Are they different programs?

Ms Griffin—They are, yes. In-home care is a care type and DSUPS is an extra subsidy to in-home carers in recognition of the fact that caring for disabled children is more labour intensive and difficult.

Senator McLUCAS—Would a person be able to get access to both programs?

Ms Griffin—DSUPS is payable to only in-home carers and family day carers.

Senator McLUCAS—In-home care is paid to whom?

Ms Griffin—It is paid to service providers that set up to provide care in the person's own home.

Senator McLUCAS—For children with disabilities?

Ms Griffin—Children with disabilities, people in rural and remote areas, shiftworkers and the like. Also, disabled parents use in-home care. It is for those people where mainstream services are not available or not appropriate.

Senator McLUCAS—I understand Minister Anthony said some time ago that there was a view in government that maybe some of this in-home care money was not being best directed. That is not necessarily referring to the children with disabilities money, but they have been lumped in with the whole review because of the focus on the \$31 million over four years. The \$1 million has been included into that review process. Wouldn't it have been possible to quarantine those profoundly disabled children from that review? Tell me if I am wrong, but there does not seem to be any evidence that that money is being misdirected.

Ms Beauchamp—I think that might be some of the feedback we get, and I think there may be some parents or families of profoundly disabled children who would like to access centres outside of their home as well just for socialisation purposes. So I think we need to look at those opportunities too.

Senator McLUCAS—As I said earlier, in every paper that has been put in front of me—and some of them in the last 40 minutes—none of those children is a candidate for inclusion. Is in-home care the program where you can pay for a nanny if you live in a rural area, you have a child-care need and you do not have a child-care centre or service in your region?

Ms Beauchamp—There are strict guidelines, but yes. It is not as if you choose to use a nanny rather than the local—

Senator McLUCAS—Child-care centre.

Ms Beauchamp—Yes. You have to not be able to access child care or have suitable child care available.

Senator Patterson—That is not choosing not to use the child care. You are not in a position to choose child care. There is a distinction.

Senator McLUCAS—Minister Anthony's point is that some of that money may not have been put to best use, and the children with disabilities have been included in this review. We have covered that. The thing I would like to know is: how many children with disabilities are being cared for at any point in time for that \$1 million?

Ms Griffin—In an in-home care situation?

Senator McLUCAS—In in-home care.

Ms Griffin—I just want to clarify that the in-home care review is of the whole program, not just a response to disabled children.

Senator McLUCAS—Yes, I get that.

Ms Griffin—Also, in terms of better understanding what types of in-home care there are, to see whether some of them can be regarded as inclusive in the new arrangements. Some of the providers tell us that they go to great lengths to make their practices inclusive.

Senator McLUCAS—Within the abilities of the child?

Ms Griffin—Yes, that is right.

Senator McLUCAS—Of course. Sorry to come back, but that has clarified it. When could I get the number of children that covers?

Dr Harmer—We should be able to do that this afternoon.

Senator MOORE—Ms Beauchamp, I do apologise. I got called out and I cannot remember whether I had actually asked you about the current levels of unmet demand, according to the department, across the three major—five, from my point of view—segments of child care. I know that long day care is uncapped but, for the others, what is the department's current assessment of unmet demand across the country?

Ms Beauchamp—In family day care we believe there is no unmet demand because of the extra places that were provided towards the end of last year. Outside of school hours care, which I have just mentioned, we are yet to validate the figures, and we will provide those in a little while.

Senator MOORE—Did we establish what your time frame is for that? You were going through the methodologies.

Ms Beauchamp—I think about six weeks.

Senator MOORE—And that is through the process of your officers going out and working through that at the local level?

Ms Beauchamp—With service providers. I should say that, when we talk about demand, we are talking about the feedback that we get from the service providers that we deal with.

Ms Powell—There has not been a process this year where we have gone out and sought applications, so the kind of information that we have is just gathered through interactions that are very informal between our state offices and service providers. It is not a rigorous process.

Senator MOORE—What about vacation care? There is no vacation at the moment so you do not know whether there is an unmet demand for it?

Ms Beauchamp—It is part of outside of school hours care, yes.

Senator MOORE—You do not separate those two, in terms of daily need and extended periods over weeks?

Ms Beauchamp—No.

Senator MOORE—What about occasional care?

Ms Beauchamp—I would have to ask my colleagues about that.

Ms Powell—We do not keep data on need for occasional care.

Senator MOORE—There are two particular strategies mentioned in the 2003-04 annual report that we would like to get an update on. The first is:

Work with state and territory governments to develop and implement more consistent approaches to child care service regulations to facilitate equity and access to these services.

The second is:

Continue to develop high-quality, timely data, consistent throughout states and territories and Australian Government agencies, for policy evaluation and future policy development.

These are two of the key areas. What projects are in train at the moment within the department to meet those strategies?

Ms Beauchamp—There are a number of projects in train. We are working with state and territory governments through the community services and disability ministers conference. We meet with other states and territories and on the agenda is a program under the child-care services subcommittee looking at how to promote national standards, consistency around regulations, and the like. The minister has also written to state and territory governments around the desire to collaborate more in this area and to come up with a set of consistent minimum national standards.

Senator MOORE—Is that a standing agenda item at each of the meetings?

Ms Beauchamp—It has been over the last little while, and it is my observation that it has been on the agenda the whole time. There is a project that will be initiated shortly under the child-care services subcommittee in which we will be actually getting someone on board to look at what the current state of play is, to look at some international evidence and literature reviews and to consult with providers and clients in terms of their expectations. We are hoping to have something back to the community services ministers collectively by the end of the year or early next year.

Senator MOORE—Do you mean the calendar year?

Ms Beauchamp—Calendar year, yes.

Senator MOORE—Are these ministerial meetings held once a year?

Ms Beauchamp—Generally, yes. They occur once or twice; I am not too sure about this group. I think it is once.

Senator MOORE—I keep harping on about demand, because it is one of the things that it is hard to quantify. In terms of before and after school services, did all the services who asked for extra places after last year's budget get them?

Ms Powell—Yes, all of the requests for outside school hours care last year were filled, where they were validated requests.

Senator MOORE—No-one failed the validation?

Ms Powell—No, there were people who failed the validation. They had sought places but were not able to provide them. Everyone who could demonstrate that they could use a place received one.

Ms Beauchamp—There were 40,000 additional places provided, which is quite substantial.

Senator MOORE—It is a large number, but they have all been taken up, haven't they?

Ms Powell—Yes.

Ms Beauchamp—Until we go through the validation exercise—

Ms Powell—They have all been offered and allocated; they probably have not all been taken up yet.

Senator MOORE—Pending the validation process?

Ms Powell—Yes.

Senator MOORE—When someone misses out on their validation, do they have an interview to be told why they missed out?

Ms Beauchamp—The service provider?

Senator MOORE—I am talking about a service provider. If a service provider has requested places and, through the validation process—

Ms Powell—Our state officers would talk to the service provider and they would work through a series of criteria designed to ensure that they are in a position to take up the place if it was offered. They speak to them directly.

Senator MOORE—You said a number of places did not get through that validation process.

Ms Powell—Yes.

Senator MOORE—What is the process for the providers who did not get through?

Ms Powell—There would be discussions, because our state and territory officers talk to them all the time on a whole range of matters. I am not sure if they specifically have an interview on that topic, but they would be talking all the time and I am sure it would come up.

Senator MOORE—As to why they were not granted the places that time?

Ms Powell—If it was an issue and they disagreed I am sure they would raise it.

Senator MOORE—From the data that you keep is there an indication that the need for child care is growing? Is there a demand in the community for child care and places—not necessarily an unmet demand, because we have been through that—that is growing?

Ms Beauchamp—I am not too sure what period you are looking at. Do you mean over 20 or 30 years?

Senator MOORE—In the last three years.

Ms Powell—Broadly speaking, the number of places is growing—

Senator MOORE—That is what I am after.

Ms Powell—The number of children using child care is also increasing.

Senator MOORE—Do you have a graph that would indicate that over a period of time?

Ms Beauchamp—I think we would need to be careful that we did not speculate on what was—

Senator MOORE—I mean a graph that would indicate the increase up until now?

Ms Beauchamp—Just trend data in terms of what has actually happened? Yes.

Senator MOORE—We would get back into our discussion about unmet demand if we went into speculation. I am looking for documentation that has been validated in terms of a trend. I have seen graphs for the past but I think it is always important to get them updated just in case you are using—

Ms Beauchamp—It is probably in our annual report.

Senator MOORE—I saw that in the annual report but that was last June.

Dr Harmer—Do you want it updated?

Senator MOORE—Yes.

Ms Powell—What time period are you talking about?

Ms Beauchamp—Until now? This is the most recent: 2003-04.

Senator MOORE—I am interested in the last four or five years, or something like that.

Ms Powell—From 2000?

Senator MOORE—Data since the year 2000 would be good. One of the things that have been mentioned in some of the general discussions I have had is about some form of automatic allocation of places—taking away this process that we have now where people apply and then you go out and validate. Based on the statistical data and growth there would be some form of automatic process of allocating places. Has that been considered within the department? Has any work been done on that?

Ms Powell—We have not done any work on that.

Senator MOORE—It is a bit like the way schools are allocated. There is no validation process there. It is actually the growth patterns in the community and state levels. I was just wondering whether there were any projects on that?

Ms Powell—No.

Senator MOORE—When was the last census on child-care services?

Ms Powell—In 2004.

Senator MOORE—Will that be a public document?

Ms Powell—The data is still being cleaned; it is not quite finalised.

Senator MOORE—Is cleaning another form of validation?

Ms Powell—Yes, there are some technical things that go on.

Senator MOORE—Of course, I understand, but that is an internal process. You have done the census and then once it has met the department's satisfaction it will be a public document?

Ms Powell—Yes.

Senator MOORE—Are they regular? Is there a set period between them?

Ms Powell—They are normally done every two years.

Senator MOORE—Getting into the area of long day care, does FaCS have any particular information on relative demand for different types of service providers for long day care? Do you keep data on the demand for corporate, small business, community and not-for-profit providers?

Ms Powell—We keep data on use for those different types.

Senator MOORE—I suppose use is current as opposed to what people are wanting—what they can get. So you keep that data about what places are used but there is no methodology about people demanding different types of services.

Ms Powell—No.

Senator MOORE—It would have to be anecdotal, wouldn't it, if you were looking at that. Child care often gets a run in the media when there are no other things on. There was an article in the *Sydney Morning Herald* by Professor Peter McDonald in 2004 that said:

The large corporate providers are concentrating on taking over existing centres rather than the more costly provision of new centres in areas of shortage.

That got a run for a while. Does FaCS have any research or data to check out that kind of allegation?

Ms Powell—I do not think we routinely check that sort of information. We keep data on who the sponsor of the child-care centre is.

Senator MOORE—We have had this discussion at previous meetings: does the department monitor the trends in purchase of existing long day care centres and compare them to the creation of new ones? Do you keep data on who is buying where and the changeover of centres and the creation of new centres in other places?

Ms Beauchamp—We do not keep data on the buying and selling program but we certainly have information on the make-up of the market—whether they are private providers or community providers.

Senator JACINTA COLLINS—Or corporate providers?

Ms Beauchamp—Private providers including corporate providers.

Senator JACINTA COLLINS—I think in the past you have actually given me a breakdown which distinguishes the major child-care corporations from smaller private providers.

Ms Beauchamp—That is possible.

Senator JACINTA COLLINS—You are monitoring that, as I understand it. I think the annual report refers to that monitoring occurring given a concern for potential monopolisation of the market.

Ms Powell—In answer to your question: we do monitor the opening and closing of centres, which happens whenever ownership changes.

Senator MOORE—Whenever ownership changes it is considered a closure. So if A buys B it is a closure and then a reopening.

Ms Powell—Yes.

Senator MOORE—So, in fact, you do monitor the purchasing and changeover processes.

Ms Powell—Yes.

Senator MOORE—You would also have to know when someone opens one in an area, wouldn't you?

Ms Powell—We would know.

Senator MOORE—In Queensland, for instance, there are always discussions about outer suburban centres in Brisbane maybe having a greater need than other places that are getting centres. There is an ongoing battle as to whether the centres are being located in the areas where the greatest demand is. From your data you would not automatically know that until after they are there and the places are allocated?

Ms Powell—For long day care centres we would only know when they open.

Senator JACINTA COLLINS—Have you taken on board providing us with the standard unmet demand data, as has previously occurred?

Senator MOORE—I think that very early in the session we asked for that.

Ms Beauchamp—There were also some questions raised while you were out of the room around unmet demand.

Senator JACINTA COLLINS—There was a series of data that we used to regularly get each estimates round. I am asking if that has already been sought.

Ms Powell—That data is available.

Senator JACINTA COLLINS—We are seeking it. That is what I am clarifying.

Ms Powell—All right, yes.

Senator JACINTA COLLINS—So please provide it.

Ms Powell—Done.

Senator JACINTA COLLINS—I am interested in the Long Day Care Incentive Scheme. What can you tell me about its operation to date? How many centres have been funded? Where? How much have they received?

Ms Griffin—Eight new centres have been approved—that was before Christmas—from the funding round undertaken last year. I think it was advertised in May. That will provide 360 additional child-care places including 130 for children under the age of 24 months. The commitment for those eight centres is \$4.8 million over the two years of funding.

Senator JACINTA COLLINS—How does that match the original estimate?

Ms Griffin—There was originally \$12.8 million made available and we are shortly going to advertise a second round.

Senator JACINTA COLLINS—How much did you originally plan to allocate in the first round—about that, was it?

Ms Griffin—We do not break it up that way. We just assess the applications received on merit.

Senator JACINTA COLLINS—But the original \$12.8 million was planned for over how many years?

Ms Griffin—Four.

Senator JACINTA COLLINS—Can you tell me where those eight centres are and how much each of them received?

Ms Griffin—I can tell you where they are: Adelong in New South Wales, Rural Valla in New South Wales, Kingsthorpe in Queensland—

Senator MOORE—At last I found a place I know!

Ms Griffin—Kilcoy in New South Wales, Allora in Queensland, Kapunda in South Australia, Angaston in South Australia, and Phillip Island in Victoria. The amount that each service will receive will depend on the number of places and the number of zero to 24 months that they cater for, and also how their utilisation goes once they open, because it is subsidised. So it is a variable funding arrangement. They each receive \$25,000 commencement funding, once they open, which they must do within 12 months of signing the agreement with the department.

Senator JACINTA COLLINS—Now that we have actually got some examples to work to are you able to give an example of one of the particular centres? They have got the \$25,000 start-up: what is the next stage of the program?

Ms Griffin—There are three stages to the funding. There is the commencement funding and the incentive funding that they receive quarterly for the first two years, I believe, and there is a different rate for under two years places and a lower rate for other places.

Senator JACINTA COLLINS—So for a typical centre, how much would that amount to in the first year?

Ms Griffin—I am not sure; I would have to find out.

Ms Beauchamp—My understanding is they get a one-off set-up assistance.

Senator JACINTA COLLINS—Which is the \$25,000.

Ms Beauchamp—Yes. They would get two annual incentive funding amounts based, as Donna said, around the number of places.

Senator JACINTA COLLINS—Yes.

Ms Beauchamp—We would be looking at quarterly utilisation payments. So we would be looking at exactly what is happening in the service over this transition period. This program provides support to services by guaranteeing utilisation up to 70 per cent of CCB for the first two years and then there is an expectation that they will have full utilisation after that two-year period.

Senator JACINTA COLLINS—And come off this scheme and be on CCB?

Ms Griffin—Yes. But, in terms of average payment under the incentive and utilisation, I do not have those figures with me and it would be difficult to say what an average is really. It depends on the profile of the service. But if you want me to provide an average of those eight services that would be possible.

Senator MOORE—Can we get the details on the eight services rather than an average?

Ms Griffin—Yes. It would just seem easier—

Senator MOORE—Not in terms of the utilisation. You have assessed them and it would be useful to see the basis on which these eight got them.

Senator JACINTA COLLINS—Of those eight, who is operating them? In the past this was the PPI scheme. It was amalgamated then to also allow for community based organisations to apply—yes?

Ms Griffin—Yes, they are all community based.

Senator JACINTA COLLINS—So have any private schemes been funded?

Ms Griffin—Not funded out of this round, but they did apply.

Senator JACINTA COLLINS—Has this funding been amalgamated with any capital funding from any other sources?

Ms Beauchamp—Can I just clarify the make-up, in terms of private and not-for-profit, for the eight services. There is one local government, two not-for-profits and five privates.

Senator JACINTA COLLINS—I was surprised. What is the nature of the privates?

Ms Beauchamp—I would have to get back to you on that.

Senator JACINTA COLLINS—Any of the corporates? You do not think so, but you are not sure.

Dr Harmer—I do not think so.

Ms Beauchamp—I do not think so but—

Senator JACINTA COLLINS—It is fine. I know from experience that reading the names of the operators of the centres will not necessarily tell you.

Senator MOORE—Ms Beauchamp, when we get the make-up of them can you validate which of those, if any, are corporate?

Ms Beauchamp—Sure.

Senator JACINTA COLLINS—I did not listen to all of the discussion with Senator Moore earlier about planning, but this is essentially the reason that I have come to the Long Day Care Incentive Scheme, because it is a program dealing with long day care places based or premised on providing support to areas where there is identified unmet demand. Now I would like you to tell me how you identify that there is unmet demand.

Senator Patterson—I thought we did this when you were out of the room.

Senator JACINTA COLLINS—Not for the Long Day Care Incentive Scheme.

Senator Patterson—I thought you might spare us another hour.

Ms Beauchamp—We have used a national selection process, which has been quite open and subject to a number of criteria in terms of eligibility.

Senator JACINTA COLLINS—This was not done by the state planning bodies or the state offices.

Ms Beauchamp—No, it was my understanding that it was an open process.

Senator JACINTA COLLINS—Please keep going.

Ms Beauchamp—We got input back from—

Senator JACINTA COLLINS—You said it involved a number of criteria.

Ms Beauchamp—potential service providers to outline exactly and prove that there is a level of unmet demand. I have not got all the criteria here in front of me.

Senator JACINTA COLLINS—That is the bit I am curious about. I understand that some of this might be relatively new for you, so if you need to do this on notice that is fine, but that is the nub of what I am getting to.

Ms Beauchamp—I will have to take that on notice. My colleagues have not got it either.

Senator JACINTA COLLINS—For instance, I know that the guidelines talk about the need for discussions with area consultative committees. The guidelines also refer to the number and total child-care services available in a selected region. I am interested in ascertaining how in those eight cases those issues were established.

Ms Griffin—One of the criteria is that there is not an existing long day care centre in the region in which they are applying, and that can be checked by the department's database.

Senator JACINTA COLLINS—So just checking the department's existing database on approved services?

Ms Griffin—That is my understanding, but we would have to confirm that.

Senator JACINTA COLLINS—It is suggested that an applicant would need to provide evidence that research was undertaken or supplied to demonstrate unmet need, including economic environment of selected region, for example, planned industry, business development and discussions with area consultative committees.

Ms Griffin—I think that is what Ms Beauchamp was referring to when she said the onus is on the applicant to provide the documentation, that they have done the research, that this is an area where there is high unmet demand for child-care of a long day care nature. That is to ensure the department that they can be viable within two years.

Senator JACINTA COLLINS—As part of that research, are they asked to demonstrate whether there are any other services in planning?

Ms Griffin—I do not know the answer to that question.

Senator JACINTA COLLINS—The difficulty here—and this has been a difficulty with the planning process for long day care places all along—is that there is a significant time lag, as I am sure you appreciate, between the department's own data on approved places and the process that occurs to establish a long day care centre. It could be a time lag of up to a couple of years. Looking at these guidelines, beyond a requirement that the department look at currently approved services, which is within your own purview—this is the first time, for instance, I have seen a requirement that there be discussions with area consultative committees—is any of that process actually validated in relation to those eight applications?

Ms Griffin—I will take that on notice. We do not have that information at the table. It is done in our state and territory offices initially.

Senator JACINTA COLLINS—Would it be a concern, for instance, if at one of those eight locations it was discovered that there was already a fully privately funded service at planning stage?

Dr Harmer—I think we would expect our state offices that are involved would discover that—as far as possible.

Ms Griffin—Because I am not sure on the process I would rather take that on notice.

Senator JACINTA COLLINS—Dr Harmer, this is exactly my concern. The level of communication that occurs between essentially Commonwealth instrumentalities and state, which is where the planning process occurs in relation to the establishment of long day care centres, seems to be where there is a fundamental breakdown. One of these eight cases, for instance, the one at Phillip Island, is a very good case in point. There was a child-care centre about to be established privately. It was at planning stage with land already acquired when this particular long day care incentive scheme proposal was granted. What I would like to know is whether, in the department's understanding, given the assessment method that you currently have in place, that information was even available to you, because I have a fair suspicion that that was not the case.

Dr Harmer—We will check that out for you.

Senator JACINTA COLLINS—When is the next round under this scheme?

Senator Patterson—Very shortly.

Senator JACINTA COLLINS—You are advertising very shortly?

Ms Griffin—Yes.

Senator JACINTA COLLINS—Have you done an assessment of the process for assessing where centres should be established? Have you reviewed the process?

Ms Griffin—We have done a review of the process of the assessment of applications.

Senator JACINTA COLLINS—Can you tell us anything about the outcome of that review?

Ms Griffin—I would have to take that on notice.

Senator MOORE—I have a couple of questions about the elements within the approval for child care. I read the handbook with interest. It says:

There are some circumstances in which a child who is already in a child care service may be required to leave the service.

Any child care service that has no vacant places and is providing care for a child who is a third priority may require that child to leave the service in order for the service to provide a place for a higher priority child.

That is from the *Child Care Service Handbook*. I would like to know whether there is any data kept on how many children have been asked to leave child-care centres? Is that the kind of data that you keep, under the provisions?

Ms Powell—If the Family Assistance Office or Centrelink become aware of such a situation, they contact the service provider, liaise with them, and the situation would be rectified. As far as I am aware, there have not been any outstanding cases or complaints.

Senator MOORE—How would you become aware that this was happening?

Ms Powell—Service providers are told about the priority of access guidelines, which spell out just what you have described, and Centrelink conducts compliance reviews from time to time over the year and looks at a range of things, including whether all of the funding guidelines and conditions are being met. That would provide one opportunity for breaches to come to their attention. It is also something that parents could complain about in the normal ways that people raise their concerns, and if that happened Centrelink would contact the service provider and resolve the issue.

Senator MOORE—So those kinds of compliance visits are done by Centrelink, not through a visit by someone from FaCS?

Ms Powell—No, they would be done by Centrelink.

Senator MOORE—They would go into a centre, check who was there and look at the waiting list. Would that be the process of finding out? I am interested in how the circumstance arises. I was fascinated by the thing in the handbook about the third priority. It is obviously there in the guidelines and the service providers are aware of it, but I am at a loss as to how an issue is identified and then what the steps are. If a service provider has all their places filled and a child comes who has a priority need, I am interested in the steps that are taken in assessing that and then implementing the guidelines. The way I read it, someone is asked to leave.

Ms Powell—The issue would be picked up by Centrelink as part of a routine compliance review which would cover a whole range of issues.

Senator MOORE—Can you check out for me whether that is one of the things they are asked to check?

Ms Powell—Yes.

Senator MOORE—That would be good.

Ms Powell—When these instances are brought to their attention they work with a service provider to ensure that the situation is resolved in accordance with the guidelines.

Senator MOORE—Centrelink does that liaison?

Ms Powell—Yes.

Senator MOORE—Maybe I should have been asking some of these questions of Centrelink. Do they keep records of how many of those instances have arisen and what has been the outcome?

Ms Powell—I do not know.

Senator MOORE—You do not know, and they do not have to tell you?

Ms Powell—I am afraid I would have to take that on notice too.

Senator MOORE—If you allocate the places I suspect that that could be a communication link.

Ms Powell—Certainly we have talked to Centrelink and I know that this has not come up as an unresolved problem in the last year.

Senator MOORE—Can you fill me in on the objective of this priority rule? From your understanding, as the department that looks after this whole program, what is the objective of this priority rule in the handbook on the provision of service?

Ms Powell—The priority of access guidelines ensures that, firstly, priority is given to children that are at risk, and that is clearly a safety and protection mechanism. The second priority is given to children of working parents.

Senator JACINTA COLLINS—How is that assessed?

Ms Powell—The work and study test guidelines?

Senator JACINTA COLLINS—No. How is it assessed that the child is of working parents?

Ms Powell—When the parents fill out their CCB application form, they have to state that they are working.

Senator JACINTA COLLINS—And working could be one hour a week, couldn't it?

Ms Powell—Yes.

Senator JACINTA COLLINS—This was my point earlier in response to the quizzed look in the background. The point is this: the care itself does not need to relate to when a parent is working.

Ms Powell—That is correct.

Senator JACINTA COLLINS—It only needs to relate to the parent working one hour per week.

Ms Powell—Yes. The parent needs to certify that they are working.

Senator JACINTA COLLINS—That is right, which is a fairly clumsy tool, to be polite, particularly if it then relates to a test that determines whether someone is eligible for a 30 per cent child-care rebate.

Ms Beauchamp—Is there a question there?

Senator JACINTA COLLINS—The question is: has the department considered that concern? The basis of the child-care rebate relates to child care for parents who are working—yes?

Ms Beauchamp—Yes.

Senator JACINTA COLLINS—The basis of that test to date has them being able to tick off a form to Centrelink which says they work a minimum of one hour per week. The eligibility as it presently stands, if it remains as it has been to date, for people to access the 30 per cent child-care rebate will be that they will be able to tick a box indicating that they work

one hour per week, and for that they can claim up to—this is just another part of the question—how many hours of child-care rebate?

Ms Powell—Children of working parents are eligible for up to 50 hours a week of CCB.

Senator JACINTA COLLINS—Has the department considered that problem?

Dr Harmer—We will take it on notice. Do we have a clear grasp of the question?

Ms Powell—The question, as I understand it, is: has the department considered the issues associated with requiring parents to work for only one hour a week in order to technically be considered working.

Senator JACINTA COLLINS—In the past, it has been eligibility for CCB.

Ms Powell—Yes.

Senator JACINTA COLLINS—Now it will eligibility not only for CCB, and perhaps minimal amounts of that, but for the tax rebate.

Senator Patterson—It is a child care-tax rebate question.

Senator JACINTA COLLINS—It is actually a policy question, Minister, because it relates to—

Senator Patterson—What I am saying is that it is a question that would be better directed to Treasury, and we will raise it with Treasury.

Senator JACINTA COLLINS—I put to you, Minister, that it is a significant policy issue in relation to policies associated with directing support for child care.

Senator Patterson—It might be, Senator Collins, but that part of it is Treasury policy. I will pass your question on to Treasury. I would not normally do that. I cannot remember being here when I have had to run backwards and forwards from one department to the other.

Senator JACINTA COLLINS—I will probably do that tomorrow too.

Senator Patterson—We will just pass on the comments you have made to Treasury, and they can choose whether they are going to respond.

Senator MOORE—We would appreciate that, Minister. It has been raised and, as you know, there was a recent article in the Sydney papers making a statement about the effective use of child care. I know that you monitor that, so you know the article. Can we get data on the number of parents who do not fit the priority groups of working, studying or training and who have one or more CCB funded child-care places? Is that the kind of data you would have?

Ms Powell—I can tell you that 90 per cent of child care is for work related purposes.

Senator JACINTA COLLINS—Under that test we just discussed?

Ms Beauchamp—Yes.

Senator MOORE—By the definition you have.

Ms Beauchamp—Yes.

Senator MOORE—Can you give me any more figures about what the other 10 per cent are; how many places are actually at the moment being used by people who do not fit the work related tests? Is that the kind of data you have?

Senator JACINTA COLLINS—That would be 10 per cent.

Senator MOORE—That is 10 per cent, not how many places. It is a percentage of places.

Ms Powell—I would have to take that on notice.

Senator MOORE—I am interested because, every time we have the department here, it is fascinating to see what the system can come up with and what it cannot. There are sometimes things you cannot come up with and, if we know that, we can work around them, but the more we ask the more amazing things we see.

Dr Harmer—We will see if we can do that.

Ms Powell—I do not know the answer to that one.

Senator MOORE—That brings us back to the previous question about accessible good data, so it could be something to go on the links. The next one is child-care workers' wages, which I am sure you would be expecting us to talk about.

Senator JACINTA COLLINS—Just before you go into that, I would like to go back to this Long Day Incentive Scheme example. As I understand it, in the case of Phillip Island, an application for the establishment of another long day care centre, the application for development approval was with council on 9 July. When did applications open—I am sure I have been told this in the past but I need to be refreshed—and when was the decision in the case of Phillip Island finalised?

Ms Griffin—The first funding round was advertised in May 2004. I would have to take on notice and confirm when the decision was made in relation to Phillip Island.

Senator JACINTA COLLINS—And when the application was received as well.

Ms Griffin—Yes.

Senator JACINTA COLLINS—The decisions were somewhat later, weren't they?

Ms Griffin—I could not say when the decision was made in the department.

Senator JACINTA COLLINS—Contradictions are wrong here, but it would have to have been after 9 July, wouldn't it?

Ms Griffin—I would think so.

Dr Harmer—We would have to check that.

Ms Griffin—The closing date was 23 June, so it is highly unlikely the decision would have been made by 9 July.

Dr Harmer—It is possible, but unlikely.

Senator JACINTA COLLINS—What was the closing date?

Ms Griffin—23 June.

Senator JACINTA COLLINS—Is this the only example that has come to your attention of other services arguing that they have been compromised by the establishment of centres in which they were about to establish themselves?

Ms Griffin—In this round, yes.

Senator JACINTA COLLINS—But it has occurred in previous rounds of PPI; is that the case?

Ms Griffin—Not that I am aware of.

Senator JACINTA COLLINS—When you say, ‘In this round’?

Ms Griffin—I was just clarifying that, to my knowledge, in this round this is the only one that has raised a concern with the department.

Senator JACINTA COLLINS—You are aware of the concerns of the particular case?

Ms Griffin—Just.

Senator JACINTA COLLINS—Are you in a position to provide us with any further information to the question I asked earlier?

Ms Griffin—No.

Senator JACINTA COLLINS—You have not had a chance yet to look at the original application and understand why an alternative—

Ms Griffin—That is correct.

Senator JACINTA COLLINS—Thank you.

Senator MOORE—Minister, on 14 January you and Minister Ruddock put out a joint press release acknowledging the wage case on child-care workers’ wages that went through the AIRC. It just stated that it had gone through and that you recognised the good work and services that child-care workers provide, and you also noted that there were going to be further claims going through in Victoria and in the ACT. In that case, did the government actually support the wage case or just acknowledge the result?

Senator Patterson—We acknowledged the result.

Senator MOORE—At these hearings for the last couple of years we have been talking about the possible impact of these decisions and the process that would occur. Has FaCS done any work on estimating the possible impact from the increase in wages resulting from the decision? Have you done any estimates or any provisional work on what the result would be for child-care payments?

Ms Beauchamp—No, we have not. In this particular case no decision has actually be made, so we would be speculating again. I think the parties to the recommendations have been told to go and conciliate.

Senator MOORE—They have to talk it out, yes.

Senator JACINTA COLLINS—It is essentially a decision in principle, is it not, yet to be implemented?

Senator MOORE—There has been no work done in the department to estimate possible results in cost increases in various parts of child care?

Ms Beauchamp—Not around that particular issue. There are a number of inputs that go into making up child-care fees and the like, obviously, which we have no control over, and wages is just one of those inputs—along with a range of other things.

Senator MOORE—If there has been no work done on estimating any change and impact on cost, has there been any work done on the impact to take-up of places that could be the result of increased cost to parents?

Dr Harmer—At this stage, probably not specifically on the most recent case, but I anticipate that we would be looking at a whole range of factors that impact on demand as part of our normal policy advising process.

Senator Patterson—You cannot just take into account increases in the child-care costs. You have to look at increases in family assistance, which has been at record level, and you have to look at increases in real wages, both for men and women. There are a whole lot of factors that will impact on that, not just an increase in wages for childcare workers.

Senator JACINTA COLLINS—Has any work been done on potential adjustments to CCB?

Ms Beauchamp—Not yet.

Senator JACINTA COLLINS—Was there something resolved not long back about looking at the issue of the additional costs of the under-twos with respect to CCB, especially now that schemes, such as the Long Day Care Incentive Scheme, provide more favourable incentives for children under two?

Ms Beauchamp—Could you repeat the question?

Senator JACINTA COLLINS—Under CCB the level of support for places for the under-twos is the same as it is for children over two; yet under some of the incentive schemes, such as the Long Day Care Incentive Scheme, there is a differential rate. Has the department done any work on exploring whether a differential rate would have a positive impact on the market for CCB?

Ms Powell—No.

Senator MOORE—In the various industry advisory groups that work with the department, has the issue of the possible impact to child-care services of the wage increase been put forward as an agenda item?

Ms Powell—Those discussions are most likely to have taken place at the state level and we would need to check with our state offices. There certainly have been no discussions this year.

Senator MOORE—I am aware that in the joint press release that the minister and Minister Ruddock put out, Minister Ruddock was quoted—not Minister Patterson:

The childcare sector has been aware of the wages claim for some time and many services have been planning for wage increases in their budget.

So it is definitely an industry discussion point and they have been very much involved. I am just trying to flesh out, knowing that that is happening, how the advisory groups have been planning to take that into account in planning. At this stage there is no public statement?

Ms Powell—No.

Senator MOORE—I will ask the next two questions; you will probably know the answer. Is the department considering ways in which the cost of the decision might be shared between the government and parents?

Ms Powell—No.

Senator MOORE—Is the department considering the merits of bringing the 30 per cent rebate forward from July 2006 to July 2005?

Ms Powell—That would be a Treasury issue.

Senator Patterson—You need to have a look at what you just said then because it has been brought forward by another six months.

Senator MOORE—Yes, but I was talking about bringing it forward to July 2005.

Senator Patterson—For this financial year?

Senator JACINTA COLLINS—You are talking at cross-purposes: one is talking about when families will actually receive the payment, the other is talking about when eligibility for the payment begins.

Senator MOORE—Yes, we had the discussion this morning, Minister. It is that question what about constitutes the beginning of the year and the receipt of the payment, and we have different positions.

Senator Patterson—In respect of which year it is paid for. That is a very different issue.

Senator JACINTA COLLINS—We are concerned about when families will actually get the money, which is a long time away—

Senator Patterson—Let me tell you, they get it and it is real.

Senator JACINTA COLLINS—on this one. I am not aware of any precedent where a tax rebate has been deferred to a different year than the year in which you are entitled to it, but I will ask Tax that question.

Senator MOORE—The supplementary discussion that has been going on around child-care workers, apart from wages, has been on the general conditions. They have been running hand in hand. Another issue is the maintenance of staff in centres, and we have talked about that in this committee before. Does FaCS keep any data on the number of child-care workers leaving and coming into the industry as well as the length of service and why they leave?

Ms Powell—There is a project that we are working on with the state governments looking at the children's services work force. We have been doing a major survey of the work force and the results of that survey will be available later this year. We are meeting with—

Senator MOORE—In respect of this calendar year?

Ms Powell—We will be getting the results of the survey this calendar year. We will be meeting with the states to discuss that and have discussions around the work force issue in general, as a joint process.

Senator MOORE—It is particularly looking at the workers, the length of service, the conditions and all those things—a survey of work.

Ms Powell—It is looking at a range of issues to do with the work force.

Senator JACINTA COLLINS—Is there another project with the states addressing the nought to two issues? I thought there was something addressing that point that came out of a meeting with state ministers.

Ms Powell—I am not sure.

Senator JACINTA COLLINS—Perhaps you could check that for me.

Ms Powell—Yes.

Senator MOORE—The Industrial Relations Commission and also the Australian Institute of Health and Welfare have made statements about what they consider to be a severe shortage of child-care workers in the industry. Does the department share that view or have any information to suggest that the situation could be called severe in terms of child-care workers?

Ms Powell—In our work with the states that is the issue we will be exploring: what the work force should look like, what it would ideally be and how we can support it.

Senator JACINTA COLLINS—Quite some months ago I came across for the first time a phenomenon that I was not aware existed in child-care centres, which was rooms that were closed. You might close hospital beds, but these were closed child-care places because of the shortage of workers. Are you aware of that occurring in child-care centres?

Ms Powell—No.

Senator JACINTA COLLINS—Perhaps you would like to take on notice the question of whether the department has looked at that issue or if you have any information around the number of approved places and centres that are closed because they cannot find suitable staff to operate them.

Senator MOORE—Given that we cannot wait until the survey is actually completed and the results known, are there any initiatives in place at the moment to attract people into the industry and to raise the profile of child-care workers to get them into doing things like the diplomas? We talked about these diplomas before in this process. Is the department doing anything to actually encourage more people in the industry to get their training and their professionalism up?

Ms Powell—The project that we are doing with state governments through the Community Services Ministers Advisory Committee and the children's services subcommittee is also looking at ways of promoting and publicising the profession, training requirements and career progression—the broad issues associated with making working in child care more attractive.

Senator Patterson—Another thing that I have been looking at, Senator Moore—it is only minor but it all adds to it—is a suggestion, which I have made to the child-care sector, that we should consider having some sort of ministerial award for outstanding performance in child

care so that we can promulgate creative things that are being done by child-care workers. I gave a speech last week to the Australian Institute of Family Studies meeting about child care providing some of the building blocks for literacy and numeracy. I am sure there are some child-care workers out there doing some tremendous things that could be seeded in other places, so I want to be able to do that. It would raise our government's and the community's recognition of the contribution they make.

Senator MOORE—And we are going to await the survey in terms of trying to get a coordinated response across the country towards the end of the year. The child-care benefit for infants is your issue, Senator Collins.

Senator JACINTA COLLINS—It is too. This is why I came back to discussions with the states. Can you confirm for me that the minister agreed to look at increasing the rate of funding for children under two last July? You will obviously need to take that on notice, given our earlier discussion.

Senator Patterson—I do not think you need to take it on notice. Not that I remember.

Dr Harmer—Is it possible the state ministers asked?

Senator JACINTA COLLINS—No, I think it came in a communique out of a meeting with state ministers.

Senator Patterson—Yes, but I do not always necessarily agree with everything that is in a communique, I have to tell you.

Senator JACINTA COLLINS—You might like to recheck the wording, Minister.

Senator Patterson—They may have said—

Senator JACINTA COLLINS—It is obvious, then, that the minister has decided to do nothing, given the answers that you have given. Is the department aware that many new long day care centres now will not take children under the age of two?

Ms Powell—We leave long day care centres to set their own parameters in terms of the children that they take.

Senator JACINTA COLLINS—Have you identified any trend in the composition of the nature of places within child-care centres, a skewing away from the provision of nought-to-two places within centres? This would be available from the data.

Ms Powell—The data would be available. I do not think we have done any analysis other than what you read about in the newspapers.

Senator JACINTA COLLINS—If it is not going to be an inordinately tedious process, could you please look at that for me?

Ms Beauchamp—Can I clarify: you are asking us to obtain information from long day care service providers?

Senator JACINTA COLLINS—No, I am asking you to look at your own information—

Ms Beauchamp—Right.

Senator JACINTA COLLINS—and see if from that, without too much difficulty, you can corroborate a claim that there is a skew away from the provision of nought-to-two places. You

collect data on the age of children in approved child-care places, so it should not be too difficult to look back over the last several years and see how that proportion may or may not have—

Ms Beauchamp—We have numbers around the number of zero to twos using approved child-care places, which has grown quite substantially. We have got those sorts of figures.

Dr Harmer—The numbers are actually going up. We would need to check how it is going as a proportion. The availability of places for under-twos is going up, and there are more—

Senator JACINTA COLLINS—The number of nought to twos actually in places is going up.

Dr Harmer—Yes. We would need to check what is happening as a proportion.

Senator JACINTA COLLINS—Yes, that was my question.

Senator MOORE—There is some information about possible indexation of the CCB. I am just getting some ideas about the rise in child-care costs over the last three years. I am sure you have data that indicate the costs of child care have risen—and you probably have a graph to confirm that—and that there has been a 39c increase in the standard hourly rate for CCB over the last five years. Is that your understanding? Do you express it in those terms? I know that FaCS does monitor increases in child-care costs.

Ms Powell—Yes, we do.

Senator MOORE—How do you do that? What do you take into account in the increases?

Ms Powell—Through the child-care census we collect information on fees.

Senator MOORE—When you are satisfied that that is ready to go out, it will have some indication of what the increases have been through that census?

Ms Powell—That is right.

Senator MOORE—Good. Is that the only method—using the census every two years?

Ms Powell—It is the only method I am aware of.

Senator MOORE—If you can think of any others, just let us know.

Ms Powell—We also do another survey in the off years of the census.

Senator MOORE—So you have the big census, and in the off years you have?

Ms Griffin—A fee survey

Senator MOORE—That is looking directly at the costs and nothing else?

Ms Powell—Yes.

Ms Griffin—The fees charged.

Senator MOORE—It would probably be easier to find the data that way because you do not have any other boxes to look at.

Ms Beauchamp—There is also some useful information in the annual report around that.

Ms Powell—In answer to your previous question about nought to two-year-olds, there has been a 14 per cent increase in the number of babies and toddlers in formal care since 2000.

Senator JACINTA COLLINS—What is the proportionate increase in the number of places over that time?

Ms Powell—That I do not have.

Senator MOORE—I know you do look at this, but has there been any discussion on or research into the rate of CCB linking it to the actual costs of child care as opposed to the cost of general living? Have you been looking specifically at the data you have for the industry rather than just other indexation with respect to how you increase CCB?

Ms Powell—We have data about fees, CCB and the impact of government assistance. Does that answer your question?

Senator MOORE—Kind of—one of the things with any of these figures is it is really hard to trace back what they have been based on. Do you know what the CCB figure is based on? Is it the average cost per hour? How was the current CCB rate brought about?

Ms Powell—It is really a historical figure which grew out of the child-care rebate and has been indexed for CPI each year since then.

Senator MOORE—Has there been any attempt to see how that compares with the actual costings that you get from your fees surveys and the survey? There is the historical figure being indexed by CPI, but has there been any attempt to compare that with what you understand the costs of child care to be?

Dr Harmer—The government decides which index to apply. Treasury basically does that. Given that the government has a policy intent to make a contribution, it would be interesting whether the CPI is keeping pace but the government would decide whether it wants to index it at a higher rate or not, and it has chosen to leave it at CPI.

Senator MOORE—In some other places it is indexed at the CPI or something else, depending on which is the lesser. It is well known that that is the decision, and it is a standard practice. With your level of knowledge of that industry, I am interested whether you know from your survey what the average costs per hour of long day care and after-school care are?

Ms Powell—We certainly have data on the average costs.

Senator MOORE—Can we get that?

Ms Powell—Yes.

Senator MOORE—Have we asked for that before? I cannot remember having asked for average costs before.

Dr Harmer—I think so.

Senator MOORE—Does the department have any particular view about what the maximum child-care cost should be as an hourly rate or as a proportion of family income?

Ms Beauchamp—The government makes a contribution to the cost of child care through CCB and other means, obviously through all the family payments and the like. And the recent announcement around the child-care tax rebate is also another contribution.

Senator MOORE—Did we ask you earlier for data about CCB take-up? We were in discussion about that, and I have a number of very straightforward questions about CCB statistics.

Ms Powell—You asked for the numbers of children in each of the three main service types since 2000.

Senator JACINTA COLLINS—I want to clarify the earlier answer: we were told that the estimate in general terms, subject to correction, was that it would be applied to an additional 10,000 children. Is that correct?

Ms Beauchamp—Yes, in terms of the potential impact, but it is only expected, as the budget papers say. It is an estimate.

Senator JACINTA COLLINS—We have been looking at the child-care survey conducted by the ABS and some of the work it has done into the take-up of CCB. It indicates that there were 189,400 kids in formal care for whom CCB was not claimed. Are you in a better position now to explain why we would be looking at a figure of only 10,000 when the ABS's estimate is so high in the number of children for whom CCB has not been claimed?

Ms Beauchamp—No, I am not able to shed any further light on that.

Ms Powell—We were not anticipating that all families not claiming CCB would now step in and claim them.

Senator JACINTA COLLINS—I understand that, but if you look at the ABS data, for instance, it indicates that CCB was not being claimed for 36,000 of the almost 190,000 because the family income was too high for parents to be bothered claiming the minimum rate that they are entitled to. Obviously that is going to change.

Ms Powell—Within the ABS survey, also, some of the children would not actually be eligible because it also covers preschool children and nonresidents.

Senator JACINTA COLLINS—Aside from that still, having explored those factors they came up with a figure of 36,000, and they do actually identify the details of some of the factors that you just mentioned that can be eliminated. I look forward to seeing your answer with respect to that discrepancy and how your estimates were conducted.

Ms Powell—I have information on the hourly rate if you would like me to read that out now.

Senator MOORE—That would be lovely.

Ms Powell—For long day care for a non-school child, the hourly rate varies from \$3.09 for one hour of care to \$2.81 for 50 hours of care.

Senator MOORE—So you get a discount for more hours?

Ms Powell—Yes. For long day care schoolchildren and outside school hours care, one hour starts at \$2.39 and is the same no matter how many hours you use. For family day care for a non-school child, one hour of care is \$3.75, gradually decreasing at 50 hours down to \$2.81. For family day care schoolchildren, it ranges from \$3.19 to \$2.39. For outside school hours care for a non-school child and for occasional care, it is \$2.81.

Senator MOORE—The standard hourly rate of CCB is exactly \$2.81?

Ms Powell—That is the standard hourly rate charged by centres.

Senator MOORE—It is interesting that that came in as the figure.

Senator JACINTA COLLINS—Should I take it from your earlier comments that pretty much all questions in relation to the rebate should be directed to Treasury?

Ms Powell—Yes.

Senator MOORE—I think I know the answer to this question, but we have a number of questions about Defence child care and I am checking whether you have a role in the Defence child-care services or whether that is a question for the Department of Defence.

Ms Powell—I think it would be a question for the Department of Defence. I know they have an active employer sponsored child-care program.

Senator MOORE—Is there any liaison between your group and Defence child care? Defence child care is something I did not know about; I thought they were standard child-care centres until I read this information. But, as you are the expert in child-care provision, knowledge and advice, is there regular liaison between the Defence child-care people and you?

Ms Powell—I am not sure of that. I think that there are some conversations at the state level. I know we provide assistance to a range of employers as to making use of the employer sponsored child-care arrangements, but I could not be more specific than that.

Senator MOORE—If there is any more information on that from another government agency, it would be useful to know whether there is that support and knowledge.

Ms Powell—Sure.

Ms Beauchamp—Senator Collins, I will clarify that \$10,000 that I referred to earlier. I will get back to you today on that.

Senator JACINTA COLLINS—Yes.

Ms Griffin—I have a few answers to read into the record.

Senator MOORE—Which particular questions do they relate to?

Ms Griffin—The first refers to an earlier one in relation to who is eligible to apply to be a PSC under the new inclusion of professional support program. Anyone, except state and territory governments and their agencies, is eligible to apply.

Senator MOORE—Does that mean local governments could?

Ms Griffin—Local governments can. It is in the paper. They are eligible to apply for selection to be inclusion support agencies but not professional support coordinators. They may be, though, a member of a consortium to apply to be a professional support coordinator, but they cannot be the lead agency. There are a few little provisos around local government but for inclusion support agencies, yes, they can apply.

In relation to Senator McLucas's question about how many children are in home care that attract subsidies, in the July-September period the figure was 138. That is an approximate

figure at any point in time. There would be ons and offs over the period of the year, but that would be about the number attracting that subsidy.

Back on inclusion support, yes, the document is still on our web site. Senator Collins, in relation to long day care incentive schemes, none of the eight services announced in December are corporates. None of those privates are corporates. These are the maximum amounts of assistance that the eight centres are eligible for—they vary depending on the utilisation but these are the maximums that they can receive—Kingsthorpe in Queensland, \$807,538—

Senator JACINTA COLLINS—Over two years?

Ms Griffin—Yes. This is the maximum under the scheme over the two years. The others are: Kilcoy, \$618,750; Adelong, \$374, 715; Allora, \$502,776; Kapunda, \$519,936; Rural Valla, \$613,884; Angaston, \$519,936; and Phillip Island, \$557,872.

Senator JACINTA COLLINS—But what has to be factored into those amounts is that over that two-year period those services have forgone access to CCB?

Ms Griffin—No. Under the new arrangement it is different to the private provider incentive scheme. They still access CCB where they are eligible and where they are able and depending on the utilisation, but this payment subsidises the level to 70 per cent of the maximum CCB they could receive for the number of places they have. That is why what they actually receive will be subject to their utilisation rates in the first two years, but that is the maximum that they can receive.

Just to clarify something earlier, Senator McLucas was referencing something from our web site that was marked with revision marking. It was downloaded from the *Child Care Service Handbook*. That is updated and printed annually and distributed to peak organisations and child-care services, but in the meantime edits are made online. The document specifically shows that new text is indicated by underlining and deleted text by strike-through. It is not very pretty but it is a cost-efficient and effective way of the industry knowing what has changed in the books they have before them. Those interim guidelines for supplements would have been incorporated in the latest version online. The edits that Senator McLucas was referring to would have been clarifications made in response to feedback from service providers in the sector.

Senator MOORE—Thank you very much.

Dr Harmer—I also have a few answers to questions that we took earlier. We are not quite sure which of you asked the questions.

Senator MOORE—Don't worry about that.

Dr Harmer—It is the revised CCB reconciliation methodology. Senator Moore, you asked earlier about a couple of publications that we had in relation to the labour market. One is for DEWR and one is for accommodation of ourselves and DEWR. I have a whole series of answers to questions that we took on notice on the Office for Women, particularly around the allocation of funds. I pass those in as well.

Senator MOORE—Thank you, Dr Harmer.

Dr Harmer—If Senator Evans were here, I would go back, because he was the one who asked the question. There was a little confusion this morning at the beginning about whether the JET program was ours or DEWR's. The reason there was a bit of confusion is that there are actually two parts to the JET program. One part is the JET program support for parents and carers to develop participation plans. Because that is a participation assistance program, that has gone to DEWR. The bit we call JET child care, which has been renamed 'Child care for eligible parents undergoing training', remains with FaCS. So the truth is that, of the two elements of JET, one has gone to DEWR, which is the jobs education training program for supporting parents and carers to develop participation plans. The one related to child-care assistance is staying with FaCS.

Senator MOORE—It has been renamed, so over time we might stop calling it JET.

Dr Harmer—Indeed.

Ms Powell—I have the answers to questions that you asked about zero-to-two-year-olds.

Senator MOORE—If we are here until midnight, we can get them all.

Senator Patterson—We will give them to you faster so that we can get out of here before midnight.

Senator MOORE—Are you going to hand them in, Ms Powell?

Dr Harmer—I would prefer to do this than have to delay.

Ms Powell—No, they are not in a form to table.

Senator JACINTA COLLINS—We would never want you to come in with a trolley.

Dr Harmer—No, I will not.

Senator MOORE—Ms Powell, what would you like to read into the record?

Ms Powell—You asked for the data on zero-to-two-year-olds since September 2000. The answer is: 2000, 26 per cent of children in child care; 2001, 25 per cent; 2002, 23.7 per cent; 2003, 23.9 per cent; and 2004, 24.2 per cent.

Senator MOORE—Thank you very much.

Senator ALLISON—Has any work been done on the emerging shortage of child-care places in inner urban areas? I speak for my own immediate region in Melbourne, where there are now 1,600 children on waiting lists. This is because child-care centres have closed down as the real estate is so valuable that it is worth building multistorey developments on them. Is this a problem that is shared in other cities—Brisbane, Sydney, Adelaide and so on—and at what point do you look at these enormous waiting lists? Some waiting lists are so long that you just have to wait until the child goes to school. Has this become an issue that you are aware of and what, if anything, have you done about it?

Ms Beauchamp—We did touch on this earlier when we were talking about demand for child-care places.

Senator ALLISON—I apologise for that.

Ms Beauchamp—I probably should reiterate that the Australian government is not the only jurisdiction responsible for providing child-care services.

Senator ALLISON—I realise that.

Ms Beauchamp—Long day care is unlimited.

Senator ALLISON—I realise that, too.

Ms Beauchamp—State governments have licensing regulations, for example, and local governments—

Senator ALLISON—I realise that, too.

Ms Beauchamp—actually provide opportunities for potential child-care providers to locate in inner metropolitan areas.

Senator ALLISON—I am aware of that.

Ms Beauchamp—So they also have a role to play. Our role is primarily to assist with the costs of child care and to contribute to child-care fees. I do not know where those figures you have just quoted have come from and we have not been able to confirm them. I think you mentioned a waiting list of 1,600.

Senator ALLISON—For the City of Port Phillip and general area.

Ms Beauchamp—I think you also referred to waiting lists. We have also outlined to Senator Moore some of the information we have available to determine and understand the level of demand. Waiting lists in themselves are quite problematic, as you are probably aware. I think many commentators have said parents and families are on multiple lists.

Senator ALLISON—I realise that, but there has been a coordinated effort to look at all those lists and to sort out the duplications and remove them. I am not here to say that that is an absolutely accurate list, but all of that has already been considered.

Ms Beauchamp—In terms of our responsibility, no, we are not looking at providing child-care services in metropolitan regions.

Senator ALLISON—That was not my question. Do you have an overview of what is happening in inner urban areas? Is it a problem in other cities or just a problem in Port Phillip? Are you doing any studies? Are you collecting any statistics on this issue, on the number of places—however you describe particular regions? Are you finding that in inner urban areas they are going down and is this a problem?

Ms Beauchamp—As I was saying earlier, it fluctuates, depending on what is happening with the demographics and what is happening in that local area. Of course you are going to get hot spots and where those hot spots might be will vary over time. You have mentioned one particular area. I am not able to confirm or otherwise—

Senator ALLISON—I am not asking you to. I am just asking you whether this is a problem you have identified and have seen. Is it coming from elsewhere as well?

Ms Beauchamp—I guess what I am saying is that it is very fluid and yes, hot spots will arise. We will address that situation through providing as much support to families as is possible. We also provide support through the Long Day Care Incentive Scheme which provides support for services that would not otherwise be viable in the urban fringe and where there are no other services available.

Senator ALLISON—But it is not an issue of support for these families. They just cannot get a place unless they drive out to Thomastown or somewhere else.

Senator Patterson—I have raised this issue with some of the state ministers. In Sydney, for example, some councils that are now looking to build into the costs of redevelopment in areas—you only have to drive into Sydney and look at Zetland to see the number of apartments going up. There is some responsibility and obligation for councils, when areas are being redeveloped, to look at—whether it be provision for general practice or child care—the sorts of services needed when you increase the number of people living in an area. We do not do that. We have just been discussing giving some assistance in remote or fringe areas around a city where there is not quite the capacity to have a child-care centre and they need time to build one. There are other issues. In some of the states—and I have to admit that Victoria has been one of them—they have arrangements with private providers to co-locate a child-care centre on a state school campus. That is a place where there is some land available and it facilitates families being able to deliver children. One of the problems we have is that, when the regulations stipulate so many square metres of open space per child, that precludes child-care centres being set up.

States have to look at their regulations of child-care centres and at their regulations with regard to redevelopment. Those are issues that the states have to address. I have been intending to raise them with local government ministers. I am about to write or I have written—I cannot remember exactly; I'm told it is in the pipeline—to try to get them to address these issues. We are not going to solve the problem overnight. When we have these developments, there is an impact, especially an increased participation in the work force. I am sure that Mr Andrews will be particularly interested in what the states are doing about this. As we said, we assist families with funding but we cannot drive the planning as well in what states are doing, and it is obvious when you see the sorts of development in those areas.

Senator ALLISON—I do understand that it is a state responsibility to regulate child-care centres. I am not taking issue with that. I also think that local government could do much more. However, there are some inner urban areas where locating with the school is not an option because the school has only a pocket handkerchief of a playground to work with. It seems to me that there is a case to be made for inner urban areas, that the market is not fulfilling the need. My question was: are you aware of it? Is anything being done with regard to talks with the states? Does the Commonwealth care?

Senator Patterson—I have just answered your question. Yes we are concerned. There are hot spots, some of which we can do something about. We cannot create land in Port Phillip and we are not in the business of doing that, but it would have been better had councils, when they were involved in some of that redevelopment, considered that people were going to be living there and that those people were going to have children.

Senator ALLISON—We are not talking about massive redevelopments.

Senator Patterson—There is a significant redevelopment in that area.

Senator ALLISON—Will you raise this matter when you come to talk to the states about improving the standards?

Senator Patterson—Regarding standards, my first and foremost concern is that some classes of child care are not regulated. For example, in Victorian outside school hours care, food handling is regulated, but I think that is the only thing that is regulated. I am concerned about that. People who send their children there expect quality and safety. I do not think we will get harmonisation across things like square metres of space per child, but I think we should get harmonisation on basic things parents expect when they send their child to a registered, accredited child-care service. I do not think provision—or availability—is an issue that comes under standards. We are looking at standards in terms of quality and safety. The issue in some of those inner-city areas is very difficult. There is no land, and some of that is because of poor planning on the part of the state and local government.

Senator ALLISON—What about standards in preschools. As you would know, some child-care centres offer formal preschool within the child-care centre. That usually depends on how big the child-care centre is. It is my understanding that up to 80 per cent of children of preschool age in child care receive no formal preschooling. Is that something you will raise with the states as well? Firstly, do you think a four-year-old in child care ought to have access to proper preschool with a properly qualified preschool teacher?

Senator Patterson—This goes across a number of responsibilities. It includes Dr Nelson's area of responsibility as Minister for Education, Science and Training. It involves the states, as they are responsible for preschool. The National Agenda for Early Childhood is one of the areas we are focusing on. In a speech I made to the AIFS last week—an omnibus ominous speech on all the areas that affect families—I spoke about how we integrate and get better coordination between child care and preschool. I looked at how we get, within child care and preschools—and I have talked to Brendan Nelson about this—building blocks for reading readiness and literacy. Senator Allison, you would know the sorts of things we are talking about: auditory, memory and visual-sequencing—the basic building blocks for skills that make it easier for children go to school and develop literacy numeracy. That is a very important part of the National Agenda for Early Childhood. Obviously it is something I am interested in, because it relates very closely to my professional background, but it is an issue we need to address with Dr Nelson and the relevant state ministers—and I have written to them.

Senator ALLISON—You have written to them about preschool in child care?

Senator Patterson—I have written to them on this very issue.

Senator ALLISON—Excellent. Have you suggested that all children in preschools should have—

Senator Patterson—No, I have not suggested that. I have suggested that we need to look at the integration. I am not going to tell the states what to do—although I sometimes tell them what to do, and I would like to tell them what to do more often! In a cooperative way, I have written to them saying that this is important and it is about investing in our social capital. It is a particular interest of mine and of Brendan Nelson's.

Senator ALLISON—Can the department confirm that figure? I know this data is not readily available, but it is my understanding that there was an academic study a while ago which showed—

Senator Patterson—It depends on which state you are talking about. If you are talking about New South Wales, they do not do very well. If you look at it state by state and the number of hours they do—

Senator ALLISON—Do we have those figures state by state?

Senator Patterson—I think it is about 11 hours per child, from memory, in most of the states.

Senator ALLISON—My question is not about how many hours of preschool they do; it is about whether or not they get formal preschool, with a properly trained preschool teacher, within child care.

Senator Patterson—That is a different question. Are you asking about preschool type education in child care or are you asking about education in preschools? In the first part of the question you started off with education in preschools.

Senator ALLISON—No, that was not what I was asking about at all.

Senator Patterson—That is what you said.

Senator ALLISON—It is those four-year-olds, and I would like to include even three-year-olds in that, who are in child care who are currently not receiving formal preschool—that is, they attend child care but they are not receiving formal preschool that is delivered by a trained preschool teacher.

Senator Patterson—Some of those children are actually attending preschool some of that time and child care the other time, and I do not know whether you can separate those out.

Senator ALLISON—That is true, but there are the others that remain in long day care. Do we have any statistics on those that remain in long day care? Is that 80 per cent way out?

Senator Patterson—We might be able to provide you with some of those.

Dr Harmer—We may be able to do that.

Senator Patterson—But it is whether you can tease out those children who are getting some education in preschool even though they are in child care for the rest of the time. We can have a look and see. I am not sure that we will get them.

Dr Harmer—We have not got them here. We will see if we can get them for you.

Senator ALLISON—Okay. It would be interesting to see the picture state by state too.

Ms Powell—I am not confident that exists, but we will have a look.

Senator JACINTA COLLINS—As for the other part of the issue, that would unfortunately need to come from the states. I think the nub of the problem that you are getting to is the number of child-care centres that previously purported to provide preschool—or, in Victorian terms, kindergarten—but have not maintained accreditation although they still advertise that they are providing preschool. In the Victorian climate, for instance, there are a lot of children whose parents believe their children are getting preschool—and they are not.

Senator ALLISON—Precisely.

Senator Patterson—That is an issue for the states because they regulate them.

Senator ALLISON—Yes, but you kicked off this debate, Minister. Presumably we—or I am at least—are just trying to see if this issue is on the agenda.

Senator Patterson—It is on the agenda—let me assure you.

Senator ALLISON—With all the carrots and sticks you can throw at it, hopefully.

[4.31 p.m.]

CHAIR—As there are no further questions on child care, we will now move to output 2.1, housing support.

Senator BARTLETT—The minister has announced that the government will be funding SAAP 5 from July this year. Could you confirm that the evaluation of SAAP 4 found that an increase of 15 per cent in funding was required just to maintain existing levels of services?

Ms Carroll—The review of SAAP 4 found a range of things. It found that SAAP services were doing well in terms of crisis accommodation. It also found that there needed to be some work around the accountability framework and linkages between SAAP services and other service providers. There was also the need to consider the precrisis support for people coming into SAAP services and what happens to individuals close to crisis. So it covered a wide range of territory as well as looking at the issue of the maintenance of SAAP services.

Senator BARTLETT—To maintain those existing levels of services, the evaluation found that a 15 per cent increase was required?

Ms Carroll—The evaluation made a range of suggestions and that was one of those.

Senator BARTLETT—You have outlined some of the other problems that the evaluation found. What are the main areas of unmet demand?

Ms Carroll—Do you mean specific individuals that are unable to access SAAP services?

Senator BARTLETT—Some of the answer you gave before went to precrisis support and those sorts of things which are appropriate but which, I presume, fall a little bit outside what the immediate core of SAAP can provide. You are looking to get those kinds of things to plug in and increase its effectiveness but, within the area of SAAP itself and what it is meaning to address, the evaluation—as I understand it without having read every word of it—and feedback from service providers talked about unmet demand of various sorts. What are the main areas, from your perspective, that you see as issues?

Ms Carroll—In terms of unmet demand, one of the main areas is the people that are unable to be helped either on the day that they request a SAAP service or within five days of requesting a SAAP service. As I said, the precrisis support that was identified and agreed by community services ministers as being an area of focus for the new SAAP agreement is one way to begin to address that. People present to a SAAP service and they may still be living somewhere that is breaking down at that point in time, and it is how SAAP or other services can assist people to stabilise that accommodation rather than them needing crisis support. Certainly the unmet demand on a daily basis is one of the issues that was identified.

Senator BARTLETT—The total amount of unmet demand is just in terms of raw numbers of people seeking assistance who cannot get it, and I think those raw figures are publicly available. Aspects that are particularly topical at the moment are the failings in broader

assistance for the mentally ill, for example, and people with things called challenging behaviours. What is the government's view about how much that is impacting on the effectiveness and efficiency of SAAP funding and SAAP delivery?

Ms Carroll—Certainly that is having an impact. One of the things that SAAP service providers find is that a number of the clients are presenting with multiple difficulties, and one of the most significant difficulties is mental health issues. So that is part of the issue in trying to look at how better linkages can be established between SAAP service providers and other service providers—most often, for example, state government mental health facilities or other facilities that exist for people to stop someone that might have a mental health problem being released, going off their medication and ending up back in a SAAP service. It is looking at how, from the health end, that support can be provided so they do not end up coming into it. That certainly is an issue, and it is being dealt with by looking at the linkages between SAAP service providers and providers of related services.

Senator BARTLETT—Are those sorts of things likely to be part of what is contained in the conditions of the funding agreement?

Ms Carroll—Certainly it will be being highlighted as one of the areas to be worked on in the funding agreement. The offer that the Australian government has put on the table provided \$106.7 million to be directed towards strategic investment to particularly focus on these priority areas. Those were around the improved linkages, for example, to whether it is mental health facilities or employment services to assist people to stay out of crisis accommodation, the precrisis intervention and the postcrisis support.

Senator BARTLETT—I presume you would be aware of comments expressed by a number of service providers and organisations that, if they are not able to get additional funding, their viability is at risk.

Ms Carroll—Yes, we are aware of that.

Senator BARTLETT—So, in the context of the SAAP 5 round and the initial offer you have talked about, what plans does the department have to address those areas of unmet need?

Ms Carroll—The focus is on trying to provide some additional funding. The Australian government offer has been presented on the basis that the states and territories are being asked to increase their funding to SAAP, and obviously some of that funding will assist in these areas. As I said, the \$106 million is particularly directed towards those areas that have been highlighted.

Senator BARTLETT—I just want to get a handle on the \$106 million, which I think you are saying is for strategic priority areas.

Ms Carroll—Yes.

Senator BARTLETT—How does that relate to what might be called the core fundings? As I understand it, the assessment to date has been made on the adequacy of the overall program in areas of unmet need as they exist. The extra funding of \$106 million for priority areas is obviously welcome, but how does that address the existing core issues with unmet need?

Ms Carroll—The idea is that there is hope that, through the investment in those particular strategic priority areas, we will be able to stem the flow a little, which will assist in that unmet need. For example, if we are able to stabilise individuals in their own current accommodation when they get into crisis and before they need to move into a SAP service, that will mean they are not putting their names down at a SAP service and becoming a statistic in unmet need. We hope they are able to be satisfied before that. So the areas for investment are particularly targeted at trying to reduce that unmet need.

Senator BARTLETT—Have you had any response yet from any of the state departments or ministers to your initial offer and the call for extra funding at state level?

Ms Carroll—The state and territory ministers have written back to Minister Patterson requesting a meeting in February and indicating that they are not happy with the offer as it currently stands. They wish to discuss that and the minister has agreed to meet with state and territory ministers.

Senator BARTLETT—Do you have a date for that?

Ms Carroll—It is still under negotiation.

Senator BARTLETT—If I could be a little partisan for a moment, I am interested in looking at Queensland in particular. Certainly some of the feedback I get from the housing sector in Queensland is that they have a much larger proportion of demand—say, 25 per cent—but only 16 per cent of the funding pool. At federal level do you basically stand aloof from that and say, ‘The states should work it out if they want to change the formula,’ or are you actively involved in whether to change the state by state allocation?

Ms Carroll—Any changes to the state by state allocation would be done in consultation with every other state and territory.

Senator BARTLETT—Does the federal government have a view about whether or not the proportion going to Queensland is adequate given the level of demand?

Dr Harmer—In many of these Commonwealth-state programs, various states put cases, not just in SAP but in housing programs and other shared programs. In many cases the Commonwealth does think there is an issue and does agree that there may be a case to be put, but in these multilateral agreements, if the states do not agree, the Commonwealth has very little room to do anything. If the states, for example, agreed that Queensland should get a bigger share, then we would not argue against that. But it is unlikely.

Senator BARTLETT—I realise you cannot speak for the states. How long has the current breakdown formula been in place?

Ms Carroll—It has been in place since the inception of SAAP in the mid-1980s.

Senator BARTLETT—The longer it is there the harder it is to change, I suppose.

Dr Harmer—Indeed.

Senator BARTLETT—Then it starts getting a heritage order put on it or something. You are asking for increased contributions from states. My understanding—and you can tell me if it is wrong—is that at the moment New South Wales matches dollar for dollar the contribution

but other states do not. Are you seeking other states to come up to that level or do you want New South Wales to kick in more as well?

Dr Harmer—I am not sure of the state by state breakdown—Ms Carroll can answer that—but, in broad terms, SAAP has been a shared program since the 1980s and the Commonwealth has constantly put in more money. I think the broad ratio is about 60 per cent from the Commonwealth to 40 per cent from the states. To reflect the increased revenue that states get through the GST and other things, the Commonwealth is looking to move it more towards a fifty-fifty balance. That is part of our broader strategy. Ms Carroll may know whether New South Wales puts in more than some of the other states; it may be true.

Ms Carroll—New South Wales already provides greater than the Australian government's share—they provide more than 50 per cent—so they are not being asked to put in additional funds at the moment, because they are already there. Other states are being asked to move towards a minimum 50 per cent of the funding.

Senator BARTLETT—So one of the answers to my query about the shortage of funding for Queensland would perhaps be for the Queensland government to match its New South Wales colleagues?

Dr Harmer—Yes.

Senator BARTLETT—I have another homelessness related question. Around a quarter of a million dollars was provided to Mission Australia for a project for better services for homeless men in Sydney. I think that was in May last year. The funds were provided directly to the organisation rather than through SAAP and the state funding channels. Is there any particular reason for that direct funding?

Ms Carroll—That funding would have been part of the national homelessness strategy. Demonstration projects are funded as part of that strategy—individual providers are able to put in bids for funding. It is to look at new and innovative models of service delivery or perhaps ways to deliver information to particular client groups. Funding has been provided to individual service providers for a couple of years now, on the basis of the national homelessness strategy. They are one-off funding grants to achieve particular outcomes within a period.

Senator BARTLETT—You talk about innovative approaches and trialling different things in a difficult area—which is understandable—but, given that at least some of the \$106 million you talked about earlier could be described as attempting some extra innovations or developments, if you run into difficulties in getting locked into an agreement with SAAP 5 is there a prospect of more of that money bypassing the states and going to the direct funding of agencies?

Ms Carroll—The national homelessness strategy funding is very specific; it finishes at the end of this financial year, because it was tied up with the current agreement. It is not being provided on the basis of any ongoing funding to service providers, so there would not be a view to trying to move to the ongoing funding of service providers through anything like the national homelessness strategy.

Senator BARTLETT—With the national homelessness strategy winding up parallel to the winding up of SAAP 4, will all homelessness funding fold into SAAP 5 in an ideal world or is there still going to be separate funding?

Ms Carroll—Not necessarily. Whether there continues to be separate funding will be a decision for government.

Senator BARTLETT—But no decision has been made at the moment about a new parallel pool of money for homelessness?

Ms Carroll—No decision has been made at present.

Senator BARTLETT—The two key areas of focus in the current CSHA, which is the 2003 CSHA as I understand it, are work force disincentives and increase in private sector involvement in social housing. Can you give me an update on how that has gone with reducing work force disincentives?

Ms Carroll—I am unable to give you an update at the moment on that because the states and territories report through their bilateral reports which were due at the end of December. They all were received and we are currently assessing them and looking at what particular initiatives have been undertaken in any state or territory. Until the process of considering those bilateral reports has been finalised, I will not be able to report back to you on those specific initiatives.

Senator BARTLETT—Are they normally publicly released?

Ms Carroll—It is up to state and territory governments and they would normally put them on their web sites.

Senator BARTLETT—Can you make sure a copy comes to this committee at the same time, just in case there is a day when I do not check the Queensland government web site.

Ms Carroll—Yes.

Senator BARTLETT—What progress has been made in the private sector involvement in social housing?

Ms Carroll—That is all tied up in the same bilateral agreement.

Senator BARTLETT—I understand there is a policy and research working group report being prepared on the development of an affordable housing strategy?

Ms Carroll—That is correct.

Senator BARTLETT—Is that a separate thing again?

Ms Carroll—Yes.

Senator BARTLETT—Where is that up to?

Ms Carroll—The policy and research working group is a committee that works to the Housing Ministers Advisory Council, which is the CEOs' group for the housing ministers conference. The PRWG is working on a paper to go to housing ministers in the middle of the year, which is looking at the development of an affordable housing framework and what might be able to be signed up to at a multilateral level around that.

Senator BARTLETT—Is that going to be released publicly?

Ms Carroll—Yes, once it has been to ministers, the intention would be that it would be released.

Senator BARTLETT—Do you know whether it has looked at and taken into account the work that has come out of the national housing summit or the Affordable Housing National Research Consortium?

Ms Carroll—Certainly it has been taking on board all the work that has been undertaken through a number of forums and through the research that has been done by groups like AHURI. It is also looking at what specific jurisdictions, states or territories, are doing in their own location.

Senator BARTLETT—Does it have the scope to examine the desirability or need for additional Commonwealth funding?

Ms Carroll—The aim is to look at where, in particular, some joined up consistency at a national level would make a difference and where that could be signed up to in some sort of framework.

Senator BARTLETT—But it certainly will look at all the aspects, rather than just more public housing or money through CSHA?

Ms Carroll—It certainly will look at what are the biggest drivers in the area of affordability and what might be some solutions to addressing that.

Senator BARTLETT—Can you tell me again who that reports to?

Ms Carroll—It reports to the Housing Ministers Advisory Council, which is the CEOs of all the housing departments around Australia and the Australian government. Obviously they are the group that work to the housing ministers conference.

Senator BARTLETT—Has your branch considered the report of the Productivity Commission into first home ownership and is your branch planning any action flowing from that?

Ms Carroll—We are not planning specific action from that. The Treasurer responded to that report, and we are just working within those parameters.

Senator BARTLETT—So there are no particular recommendations flowing out of that report that have required any action from you?

Ms Carroll—The recommendation we are actioning is the work on affordable housing that we are doing through the PRWG.

Senator BARTLETT—The current CSHA contains some penalty clauses for states and territories that do not comply with a couple of conditions. Have they been invoked that all? Have any had their funds reduced because of lack of compliance?

Ms Carroll—No, they have not. As I said, the bilateral reports were due in at the end of December. They are being assessed presently. If there were going to be any sanctions invoked, that would occur around April-May. A report will be going from the department to the

minister, who also needs to consult with the Minister for Finance and Administration before invoking any of those sanctions.

Senator BARTLETT—So, basically, it is too early to know.

Ms Carroll—Yes.

Senator BARTLETT—My next question probably touches on that PRWG process that you were talking about, but it is also within any other work that the branch is involved in. In looking at all the issues of housing for low-income earners are you also looking at the cost of not housing people who are on low incomes, at the cost of health services and the cost of kids having to change schools because they shift houses all the time—are all those sorts of flow-on effects being factored in?

Ms Carroll—We are certainly not looking at that directly, but a lot of the work that is written about affordable housing and the impacts of that takes into account those other areas—certainly a number of the research reports do that.

Senator BARTLETT—Obviously you cannot tell me what is going to be in the report or what the thrust will be, because it is not even finished yet—and you probably would not tell me anyway even if it were. All these things naturally look at how much extra money it might cost the government and those sorts of things. It is the flip side: how much the cost to the economy is due to lost productivity because of the distance between low-cost housing and where the jobs for low-income earners might be. Is that all factored in?

Ms Carroll—Certainly those costs and benefits are being considered as part of the overall approach, and that is why work force disincentives was put in as one of the principles of the Commonwealth-State Housing Agreement, to start to look at those other costs that come along with people not having the appropriate housing.

Senator BARTLETT—So we could expect to see in that working group report that some of these issues, such as lost productivity and economic loss through failing to address the issue, would be recognised and given some consideration?

Ms Carroll—They are certainly being given some consideration by the group. How that comes out in any sort of report will depend.

Senator BARTLETT—The main thing I want to establish is that it is in there and that they do not have a narrow focus and are not looking at that.

Ms Carroll—It is just not on housing cost, no.

Senator CROSSIN—The Aboriginal Regional Housing Program is also part of the CSHA; is that right?

Ms Carroll—Yes.

Senator CROSSIN—The three major Indigenous housing programs are: the Aboriginal Regional Housing Program, delivered by the states and territories; NARS, delivered by FaCS; and CHIP, which is now also delivered by FaCS. Is that correct?

Mr Taylor—Yes.

Senator CROSSIN—So FaCS have now picked up both the NARS program and the CHIP program?

Mr Taylor—NARS is really an element of the CHIP program.

Senator CROSSIN—Yes, that is right. Can you tell me what the annual allocations for each of these components has been since 2003?

Mr Taylor—For 2003-04?

Senator CROSSIN—For 2003-04 and 2004-05.

Mr Taylor—I cannot recall the 2003-04 specifics.

Senator CROSSIN—Can you take that on notice?

Mr Taylor—Yes, we will quickly be able to get it to hand. For the Aboriginal Rental Housing Program it is \$102 million and \$720,000.

Senator CROSSIN—Sorry, can you say that again? It is not the regional housing program?

Mr Taylor—No, rental.

Senator CROSSIN—The ARHP?

Mr Taylor—Yes.

Senator CROSSIN—Sorry, what was the amount?

Mr Taylor—Just over \$102 million. The allocation for the Community Housing Infrastructure Program is \$249.9 million for 2004-05.

Senator CROSSIN—What amount then is the allocation for NAHS and for CHIP?

Mr Taylor—As I said, NAHS is an element of the CHIP program: for 2004-05 it will be about \$71 million.

Senator CROSSIN—Is that NAHS?

Mr Taylor—Yes, as a subset of the \$249 million.

Senator CROSSIN—And the CHIP program is how much?

Mr Taylor—It is \$249 million.

Senator CROSSIN—I am wanting them both aggregated out, or can't you do that?

Mr Taylor—Sorry?

Senator CROSSIN—You do not have a discrete bucket of funding for NAHS and a discrete bucket for CHIP?

Dr Harmer—I think Mr Taylor is saying that the \$249 million includes the money for NAHS.

Mr Taylor—Yes, that is right.

Mr Knapp—It is \$178 million excluding NAHS.

Senator CROSSIN—Under the NAHS program, how much is then for the CHIP program?

Mr Taylor—It is a subcomponent of CHIP.

Senator CROSSIN—Either I am not making myself clear or—

Dr Harmer—The Community Housing Improvement Program, which is the CHIP program, includes a number of components, one of which is the NAHS program.

Senator CROSSIN—We have got a total bucket of \$249 million for?

Dr Harmer—It could be any housing improvement program.

Mr Knapp—And also the National Aboriginal Health Strategy.

Senator CROSSIN—For the Community Housing Improvement Program there is \$249 million, right?

Mr Taylor—That is right. To give you a component breakdown of CHIP for 2004-05, the National Aboriginal Health Strategy is \$71 million; the national and regional components of the CHIP program, which are largely handled through bilateral agreements, are \$16.3 million and \$34.9 million; state grants specifically are \$83.2 million; and municipal services is \$44.4 million, which I think comes to a grand total of \$249.9 million.

Senator CROSSIN—The two main programs are actually CHIP and the Aboriginal Rental Housing Program—is that correct?

Mr Taylor—Yes.

Senator CROSSIN—They are the two main programs you have got responsibility for?

Mr Taylor—Yes.

Senator CROSSIN—I am just trying to work out a new world here post ATSIC. So there is no Aboriginal regional housing program—is that right?

Mr Taylor—No.

Mr Knapp—No, it is the rental housing program.

Senator CROSSIN—Has that allocation been set at \$91 million over a decade?

Mr Taylor—Until 2001-02, when the government committed additional funds for a time-limited initiative which expanded it by, I think, \$40 million over four years. The current annual allocation for that component as additional to ARHP is \$10 million, hence the \$102 million figure.

Senator CROSSIN—Over what period of time can the \$102 million be expended? Is it for a one-year period?

Mr Taylor—It is an annual allocation.

Ms Carroll—The \$102 million is for the 2004-05 year.

Senator CROSSIN—But it was stuck at \$91 million for a decade back in 2001—is that correct?

Mr Taylor—Until then, yes.

Senator CROSSIN—It is an indexation of one per cent each year or is it more than that?

Mr Taylor—It is around that.

Ms Carroll—It is indexed to CPI. The current indexation is wage cost index No. 6, which is currently at 2.2 per cent.

Senator CROSSIN—Since 2001 there has not been a reduction in funding for that in real terms over that period?

Mr Taylor—No.

Ms Carroll—The only thing that does apply is a one per cent efficiency dividend each year.

Senator CROSSIN—How does that work?

Ms Carroll—The allocation is indexed from the previous year and then the one per cent efficiency dividend is applied.

Senator CROSSIN—Take me through that again so that I have it clear in my head. It was \$91 million in 2001. When were those injections of funds?

Mr Taylor—No. Some indexation was introduced in the late nineties—and I would have to check the date for that—but the additional new policy funds commenced, I think, from 2001 and, from memory, grew from around \$5 million in the first year to \$10 million in out years. I can confirm the annual figures for you.

Senator CROSSIN—After 2001 there was a \$5 million injection of funds and then \$10 million?

Mr Taylor—As I said, it was \$40 million over four years.

Senator CROSSIN—It was \$40 million in additional funding over four years?

Mr Taylor—Yes.

Senator CROSSIN—Was any supplementary funding provided in this program three years ago, other than the \$40 million?

Mr Taylor—Not that I am aware of.

Senator CROSSIN—So there has been no injection of \$75 million or an amount in that order?

Mr Taylor—I think the \$75 million figure you are referring to was the total package for the healthy housing initiative from 2001, which had two elements to it. One was the \$40 million that I referred to, which at the time was administered by the FaCS portfolio and was provided through the Aboriginal Rental Housing Program under CSHA. The balance of that \$75 million was \$35 million, which was provided for housing related infrastructure and was administered through ATSIC over the same period.

Senator CROSSIN—Did you say it was the healthy housing strategy?

Mr Taylor—Yes.

Senator CROSSIN—Was that part of the ARHP program?

Mr Taylor—The housing component of the healthy housing initiative was provided as additional funding over and above the base ARHP allocation to that date.

Senator CROSSIN—So that is where we get the increase from the \$91 million—the extra \$40 million?

Mr Taylor—Yes.

Senator CROSSIN—As such, it was not an increase in the ARHP; it was an allocation for the healthy housing strategy. Is that right?

Mr Taylor—The housing component was provided through the Aboriginal Rental Housing Program arrangements. It was called the healthy housing initiative because it was intended to help refocus the states' efforts in the provision of housing around sustainable healthy housing outcomes. The funds were tied with a number of conditions to assist the states to move quickly to rebase their housing effort around healthy housing outcomes.

Senator CROSSIN—Is that \$40 million now part of that program on an ongoing basis?

Mr Taylor—The initiative was for a four-year period. At this stage there is no commitment of funds beyond that period.

Senator CROSSIN—Are the four years up in June this year?

Mr Taylor—Yes.

Senator CROSSIN—If there is no commitment for that, would the AHRP money go back to \$60 million or so?

Mr Taylor—No.

Ms Carroll—In 2005-06, ARHP is around \$92 million at the moment.

Senator CROSSIN—But if there is not a commitment to continue the healthy housing strategy—

Ms Carroll—It goes back to \$92 million. It goes from the \$102 million for this financial year—

Senator CROSSIN—Because it was \$40 million over four years?

Ms Carroll—Yes. It is \$102 million this financial year, and it will go to a bit over \$92 million for 2005-06.

Senator CROSSIN—Can you tell me again what the other part of that \$75 million is for?

Mr Taylor—It was for housing related infrastructure partly to support, I think, three main purposes. One was to support capital needs for infrastructure for the expanded housing provision associated with the \$40 million through the ARHP, one was to broker and assist in fast-tracking some reforms to the management and maintenance of housing related infrastructure collaboratively with states and territories, and the other was to provide some seed funding for reforms to environmental health management and maintenance systems through states and territories.

Senator CROSSIN—Has that funding also got a limited life to it?

Mr Taylor—As part of that overall \$75 million, yes, it is a maximum—

Senator CROSSIN—It has a four-year life term?

Mr Taylor—Yes.

Senator CROSSIN—The funding finishes in 2005-06, so if there is not a—

Mr Knapp—Sorry, Senator, it is June 2005.

Senator CROSSIN—The program finishes this year. So there is no budget allocation and the appropriations for the ARHP go back to \$92 million—is that correct?

Ms Carroll—That is right.

Senator CROSSIN—There will, in fact, have been no increase in real terms since 2001. Is that correct?

Ms Carroll—The ARHP funding is still indexed as indexation was provided in the 2003 CSHA agreement. So the indexation still occurs.

Senator CROSSIN—That is the only amount that will have increased.

Mr Taylor—For next year.

Senator CROSSIN—If it was \$91 million back in 2001 and there are no additional funds this year, we are looking at \$92 million for next year?

Mr Taylor—Yes.

Senator CROSSIN—So there will not be any increase in real terms other than the indexation—is that correct?

Mr Taylor—Yes.

Senator CROSSIN—Is it correct that the most recent census and ABS data establishes that the greatest Indigenous housing needs are in remote areas?

Mr Taylor—Certainly the greater preponderance of overcrowded Aboriginal households are in rural and remote Australia, and that has been a priority area for some time.

Senator CROSSIN—Is it correct that the Commonwealth Grants Commission and the Productivity Commission have both concluded that the major shortage of housing for Indigenous Australians is in rural and remote regions of Australia?

Mr Taylor—They have highlighted the dimensions of overcrowding and inadequate housing in those regions, yes.

Senator CROSSIN—Can you outline to me what action has been taken since the response to the Grants Commission report on Indigenous funding in June 2002 to shift priorities to the areas of most need?

Mr Taylor—I think there has been continuing policy dialogue with states and territories around their annual housing plans under housing bilateral agreements to further concentrate new investment in rural and remote areas.

Senator CROSSIN—What specific action has been taken? Just dialogue?

Mr Taylor—No, I think the states and territories have responded by redirecting reasonably significant amounts to rural and remote areas and in some jurisdictions have found funds within mainstream housing to meet priority Indigenous housing needs in urban areas as a way of balancing the total response to need.

Senator CROSSIN—What has the action of the Commonwealth been?

Mr Taylor—The funds that were directed through states and territories through the healthy housing initiatives were, as a condition of funding, targeted to remote areas. They were not available to meet urban needs.

Senator CROSSIN—On page 39 of the government's response to the Productivity Commission report on Indigenous funding, the government states:

... the Government's policy is to target Indigenous-specific housing funds to rural and remote areas where mainstream public and private housing markets are unavailable.

Is that correct?

Mr Taylor—Yes.

Senator CROSSIN—Apart from some of the minor supplementary funding—that is, the additional \$75 million—where has the bulk of the \$102 million for the Aboriginal Rental Housing Program been spent? Has there been a demonstrable shift of resources to the areas of greatest need?

Mr Taylor—As I indicated, a number of states have redirected existing base level funds to rural and remote areas and have found additional funds from mainstream CSHA funding to retain some level of effort for Indigenous housing needs in non-remote communities.

Senator CROSSIN—What have been some of the conditions of that funding?

Mr Taylor—As I said, the additional funds for ARHP were provided on condition that they were only available to be spent in remote areas. Considerable policy pressure was applied to the states to seek to redirect the base ARHP funds to remote areas through a process of policy dialogue with the state and territory ministers and housing officials in formulating and agreeing strategic plans.

Senator CROSSIN—Are there any states that have not complied with the funding requirement?

Mr Taylor—I think it is fair to say that some states have performed more strongly than others.

Senator CROSSIN—Are you anticipating expending the \$102 million this year?

Mr Taylor—Yes, Senator.

Senator CROSSIN—That is all disbursed among the states and territories?

Mr Taylor—Yes.

Senator CROSSIN—Is it correct that the allocation from the ARHP funds reflects priorities based on a 1986 Aboriginal Development Commission needs survey and ABS data?

Mr Taylor—From memory—1989—they sound like some of the data sources that were used to strike the initial allocation.

Senator CROSSIN—Is it 1986 or 1989?

Mr Taylor—1989 was the establishment of the program. From memory, some of the data sources predated 1989.

Senator CROSSIN—What is the justification for still utilising data that is almost 20 years old to determine allocations for such a significant program? Would it not be more relevant to use the most recent data such as the June 2002 report?

Mr Taylor—Over the last couple of years the government has undertaken a review of the distribution of funds in the Aboriginal Rental Housing Program on a cross-jurisdictional basis. Minister Patterson wrote to state and territory housing ministers about that review last year, I understand, indicating that, with the transfer of the Community Housing Improvement Program to the FaCS portfolio, the minister wanted to look at the total funding allocation of Indigenous housing before making a decision on needs based allocation of the total Commonwealth investment in Indigenous-specific housing.

Senator CROSSIN—Is there any specific review being undertaken rather than just a letter to ministers saying, ‘We want to talk about this’? Is anyone being charged with the responsibility of looking at throwing out the 1986 or 1989 data and using data that is more recent and relevant?

Mr Taylor—Yes, Senator. My area is in the process of looking at the total funds allocation for Indigenous-specific housing.

Senator CROSSIN—In what way—more relevant data?

Mr Taylor—Certainly, with a range of data sources: census analysis, the latest completed community housing infrastructure needs survey and a range of administrative data sources.

Senator CROSSIN—Are you doing this review in consultation with someone or is it just an internal review?

Mr Taylor—It is being done internally.

Senator CROSSIN—Will the outcomes of this review be made public or is there a discussion paper being produced?

Mr Taylor—We expect to advise the minister later this year.

Senator CROSSIN—It will not be made public—no discussion paper?

Mr Taylor—The process is a matter for the minister.

Dr Harmer—Normally it would be used to position ourselves for discussions with the states. As I said to Senator Bartlett earlier, in these multilateral agreements when you are looking at changing the basis on which funds are given to the states it is quite difficult. Once they lock into a certain amount they like to hang onto it and so negotiations need to be based on very good information, which is what Mr Taylor has been working on. It will come down to a negotiation with the states.

Senator CROSSIN—Is there a plan to review how the money is determined so that the money through the Commonwealth budget process is improved, not so much the money you give out to states and territories? If you are starting with a base of \$102 million now and that figure is arrived at using 1986 data, is there an attempt to use 2002 data so that somehow we get a more realistic amount?

Mr Taylor—The 1986 or 1989 data that you are referring to informs the interstate distribution, not the total allocation.

Senator CROSSIN—So what is the original base allocation based on?

Mr Taylor—A policy decision taken at the time, within a budget context.

Senator CROSSIN—Reviewing the 1986 figures and processes may well inform the way in which you distribute the money differently to states in the future—is that right?

Dr Harmer—Yes.

Senator CROSSIN—Had you actually made any changes to the allocation of the ARHP program when it was renegotiated with the Commonwealth-State Housing Agreement in 2003?

Ms Carroll—I believe that the allocation stayed at the current distribution.

Senator CROSSIN—I understand that clause 14.4 of the Commonwealth-State Housing Agreement provides that the Commonwealth will review the Aboriginal Rental Housing Program ‘in consultation with the states and territories’. Has that happened?

Mr Taylor—That is the review I referred to earlier, and which was the subject of correspondence between the minister and the state and territory housing ministers last year.

Senator CROSSIN—Is it possible for us to have a copy of that correspondence?

Mr Taylor—I would have to take that on notice.

Dr Harmer—We would need to check that housing ministers are happy for us to give that.

Senator CROSSIN—All right. You have written to the states and territories saying that you will be undertaking this review?

Mr Taylor—And that we would be advising them further on the distributions issues once we had looked at the total Commonwealth investment.

Senator CROSSIN—In order to prepare for that, you are conducting an internal review which will feed up to the minister for possible, or possibly not, policy changes?

Mr Taylor—Yes.

Senator CROSSIN—I understand that the housing agreement also says that the distribution of the ARHP funds for grant years 2 to 5 will take account of the review. Is that correct?

Mr Taylor—I am pretty sure that is correct.

Senator CROSSIN—Is it correct that we are now in the second year of that grant year?

Ms Carroll—That is right.

Senator CROSSIN—Is it correct that it also needs to make an assessment of the need by using either current data or a new distributional method and any transitional arrangements?

Mr Taylor—Yes.

Senator CROSSIN—So that is what you are in the process of doing?

Mr Taylor—Yes, that is correct.

Senator CROSSIN—I also understand that the agreement says that the minister will advise state and territory ministers by December 2003 of the distribution of the funds for grant years 2 to 5. Did that happen?

Mr Taylor—Yes.

Senator CROSSIN—So for grant years 2 to 5 there is no change in this current agreement. Is that correct?

Mr Taylor—I think that was the advice at the time, yes.

Senator CROSSIN—So if there is to be any change in the way the funds are distributed, it would be in the next Commonwealth-State Housing Agreement. Is that correct?

Mr Taylor—Not necessarily. It would depend on the position that the minister took.

Senator CROSSIN—It may well be possible to vary the distribution of those funds in the fourth and fifth years of this agreement—is that right?

Mr Knapp—The distribution can be varied at any time by the agreement of the Commonwealth minister and the state ministers. So if a new proposal came forward, and the minister proposed it to her state and territory colleagues and they agreed, that new arrangement could be put in place.

Senator CROSSIN—I am not talking about a case-by-case basis here. I am talking about the general disbursement of funds. There are no plans to change the way in which those funds are wholly disbursed until perhaps the next agreement. Is that your time line? You are conducting a review now to go up to the minister. Any changes on a national basis may well be in the next Commonwealth-State Housing Agreement?

Mr Taylor—I am not in a position to comment on that.

Dr Harmer—It could be earlier, in 2005.

Mr Taylor—It could be before.

Dr Harmer—If the work that Mr Taylor has done conveys a fairly compelling case for a redistribution and the minister chose to put that to state ministers and tried to negotiate on that it may well, according to the clause in the CSHA, allow us to change the distribution within the current CSHA.

Mr Knapp—That is correct.

Senator CROSSIN—So was there a review of the allocations during the first year of the agreement?

Mr Taylor—It was commenced and that is the subject of the correspondence that I mentioned previously.

Senator CROSSIN—So there is actually no result from the outcome of that review as yet. It is a work in progress—is that right?

Mr Taylor—That is right.

Senator CROSSIN—Would you please explain the minister's decision not to make any changes to the allocations in years 2 to 5 of the CSHA accord at clause 14.4? Is it right that you are not in a position to make those changes, as per what we have already gone through?

Mr Knapp—Yes, but it is still as I indicated earlier. It will still be possible once the minister has considered the advice from Mr Taylor to make those changes later in the agreement.

Senator CROSSIN—So what capacity is there within the current agreement or the budget cycle to actually reorientate priorities or increase resources for Indigenous housing? I am assuming that would have to be a budgetary decision in May if the government suddenly says there is now \$1 million for Indigenous housing. That is one way; otherwise, what is the other method to reprioritise what is happening in this area?

Mr Taylor—The states and territories could contribute more.

Senator CROSSIN—I am assuming your review might throw up something.

Mr Taylor—Yes. The minister may seek agreement for redistribution of existing funds to some jurisdictions. That is one of the theoretical possibilities.

Senator CROSSIN—Is it correct that your review will consider all of those options?

Mr Taylor—The review is really looking at the issue of the total distribution of available funds.

Senator CROSSIN—Are you aware of the recent position paper entitled *National Issues in Indigenous Housing 2004-05 and Beyond*?

Mr Taylor—If you are referring to a paper that was developed by the Northern Territory government for consideration—

Senator CROSSIN—I probably am.

Mr Taylor—Yes, I am familiar with it.

Senator CROSSIN—Has the government made any response to that analysis?

Senator Patterson—Senator, that is appalling. I have never seen behaviour like that in all my life. I hope you blush. I have just read your press release. It is appalling.

Senator CROSSIN—Minister, I have a question here.

Senator Patterson—I am just enraged by a press release that Senator McLucas has put out that involves these estimates. I will be mentioning it in a moment.

Senator CROSSIN—I just need to finish my questions.

Senator Patterson—It is absolutely appalling behaviour—I cannot believe it.

Senator CROSSIN—Mr Taylor, are you aware of the government having made a response to that Northern Territory paper?

Mr Taylor—The Northern Territory paper was considered at a meeting of housing ministers in December last year and officials were tasked to go away and analyse a number of matters arising from that paper and report back to housing ministers later this year.

Senator CROSSIN—When is the next meeting due?

Mr Taylor—Mid-year, as I understand it—June-July.

Ms Carroll—The specific housing ministers meeting is due around September.

Senator CROSSIN—So does the federal government agree with the analysis in that paper?

Mr Taylor—I am not sure what you mean.

Senator CROSSIN—Have you read the paper, looked at it and formed a view as to whether you agree with the analysis in the paper or not?

Mr Taylor—It has a number of strengths. It certainly relies on recent data. But it is fairly limited in a number of respects and those issues were discussed around the table with housing ministers, including that a number of the recommendations did not appear to spring from any kind of direct relationship to the data analysis. The recommendations for a particular amount of additional funds of \$100 million per annum were not based on any of the quantitative analysis in the paper and there was a very strong focus on one or two particular dimensions of housing need within the broader multimeasure approach that had been agreed by housing ministers. So, while there were some strengths to the paper, I do not think any of the housing ministers around the table, except perhaps the Northern Territory's, thought it was an adequate or comprehensive analysis.

Senator CROSSIN—In particular, I wonder if you are aware of whether the government accepts that the ARHP and other Indigenous specific housing programs are declining in real terms and that rent assistance is, in contrast, growing in both nominal and real terms? That is an assertion that was in the paper. Have you looked at it and do you have a view about it?

Ms Carroll—It has certainly been looked at. One of the things, as Mr Taylor said, was that, as a result of the housing ministers meeting, jurisdictions were all tasked with going away and looking at some of the issues that were raised in the paper and at how they related to the programs from those areas. For example, Indigenous access to Commonwealth rent assistance is something we are looking at at the moment to see what the issues might be.

Senator CROSSIN—Do you agree with the statement that Indigenous specific housing programs are declining in real terms?

Mr Taylor—I think that is not the case. If you look over the period since ARHP started, the total Commonwealth investment in Indigenous housing has grown substantially, principally through the Community Housing and Infrastructure Program, which I think from memory in the early nineties was just over \$100 million. As we are looking at it in this financial year, it is \$249 million. So if you look at the total pool of Commonwealth investment in Indigenous specific housing, it has grown substantially since the introduction of ARHP, but not through ARHP itself.

Senator CROSSIN—Would you say that rent assistance is, in contrast, growing in both nominal and real terms? Would that be a fair statement?

Ms Carroll—Yes.

Senator CROSSIN—Do you agree that Indigenous access to rent assistance is relatively low and extremely low in remote regions? Is that an assessment you have made?

Ms Carroll—As I said, we are undergoing that at the moment, but our initial look at that is that Indigenous access is not as high as access by other individuals in the community. We are undergoing some further consideration at the moment to do a better analysis of that.

Senator CROSSIN—Does the proportion of Indigenous people accessing rent assistance in the Northern Territory mirror the proportion of the Indigenous population as it does in other jurisdictions?

Ms Carroll—As I said, we have not finalised that analysis at this point in time.

Senator CROSSIN—Have you had a look at the Productivity Commission's *Report on Government Services*? I do not know if you have a copy of it there.

Ms Carroll—I do not have it with me.

Senator CROSSIN—Can I ask you to take this on notice. Table 16.23 of the Productivity Commission's *Report on Government Services 2005* shows the proportion of Indigenous people accessing rent assistance in the Northern Territory does not mirror the Indigenous proportion of the population, as it does in all other jurisdictions. I wonder if you agree with that and if you have a view on why that may be the case.

Ms Carroll—I would have to check the report; I do not have it in front of me. But the figures would be correct because they would most likely have been provided by the department for the *Report on Government Services*. The issues around Indigenous access to Commonwealth rent assistance are quite varied. There are a number of reasons why Indigenous people are not getting the same access. As I said, we are undergoing that investigation at the moment. But, for example, Indigenous people have a much lower rate of rent verification. When people apply for rent assistance through Centrelink they have to verify that they are paying rent at a particular rate. The rate of rent verification for Indigenous people is much lower. They are not verifying their rent; therefore they are not able to access Commonwealth rent assistance. That is one reason, but we are going through the process of looking at what the issues might be around access.

Dr Harmer—For many years there have been issues about access to rental assistance by Indigenous communities. If they are in community housing, identifying exactly how much rent is paid—sometimes they are in housing owned by communities—can be quite difficult. That is why we are doing the analysis. It is true that Indigenous Australians renting accommodation do not get the proportion of access that others do, but it is not to do with the rules and regulations here; it is about the way they verify paying rent and those sorts of things, which we are looking at.

Senator CROSSIN—Can you have a look at the table in the transcript. I think that is what the table shows—that Indigenous people in the Northern Territory are not accessing rent at the same rate as others. Could you provide me with some reasons as to why you believe that to be the case. Also, you say you are looking at this. Is this another analysis that has a time line to it or is it part of an ongoing research project?

Ms Carroll—It is part of the outcomes that were agreed to by housing ministers in December last year. As I indicated before, all jurisdictions were asked to go away and look at

Indigenous access to mainstream housing programs and obviously for the Australian government part of that.

Senator CROSSIN—So your review or analysis will report to the next meeting; is that correct?

Ms Carroll—Our analysis will feed back to housing ministers, that is right.

Senator CROSSIN—Does the government have any plan or strategy in place to address the issue of poor Indigenous access to rent assistance?

Ms Carroll—Clearly, you need to look at the issues and then make some judgments.

Senator CROSSIN—How long has this particular issue been of concern to the Commonwealth—that is, the low access of Indigenous people to rent assistance? Surely it is not something that just came out of the blue last December?

Ms Carroll—No, it did not, and certainly it is something that the Australian government has been aware of. We have been looking at what the issues might be, but the issues raised by housing ministers have enabled us to do a more in-depth analysis of it.

Senator CROSSIN—Did you become aware of it only when the Northern Territory first released their position paper or was it brought to your attention in a more direct way through that paper?

Ms Carroll—I believe that Northern Territory paper came about after discussions at the housing ministers advisory council—previous discussions about broader Indigenous access to housing issues.

Senator CROSSIN—With the abolition of ATSIC, all of the housing programs will now be the responsibility of FaCS. Can you give us an estimation of the cost to administer each of these programs nationally?

Mr Taylor—Do you mean departmental costs?

Senator CROSSIN—Yes.

Mr Taylor—I would have to take that question on notice.

Senator CROSSIN—Can you take that on notice for each of the areas—ARHP and CHIP? We will not go as far as NARS because that is subsequent to CHIP.

Mr Taylor—That will be included.

Senator CROSSIN—Is it the case that last year COAG agreed on a set of principles aimed at simplifying duplication in delivery of Indigenous programs? Are you aware of that commitment from COAG as one of the principles?

Mr Taylor—Yes.

Senator CROSSIN—What are the potential savings to the Australian government if the housing related funds for each program are to be added to the ARH pool and a single Indigenous housing program is to be delivered by a single jurisdiction? Would there be savings if in fact the housing program was administered, say, specifically by the Commonwealth?

Mr Knapp—There has been no decision on the idea of the program being administered by any particular level of government.

Senator CROSSIN—So there has been no talk about streamlining the delivery and avoiding the duplication by perhaps having the Commonwealth deliver all the housing programs?

Dr Harmer—There are some discussions going on at the Premier's department and the Prime Minister's department, looking at bilateral arrangements across a whole range of Commonwealth-state programs aimed at Indigenous people. Housing will be part of the consideration of how we can improve the coordination between Commonwealth and state.

Senator CROSSIN—My understanding is that in its response to the Commonwealth Grants Commission 2001 *Report on Indigenous funding* the Commonwealth said:

The Government is keen to carefully and critically explore any innovations, including the pooling of program funds, that would enhance the flexibility and local responsiveness of programs and services to community needs.

... ..

... the concept deserves to be tested further and the Government is keen to pool funds when benefit can be demonstrated.

Was that in relation to Indigenous housing?

Dr Harmer—It would apply to Indigenous housing as well as other areas.

Senator CROSSIN—Is any work being done in that area?

Dr Harmer—We have been working on that. I know the Prime Minister's department had some discussions with various state departments on those sorts of issues. We have been involved in that. We are interested in any mechanism that will improve service delivery.

Senator CROSSIN—That specifically relates to Indigenous housing?

Dr Harmer—That certainly has been one of the issues that we have been looking at.

Senator CROSSIN—There is no firm proposal on the table?

Mr Taylor—There have been numerous examples of program integration before and after 2000 in a number of jurisdictions.

Senator CROSSIN—Is the CHIP program one of those?

Mr Taylor—Yes. I can quickly give you a couple of examples. The Queensland government have agreed to deliver capital works for serviced land for expanding housing provision through the NARS program in that state. We have entered into specific MOUs and shared contract arrangements for delivery of major expansion of serviced lots for the DOGIT communities in Cape York. In WA we have entered into an arrangement for remote area essential services provision where funds are pooled with the state government and an outsourced framework for the delivery of those funds is provided under a joint arrangement. There are a number of examples of that kind.

Senator CROSSIN—Do you agree with the assessment that there is a backlog in Indigenous housing nationally, totalling around \$850 million?

Dr Harmer—We are aware of claims along those lines. I do not think anyone is able to put a figure on that. The minister had some discussions at the housing ministers meeting at the end of last year with her state colleagues around a paper by Mr Ah Kit, the Northern Territory Minister for Housing, claiming that there was the backlog of up to \$1 billion. There was a very useful discussion around that, and the resolution from that conference was that state ministers would consider how best to look at identifying where the current housing dollars are going and whether they are being used efficiently. It is unlikely that governments are going to put a lot more money into Indigenous housing until they are confident that there are sufficient mechanisms for accountability and all those sorts of things.

Senator CROSSIN—I am aware of all that, but has the government done some work on how much it would take for Indigenous housing in this country to be at a level that is acceptable—that is, not 25 or 30 people being in the one house—and perhaps comparable with the non-Indigenous community? For example, could you say that to solve the problem we would need \$1 billion or \$100 million? Is the \$850 million close to the mark or is it a figure you totally disagree with?

Dr Harmer—We do not know the basis of that estimate, and I think it would be very difficult to come up with a figure. Solving equity in the provision of housing to Indigenous communities is not simply a matter of money, and the ministers all agreed that. There are lots of things that need to be looked at, including some capacity building in Indigenous communities to make sure the houses can be maintained and all those sorts of things.

Senator CROSSIN—There is actually a need to put more houses out there, no matter the capacity of the community. On face value, there is a need to put more money there because more houses are needed. Is that correct?

Dr Harmer—It is very likely that that is the case. But, for the minister to go to cabinet and ask for a lot of additional money for Indigenous housing, she would need to be able to be very convincing that that housing was going to be maintained and looked after and that rent was going to be collected and all those sorts of things. There is a lot of work needed.

Senator CROSSIN—I am just trying to get a handle on the huge national debate we are having about the lack and inadequacy of Indigenous housing. You say you do not know the basis of the \$850 million, but have you asked? Have you made some assessment about it? Is it that a certain community might need 30 houses which, at \$200,000 a house, would require X amount? Has any initial work on that sort of costing been done at any level?

Dr Harmer—I think the states have been doing some of that work, and all the state ministers were present at that meeting I was talking about, which was in November or December last year. As far as I am aware, I do not think any of the state ministers signed up to the figure, and they are better informed than we are with a better capacity to work out what the outstanding need is.

Senator CROSSIN—But is there an intention to? Is the Commonwealth doing some work to try and ascertain that?

Dr Harmer—There is certainly an intention to cooperatively work on how to improve the housing situation for Indigenous people, part of which may involve the provision of money, but only if some of the other fundamentals are worked out and fixed first.

Senator CROSSIN—What action has the government taken to reduce the backlog in the number of houses needed since it came to government?

Mr Taylor—We have partly covered that with the new policy commitments from 2001—the \$75 million in additional funds. There has been some further expansion since 1996 of the CHIP program as well.

Senator CROSSIN—Is there a view that perhaps the current strategies are inadequate, if not totally inadequate, and that something needs to be done to look at a new direction in Indigenous housing?

Dr Harmer—I think that could quite likely be true. There is a great deal of momentum at the moment in government and cooperation between the Commonwealth and the states that leads me to believe—because I am back in housing now and was in housing for some time earlier—that there is a preparedness to look at innovative solutions and new ways of going ahead.

Senator CROSSIN—Is there the hope that perhaps some of the work you are doing will be reported to state and territory ministers at the next housing meeting in September with a view to improving the situation?

Dr Harmer—Yes.

Senator CROSSIN—I look forward to following up questions in the coming months.

Senator Patterson—I would like to make a brief statement. I have just received from my office a copy of a press release that Senator McLucas has put out in response to answers to questions. I have to say in the 18 years I have been in this parliament I do not think I have seen a press release that has concerned me as much as this one. The headline is ‘Government threatens funding for disabled kids’. That is appalling. That is not what could have been taken out of the discussion and the answers the department gave.

Yes, we are reviewing the program, but reviewing it to improve it. If parents of disabled children who are getting in-home care have any anxiety, it will be raised by this press release. I think it is the most disappointing press release I have seen in the whole time I have been here. I answered Senator McLucas’s question saying that in the case of the individual she referred to—and she said she knew of others—I would have the department speak to those parents and to the carer to assure them that the review was about improving services. I find this press release a total misrepresentation of what was said at that meeting.

I want to confirm that I have an absolute commitment to children with disabilities and that there will be no diminution of service for people who are receiving it now. We are reviewing it to improve it. To run a press release like this exposing a wilful misinterpretation of what was said, which will concern parents of children with disabilities even more, I think is totally unacceptable and I want to put on the record that the press release is not a true reflection of what was said in this estimates hearing.

CHAIR—I have to say, Minister, that I have never seen something as—

Senator WONG—Is that appropriate from the chair?

CHAIR—Yes, it is.

Senator WONG—Why is it?

Senator Patterson—Senator Knowles has a right.

CHAIR—Senator Wong, I have been, as you well know, involved in this committee for a long time. To pick on the families of disabled children in such an—

Senator WONG—This is a politically motivated discussion.

CHAIR—unrepresentative manner of today's discussion is nothing short of a disgrace.

Senator McLUCAS—That is offensive, Sue.

CHAIR—I would have thought the responsibility of a shadow minister is not to go around terrorising the families of disabled children.

Senator WONG—Terrorising! Chair, that is inappropriate.

CHAIR—I have never seen anything as appalling as that press release which says 'Government threatens funding for disabled kids', because it does not reflect today's discussion. From this meeting, I would hope that Senator McLucas would go out of this meeting, reflect on the record of this meeting and correct her press release.

Senator McLUCAS—I seek leave to make a statement.

CHAIR—You can make a statement, and I hope you make an apology at the same time to the parents of disabled children.

Senator McLUCAS—I absolutely stand by the press statement that I have put out today.

CHAIR—Well, let's have a look at the record.

Senator McLUCAS—It is factual and correct. At no time during our discussion earlier today were the words that you have just said, Minister—

Senator Patterson—I have—

Senator McLUCAS—Come on, I gave you a go! You have just said there will be no diminution of service. You did not say that during the discussion we had earlier. We listened very carefully for some element of hope for that number of people who are depending on the disability supplement in-home payments. Without those in-home payments, these people will not be able to continue to care for their children in the way they are doing now.

I came into this place with one constituent; subsequent to that discussion, a number of other matters have come to my attention. This is not a one-off and this is not a matter, Minister, that has not been brought to your attention, because I have just heard in the last hour of a constituent who has received a letter back from you about this matter. It was talking about inclusive practices. That is all very well for children with disabilities who can be afforded inclusive practices. We are talking about children who are so profoundly disabled that they need assistance and support in home. And you gave them no surety during that discussion, and in your correspondence to them you have given them no surety that they will in fact continue with the sort of care arrangements that they depend on. This woman was a single parent with a profoundly disabled child. It was the sort of matter that should have been raised in this Senate hearing, and I got no satisfaction out of the discussion that we could pass on to her.

CHAIR—Great start of a shadow minister.

Senator WONG—Give it a rest.

Senator Patterson—I thought I said to you that, if she was prepared to give us her name, we would contact her and reassure her because I thought we had agreed that there was a misinterpretation of the information that was going out and we wanted to examine where it had come from, so she would be assured that was not the case. I believed what I had said to you, and I believed in good faith I had said to you that we would contact this person—the carer—and others. I said I had not remembered any that had written to me. So I think it is a gross misrepresentation.

Let me just say that I want to reassure people with disabled children, and I did say that the states have a responsibility, too, for respite—which they do not meet. You have run around scaring people when I had been as open as I possibly could in saying that we would contact these people and that the review was aimed to improve in-home care. Clearly what I was saying was to improve in-home care, particularly for this particular group of people. I will stand by my record for disabled people over the last 18 years, but I hope that you are not going to continue to scare people with children with disabilities in this way.

Senator McLUCAS—I refute the suggestion that you are saying that I am scaring people. If you read the letters that I have received that are copied to you—

CHAIR—Game, set and match, Senator McLucas!

Senator McLUCAS—these people are scared. They are the people that are frightened. They are worried about what is going to happen come 1 July next year—

CHAIR—Anyone who says—

Senator McLUCAS—and it is my job to advocate on their behalf.

CHAIR—Order!

Senator Patterson—And you are worrying them even more.

Senator WONG—If the chair could stop participating and everyone venting, you would have some order.

CHAIR—Excuse me, I am a member of the committee—

Senator WONG—Chair, on a point of order, can we get on with the estimates hearing?

CHAIR—I am a member of the committee, Senator Wong.

Senator WONG—This is not an estimates discussion; this is people venting their political views. You are entitled to do that, but some of us would like to get on with questioning the bureaucrats.

CHAIR—Senator Wong, you just told me I was not entitled to speak from the chair. That shows your distinct lack of experience and knowledge of the committee system—

Senator WONG—Every time someone says something you do not like, you revert to some personal discussion.

CHAIR—Are you going to continue to talk over the chair?

Senator WONG—All I am saying is that some of us here would like to get on with the estimates hearing, and I am asking you, as chair, to call the committee to order.

CHAIR—Are you going to continue to talk over the chair? Senator Wong, I wish to correct you. I am entitled to make a contribution from the chair; you were wrong. The fact of the matter is that Senator McLucas has made statements that are incorrect according to the events of this meeting today—

Senator McLUCAS—I refute that.

Senator WONG—Chair, that is your interpretation.

CHAIR—and we are entitled to draw attention to that fact. The fact that you do not like that is totally and utterly irrelevant. I now move to output group 2.2. Are there any contributions on output 2.2?

Senator MOORE—Chair, I have some very straightforward questions. I am going to put most things on notice, but I have a couple of direct questions about application forms for payment that I would like to have put on the record.

CHAIR—Thank you, Senator Moore.

Senator MOORE—Mr Lewis, I refer you to the Stronger Families and Communities Strategy and the recent advertisement on the extension to that program. How much ongoing funding is available under this strategy? In particular, what is the process for applying for the grant? I have been told it was departmental policy not to issue application forms to organisations or individuals—that you had to register with the department or have it determined that you are eligible to apply for the grant. Is this a new policy and, if so, why? Could I, as a member of parliament, get hold of the form to have a look at it and circulate it to people?

Mr Lewis—I will take those matters in reverse order and come to the funding issues in a moment, if that is okay. One of the things that we were asked about after the first round of feedback from local answers was: ‘Why is it that you don’t have an electronic form available to allow us to apply online?’ In responding to that, we were very keen to have an electronic form available at this time. One of the things we try to do in asking people to register is get a sense of the workload we are going to have to deal with and a sense of the interest. To give you a feel for that: as at late last week, I think 1,100 had registered and 700 had downloaded. It has not closed yet—as you know, we are still in a tender round—and it is not due to close until 4 March this year. I understand that you can print the electronic form, and we did say in our advice that if people found it easier to do that then they were able to do that. We certainly encouraged people to have a go at doing it electronically. We are opening up to a broader and more flexible way for people to apply, because that was requested of us.

Senator MOORE—It was more a facility that you offered. So there was no policy not to have printed forms?

Mr Lewis—No, it was not to preclude application. It was to facilitate the request.

Senator MOORE—Okay. Can you still get printed forms if you want them?

Mr Lewis—We have not printed them but we said, ‘If you want to print it, print it.’

Senator MOORE—And no-one wanted one?

Mr Lewis—I would have to come back to you on that one.

Senator MOORE—Under e-business we are very keen to have that facility offered but just to make sure I would like to know whether anybody rang you and said, ‘Send me a form.’

Mr Lewis—I can check that. We have an organisation called iContact, which is the front of house for dealing with an enormous amount of phone calls, and we have an arrangement with them to field these calls. If there is any issue about process or applications generally, they contact us and we try to facilitate that as soon as we can.

Senator MOORE—What about the budget this time—how much money is in the pot?

Mr Lewis—The first round was of the order of \$17 million allocated and we had around 1,000 applications for that round of which 94 were successful. With the new funding we have estimated that for the next five rounds, including the round that is current, we will have of the order of what we have now actually agreed to in the \$17 million once you apportion it across the years of the strategy.

Senator MOORE—The clause is: if you have previously applied, you have to reapply.

Mr Lewis—That is right.

Senator MOORE—I have one other question on that one. You had a significant response to the first round and a number of people came close, I believe. Was there any debriefing process for the people who missed out to assist them?

Mr Lewis—Yes, there was. There was a very sensitive debriefing process. We had a three-tier debriefing process where the first point of debriefing was general feedback about applications and how the applications that were successful were structured and the arguments that were put against the criteria. The second element of debriefing was that, if there were particular issues that the applicant wished to discuss, then there was material provided to iContact to amplify that response. The third level of debriefing was that if applicants wished to have a one-on-one discussion, we booked a time with them and officers from FaCS spoke with them directly and gave them detailed feedback and a debriefing process on their application. As a consequence of that—this is an aside—we had no follow-up applications for further debriefing. For some applicants who had either been overseas or unable to contact us during the specified debriefing period we did extend that offer if they had legitimate and strong reasons to ask us for information. Our intent was to provide a full picture of the application process and how best to do it next time.

Senator MOORE—Do you have records of how many people took up the opportunity to have a discussion?

Mr Lewis—I do not have that number with me but I can get it for you. We do have records, yes.

Senator MOORE—I do not need it tonight. It is on notice. You said that you have \$17 million in total.

Mr Lewis—We have apportioned the money in a framework sense over the next five rounds. It is hard to predict the market. I think we said at the last estimates hearings that we

anticipated that the second and third rounds would be significant and larger. If that happens then we may need to revisit those estimates, but we certainly have catered for the order of the first round—\$17 million per round in the next five.

Senator MOORE—I have two questions about Communities for Children.

Mr Lewis—That is actually under 1.1.

Senator MOORE—I can put them on notice.

Senator ALLISON—Minister, I wonder if you can update us on the Ministerial Council on Gambling. When did it last meet?

Senator Patterson—I cannot remember the exact dates but it has met a couple of times since I have been minister—in the 10 months I think it is twice. It met on 21 November—I remember it because it was David Crean's birthday and my birthday. I think that was the last time we met. That is right: we met on 21 November the year before, and then in July last year.

Senator ALLISON—So are you due for another meeting? Are they supposed to be every six months?

Senator Patterson—No, they are not supposed to be every six months. I think the next meeting is in May.

Mr Hunter—We anticipate a further meeting of the ministerial council, subject to ministers' agreement, around the middle of this year.

Senator ALLISON—So they are now annual and not bi-annual?

Mr Hunter—I do not know whether they were every bi-annual.

Senator Patterson—They have never been twice yearly.

Senator ALLISON—They were. The Prime Minister said in his announcement that they would be held twice every year. But they are now annual, are they?

Senator Patterson—No, because we had one in November and another one in July. We did have an election, and also it has to fit round all the other state ministers as well.

Senator ALLISON—I am not arguing about the practicalities of it. Mr Hunter, you said they are to be annual, did you?

Mr Hunter—No, I just commented on the date of the next meeting. A date has not been fixed but my understanding is that ministers are anticipating a meeting around the middle of 2005.

Dr Harmer—Just listening to this discussion it is entirely possible there could still be two in one year. There was one in November and then one in July. Then there was the election. There is to be one by mid-year, as Mr Hunter indicated. There could easily be another one this year. So I think it would not necessarily be accurate to say that there will not be two this year.

Senator ALLISON—That is fine.

Dr Harmer—As the minister said, it will depend not only on the minister's time frame and priorities et cetera, but also state ministers'.

Senator ALLISON—There is nothing on your web site, Minister, about the ministerial council—at least that I could find. It used to be on PM&C and it is not there. I do not know whether you could take on notice why it is not there anymore. I notice that in July last year the national strategic framework on problem gambling was agreed. That is being implemented?

Senator Patterson—I thought that would be on the web site. If it is not, it should be.

Senator ALLISON—That is on the web site, but it is just a press release of yours; there is no report on the ministerial council as such. I have raised before the question of the research fund. I noticed another of your press release says there is \$1 million for research, \$300,000 of that provided by the Commonwealth. Has any research in fact been contracted out as yet?

Senator Patterson—That is being looked after by the Victorian state government. One of the things that I did actually push for was that research be peer approved when people apply for the research grant money and that it be peer reviewed when it is published. That had not been the case before. Mr Hunter will most probably tell you where it is as in terms of the part of the Victorian government that is managing that.

Mr Hunter—Thanks, Minister. The first project for the program—definitions of problem gambling and harm—is at an advanced stage and is on target—

Senator ALLISON—An advanced stage of being done?

Mr Hunter—It is on target for completion early in 2005.

Senator ALLISON—Would we have a date?

Mr Hunter—That final report would go to the ministerial council for its consideration and then, subject to the council's consideration, would be released publicly. The second major project is an analysis of gamblers' precommitment behaviour. It is anticipated that the contract for the research for that will be signed shortly. It is also relevant to mention that the overall priorities for that research program which had initially been set by the minister council are under review at the moment.

Senator Patterson—We have also committed some money from the Commonwealth for some research on young people in gambling.

Senator ALLISON—That has already been done, hasn't it? There is a report on it.

Senator Patterson—No. I have issued a press release, since I have been minister, about funds.

Senator ALLISON—I think it was late last year that that report came out. There was some controversy in the Victorian press about the research. As I understand it, back in 2002 or it might even have been in 2001, the Commonwealth set up a secretariat in Victoria and that that is the same secretariat that has been handed over to the Victorian state government. Is that right?

Mr Hunter—Yes, the Victorian state government provides the secretariat services to the National Gambling Research Program.

Senator ALLISON—There was an announcement and, as I say, some controversy a short time ago about the Victorian state government ditching whatever advisory council it had in order to replace it with this research fund. Is that your understanding of what has happened?

Mr Hunter—I am not personally familiar with that. I understood—but I do not know intimately—that the controversy in Victoria was around its own gambling research activities. Certainly my understanding is that the National Gambling Research Program—as I mentioned before, their secretariat services are provided by the Victorian government—was unaffected by that controversy.

Senator ALLISON—Let me get this straight: the Victorian state government had a gambling research function and the Commonwealth and the ministerial council took that over, or at least replaced it. Is that right?

Mr Hunter—My understanding—and, again, this occurred before my involvement—is that the states, the territories and the Commonwealth agreed that the Victorian government would provide the secretariat and support function to the National Gambling Research Program, and that that was based on a pre-existing capacity within Victoria around gambling research.

Senator ALLISON—It is only a secretariat figure of about \$50,000, from memory—part of a salary.

Mr Hunter—I am sorry I do not know the figure.

Senator ALLISON—Since 2001, it has taken four years for us to get the first of the research projects almost completed. What do you say to the suggestion that there has been a deliberate slowing down, as often happens in gambling and such activities—the industry does not want to change and governments do not want to look at it? Do you accept that this has been very slow to get off the ground? First of all, it took 18 months or more for the MOU to be agreed between the Commonwealth and the states. Are the states deliberately holding up this process and trying to stop any progress?

Senator Patterson—As much as I would like to say yes, I have not sensed that. When you are doing things with state ministers, it always goes more slowly than you would like in lots of areas, basically because you do not meet as frequently as one would like to. But a lot of work goes on behind the scenes with officers in various areas of activity across the states. I do not believe there has been a slowing down.

I was asked when I took on this portfolio to focus on this issue. We only have a leadership role in gambling; we do not control a number of poker machines or control gambling or legislate for gambling. The states would like to put it on us that we should legislate about ATMs, but all the legal advice I have is that the states have all the powers they need—and some of them use them—to regulate the location of ATMs and the withdrawal of money from ATMs. I have tried to focus the relevant ministers' minds to the issues and to support them, because they have to go and argue the issues within their cabinets, but I do not think you could say there has been a wilful delaying of this.

We got some guidelines for the research when I became minister. I thought that was appropriate for all sorts of reasons, because you will get people who are passionately against

gambling and people who have a vested interest in gambling. That is why I thought it was very important that we have a proper selection process for people tendering for research and a proper process of peer review for publication of the research, to reduce the influence of both extremes so you got evidence based research which was as objective as possible.

Senator ALLISON—The research which was said to have the highest priority, following some initial meetings or your own work in this area, certainly had definitions of problem gambling listed, but they were down the bottom of the list in terms of priorities. It also called for consistent data collection. Was research into consistent data collection part of the definition of the problem gambling research effort—research into consistent data collection—or did that drop off?

Mr Hunter—I might have to take that on notice. I am not sure that I have sufficient information to know whether that data issue that you mentioned, and I am familiar with it, is contained within the definition of problem gambling and harm.

Senator ALLISON—Can you look at the other set of priorities that were set for research back then and indicate whether they are still priorities or whether there is a new list of priorities or whether they have dropped off?

Mr Hunter—As I mentioned before, we are actually working with the national gambling research program working party to review those priorities with a view to checking their currency and, if there is a call for them to be reconsidered, to seek the consideration of the ministerial council when it meets.

Senator ALLISON—So the existing list remains the priority until you have done that review?

Senator Patterson—I have stressed the need for good research so that you can have it evidence based. You can have things that make people feel good, for example, by changing something in a gambling venue, and it does not change behaviour, so I do not think that is ideal. What we want is to have this objective research which gives us the best evidence about focusing on the very small percentage, about two per cent, of people who gamble.

Senator ALLISON—Yes, I am not arguing against good research.

Senator Patterson—I have said publicly I do not like gambling but I have members of my family who enjoy going down every Friday and putting \$10 in the pokies. So we have to focus on who are the problem gamblers, identify them and also look at what sorts of things we could do that would change their behaviour, because they are the ones who are wreaking havoc on themselves and their families. We cannot affect the other 98 per cent of people who enjoy it as a hobby or a form of entertainment.

Senator ALLISON—The November 2000 COAG communique included a few actions, some of which were disclosure of the chances of winning the major prize in all forms of gambling—that is, disclosure at the point of gambling; payment of casino gaming machine winnings over a certain limit by cheque; and reviewing the impact of machine linked jackpots on problem gambling. Are they still live issues that are being discussed within the ministerial council?

Senator Patterson—As I said, that sort of regulation is a state matter.

Senator ALLISON—It was part of a communique on something that this council would move on.

Senator Patterson—Yes, I know. I think that having those meetings and raising those issues keeps at the forefront of those ministers' minds the things that they can do.

Senator ALLISON—So when did you last discuss those three items?

Senator Patterson—I do not remember when I last discussed them, but Mr Hunter might remember.

Mr Hunter—In a broad sense, they are actually covered within one of the key focus areas of the national problem gambling framework.

Senator ALLISON—What do you mean by covered? What happens if they are covered?

Mr Hunter—It encourages the states and territories, as the minister has suggested, to examine those sorts of issues. One of them, the second area of the framework, is entitled 'Responsible gambling environments', which is essentially part of the framework which seeks the states and territories to create and encourage gambling environments which are not conducive to problem gambling.

Senator ALLISON—Yes, I understand that.

Senator Patterson—I think it was quite a step forward to get the national framework up, which was under my leadership when I came into the portfolio, and to negotiate to have the ministers agree to that framework and sign on to it.

Senator ALLISON—Indeed, and I congratulate you for that.

Senator Patterson—Thank you.

Senator ALLISON—Everything takes a long time, and I am not sure when we will actually see some action. It would be useful to know whether there is any update on the progress of those points. If they are in the framework, that is excellent.

Senator Patterson—Senator Allison, the other question we might well ask is: how much of their gambling take are the states spending on problem gambling?

Senator ALLISON—Is that under the framework? Are you looking at that in the framework?

Senator Patterson—What I am hoping and intending, and I have indicated this to the states, is to benchmark them against each other and to look at how much of their gambling take they are committing. Maybe one state spends over 0.05 per cent of its gambling take on problem gambling. I reckon they could do better than that. I think only one state is over 0.05. Is that right or is it 0.5 of a per cent?

Mr Smith—It varies between 0.6 and three per cent, but that three per cent has occurred only very recently, in South Australia. Until South Australia made the move to put more money into it, the range of contribution was 0.49 per cent to six per cent.

Senator Patterson—I think it was 0.5 per cent on average.

Senator BARNETT—What is Tasmania's average?

Mr Smith—I cannot give you the specifics.

Senator Patterson—It is about 0.5, and South Australia has lifted its game.

Senator ALLISON—Will you also look at the projects they have been using their gambling take for? It seems to me that a lot of the money from gambling that goes into funds set aside for problem gambling, support or working in this field goes to sporting ventures and general infrastructure. Will your examination look at those comparisons too?

Senator Patterson—I do not know whether we will get that level of detail because, of course, they will say, ‘We advertise in magazines; we put signs up about having a gambling problem.’ Do we have the level of detail that they spend it on?

Mr Smith—We can give you the level of detail with regard to that. At the moment, we have as low as 0.34 in New South Wales. You asked for Tasmania, Senator Barnett: the direct expenditure on problem gambling as a percentage of revenue in Tasmania is 0.7. As we said, in South Australia it has risen to three per cent.

Senator ALLISON—Former Minister for Education, Training and Youth Affairs David Kemp announced in July 2001 that there would be ‘a task force to develop effective education strategies for school children to prevent problem gambling’. What is the status of that?

Senator Patterson—That is a question that should go to Education. But I have raised the issue publicly that the states need to do more, and I have had some states respond that they have some pilot curriculums for young people to understand about probability, the chances of winning and the greater chance of losing.

Senator ALLISON—So you have had nothing to do with the development of this project. What was the outcome of discussions with financial institutions on best practice restrictions on ATMs and credit in gambling venues? I think a national approach to that was suggested to be taken, again in 2001. The web site did say that the Commonwealth would ‘take the lead in consulting with financial institutions on best practice restrictions at ATMs and credit in gambling venues’. Has that issue progressed?

Senator Patterson—I have met with the Australian Bankers Association on two occasions, I think—I am sure that it is two but, if not, on one occasion—and talked to them about these issues. Some of those ATMs are not placed there by banks. They are placed there by agencies that are able to have a range of banks; therefore, it is not just the banks. The states keep saying, ‘You can change the banking act.’ All the advice I have is that the states have every power they need and some states, as I said, use it to restrict the amount of money that you can take out of an ATM and can restrict where those ATMs are located.

One of the things that has been raised with me by a number of people in rural areas is that sometimes, if it is inside a hotel, it is the only ATM in the town where people feel they can go and get money safely. So you have to take all of that into consideration. Maybe we need to look at restricting the amount of money that can be taken out—I do not know. That is the sort of research that should be done. If you restrict the number of ATMs, do people go down the road and get more money out, just in case it is going to rain? You do not know whether you will end with the perverse effect that they will get more money out and go back. It is up to the states; the states have all the powers to regulate.

Senator ALLISON—Will that be on the agenda at your next meeting?

Senator Patterson—I constantly remind them that they have the powers and they constantly tell me I can do it through the Banking Act. They can meet their particular state's needs. For example, Western Australia is quite different because they do not have poker machines in hotels. So it is better for the states to respond on the basis of their local situation.

Senator ALLISON—So there has been no progress on that issue since 2001.

Senator Patterson—No, that is not the case.

Senator ALLISON—I am not blaming you, Minister. I am just saying that there has been no progress.

Senator Patterson—I have to give credit where credit is due: some states have acted on this. We could probably provide you with the list that tells you which states limit withdrawal.

Senator ALLISON—That would be useful. I think it is time to name and shame.

Senator Patterson—Some states do better than others.

Mr Smith—A couple of pieces of work have been done. As you know, the Commonwealth has taken leadership around this and commissioned some research by KPMG around ATMs and EFTPOS machines and did take up the request to do further work. In fact, the Commonwealth called a meeting of officials from the banking industry at the end of last year to have first discussions around ATMs, note converters and suchlike in casinos. That was a very productive first meeting and there is agreement to have further discussions about what actions can be taken. Also the Commonwealth sought advice from the Attorney-General in regard to the abilities of states and territories along this line. It will be the subject of further discussions.

Senator ALLISON—We look forward to that.

Senator Patterson—We are also looking at benchmarking the states against each other because particular lobby groups may be able to say, 'How come this is happening in state X and it is not happening in our state?'

Senator ALLISON—Precisely.

Senator Patterson—They need to know what other states are doing.

Senator ALLISON—At one of the meetings back in 2001 or at the subsequent meeting the council asked officials—I am not sure which officials—to examine the provision of gaming machine generated information for players and the feasibility of a national approach to training of gaming venue staff in responsible gambling. What was the outcome of that initiative?

Mr Hunter—Again, in general that is one of the action areas of the national problem gambling framework which include not just awareness raising but also the skills and knowledge of individuals who work in gambling institutions to identify, for example, problem gambling behaviours and so on.

Senator ALLISON—Was there a report done by officials?

Mr Hunter—No. Having agreed to that framework, the states and territories are now asked to work in those areas in general. At the moment we are negotiating a reporting framework with the states and territories for submission to the ministerial council against that national problem gambling framework, which would indicate what actions have been taken by each state and territory in each of the strategies contained within the national problem gambling framework.

Senator ALLISON—Are you suggesting some progress has been made on this issue?

Mr Hunter—My understanding from discussions with the states and territories is that they have generally taken action to varying degrees in relation to the issues which you raise, but the point of me raising the reporting framework was that the extent and relative degree to which they have taken that action will become more transparent as a result of that reporting framework.

Senator ALLISON—The Productivity Commission found that particularly the structural means by which governments have failed to ensure independence and probity with respect to gambling policy regulation and taxation was a problem. Is this a matter which has been addressed in the framework or in meetings with the states?

Senator Patterson—The focus has been on problem gambling.

Mr Hunter—No, the focus, as the minister has just suggested, has been on problem gambling. That is more a comment by the Productivity Commission about the institutional arrangements. I am not particularly familiar with that recommendation but it seems to me that it is going to the question of the independence of the regulatory authorities and questions of competition in gambling.

Senator ALLISON—That is not on the agenda for this council. It should not be—is that what you are saying?

Mr Hunter—I was not proffering a view about that. It is not on the agenda of the council. As I mentioned, the focus being on problem gambling suggests that it may not be appropriate.

Senator ALLISON—Minister, do you intend to look again at that Productivity Commission finding?

Senator Patterson—My responsibility is working with the relevant ministers in a leadership role to address problem gambling. I will need to have a look at that again, but it seems that that recommendation of the Productivity Commission would be more clearly directed to Treasury and the states. Some ministers are community services ministers; some are racing ministers and racing industry ministers—it is a bit of a conglomeration of people. Some of them do not have specific responsibility for problem gambling per se, but they come. But it is really focused on problem gambling.

Senator ALLISON—The National Advisory Body on Gambling fell apart, as I understand it, for some time because they were expected to come to consensus decisions and they were coming from opposite points of view. Has that advisory body on gambling being re-jigged or has it been allowed to disappear?

Senator Patterson—That was an advisory body under the previous minister. As I said before, there are people who have very extreme views one way and others who have views in

the other direction. I have been looking at the best way I can get advice in that area and I am reviewing what will happen. I think the terms of that committee end in June this year. I think there are other ways I can get appropriate advice.

Senator ALLISON—Has its met in the last 12 months or so?

Senator Patterson—No, but I have met with the chairman since I became minister.

Senator ALLISON—Is that Tony Ayers, still?

Senator Patterson—Yes.

Senator ALLISON—And the rest of the committee have wandered off?

Senator Patterson—I think people have changed. Tim Costello was on it. He has moved now to World Vision and I think he has written and said—

Senator ALLISON—What is Mr Ayers's background?

Senator Patterson—I cannot remember. I have had a brief on it.

Dr Harmer—He has been the previous secretary of a number federal departments including Defence, social security—

Senator ALLISON—So he is not from the gambling industry?

Senator Patterson—I knew he was a public servant.

Senator ALLISON—Does the department have an update on the extent of the problem and the amount of money?

Senator Patterson—The clear point that came out then was that the framework, where they have agreed to it, now gives us a basis on which we can make that benchmarking, and I think that is going to make it uncomfortable for some states.

Senator ALLISON—Is there any discussion in the council—there were certainly some complaints from the ACT last year—about the way in which the Grants Commission effectively disadvantages those states that do not have gambling revenue? It is a kind of indirect disincentive.

Senator Patterson—No, because as I said the focus of that ministerial council is on problem gambling, not about the whole gambling industry.

Senator ALLISON—It is not unrelated to the question. If they did not, they did not.

Senator BARNETT—Can you advise us of the percentage of money spent on problem gambling per state and territory?

Senator Patterson—I think I indicated before to Senator Allison that we would provide that. If you think your state is less than South Australia, you can press the state government.

Senator BARNETT—Thank you for that indication.

Dr Harmer—We can provide you with a state-by-state breakdown.

Senator BARNETT—That would be great—on the total amount plus percentage amount.

Senator ALLISON—How many people are working in the gambling arena within the department? Mr Smith and Mr Hunter, are you full-time on this?

Dr Harmer—I do not think anyone is full-time on it, but there is a range of people involved.

Senator ALLISON—What would be the equivalent full-time?

Mr Smith—We do have a problem gambling secretariat. Four people are involved in that activity.

Senator ALLISON—In Canberra?

Mr Smith—In Canberra as part of the department. Their role is to support meetings between the ministers, the council and the officials. The department commits some of its own additional resources around some research activity of the minister.

Senator ALLISON—Thank you.

CHAIR—Proceedings will now be suspended for dinner.

Proceedings suspended from 6.36 p.m. to 7.47 p.m.

CHAIR—We are now on outcome 3—output group 3.1.

Senator WONG—I have not dealt much with this department, so I want to get some sort of handle on post the election and the change in arrangements as between FaCS, DEWR and DEST. Exactly what aspects remain with FaCS and which have been transferred? Are there any Australians Working Together initiatives which remain with the department?

Senator Patterson—I think if you look at the *Hansard* this morning we went through various things.

Senator WONG—Just very briefly, could you detail the initiatives in relation to outcome 3 programs?

Dr Harmer—First up this morning we went through in some detail the programs that have been transferred to DEWR and DEST, and we also provided to the committee—which the committee might be able to provide to you—a very detailed breakdown of every one of our programs and where they are now.

Senator WONG—That would be useful. Could you provide a bit of historical information—I know it is going back a little—on a range of agreements regarding such things as would be included in the bridging review task force and those sorts of things. There was a range of agreements entered into between the government and the Australian Democrats in order to get the AWT legislation through. Do any of the functions associated with the government's commitments under those agreements remain with the department?

Mr Knapp—No.

Dr Harmer—I was about to say 'I very much doubt it', but the answer is no.

Senator WONG—Does anyone here know about that? It would all be with DEWR?

Mr Knapp—Yes.

Senator WONG—The job seeker account; is that with you or with DEWR?

Mr Knapp—That is with DEWR.

Senator WONG—So you do not retain any data for payments under that at all?

Mr Knapp—No.

Senator WONG—Is the literacy and numeracy supplement with you or with DEWR?

Dr Harmer—That would be with DEWR. Everything related to an income support payment for a working age person has moved to DEWR.

Senator WONG—So the literacy and numeracy supplement would be with DEWR?

Dr Harmer—Yes.

Senator WONG—And PSP?

Ms Winzar—DEWR.

Senator WONG—I may have some questions concerning the historical data in relation to those programs prior to the handover, but I will put them on notice.

Dr Harmer—Senator, if they are related to programs that have now gone to DEWR—

Senator WONG—But they will not have the historical data, will they?

Dr Harmer—DEWR will be able to access the historical data.

Senator WONG—I was going to ask you, but I think Senator Moore got the answer to the labour market related payments monthly profile, and I understand from the answer that that will be an issue also for DEWR.

Dr Harmer—Yes.

Senator WONG—Have there been discussions between FaCS and DEWR regarding the preparation of that data? The reason I ask is that I spoke to Centrelink yesterday and I understand that a lot of the interrogation of the data that is required to prepare that profile is with Centrelink.

Dr Harmer—Yes.

Senator WONG—Have there been discussions as to how DEWR will manage that as between your department and DEWR?

Dr Harmer—Ms Winzar just indicated that the people who were in FaCS who used to do that work are now in DEWR. They will have the same access and arrangements as we had.

Senator MOORE—I asked that of other programs this morning but the people move with these tasks as well.

Dr Harmer—Yes, people followed function.

Senator MOORE—Did anyone want to stay?

Senator Patterson—They all wanted to stay with us.

Dr Harmer—With such a big move, people had to follow function. We had to be reasonably tough about that.

Senator WONG—I also had some questions regarding the detail surrounding the funding transfer for employment services for people with a disability. I understand that is outcome 3.2. That is where I would like to go. I have some questions on 3.2, but I do not know if anyone else has questions on 3.1.

CHAIR—The silence is deafening!

Senator MOORE—I have some straightforward questions, but to save time I will put them on notice.

CHAIR—We will move to 3.2.

Senator WONG—Can you explain to me the disability employment assistance and other services variation?

Dr Harmer—What page are you on, Senator?

Senator WONG—Page 20.

Ms Winzar—That \$8.1 million that is described there as a transfer from 2003-04 and 2004-05 relates to a 2003 budget measure to improve the viability of business services.

Senator WONG—And that is the only program that is affected?

Ms Winzar—That is right.

Senator WONG—With the transfer, as I understand it, business services is retained by FaCS.

Ms Winzar—That is correct.

Senator WONG—And open employment services has gone to DEWR?

Ms Winzar—Yes.

Senator WONG—It was not clear to me from the original PBS and then the additional statement exactly what the funding profile for each of those categories is. I wonder if you could take me through that. As a result of this change, how much will now be transferred to DEWR? I notice in the front of the additional statements it said that not all the transfers have been completed, but I assume you have done some work on that.

Ms Winzar—Sure. Perhaps it might help if I explain that the disability employment assistance and other services appropriation covers both business service funding and open employment, but it also covers a range of other measures such as predisability, postal concessions for the blind, some funding for advocacy and so on and so forth. So a range of those services remain with FaCS. The elements that have transferred to DEWR relate to open employment. The employer incentive scheme, the supported wage scheme, is now their responsibility. Workplace modifications is on that list as well.

Senator WONG—Can I just ask you about open employment. Was that a demand-driven program?

Ms Winzar—No.

Senator WONG—So presumably it was capped.

Ms Winzar—It was capped.

Senator WONG—What were the capping levels and how did that work?

Ms Winzar—Just relating to open employment?

Senator WONG—Yes, thank you. I am happy if you want to hand me something if you do not want to read it all.

Ms Winzar—I can certainly tell you what we would have spent on it historically. I will just give you some rounded figures. For the rough split of the appropriation just around employment, we are looking at around \$250 million a year, and almost half of that goes to open employment.

Senator WONG—So about \$125 million per annum in open employment?

Ms Winzar—Yes.

Senator WONG—That was for the 2003-04 financial year?

Ms Winzar—That was 2001-02. The reason for my hesitation is that the transfer of extra places relating to Australians Working Together across business services and then to open employment makes it move quite a bit over the forward estimates period.

Senator WONG—Are you able to give me some historical data, then, from 2001-02 until the transfer to DEWR of what was actually expended in that category?

Ms Winzar—In open employment?

Senator WONG—You can take it on notice.

Ms Winzar—I will take that on notice.

Senator WONG—Can you tell me how the capping works? What was the framework for the application of that?

Ms Winzar—It has a historical route. The employment services part of the appropriation is subject to, I think, a two per cent growth factor each year, and that applies to both the business service component and the open employment component. It is also subject to a one per cent efficiency dividend each year, and it is also indexed each year, I think, by wage cost as the indexation strategy.

Senator WONG—A one per cent efficiency dividend?

Ms Winzar—Yes.

Senator WONG—What does that mean?

Ms Winzar—Since 1996 there has been an efficiency dividend of one per cent per annum applied across the appropriation.

Senator WONG—What does that actually mean each year? You get one per cent more if you do better?

Ms Winzar—You get one per cent less to drive efficiencies, and that is offset against indexation increases and the growth factor in the appropriation.

Senator WONG—So the indexation increase was two per cent?

Ms Winzar—Of that order. I think it was about 1.8 per cent or 1.9 per cent.

Senator WONG—From which you subtract the efficiency dividend?

Ms Winzar—Yes.

Senator WONG—If you could give me those figures and indicate what proportion was—

Ms Winzar—Related to open employment?

Senator WONG—Yes, just on open employment. Do we have the historical numbers for the number of people over the same period who received open employment services?

Ms Winzar—Yes. Most of that information is on the public record, either through the regular reports from the Productivity Commission into non-government services or through the annual disability services census.

Senator WONG—I wonder if you could assist me and provide that on notice—up to the time the programs were transferred to DEWR.

Ms Winzar—I might have to seek some advice on this. It is just that, now that the programs are the responsibility of DEWR, they hold those records and it is probably more appropriate for them to answer that question, even in relation to the historical data.

Senator WONG—I will ask them tomorrow. You can perhaps take it on notice and hopefully we will not get an answer from both of you saying it is the other one's responsibility.

Ms Winzar—We would probably pass that request to them to answer, I suspect.

Senator WONG—Is FaCS still involved in dealing with workplace modifications applications? Is that this outcome?

Ms Winzar—No. That is transferred to DEWR.

Senator WONG—Would records relating to statistics on applications all have gone to DEWR, too?

Ms Winzar—Yes, they have.

Senator WONG—I presume, because Job Network was previously with DEWR, that applications by Job Network providers, specialist providers and open employment services would be held by DEWR and not you?

Ms Winzar—That is correct.

Senator WONG—I could not find if this was repeated anywhere. I refer you to page 215 of the original PBS. Can you tell me what the employment assistance and other services reference at the top of that page relates to?

Ms Winzar—That describes the total number of people assisted by open and business services over the course of the 2003 financial year.

Senator WONG—And I presume that, in relation to the question I asked on notice about the total number of people assisted in employment services, you could then give me a breakdown of what proportion of that number therefore is open employment and what proportion is supported employment?

Ms Winzar—Yes, I can.

Senator WONG—If you could do that, thank you.

Senator MOORE—In terms of 3.2, it is support for people with disabilities. I know that Jan has a series of questions and she is on her way, but I have the magic document so that I do not ask the same things. Exactly what has FaCS got on disabilities now as the key policy support agency? Exactly what functions have you retained and what policy issues do you now cover?

Ms Winzar—In terms of immediate program responsibilities, in the employment services and other assistance appropriation we have, as described, the responsibility for business services and for advocacy. We have a responsibility for some respite services. We run the quality assurance program, and we do that on behalf of DEWR in relation to its open employment services funded under the Disability Services Act.

Senator MOORE—You actually do that on behalf of DEWR?

Ms Winzar—Yes. Postal concessions for the blind I mentioned. We also fund some consumer training and support programs, some print disability programs and some information and captioning services. We have some support for some of the disability peak organisations. In addition to that, Roger Barson, who heads up the Disability and Carers Branch, runs another suite of programs which I might ask him to talk about.

Mr Barson—We still administer in the services area the Commonwealth State Disability Agreement, which provides funding to state and territory governments for accommodation support, respite care, community support and other similar programs. We have income support programs for carer payment, carer allowance, wife pension, DSP and some minor payments around those.

Senator WONG—I am glad that Senator Moore asked, because in your previous PBS you have talked about accreditation—I cannot remember if that was the correct phrase—for open employment assistance providers. So you are retaining that function of accrediting, if that is the appropriate phrase?

Ms Winzar—Yes. There are some programs which operate across both open and business services. Some of those have gone to DEWR and some have stayed with FaCS. So FaCS has retained lead responsibility around the quality assurance system. DEWR, on the other hand, as I mentioned, has responsibility for workplace modifications, but that is also a program which some of our services can access. So rather than set up two parallel small programs it is easier for one agency to take the lead.

Senator WONG—And presumably you have the history and the corporate knowledge about actually assessing these providers?

Ms Winzar—Well, the resources and the people go with the function.

Senator WONG—But you retain the people who assess whether a provider is accredited? Is that the phrase?

Ms Winzar—In terms of the quality assurance system, yes, that is true.

Senator WONG—So that expertise has not been transferred to DEWR?

Ms Winzar—No. FaCS is providing, if you like, the infrastructure to apply quality assurance systems to both open services and business services. So we will arrange the

surveillance audits, we will pay the service to reimburse them for auditing costs et cetera. That will happen regardless of whether it is a business service or an open employment provider.

Senator WONG—Except that for one you are doing it for yourself and for one you are doing it for DEWR?

Ms Winzar—That is correct.

Senator WONG—Do you make any assessment of the various abilities of Job Network providers to deal with people of differing levels of disability?

Ms Winzar—No.

Senator WONG—So who decides that?

Ms Winzar—That is a DEWR responsibility.

Senator WONG—Do they have the expertise? That is something FaCS does, isn't it? You know who these people are.

Ms Winzar—People have gone from FaCS to DEWR with the transfer of the program, so their expertise has gone with them.

Senator WONG—How many people are in this area?

Ms Winzar—I am not sure of the exact numbers, but I—

Senator WONG—That is fine. You can—

Dr Harmer—A substantial number of people have gone to DEWR that were previously in FaCS.

Senator WONG—I am not interested in everything. I am interested in open employment and disability.

Dr Harmer—I mean in relation to disabilities.

Senator MOORE—Dr Harmer has already agreed to give us the full details this morning. Ms Winzar, you said that you kept the secretariat functions for some of the key advisory groups. Which ones are they?

Mr Barson—We have the National Disability Advisory Council, which is the primary disability advisory body to the minister, and National Family Carers Voice, which is the group that is currently advising on carer issues.

Senator MOORE—With the transfer of the actual program delivery elements and the ones linked to employment and training to DEWR, will those two bodies, which have so much experience in issues to do with disabilities, offer advisory services to the other department? Is it seen that there is cross-government support, because up until now those groups have supported FaCS development of policy across all areas to do with disabilities, including the work transition and those things? I am just interested as to whether those advisory functions will continue.

Dr Harmer—It will be a matter for DEWR as to the advisory functions they want to set up to guide them in their policy.

Senator MOORE—They are going to set up their own?

Dr Harmer—Not their own organisation, but they will set up advisory mechanisms. They may well adopt the ones we had or they may choose to have some other—

Senator MOORE—Because yours is ministerially appointed, is it? The one in the FaCS services was ministerially appointed. I am just interested that the people who provided the work in FaCS have gone with their programs to the new department and this advisory body is still seemingly with FaCS.

Mr Knapp—The support for those advisory bodies is still with FaCS.

Senator MOORE—But the advisory knowledge is still with FaCS and maybe not with DEWR, so it is something that Senator Wong can take up with the other agency. My point is that up until the redistribution of resources that body was offering advice on areas to do with disabilities across the whole range of the programs that you used to administer. They were not peculiar to the ones you have kept. They were very active. We have had discussion at this forum before about the number of times they met, how keen people were to be there and all those kinds of things. I am interested in that advisory process.

Dr Harmer—Senator, that is something you would need to ask them.

Senator MOORE—We are, and we are making note of that.

Dr Harmer—It is a different department now and it is up to them to manage that.

Senator WONG—I want to ask something, and I am sorry if it was asked this morning. I refer to the finalisation of transfers that is referred to in the front of the additional estimates statement with the comment that this will be detailed in the 2005-06 budget. When do you actually anticipate finalising the calculation of those transfers, or have you already done that?

Dr Harmer—We are very close. The bulk of resources in agreements and resources are already done, but inevitably in such a big change with many programs and bits of programs the final detail is taking a little while.

Mr Youngberry—In terms of the administered programs, the transfer of those is in effect finalised with DEWR and DEST. We are still providing some financial management support, because they have not got their systems up and running at this point to deliver and report all of the payments that we have transferred to them. It is a bit of an open-ended question at this point in terms of an exact finish date because it will depend on when all of the systems are capable of supporting those. But we would certainly expect probably by 30 June to have completed most of that.

Senator WONG—I hope so.

Senator MOORE—It would be important for your annual report, Mr Youngberry, to have that tied off I would think.

Mr Youngberry—Yes.

Senator WONG—I presume my colleagues earlier in the day asked for some of that information on notice, or is that not the case?

Mr Youngberry—No, they did not ask for any detail.

Senator WONG—Are you able to on notice give me those aspects which have been finalised?

Mr Youngberry—In terms of the amounts for individual programs? Is that what you mean?

Senator WONG—Yes. I am actually only interested in DEWR. Senator Moore may ask you for everyone else as well.

Mr Youngberry—We have included in the additional estimates statements amounts that are FaCS's responsibility up until the date that those programs transferred.

Senator WONG—That is not what we are talking about though, is it? Can I clarify. If it is not in here but it is in the category that you just described—that is, transfers which have been finalised—let us start with that. Is there anything that has been finalised which is not indicated in the additional statement?

Mr Youngberry—Everything that has been finalised is included in here. It is reported as FaCS's responsibility up until the date of the transfer, which in most cases is 26 October but in some cases for annual appropriations it is a different date.

Senator WONG—Correct. So are we able to get perhaps a list of those which are still outstanding—so do it the other way around—where that process is yet to occur?

Mr Youngberry—Yes. There are no outstanding programs to transfer. The assistance support issues around—

Senator WONG—I am very confused. I am relying on what is in the additional statement, which says that departmental appropriations do not yet fully reflect the transfer of funding resulting from the AAO changes of 26 October and 16 December respectively. It goes on to say that the relevant adjustments to FaCS expenses et cetera will be detailed in the 2005-06 PBS following finalisation of transfers under section 32 of the FMA Act.

Dr Harmer—The funding for the programs has been settled, I think, as Mr Youngberry said. It is departmental admin type funds which are still being set—

Senator WONG—I understand that.

Dr Harmer—You understand that?

Senator WONG—Yes.

Dr Harmer—Okay.

Senator WONG—Yes, that is what I am asking about. Where is that at and how far? In terms of that category, are there any programs in relation to that transfer process where we have calculations about what is going where?

Mr Youngberry—That departmental is treated as a single block, as it were. So there were 323 full-time equivalent staff who transferred across to DEWR. There are detailed calculations that need to underpin the transfer of each individual's entitlements and so on. In relation to departmental, that is the only program in effect that is outstanding or the only item. But there are elements within that around systems, accommodation and financial management arrangements that we are still finalising.

Senator WONG—What is being referred to in the paragraph that I read out to you?

Mr Youngberry—That latter part, just the departmental—the 323 people who have transferred and the systems and support that go with those.

Senator WONG—Presumably the transfer in funding for some outcomes from FaCS to other departments?

Mr Youngberry—Yes.

Senator WONG—Right. That is what I am interested in. Where is that process at?

Mr Youngberry—We are still finalising the detail, which is things like the calculation of employee entitlements. So when employees transfer between departments, we actually send money with them for their accrued annual leave, long service leave and so on. We are still trying to finalise what the accommodation arrangements will be. All of these people at the moment still sit on FaCS premises, so there are elements of property expenses that we do need to transfer to DEWR but we cannot finalise an amount until we are capable of moving them from FaCS premises to DEWR premises. So there are logistical issues in terms of when we can finalise some of these things.

Senator MOORE—Are the enterprise bargains significantly different?

Mr Youngberry—The certified agreements?

Senator MOORE—Yes, between DEWR, FaCS and where they have gone.

Mr Youngberry—I do not know the detail of that, sorry.

Dr Harmer—There would be some differences. Each department has their own certified agreement now. I do not think there are any two identical that I am aware of, so there would be differences.

Senator MOORE—So they stay on yours until the next round, don't they? They are not inconvenienced or disadvantaged by the change? That is the proviso.

Dr Harmer—I do not think so, but I do not know what the DEWR policy will be in relation to people transferring under another agreement.

CHAIR—Senator McLucas.

Senator McLUCAS—Thank you, Chair. We are at 3.2, aren't we? Is that correct?

CHAIR—Yes.

Senator McLUCAS—I just need to get a better understanding of this document. So some of these questions might seem a little inane, but please bear with me. On page 83 of the PBS are departmental appropriations. There is an increase in policy advice, purchasing, funding and relationship management, and research and evaluation, for all four output groups. Can I get a bit of an understanding of why there has been that level of increase?

Mr Youngberry—The way we calculate the costs that we attach to each of these items is by conducting an effort survey of all staff within the department which covers a two-week period each quarter. The change in the amounts between what was in the estimates and what is in the additional estimates statements basically reflects a different attribution that people have put on their time across different survey periods.

Senator McLUCAS—So these are the in-house policy advice of our employees?

Mr Youngberry—Yes.

Senator McLUCAS—So the revised estimate is more like what is the real amount of policy advice given that snapshot you have taken?

Mr Youngberry—I do not understand what you mean by the term ‘real’.

Senator McLUCAS—More indicative of the real amount of time being—

Mr Youngberry—Yes, the figures that we report here are indicative of how people have attributed their time in the two-week survey period, so it is a reflection of where people have spent effort in that time. So, in a sense, it is indicative of how much policy advice has gone on but it is extrapolated to the whole year.

Senator McLUCAS—Thank you. What is relationship management?

Mr Youngberry—Relationship management—

Senator McLUCAS—I read *Weasel Words* over Christmas.

Mr Youngberry—covers a whole gamut of activity around how we manage our grant and funding agreements. So where there are FaCS staff working on individual grant programs, some of that time will be reflected in that. When people have been involved in dealing with Centrelink on administration type issues, that will go under relationship management and so on, so it covers quite a broad range of activity.

Senator McLUCAS—And that was ascertained using that same two-week snapshot approach?

Mr Youngberry—Yes.

Senator McLUCAS—Research and evaluation; I think I know what that means, but you had best tell me.

Mr Youngberry—I would have to check the exact definition, but basically people would attribute their time to research type activities. So if they were reviewing a report, they might define it as research. They might also define it as policy analysis type work as well. So it depends on the individual’s assessment of what they are doing. They would say, ‘Yes, I am doing research activity,’ and record their time against it accordingly.

Senator McLUCAS—And evaluation?

Mr Youngberry—Evaluation would be program evaluation type activities.

Senator MOORE—Mr Youngberry, how long have you been using this methodology?

Mr Youngberry—As long as I have been there, which is about five years.

Senator MOORE—So people are very familiar with it; by now people understand how it works and they have got comfortable with it?

Mr Youngberry—Yes.

Senator McLUCAS—That means you use the same methodology to look at the budget estimates and—

Mr Youngberry—Yes.

Senator McLUCAS—To come to that view about budget estimates.

Mr Youngberry—Yes, it is the same methodology that we apply all the way through to ensure consistency.

Senator McLUCAS—So that would indicate to me that there has been an increase in policy advice, an increase in relationship management.

Mr Youngberry—Yes, you could apply that interpretation.

Senator McLUCAS—Yes. In 3.2, purchasing, funding and relationship management seems to be, comparatively, a lot higher for disabilities? Why would that be? Are there more relationships with various agencies?

Mr Youngberry—I would have to take that on notice. I could not explain exactly why that is.

Ms Winzar—Senator, it will vary program by program, or subprogram by subprogram, depending on the nature of the delivery. So, for example, in disabilities I think we manage contracts with around 400 service providers, whereas some of the other programs might have a much smaller number of contracts to manage. I think if you had a look, for example, at child care you might find, similarly, that there is a fair amount that goes into purchasing and relationship management compared to some of the others.

Senator McLUCAS—Thank you. Can we now go to page 18, please? In fact, what alerted me to that was that at the top of page 20 it says, ‘Disability employment assistance and other services.’ Can you explain to me what is occurring there? Only \$6 million was spent of \$14.1 million which was provided in 2003-04.

Ms Winzar—We covered that a little bit before with Senator Wong’s question. Essentially, this came out of a 2003 budget measure, and we have rephased the funds because our original expectation was that we would spend \$14 million in this current financial year. We are not going to spend all of that; we are going to spend about \$6 million. But we have committed all the funds, so the money is definitely going to be spent. The delay has been that although we have approved the funds to be expended, we are waiting on our disability service providers to come back with quotes for the work that we have approved, and they are sometimes a bit slow in getting them in. So we know the money will be spent, but we expect it will be spent in the next financial year.

Senator McLUCAS—And these are for contracts for what?

Ms Winzar—The 2003 budget measure was to improve the viability of business services. The process involved sending in some independent financial advisers to talk to businesses about what their financials were, what extra investment they needed to improve their viability. The range of recommendations includes things like buying new plant and equipment, like a new shredding machine or a new truck, doing repairs to buildings in some cases so they met OH&S standards, by marketing advice or contracting someone to do a business plan for the organisation. So it is quite a wide range of activity.

Senator McLUCAS—I will come back to business services in a moment. On page 30, I am just interested in this special account where in 2004-05—I need some assistance in reading across that table. The opening balance is \$1 million and then \$200,000 is added, and the closing balance remains at that. Can you just explain to me what that means.

Mr Barson—Yes. Under the Commonwealth State Disability Agreement the Commonwealth government and the state and territory governments have all agreed to undertake various joint research projects. Under the agreement we contribute a certain amount of money each to a research pool. So what you see there is that there was an opening balance in that research pool. There is a contribution for the 2004-05 year that has gone into that research pool, and there is a closing balance at the end of the 2004-05 period. It is essentially the starting point for the research and development fund; an amount of money that was contributed to the research and development fund and the funds remaining there.

I should say that one of the reasons for the larger amount of money in that fund is that there are something like 10 or 12 research projects that have been agreed to be undertaken. There is a process by which the Commonwealth, state and territory governments agree to undertake that research. In this particular period that has taken longer than was originally intended, and some of those contracts for research, and therefore the expenditure, were delayed. So that is a reason for, I guess, the fact that there is a reasonably significant amount of money sitting in that fund. However, most of that money is now in fact committed to research projects and will be spent.

Senator McLUCAS—Okay. I am not an accountant. Why does it not show in the payments column what is intended to be spent in 2004-05?

Mr Barson—Because while the governments have agreed on the nature of some of the research, and in fact have now gone out through tender processes for organisations to undertake that research, it is not until the contracts are signed and payments start to be made that they would appear in that line.

Senator McLUCAS—Okay, so it is almost like a cash account.

Mr Barson—It is essentially an account where money has been put aside for research. We know what we are going to do with it; we are in the process of organising to do that, but the money stays in that account until we actually have to draw on it.

Senator McLUCAS—Thanks, Mr Barson. Could I get a list—I do not know that you are the right person to ask—of the projects that are going to be undertaken and maybe even the time frame for the scope of the work that is going to be undertaken?

Mr Barson—That is drawn from what is called the national disability administrators—the collective of government administrators from the Commonwealth, state and territory governments. There is a research and development plan which we have. That will list in it all the projects that are available. We would be happy to supply it.

Senator McLUCAS—Thank you, that is great. On page 45 I was intrigued but could not work out why ‘More help for families: departmental expenses’ sits in outcome 3. It is \$2.4 million this current year and I think it is \$11,000 the following year. So we are not talking about a lot of money, but I was just interested in why it would sit in outcome 3.

Mr Youngberry—I do not have an answer as to why that is there.

Senator McLUCAS—That makes me feel better. Was the \$300,000 allocated to ‘Strengthening Tasmania—Tasman holiday experience for children with disabilities’ a commitment given by the government at the last election?

Mr Barson—Yes, Senator.

Senator McLUCAS—Well, that explains all of that. On the next page, under the heading ‘Australian research alliance for children and youth’, I was interested to know why there was no money allocated.

Mr Youngberry—My understanding is that we are absorbing the cost of that. It is an initiative that is going ahead but we are not requesting extra money to complete it.

Senator McLUCAS—For information again, on page 59, from the way I read ‘Temporary protection visa—caseload resolution’ it seems to be income. Can you explain what that is about?

Ms Winzar—We can certainly get the details on notice, but my expectation would be that that reflects some savings against the income support payments in outcome 3 that would derive from people holding a temporary protection visa. If the temporary protection visa caseload is not in some way being resolved, I can only assume that might mean that the temporary protection visa is ceasing and thus entitlement to income support would end as the person leaves the country. That would be my expectation.

Dr Harmer—Ms Winzar, can we just make sure about that?

Ms Winzar—Yes.

Senator McLUCAS—That is all I needed on the PBS. I want to go to the question of business services now. I understand that the allocation of \$99 million is a draw-down fund?

Ms Winzar—That is correct.

Senator McLUCAS—That was allocated in the budget before last—in the 2004 budget. So how much out of that \$99 million has been spent to this point in time?

Ms Winzar—Our current estimates, from memory, are that we expect to spend around \$8 million in this financial year and around \$10 million or \$11 million in the next financial year. It is a little difficult at this stage to predict exactly how much of the \$99 million will be spent in total. It can, I guess, be described as covering a few broad activities. One is if organisations need assistance with their wage bill, and at this stage to calculate that we are going through a process of again getting financial advice on the organisation’s current financial position, their likely future prospects, details about changes to their case based funding arrangements under our own program, plus an assessment of their future wages liability.

That is an exercise which is in train for I think about 87 or 88 organisations. It is targeted to be completed by June. At this stage I think we have had about six of the reports in from the financial consultants. The other component parts include targeted support payments. Essentially, we are paying the Commonwealth rehab service, CRS Australia, to go into a service and provide case management advice to people with very low productivity levels to

see whether or not they are interested in exploring other service options or whether they wish to stay in work.

To date, I think we have seen about 250 or 260 people through the case management process. Over 70 per cent of them are choosing to stay in work and so far—that is, up to the end of January—we have expended around \$370,000 on interventions to help those people stay in work. That can be things like workplace modifications or it might be therapeutic assistance of some sort et cetera. For the remaining 28 per cent who have decided to pursue targeted support options, from memory, we have spent about another \$500,000 on assisting them into targeted support services. So they are some of the components parts, which is why I cannot be too definite about how much of the \$99 million we might spend.

Senator McLUCAS—So about \$370,000 to CRS and half a million to—

Ms Winzar—No, the \$370,000 is direct payments to provide support to those people in their current jobs or in their current workplaces.

Senator McLUCAS—Can we call it top-up pay? Is that a reasonable word to describe it?

Ms Winzar—It really is specifically targeted at things which will help the person stay in their job—either redesigning their job or getting a trainer in to support them or something like that.

Senator McLUCAS—Are those funds included in the \$8 million that has been expended?

Ms Winzar—Yes, that is right.

Senator McLUCAS—So to date \$8 million this year and \$11 million next year?

Ms Winzar—That is our current expectation, yes. Once we have what we are calling the full capability reviews in from the financial panels which cover the wage impact, the funding impact and a review of the organisation's financial capability, we will have a much clearer picture about what the forward liability might be that we would have to meet.

Senator McLUCAS—Ms Winzar, you said that there are 87 or 88 organisations. Is that the total number of business services that are there?

Ms Winzar—No, Senator, we are currently funding 235 business services, of which I think 87 or 88—I cannot remember off the top of my head—have asked for a full capability review of their capacity to phase in wages.

Senator McLUCAS—Is that a requirement to the review?

Ms Winzar—No.

Senator McLUCAS—So what will happen to those business services that do not go through that review process?

Ms Winzar—It is entirely voluntary. The full capability reviews are targeted at those who cannot or do not think they are able to pay pro rata wages to people depending on their capability now. So what they are seeking is permission to phase in wages up to a four-year period. Some of those organisations are currently paying award wages but for various reasons are saying they will need some assistance over the next couple of years because either they are predicting a business downturn, or even though they can currently manage wages their

feeling is that they are not going to be able to sustain that wage payment. So, for organisations that have not sought that full capability review, they are currently paying pro rata wages and their business liability is, in their view, okay.

Senator McLUCAS—This program—the \$99 million—whilst it is a discrete bucket of money, are you expecting it to have an end time?

Ms Winzar—The funding is committed over the four years from the 2004 budget. It is, as you say, a flexible draw-down fund. We have undertaken to go back to government, I think in the middle of next year, with a report on progress and a bit of an assessment, which we will certainly have by then, about whether or not that funding is sufficient to find a secure financial future for business services.

Senator McLUCAS—Of those 87 to 88 business services that have started this process, is there a view that wages supplement will be an ongoing need for any of those organisations?

Ms Winzar—Is there a view?

Senator McLUCAS—The assessment of their viability and operations would show if they would require an ongoing wage supplement, I imagine.

Ms Winzar—We have asked the financial advisors who are doing this work for us—that is Pricewaterhouse, KPMG and Walter and Turnbull—to be very blunt with us about the future financial prospects of these organisations. If they have got no financial future, then we certainly need to know that, because I suspect then that the challenge really is to try and find some other arrangements for the people who work in those particular services. It might be reauspicing or it might be encouraging the service to try a different industry which has a better profit margin or more of a niche market or something like that. Or in some particularly country areas it might be trying to find some other employment opportunities for people with disabilities.

Senator McLUCAS—I appreciate that you have said to the consultants to be blunt. When they do their assessment they are applying marketplace thinking to organisations that have not had that way of thinking for a long time. Is it strict profit and loss accounts or business plans using the methodology that KPMG would use to look at any other business? Is that the way they are approaching these assessments?

Ms Winzar—That is the fundamentals of it, Senator. One of the stand-out findings when we rolled out the \$25 million from the 2003 budget, which was also designed to take those first steps towards improving business viability, was that perhaps lack of sophistication in financial management was the problem in the case of many services. They did not have good price setting mechanisms. They were price takers. They did not have much of a sense about what the industry standard might be. Lack of marketing plans and lack of business plans, even in some of the larger organisations that we fund, were problems as well. So some of this is really about financial management and internal governance around the organisation. Some of it is that they have been in markets which over time have changed considerably due to competition from, say, Asia or other countries and they need to now think about what other futures they might have. It does vary, but essentially we are asking the consultants to apply perhaps not as tough a test as they would apply to any other commercial operation but certainly to be quite clear about what the business needs to do to become viable.

Senator McLUCAS—It is a fairly specialist skill to extrapolate into a business service operation, I imagine.

Ms Winzar—Yes, and it has been very worth while working with those three companies because they have now built up quite a good understanding of the particular needs of the sector.

Senator McLUCAS—I understand that last year, Ms Winzar, you said that we will not be supporting fewer people in business services than in previous years. Do we have an actual number now of the number of people we have budgeted for who will be accessing business services activities?

Ms Winzar—I can certainly tell you that from the 2004 census of disability services, just looking at the business service numbers, a total of 19,690 people were assisted through business services in that financial year—2003-04. By way of comparison, since 1999-2000 the number of people assisted in business services has increased by about 18 per cent.

Senator McLUCAS—Eighteen?

Ms Winzar—Yes, over the last four years.

Senator McLUCAS—That seems quite significant. What do you put that down to?

Ms Winzar—There have been additional places rolled out through the Australians Working Together measure in the 2001 budget. That is one of the important factors. As I mentioned, there is a small growth component in the appropriation as well, so we would expect numbers to grow by about roughly one per cent per annum in any event.

Senator McLUCAS—So basically it was Australians Working Together?

Ms Winzar—That is the bulk of it, yes.

Senator McLUCAS—Are you predicting any growth in this current year?

Ms Winzar—There are still some additional funds to be rolled out through the AWT measure and there will be additional funds through the increased price through case based funding as well. The exact numbers are hard to predict, but I suggest we would expect at least another couple of hundred a year on top of that.

Senator McLUCAS—What impact does the business services reform have on the disability support pension?

Ms Winzar—The reform of business services has a couple of separate dimensions. One is the introduction of the quality standards, which in part requires the payment of pro rata wages. Increasing wage payments are obviously going to have some impact on some people's DSP. We have not made any attempt to quantify what the net out effect of DSP reduction might be. The other dimensions of the change are simply an increased price to the providers for the services they provide on our behalf through case based funding and the measures, in both the 2003 budget and the 2004 budget, to improve business viability. So there are some fairly big changes going through the sector.

Senator McLUCAS—You have not tried to quantify the potential impact on DSP. Is that because it is not your area?

Ms Winzar—We can deal in aggregates. So while we might be able to say that we think the overall amount of wages paid across those almost 20,000 people might increase by, say, \$30 million a year, it is not going to increase uniformly for each of them. Some of them will have a wage that goes from 20c an hour to \$3 an hour while others will have a wage that goes from \$2 an hour to \$2.20 an hour. Trying to get much precision about the impact on DSP is quite hard at this stage.

Senator McLUCAS—Earlier you mentioned the difficulty in regional areas for business services. Coming from a regional area I understand that, although I have to say that the one operating in Cairns is doing some really interesting work, taking advantage of the tourism industry. What sorts of challenges do business services in more remote places face that just may not be able to be overcome by the reforms?

Ms Winzar—There are perhaps a couple of points to be made about services in rural and remote areas. The first is that, while some of their overhead costs might be higher and some of their markets might be smaller, it is certainly not the case that our worst performing business services in a financial sense are those in rural areas. Some of them have been quite successful in marketing to the local community. Often they have much stronger links into the local community and partnering with local businesses than a comparable service in a metro area might have. I do not think it is all doom and gloom in rural Australia by any means.

A couple of the things we are looking at, though, include using the business consultancies to try and move people into better niche markets if we can and introducing some internet enabled purchasing and procurement. We are in the middle of a process at the moment to obtain an internet service provider to host websites for business services. About 40 per cent of our providers already have a web presence. With most of them you cannot buy or order things from the service over the net. We would like to see that as a good way of improving the market reach of business services in rural Australia.

Senator McLUCAS—And you have done some analysis of the potential for the success of web based purchasing?

Ms Winzar—We have circularised the providers asking for details of who has web coverage and who has not. Our response rate has been quite good in terms of interest in that particular initiative.

Senator McLUCAS—Can I just track back a bit, please, Ms Winzar? You said that there were 235 altogether and that 87 had undertaken the planning project. Out of the remainder, you did say that you thought a lot of them in their own view were viable and had a good future. Do you have concerns, though, that there are some that have not taken the opportunity to look at the business planning process?

Ms Winzar—Yes. There may well be some that have not taken advantage of that opportunity. Through the first stage of the business viability reviews that were done out of the 2003 budget we had something like 230 organisations take up the offer of having a business viability review.

So that is the first stage. We had a small consultancy to have a look at the aggregate results of that exercise and he looked at about 80 per cent of the business viability reviews that were conducted and concluded when he went through the financials that around 70 per cent of them

had made a profit in the 2003-04 year—that was the year before. So that suggests to me that rather than a lot of organisations perhaps missing the opportunity, I think that some of them have made the decision that they have been through the first stage of a process already, they have got the information they need, they have got some additional funding and at this stage they did not need any more.

Senator McLUCAS—In the policy statement relating to building a strong business services sector, one of the guarantees is an assurance that no sole business service in a town or region will close due to the changes to the sector. From what you were saying earlier, that may not still be the case.

Ms Winzar—It would be our hope that we could keep those existing service providers afloat in their current form. It is certainly our objective to make sure that none of the workers in those services lose their employment. In some cases the response that is necessary might be to find somebody else to take over the responsibility for the organisation. Some of the particular strategies are: find someone so that we can reauspice the organisation to someone who can make a go of the business; perhaps make a cash injection if that is their particular need; or perhaps, with a bit more leverage, try to exercise some influence on the organisation to move into another form of business which might have a greater prospect of financial security. For almost all of those strategies, it does mean that we are going to have to commit to some period of funding until we resolve what the best way to progress that organisation actually is. But whether that is 12 months or 18 months, I think it is fairly clear to us at this stage that it would not be reasonable for us to keep throwing money at some of these organisations who repeatedly are unable to get a marketing plan together, get a business plan together, run a business profitably.

Senator McLUCAS—In that case they may have to close.

Ms Winzar—They may have to close. Our challenge, of course, would be to find some alternative employment opportunities for the people in that service.

Senator MOORE—Do these organisations know that?

Ms Winzar—Some of them do, yes. We have expressed it in those terms.

Senator McLUCAS—The cash payment; I understand from the policy that that is not intended to be an ongoing position.

Ms Winzar—No, that is correct.

Senator McLUCAS—I suppose this is case by case, but has it been made clear to them that this will cease certainly at the end of four years?

Ms Winzar—The organisations which have approval to phase in wages—the 87 or 88 that we talked about before—are very clear that the disallowable instrument that was tabled in parliament has a cap of four years on the wage phasing.

Senator McLUCAS—Do many business services have contracts or commercial arrangements with the Commonwealth in any form?

Ms Winzar—I am sure that some of them do. I know that FaCS itself has in the past done some business with some business services, but I am not sure how you actually find that information out easily. It is certainly something that we are interested in encouraging.

Senator McLUCAS—But that would have been like a one-off event, like a mailing event.

Ms Winzar—There would be some organisations who would be on provider panels and there would be others who have responded to individual tender arrangements.

Senator McLUCAS—I understand over the last four years there has been quite a decline in the actual number of business services—from 1998-99, 510, down to 235.

Ms Winzar—The number of business service outlets in 1998 was 506. The number of business service outlets in 2004 was 423.

Senator McLUCAS—Sorry, how many did you say?

Ms Winzar—In 1998 there were 506 business service outlets and in 2004 there were 423.

Senator McLUCAS—So where does 235 come from? That is the current number?

Ms Winzar—That is the current number of organisations, and they operate across 400-odd outlets.

Senator McLUCAS—I understand. So some of them are multiple managed.

Ms Winzar—Yes. They range from single outlet organisations through to, I think, the largest one is about 28 outlets.

Senator McLUCAS—This is following a question that I understand was asked at the last estimates as well. The moneys that have been spent to support the business services—the \$8 million so far—have you disaggregated that into wages and capital expenditure?

Ms Winzar—The funding out of the 2003 budget—the \$25 million—which is what the \$8.1 million roll-over in the portfolio budget statement refers to—has all gone towards business expenses, not to the payment of wages. The \$99 million itself will cover potentially some calls for assistance and wages. Our estimate, I think, at the last estimates was that about \$70 million of the \$99 million might be spent on the phase-in of wages, or the wage top-up, while things moved along.

Senator McLUCAS—Sorry, I am talking about actuals now. Of the money that has been spent do we know—

Ms Winzar—No, we have not spent anything on wage top-ups to date—that is to the end of January. The reason for that is that we are still in the process of doing the full capability reviews and, as yet, we have not paid out any funds for wage top-ups.

Senator McLUCAS—So the review is not actioned yet?

Ms Winzar—Yes. The reviews have not been completed from the consultants as yet.

Senator McLUCAS—I understand that \$9,000 a head was made available to establish targeted support options.

Ms Winzar—That is correct.

Senator McLUCAS—Can you explain that to me?

Ms Winzar—Part of the 2004 announcement included an undertaking that the people would not lose access to a service as a result of the reforms. It was recognised that those people who had very low productivity levels sometimes faced quite some difficulty because sometimes they were in an employment service only because there were no other services that were available to them. In effect, they might not have actually been working per se, but they were in an employment service. So we undertook that we would offer very low productivity people—that is, people with productivity levels below 15 per cent—the option of seeing a CRS case manager who would talk them through their service options.

Senator McLUCAS—You have described that earlier.

Ms Winzar—Yes.

Senator McLUCAS—Is that \$9,000 sufficient for people with very low levels of productivity and very high levels of disability? Is that enough to essentially case manage them through that process?

Ms Winzar—Yes. The case management payments are on top of the \$9,000 per head. The \$9,000 was set deliberately below the top level of funding for those who stay in employment, which is about \$12,000 a head, because we did want to have the right emphasis on staying in work. But it is well above the average block grant payment in business services at the moment, which is around about \$6,000 a year. So there is some incentive there, but still a clear incentive to stay in work as well.

Senator McLUCAS—What has been the take-up rate?

Ms Winzar—So far we have had 250 more people. I will go back a step. We have had 400 individuals apply for a case management assessment and process with CRS. Case management has started for 254 of them. About 28 per cent of those who complete the case management are choosing targeted support—that is, non-employment options.

Senator McLUCAS—Did that meet your expectations?

Ms Winzar—Yes, it is actually quite close. Our thinking originally was that we would have around 2,600 people who might access the case management process. I think it will come in quite close to that. I think perhaps targeted support might apply to about 600 individuals by the time we work the whole process through.

Senator McLUCAS—When a person moves out of a business service—maybe they are case managed out or simply decide not to use the service—are the business services allowed to replace that person?

Ms Winzar—It depends on the individual circumstances of the business. We are not allowing them to automatically backfill places that are vacated by people going into targeted support. One of the reasons for that is that in a way that would be a backdoor way of increasing the size of the appropriation by \$5.5 million or \$6 million a year. But where it is critical to the business itself that they backfill those places, we are happy to do that. Examples of where that might be is that they might need a minimum work force to maintain their contracts or current work effort. There was a very small service that came to my attention where I think there were 14 people in the service and about six or seven of them were potentially in the group who might go to targeted support. Clearly, that business service is not

going to be viable with a work force of only half a dozen and would need to backfill. Other factors that might come into account would be taking people out of the service and putting them into targeted support. That would change the ratio of staff support workers to employees in the service, and that will have an impact on the financials and overheads as well. In that case, it may be fine for us to restore those staff supervision ratios to what they were before and allow the places to be filled by other people.

Senator McLUCAS—Ms Winzar, the first point you made was that the department did not want business services to backfill because there would be an increased—

Ms Winzar—Not automatically without some questioning. If I can put it to you in another sense—

Senator McLUCAS—It was the first point you made in terms of the impact on the budget.

Ms Winzar—Yes. If we had \$5 million to buy extra places, the question would be: would we buy those places that were vacated by somebody moving into targeted support and put another person in them or other areas of high need across Australia where we would prefer to spend the \$5 million to put extra places in. It cannot necessarily just be an automatic assumption that any place that is vacated will have somebody automatically slot into it.

Senator McLUCAS—What is the process by which a business service goes through? If someone does move to targeted assistance, how do they know that they can apply to backfill that place?

Ms Winzar—Again, we are relying on the full capability reviews to provide us with that sort of financial advice about what would be the impact on the service of taking those people out of their employment and putting them into targeted support.

Senator McLUCAS—That is not really the question I am asking. How does the business service itself know that they can apply to backfill that place?

Ms Winzar—We have included articles and we have a regular electronic news bulletin that goes out to all providers called disAbility e-news. There have been articles about the process in e-news. We have talked to provider groups. Our state and territory networks have been out giving group information sessions to providers around the targeted support initiative and information is communicated that way.

Senator McLUCAS—If they wish to progress that option, what do they do?

Ms Winzar—If they want to pursue targeted support for individuals?

Senator McLUCAS—Yes.

Ms Winzar—They contact CRS or they contact their state and territory office of FaCS and the program manager there. We will organise the case manager to go in and talk to the person—the worker—their parents or family members or carer and the provider themselves to look at what the options are for that individual.

Senator McLUCAS—No, that is not the question I am asking. How does the business service know that they can, once that person has moved on to targeted assistance, backfill that position?

Senator Patterson—To fill that position?

Senator McLUCAS—To fill that position, given that it is not a position that is open, Minister.

Ms Winzar—The service provider and our state and territory office program managers are in quite frequent contact around these issues and the CRS case manager will be there to provide some advice on what they should do to seek to have that vacant position filled.

Senator McLUCAS—I think we have both been chastised.

Ms Winzar—Yes.

Senator McLUCAS—Thank you. That is all the questions I had on business services. That is all I needed on 3.2, Chair.

CHAIR—We will move to 3.3.

[9.05 p.m.]

Senator McLUCAS—In 2003-04, according to the annual report, the number of people receiving carer payments increased by 11 per cent and the increase in 2002-03 was 13 per cent. We went back a bit further and it seems that the increase is decreasing, if you understand what I mean, Mr Barson. Can you explain what would account for that?

Mr Barson—The number of people in receipt of the carer payment obviously changes over time, and there has been a percentage change. I am just looking now at the last 10 years. Yes, at times the percentage growth rate has been higher and at times the percentage growth rate has been lower. At the moment it is trending down slightly. It has trended down slightly in the past. Overall, the numbers of course are continuing to rise.

Senator McLUCAS—Yes, I am talking about the—

Mr Barson—But the rate of growth has tapered off in recent years.

Senator McLUCAS—Is there an explanation for that?

Mr Barson—We have been looking at it since the 2001-02 year where the growth rate dropped for the first time. At this stage, no, we do not have an answer for that. Some of that is to do with the age make-up of people who are on carer payments. There have been no policy changes which would discourage people from applying for or being granted carer payments. The assessment criteria have not been changed. The grants rate—the number of new claims granted—was slightly less but not statistically significant. No, we do not have any concrete reasons as to why those numbers should be declining in the way they are. But, as I said, they have declined in that way in the past and then they have come back up again.

Senator McLUCAS—Does the department conduct or have the research arm that would track that sort of information and start to come to a view on this? It is quite significant. Given the demographics, given the discussion about the increase in need for carers, for the growth to be decreasing like that I think is quite unusual.

Dr Harmer—We will see if some of our people in the research area who are doing data analysis may have done some work. If they have, we will provide you with an answer. Mr Barson may not be aware of it because he is in a separate part of the department. So if we have some information we will give it to you.

Senator McLUCAS—Thank you. Have we got specific figures for the number of people with disabilities being cared for at home?

Mr Barson—As a total in the population?

Senator McLUCAS—Yes.

Mr Barson—Really the only information we can rely on there is information such as the Australian Bureau of Statistics collects in its ageing and disability survey, for example. I do not have those numbers with me but, yes, there are figures in that which attempt to estimate the number of people with disabilities who are living at home with a carer. But I do not have those numbers with me.

Senator McLUCAS—But you could provide them?

Mr Barson—I could, certainly.

Senator McLUCAS—Thank you, that would be good. In the annual report, the commentary that talks about the changes in carer payment and carer allowance states that the change in customer numbers reflects a number of factors and includes the broader targeting of carer allowance. How does that happen?

Mr Barson—I am not sure which part of the report you are quoting from.

Senator McLUCAS—Page 201 of the annual report. The report lists a string of factors that would make one believe the growth in carer payment and carer allowance should be upward rather than downward.

Mr Barson—There were some changes that were made in that time to the carer allowance that provided some more automatic access to carer allowance. This is the list of recognised disabilities. If a child who has been cared for because of a severe or profound disability has a condition that is on the list, then they have automatic access to carer allowance without going through the same assessment process. This has been broadened in recent years. Another six conditions were added to that list in 2003. Of course, many of those people would have automatically moved on to carer allowance anyway through an assessment process, but it does both allow an easier access and a broader targeting. It ensures that carer allowance is paid to all families with a child with that condition.

Senator McLUCAS—But there has been a decrease in the number of people. It says above that the number of people receiving carer allowance decreased by one per cent.

Mr Barson—Increased?

Senator McLUCAS—Decreased.

Mr Barson—Sorry, there is another factor with carer allowance. There is a history to the carer allowance. The allowance is an amalgam of an old child disability allowance and a domiciliary nursing care payment from 1999. With some carers, when they moved on to the carer allowance to replace those previous payments and moved from a payment where there was a different assessment process or perhaps no requirements of a similar nature, they continued on payment without any assessment for a period of five years. There was a process then at the end of those five years of confirming whether or not those carers remained eligible for a child disability allowance. A number of people in that process chose to no longer claim

or to declare themselves not eligible for carer allowance, so there was a one-off drop in numbers.

Senator McLUCAS—Of how many?

Mr Barson—23,000.

Senator MOORE—Were they self-selected out of the allowance, Mr Barson, other than being declared ineligible by the department?

Mr Barson—There was a mix.

Senator MOORE—I thought that. I just wanted to clarify that.

Mr Barson—At that stage, 67,000 of those customers were due for a review. So 67,000 were reviewed. Of those, 54 per cent, or 37,000, were fully eligible. There was a small group who were not eligible for payment but were eligible for health care cards. There was some smallish number, in the order of 10,000, whose cancellation was because they either did not respond to the review, did not complete the assessment process or did not provide the required evidence. The remainder were people who self-selected off.

Senator McLUCAS—In the 2003-04 annual report there is not a reference to the number of rate reductions that did appear in the 2002-03 annual report. You are going to ask me what page it is on, but I did not mark it on my running sheet.

Mr Barson—What page is that on, Senator?

Senator McLUCAS—You might want to take that one on notice.

Mr Barson—I might.

Senator McLUCAS—I will provide the additional information to assist. In the report it says that there were 214,404 carer payment reviews. That is the carer payment rather than the carer allowance.

Mr Barson—Yes.

Senator McLUCAS—It is almost 50,000 more than in the previous financial year, but the savings that have been identified out of that are very much the same. Can you explain that to me, please?

Mr Barson—Senator, could you refer me to the page number.

Senator McLUCAS—I was good initially at writing page numbers down. I might ask Senator Moore to continue with some of the questions she has, and then I will come back and I will have the page numbers by that stage.

Mr Barson—Certainly. I will try to find it myself at the same time.

Senator MOORE—I have some specific questions, Mr Barson, on the changes to carers payment that were instituted during the election.

Mr Barson—Yes.

Senator MOORE—The particular one that increased the hours available for work from 20 to 25. I know it has only been a short time, but has the increase in hours that carers could

undertake work, training or study without losing eligibility for carers payment had any impact on the number of people receiving carer payment? Have you had a chance to look at that yet?

Mr Barson—Not yet, Senator, because it actually takes effect on 1 April 2005.

Senator MOORE—That is true in terms of the implementation but I was wondering whether in terms of the process—

Mr Barson—I see.

Senator MOORE—It would seem to me that that would be one of the things you would be looking at in the development of it.

Mr Barson—Absolutely. I think your question was: has it had any impact on numbers of people claiming the payment?

Senator MOORE—Yes.

Mr Barson—Just looking at the month-by-month grant rates since the time of the arrangement, there are obviously some month-by-month variations. There was a slight rise upward in August, which would have been three months after the announcements, but, no, overall numbers are tracking pretty much the same as they were. Numbers are slightly higher than the previous year, but I think it is too early yet to know. We would have to really compare that with previous seasonal patterns as well.

Senator MOORE—To the best of your knowledge, has there been any particular publicity strategy around this, because there has been a focus for the minister on the area of caring? It is something that has been identified. I am just wondering whether you are aware of any particular strategies to raise people's awareness of eligibilities, how it works—all those things.

Mr Barson—Obviously there is some publicity around the actual announcement itself but, no, there has been no publicity in the intervening time, partly because of the start date. It is something that we now work with Centrelink on. We are in February. It is now the time when it gears up to the introduction of that payment. There is publicity material and allocations of funding for publicising the measure. That happens from now until after the start date.

Senator MOORE—That is part of the plan?

Mr Barson—On the basis that there is no point advertising something which is not yet available to people but you do need to make sure beforehand and afterwards that people have that information.

Senator MOORE—Was there any consideration during the development of this policy of changing the income tax arrangements, when people are looking at it being a return to participation, and supporting people who are balancing things? One of the things that has been discussed is the possible income tax trap to which people can be subject if they get more work and get an allowance. How does that affect their whole process? Was there any consideration given to changing that income test?

Mr Knapp—No, there was no looking at that.

Mr Barson—They are subject to the same income and assets tests as the others. A bit of attention was given to whether the change—some customers may have some increased

earnings from the change— would affect perhaps their carer payment and other arrangements. We have been looking at that.

Senator MOORE—We have been looking at that as well. Is that under consideration? It seems there could be an impact there.

Mr Barson—We did look at it, noting that it is a five-hour increase. The federal minimum wage is set at \$12.30 an hour—

Senator MOORE—At the moment.

Mr Barson—Of course. Earning an additional five hours is not something that is going to directly affect people. People would have to be earning twice the federal minimum wage to be cancelled off payment as a result of those extra five hours work. In terms of your original question about the taxation impacts, I am not able to respond, I am sorry.

Senator McLUCAS—I have actually found the page, Mr Barson. It is page 203.

Mr Barson—Senator, if you just bear with us a moment, most of this work is actually handled in the area of the department that handles incorrect payments and frauds rather than my policy area. The officer is here to answer.

Senator MOORE—Mr Hartland, the 2003-04 annual report talks about 214,404 carer payment reviews, which I understand is about 50,000 more than in the previous financial year, but the savings that are identified—around \$1,376,000—were quite similar to the amount of money that was identified as savings in the previous financial year. That just seemed unusual to me.

Mr Hartland—I see your point, Senator. At around about that time we changed the reporting of the review systems. In the first year the new reporting arrangements gave us a higher total for the reviews conducted.

Senator McLUCAS—I am not following that. A new reporting system changed the number?

Mr Hartland—The reporting of the number of reviews conducted is, in a sense, a computer system that records the work conducted when reviews are opened and closed and their results. That was re-engineered at about that time. There had always been a view that the previous system was missing some reviews because of a technical problem with the computing.

Senator MOORE—And was that true, Mr Hartland?

Mr Hartland—At that time there was an increase in the reviews which appeared on our systems as a result of our technical changes.

Dr Harmer—It sounds like it is a matter of becoming more accurate in the number of the reviews rather than there being more.

Mr Hartland—To some degree it is an improved measurement system for the actual effort conducted by Centrelink.

Senator McLUCAS—So, Mr Hartland, in your view are we actually counting the number of reviews accurately now?

Mr Hartland—It has certainly improved, Senator. I would not ever say that it is right to the fifth decimal place, but over the years we have improved.

Senator MOORE—Why? It is a computer system, isn't it?

Mr Hartland—Yes.

Senator MOORE—So you actually make a record in the computer when you complete a review? I am having some trouble with the explanation, and maybe that is because it is half past nine.

Senator McLUCAS—I think Senator Moore's point is worth pursuing. Surely when a review is undertaken a notation is made on the individual's file—a box is ticked—and it is simply a matter of counting them.

Mr Hartland—If you want to know a lot about the detail I will have to refer it to our colleagues in Centrelink, but I will try to be a little bit helpful within the constraints of what I know.

Senator MOORE—We are talking about a Centrelink system that feeds information through to FaCS?

Dr Harmer—Yes.

Mr Hartland—But it is not quite as simple as the system working by someone keying in a result and it just being automatic. Reporting on these reviews requires us to do some programming and look back over the years making judgments within that programming about when a review was opened, when it was closed and all sorts of permutations in the course of a review. In getting the best estimate you can of the actual activity, you do find that if you change things you get a different result.

Senator McLUCAS—There is no discussion about whether or not an event is a review or not?

Mr Hartland—No, but there could be a discussion about what a completed review would be, because you might open a review, find that they have been reviewed by another payment and then close the review. You would have to make a judgment about whether that review was completed and did not get a result or whether it was discontinued and should not be counted at all. It is those sorts of issues that make it a challenge to continue to improve the management information system.

Dr Harmer—I suspect that reviews may be discontinued over a period of time.

Mr Hartland—A review is a number of activities, so you would open a review, look at, say, a data match and perhaps send a letter. So there would be a whole series of activities—call a customer in for an interview—and at any point a lot of other things are happening to the customer, including other reviews or the customer coming in and self-declaring their rate. Within that there are a number of end points that we review. As I said, there is a matter of judgment as to when you say, 'We are going to count that as a review that started and closed and had a result,' or, 'We are going to decide that that review started and was discontinued or overtaken.'

Senator MOORE—The re-engineering has been satisfactory?

Mr Hartland—It is certainly an improvement, yes.

Senator MOORE—And how long ago was that?

Mr Hartland—I believe it was in 2003. It was about the time of the annual report.

Mr Barson—It was about the turn of the 2003-04 financial year.

Senator MOORE—So we have had a bit of time now to let it settle in?

Mr Hartland—We have some continuity in the data, yes. We have better continuity now of a couple of years.

Senator MOORE—I will check that up.

Senator McLUCAS—Mr Hartland, you might not be the appropriate officer to ask this question of. Of those 214,000-odd reviews, a reasonable number resulted in an increase in payment for the payment recipient. Do you have the split of the results of those reviews?

Mr Hartland—Yes, I do have some information on that. So this is for 2003-04, for care reviews for that year—sorry, I am pausing because one of the complications is there are different types of reviews, and we think of it in terms of three broad groups of reviews, just to give you some context for what I am about to say.

Senator McLUCAS—You are very helpful.

Mr Hartland—So, if you can think of it very broadly, there are compliance reviews that are activated by data match. We have service profiling, which does not apply to carers, which is an attempt to look at customers' risk characteristics, and then there are some older types of reviews, which are mainly the carer reviews. They are typically done on a time basis. For that type of review, in relation to carers, of the reviews conducted in 2003-04, 0.4 per cent resulted in a cancellation, five per cent in a decrease in payment—that is, the rate going down—and 6.2 per cent resulted in an increase in payment. It is quite common that we would find increases—

Senator MOORE—So, for the sake of these records, all the reviews are lumped in together?

Mr Hartland—Sorry?

Senator MOORE—For the sake of these particular records, all the reviews are linked in together. So, in this particular data, those reviews are not separated out as to what is a data matching review, what is—

Mr Hartland—The annual report data I think would be for all reviews that would have the—it would have the compliance data matching reviews as well.

Senator MOORE—Okay.

Senator McLUCAS—I am not following you, Mr Hartland, I am sorry. 0.4 per cent were cancelled, five per cent were decreased and 6.2 per cent were increased. That does not add up to 100, so what is the rest? And I do not understand what is the group we are talking about.

Mr Hartland—Yes. We find with those older reviews that they are often—that is one of the reasons why we are moving out of that type of activity, because they are not very well

targeted. So most of the reviews look at a customer, do some work on it and find, hey, the rate was correct.

Senator MOORE—That is a result?

Mr Hartland—Yes.

Senator MOORE—That is a good result.

Mr Hartland—In some ways for the customer it might be the best result that you could wish for.

Senator MOORE—Yes. It is a good result, and you would hope in a group that that would be right.

Mr Hartland—The compliance reviews have slightly higher or significantly higher results in relation to cancellations. They were 3.2 per cent for cancellations, 17 per cent for a reduction in rate and 2.8 per cent for an increase, reflecting the fact that they are targeted to customers who are more likely to have a—to be being overpaid.

Senator McLUCAS—And the cost of doing those reviews? I take the point that you are changing the way you do them. Is that a cost to output 3.3?

Mr Hartland—Yes, it would be simply a departmental cost.

Senator McLUCAS—And what was the cost of doing those reviews in the last financial year?

Mr Hartland—We do not have those figures. I am not, in fact, entirely sure that the Centrelink reporting that we would get would allow us to be precise about the cost because it is embedded in the activity of the network. I suspect that we would not be able to say precisely.

Senator McLUCAS—Would you have a look at that for me, Mr Hartland? Everything else seems to be worked out, for what it is worth.

Dr Harmer—We could ask Centrelink.

Mr Hartland—I think it depends a bit how deep your interest is in this matter. Generally, overall the whole compliance system, the benefit cost return is about nine to one.

Senator McLUCAS—Benefit nine to one cost?

Mr Hartland—Yes, that is right.

Senator McLUCAS—I will leave it at that. I will not make you go any further along that track.

Senator MOORE—Mr Hartland, I will hold myself back.

Mr Hartland—Thank you, Senator.

Senator McLUCAS—You said, Mr Hartland, you are moving away from that style of what seems to be a random review process. Is it correct to say that?

Mr Hartland—I would not say entirely random. I mean, it was based on judgments that you should look at customers on a regular cycle. So there would be an expectation that every

six months would be a reasonable time. But certainly we found, in the larger payments, that it is not a good way of getting at customers with a higher degree of risk.

Senator McLUCAS—With 85 per cent odd correct, it seems like a bit of a waste of money really. What is the new methodology of compliance to do with carer payments?

Mr Hartland—In relation to carers we have not made a decision to move to a different style. I guess I was just giving you an over group view of the compliance system.

Senator McLUCAS—So there will be this ongoing rotational review of carer payment recipients?

Mr Hartland—It is an issue that is raised every so often, but we have not put concrete proposals to government.

Senator McLUCAS—Okay, that might be something we can look at. Further in the annual report, on page 204, the percentage of Administrative Appeals Tribunal changes to carer payments changed. They fell from 30 per cent last financial year to nine per cent in the last year we are reporting, 2003-04. Once again, I just thought that was unusual and might warrant an explanation.

Mr Barson—That is interesting, but that decline is present there in both carer allowance and carer payment and it is in particular in the Administrative Appeals Tribunal. The actual appeals area is not my area. I am not sure what that shows. We could take it on notice and seek to tell you why that change has been made.

Senator McLUCAS—It sounds like there might have been a policy change for that number of people to go to AAT and then to drop.

Mr Barson—I suspect it is in the AAT/SSAT system. If we could take that on notice we will give you an answer.

Senator McLUCAS—Thank you.

Mr Barson—Noting that is percentages where the original decision is changed.

Senator McLUCAS—Yes. It is just a discrepancy that warranted an answer. Can you explain that \$27 million? It is directly underneath that table.

Mr Barson—The \$27 million to Centrelink?

Senator McLUCAS—Yes.

Mr Barson—The authorised review officers are officers within Centrelink who, I guess, obviously are the independent officers who review the original decision. That itself has a cost which is a cost identified within the Centrelink system. There would be costs associated with Centrelink providing information, material or evidence or one side of the story to the SSAT and the AAT. They are costs to Centrelink of being involved in the review and appeal system, but the detail is something where we would have to get information from the Department of Human Services.

Senator McLUCAS—Once again, it has gone from \$15 million the previous year to \$27 million. Given that 85 per cent of carers seem to be compliant, and the cost of taking

matters through the SSAT and the AAT, it just seems like a lot of money to me. An explanation would be—

Mr Barson—Senator, we will seek to provide you with an explanation.

Senator McLUCAS—Thank you. Senator Moore I think covered the question of the increased hours for carer payment—sorry, the increased hours that a person on carer payment can work.

Mr Barson—Yes.

Senator McLUCAS—Has the department done an analysis on what that will mean for carer payment? Is that question already asked?

Mr Barson—Yes, Senator.

Senator McLUCAS—I will not go there. That is all I need to do for carers.

[9.37 p.m.]

CHAIR—We will now move on to 3.4.

Senator McLUCAS—I want to go to the issue of the \$100 utilities allowance for people of age pension age and the \$200 payment to holders of the Commonwealth health card. Can you give me an understanding of the administrative arrangements that are in place for these payments?

Mr Dolan—You asked me to describe for you the arrangements for paying holders of the Commonwealth seniors health card the new seniors concession allowance.

Senator McLUCAS—Yes.

Mr Dolan—The holders of the Commonwealth seniors health card were paid the first instalment of the \$200—that is, \$100—in December last year. The moneys were deposited into their bank accounts.

Senator McLUCAS—Was it just a straight payment?

Mr Dolan—Yes.

Senator McLUCAS—So that was for the seniors health card?

Mr Dolan—That is right.

Senator McLUCAS—What is proposed for the pensioners?

Mr Dolan—The utilities allowance for income support customers of age pension age will be paid into clients' bank accounts also.

Senator McLUCAS—When will that occur?

Mr Dolan—In March. At the same time as the regular indexation adjustment to pensions.

Senator McLUCAS—Did you just make those payments or was there an application process that preceded them? You have the data, undoubtedly.

Mr Dolan—Entitlement to the payment of the seniors concession allowance is holding a Commonwealth seniors health card and in respect of the utilities allowance is being in receipt of a pension.

Senator McLUCAS—So there was no application process?

Mr Dolan—That is right.

Senator McLUCAS—Hopefully not, but were there any errors that you have identified to this point in time with those payments?

Mr Dolan—What do you mean by errors?

Senator McLUCAS—There have been mistakes made in the past where payments have been made incorrectly to certain customers. Has the department detected any payments being made to the wrong people?

Mr Dolan—The administration and delivery of the seniors concession allowance, which is the first payment to be paid, is the responsibility of Centrelink. I am advised that there are very few cases where payments were made to the spouses of people who had died. There were checks done beforehand to avoid that happening. I understand that there was a very limited number of those cases.

Senator McLUCAS—It is almost impossible to avoid, I think. But other than those people who had passed away, there were no other errors that you have been able to identify?

Mr Dolan—That is my understanding, Senator.

Senator McLUCAS—What would the cost be of extending the utility supplement to all pensioners—that is disability, carers, sole parents, widows?

Mr Dolan—The cost would be significant, given the larger customer base. I believe a motion was put in the Senate to debate extending it to all customers on income support. The cost would be several billions of dollars. I can answer that question on notice. It would be a significant sum because of the large number of customers on other income support payments who are below age pension age. I cannot give you a figure off the top of my head. It would be large.

Mr Kalisch—We would also need to seek advice from the Department of Employment and Workplace Relations on client numbers for its programs.

Senator McLUCAS—I am not going to ask you to take that on notice. I think the issue is the utility supplement.

Dr Harmer—I do not think we should be providing an estimate for that.

Senator McLUCAS—I am not going to pursue it, Dr Harmer. Is it true that the self-funded retiree payment is payable to both members of a couple? Is that how it works?

Mr Dolan—The seniors concession allowance is paid to a person holding a Commonwealth seniors health card irrespective of their marital status—that is, whether single or a member of a couple.

Senator McLUCAS—So it was \$200 an individual irrespective?

Mr Dolan—That is right.

Senator McLUCAS—I misunderstood that. But there is a couples rate for the utilities allowance; is that right?

Mr Dolan—In terms of the utility allowance, for a single income support customer it is \$100 per annum paid in two instalments and for a married couple it is \$50 per year to each member of the couple paid in two instalments.

Senator McLUCAS—So there is no married payment? We are not paying Mr Bloggs for Mrs Bloggs?

Mr Dolan—Each member of a married couple gets paid a couple rate, which is half the single rate.

Senator McLUCAS—Can you give me an indication of the means test for the Commonwealth seniors health care card?

Mr Dolan—For the Commonwealth seniors health card the means test is applied in the form of an income test. There is no assets test. It is an income test only. For a single the income test is a taxable income of \$50,000 a year and for a married couple it is a combined taxable income of \$80,000 a year.

Senator McLUCAS—How did the department come to those figures as being an appropriate figure for the means test?

Mr Dolan—That was the figure set by the government in legislation.

Senator McLUCAS—Fine.

Senator Patterson—One of things was that a lot of people had not applied for the health care card under the previous government because it was quite complicated. When we used the income test, which is based on a tax return, it meant that more people who are eligible applied so we increased the threshold.

Senator McLUCAS—The minister might have to help us with this. I understand that the funding for the seniors payments was going to be paid by using savings from the changes to the PBS and pricing arrangements for generic medicines. Is that your recollection? I have found it and I can pass it over to you.

Senator Patterson—I know that we had the 12 ½ per cent reduction in payment for generic medicines. I am just trying to remember which part of the program it was to cover. I think you are right in saying it was this area. I want to get it absolutely correct so we do not get misleading personal issues out.

Senator McLUCAS—I will let that one go given the hour. I have had my say on that.

Senator Patterson—I will not. I will keep reminding you for a very long while. I am not that sort of person usually but today's episode has been deeply engraved on me—I cannot tell you how deeply engraved.

Senator McLUCAS—As I said, Minister, I stand by my statement.

Senator Patterson—You might stand by it, but you will regret it. No, on just reading this, it becomes a range of other measures as well, one of them being more help for self-funded retirees.

Senator McLUCAS—I understand that the proposed savings that are identified in that document will require legislation for it in fact to occur. I am interested in the financial

arrangements. Savings are identified in the PBS with the move to generic drugs. Those savings, to my understanding, have not been achieved to this point in time. But we are, in fact, beginning the payment program. What does that do to your budget situation?

Mr Dolan—I am not in a position to quantify the savings to which you refer. I can only say that the seniors concession allowance and the utilities allowance are paid by virtue of the legislation passed by the parliament. That legislation has been passed and so these payments have been paid.

Senator Patterson—These savings include efficiency savings as well—covering a range of measures. If you want to ask about that, that is more appropriately directed to Treasury, because it is an overall measure. One of the things that we actually do is not borrow money to pay for services. In 1996, when we came to government, \$10 billion had been borrowed over and above revenue. That is not the way we run business. We do not borrow from the next generation to pay for today's services.

Senator McLUCAS—Alternatively, we make payments, but we have not made the savings yet. We can have that argument in the chamber.

Senator Patterson—No, you are making that assumption. I think it is a question that you should direct to Treasury, because it is an overall Treasury issue about the funding of various programs.

Senator McLUCAS—We will do that. I have actually completed my questioning for FaCS, thank you.

Senator Patterson—Before we go, can I just say that I would like to wish Mr Jackson a very happy birthday. I was hoping that we would be finished by dinnertime so that he could go home for his birthday. I am glad that you have organised for him not to feel lonely on his birthday. He has a whole lot of people to celebrate it with, including Hansard, but he can go home now and have a drink before he goes to bed. I might have to give him a drink before he goes home.

Dr Harmer—I have two more answers to questions we took on notice during the day, which I will pass to the secretariat.

CHAIR—Thank you.

Senator McLUCAS—Was one of those the number of people who are receiving in-home visits?

Dr Harmer—No.

Senator McLUCAS—Is it possible to get that figure?

Dr Harmer—Not tonight, I am afraid. But if we took it on notice, we should be able to provide it. I have been trying during the day to get as many—

Senator MOORE—You are doing very well.

Dr Harmer—answers to questions as possible, but there are many, obviously, that I have not been able to. So we will get it to you when we can.

Senator McLUCAS—Thank you.

CHAIR—Thank you, Minister, and Mr Harmer and all of the officers from the department. We will start with Health and Ageing tomorrow morning.

Committee adjourned at 9.52 p.m.