

The Senate

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Community Affairs  
Legislation Committee

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Budget estimates 2004-05

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## Membership of the Committee

Senator Sue Knowles, Chairman	LP, Western Australia
Senator Brian Greig, Deputy Chair	AD, Western Australia
Senator Guy Barnett	LP, Tasmania
Senator Kay Denman	ALP, Tasmania
Senator Gary Humphries	LP, Australian Capital Territory
Senator Jan McLucas	ALP, Queensland



# Senate Community Affairs Legislation Committee

## Report on Budget Estimates 2004-2005

1.1 On 11 May 2004 the Senate referred the following documents to the Committee for examination and report in relation to the portfolios of Family and Community Services and Health and Ageing:

- Particulars of proposed expenditure for the service of the year ending on 30 June 2005
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2005
- Particulars of proposed supplementary expenditure in respect of the year ending on 30 June 2004
- Particulars of certain proposed supplementary expenditure in respect of the year ending on 30 June 2004
- Tax Expenditures Statement 2003.

1.2 The Committee has considered the budget expenditure of the portfolios set out in their respective Portfolio Budget Estimates Statements 2004-2005, Portfolio Supplementary Additional Estimates Statement and related budgetary documents. Explanations relating to the estimates were received from Senator the Hon Kay Patterson, Minister for Family and Community Services and Senator the Hon Ian Campbell representing the Minister for Health and Ageing and officers from the portfolio Departments at hearings held on 31 May and 1, 2, 3, 4 June 2005. The Committee expresses its appreciation for the assistance of the Ministers; Mr Mark Sullivan, Secretary, Department of Family and Community Services (FaCS), and Ms Jane Halton, Secretary, Department of Health and Ageing (DoHA); and the officers who appeared before it.

1.3 In accordance with Standing Order 26, the Committee has agreed that the date for submission to the Committee of written answers or additional information relating to the expenditure is 23 July 2004.

1.4 The Committee discussed many of the expenditure revisions and information contained in the Portfolio Budget Statements. These discussions are detailed in the Committee's *Hansard* transcripts of 31 May and 1, 2, 3, 4 June 2004, copies of which will be tabled in the Senate. *Hansard* transcripts of the estimates proceedings are also available on the Internet at <http://www.aph.gov.au/hansard/senate/commtee/s-commaf.htm> Volumes of Additional Information received by the Committee containing answers to questions taken on notice and tabled documents relating to the Committee's hearings, will also be tabled separately in the Senate and be accessible on the Committee's Internet site at [http://www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca)

## **Provision of answers to questions on notice relating to Additional Estimates 2003-04**

1.5 Unfortunately the Committee again has to report with disappointment that the situation had not improved so far as the timely provision of answers to questions on notice was concerned. Explanations were sought from the Secretaries of both portfolios as to the reason why answers were still being provided to the Committee much later than the date set for the return of answers, particularly the large numbers of answers that were provided a short time before the commencement of the current budget hearings despite this matter being raised with them during previous estimates hearings.

1.6 The Secretary of FaCS explained to the Committee that, apart from four answers provided earlier, answers to questions on notice were not provided to the Committee until 21 May 2004, a number of weeks after the date set by the Committee of 1 April 2004, because:

it was decided that we should answer all of them and not bring them in as they were ready. Some were ready earlier but we wanted to deliver the package of answers...I think in the context of all the answers it is important to check that they are consistent across each other. Clearly, both the Minister's office and the Department were keen to ensure that there was consistency across answers.<sup>1</sup>

1.7 Mr Sullivan further explained to the Committee that the Department is endeavouring to improve the timeliness of provision of answers and has been reviewing the situation with the Minister's office. He stated that a new approach will be adopted for answers taken on notice during budget estimates which he considers 'will see the answers come in as close to on time as possible'.<sup>2</sup>

1.8 With regard to the lateness of answers relating to the Health and Ageing portfolio, the Secretary explained to the Committee that 'there are a variety of processes that questions go through some of which are within our control, some of which are not' and that a number of the questions were quite complicated. However, Ms Halton stated that there is a solid commitment to endeavour to provide answers within the timeframe.<sup>3</sup>

1.9 The Committee will be monitoring the situation and looks forward to seeing a vast improvement in the timeliness of the provision of answers to questions on notice from the budget hearings which, as stated above, are due to the Committee by 23 July 2004.

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1 *Committee Hansard*, 31.05.04, p.CA4.

2 *Committee Hansard*, 31.05.04, pp.CA4-5.

3 *Committee Hansard*, 02.06.04, p.CA10.

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## **Provision of answers to questions on notice relating to Budget Estimates 2004-05**

1.10 FaCS was required to attend estimates on the Friday 'spillover' day when some Senators wished to follow-up issues raised at the hearings earlier in the week. A special request was made for the portfolio to provide answers to a number of questions taken on notice earlier in the week on or before this 'spillover' day.

1.11 FaCS and Centrelink is commended for the very speedy provision of a large number of answers to these questions within a very tight timeframe. This greatly assisted Senators in their further examination of certain issues and the Committee expresses its thanks to FaCS and Centrelink for their cooperation in providing these answers so promptly.

### **Issues**

#### ***Family and Community Services portfolio***

##### ***Procedural matters***

###### *Hearing agenda - listing of budget and non-budget measures as a separate item*

1.12 The practice of the Committee for a number of budget estimates hearings has been to examine the individual budget and non-budget measures separately. FaCS originally included information in this format to assist the Committee due to many of the measures having money allocated across a number of outcomes and the difficulty in determining the most appropriate outcome to direct questions. Consideration of the individual measures has then been followed by questions of a more general nature relating to the three outcomes and related output groups.

1.13 However, during these hearings – and possibly due to the range of questions - some Senators expressed concern that the procedure was now confusing and time consuming as they moved backwards and forwards across the portfolio and outcomes with their questions. The current format also requires a large number of Departmental and Centrelink officers to be in attendance for each day of the hearings. Matters are further complicated as to where questions fit within the portfolio structure because of Centrelink agency's involvement in the delivery of services for FaCS.

1.14 It was suggested that the current procedure with FaCS of questioning individual measures be reviewed to determine if it would be more efficient to revert to examining the budget and non-budget measures within the outcomes structure instead of separately.<sup>4</sup>

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4 *Committee Hansard*, 31.05.04, p.CA132; 04.06.04, p.CA11.

*Budget forward estimates*

1.15 FaCS was asked for the reason why information that had previously been provided relating to forward estimates could now not be provided. Mr Sullivan explained to the Committee that the parameters behind the benefit numbers belonged to Treasury and in the past Treasury's clearance had not been sought to release the information. When clearance had been sought on this occasion clearance was not provided.<sup>5</sup> After further discussion later in the week Mr Sullivan stated:

in respect of the question you asked on notice about our publishing of forward populations of beneficiaries which you discussed in Treasury last night, I reinstate that question and proceed to ask it of Treasury formally and in writing and come back with a view as to whether or not they should be published. I think you made the point - and I would concede the point - that in terms of the oral communication between the departments I cannot be certain whether the message was delivered and returned exactly as I thought it would be, and I would propose now taking up that question again and formally referring the matter to Treasury and then responding to the committee.<sup>6</sup>

***Other issues***

1.16 A range of questions were asked of FaCS and Centrelink including those relating to the cross-agency advertising campaign, and the impact this would have on Centrelink network and call centre staffing levels. The Committee was advised by the CEO of Centrelink that they have a fairly sophisticated demand management strategy and that they staff up to the best that they can to that demand strategy.<sup>7</sup>

1.17 With regard to the issue of call centre supplementation the Committee was advised that Centrelink had employed more staff which had quite a significant impact on performance.<sup>8</sup>

1.18 FaCS provided details relating to the new maternity payment, as well as the Family Tax Benefit A and B income test changes, the one-off carer bonus and the carer allowance payment.<sup>9</sup>

1.19 Senators asked a considerable number of questions on issues relating to the funding arrangements and range of measures under the Stronger Families and Communities Strategy.<sup>10</sup> Questions were also asked in relation to funding for in-home

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5 *Committee Hansard*, 01.06.04, pp.CA12-15; pp.CA102-103; 04.06.04, pp.CA44-46.

6 *Committee Hansard*, 04.06.04, pp.CA44-45.

7 *Committee Hansard*, 31.05.04, p.CA50.

8 *Committee Hansard*, 31.05.04, p.CA55.

9 *Committee Hansard*, 31.05.04, pp.CA59-69.

10 *Committee Hansard*, 31.05.04, pp.CA69-85.



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care, long day care and other child care issues. Child Care Benefit (CCB) was also discussed in some detail.<sup>11</sup>

1.20 Further child care matters that were raised included funding for family day care, disadvantaged area subsidy, planning controls, demand and unmet need, outside school hours care, the child-care access hotline and Multifunctional Aboriginal children's services.<sup>12</sup>

1.21 The Indigenous financial management program was discussed<sup>13</sup> as well as issues relating to youth allowance, youth activities services, National Youth Roundtable; Indigenous youth leadership group; Green Corps, and the mentor marketplace.<sup>14</sup>

1.22 The Child Support Agency provided an update on the program to increase employment amongst payers without work. Debt recovery activity was also discussed and the Committee was advised that the intensive debt collection team had actioned close to 13,000 cases to date which had resulted in \$15.3 million in additional collections.<sup>15</sup>

1.23 FaCS provided information to the Committee on rent assistance, the Commonwealth-State Housing Agreements, Indigenous housing agreements and public housing. Concession cards and the volunteer small equipment grants were also discussed.<sup>16</sup> Questions were also answered in relation to the National Gambling Research program, Newstart, disability employment assistance and business services.<sup>17</sup>

1.24 As well as questions which were asked of Centrelink officers during the examination of estimates relating to Centrelink's administration and delivery of FaCS policy, Centrelink was also questioned on a number of issues directly related to the agency including those of staffing, personal advisers, Job Network, management of job seekers, reviews, debts and repayment options.<sup>18</sup>

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11 *Committee Hansard*, 31.05.04, pp.CA94-99.

12 *Committee Hansard*, 01.06.04, pp.CA42-66.

13 *Committee Hansard*, 31.05.04, pp.CA99-104.

14 *Committee Hansard*, 31.05.04, pp.CA99-104.

15 *Committee Hansard*, 01.06.04, pp.CA36-38.

16 *Committee Hansard*, 01.06.04, pp.CA68-95.

17 *Committee Hansard*, 01.06.04, pp.CA106-130; 04.06.04, pp.CA3-7.

18 *Committee Hansard*, 31.05.04, pp.CA8-18.

1.25 The new Centrelink funding model was discussed in some detail. The Committee was advised that the real advantage of the funding model is that it funds Centrelink on the basis of work done, rather than solely on the number of customers.<sup>19</sup>

1.26 Issues concerning the budget measures relating to the 'More Help for Families' package were debated at considerable length during the hearings.<sup>20</sup> When asked how the payment of \$600 to eligible families would be made and what constraints there may have been on the timely payment of the new measure Mr Sullivan said:

I think systems were the critical constraint in being able to get the advice from Centrelink as to their resourcing position and the time frames in which they could deliver such a payment. That was done and understood, and that is why the measure can be delivered.<sup>21</sup>

1.27 The range of options for communicating information to families concerning their possible payment entitlement was also discussed in some detail with Centrelink and FaCS.<sup>22</sup> There was also considerable debate relating to family tax benefit, including overpayments, debts and the reconciliation process.<sup>23</sup>

1.28 The Australian Institute of Family Studies (AIFS) provided details to the Committee on Board membership. Questions were also asked about the appointment of the Director of the Institute and the employment arrangements of the current Acting Director.<sup>24</sup>

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19 *Committee Hansard*, 31.05.04, pp.CA18-22.

20 *Committee Hansard*, 31.05.04, pp.CA113-131; 04.06.04, pp.CA17-44.

21 *Committee Hansard*, 31.05.04, p.CA24.

22 *Committee Hansard*, 31.05.04, pp.CA27-33.

23 *Committee Hansard*, 31.05.04, pp.CA33-44.

24 *Committee Hansard*, 01.06.04, pp.CA7-11.

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## *Health and Ageing portfolio*

1.29 DoHA provided information to the Committee on a wide range of topics during the hearings including an explanation from Medibank Private as to why the hospital contracting component of a project was terminated. The Committee was advised this was due to a data corruption error in the tables but the impact of the termination on actual financial performance would be negligible and would not result in any change to Medibank Private's performance this year.<sup>25</sup>

1.30 The Committee sought information on advertising campaigns DoHA was contemplating or undertaking, particularly the Fairer Medicare and Medicare Plus campaigns and details of the amounts spent and budget allocation.<sup>26</sup>

1.31 DoHA advised that one of the objectives of the advertising campaign was to promote registration for the new Medicare safety net by families.<sup>27</sup> The number of families estimated to be eligible for the safety net was 5.2 million and there were 2.2 million who were currently registered. Medicare office staff had streamlined their processes and were registering between 13,000 and 16,000 families per working day. Additional staff had been recruited and the aim is to get as many families registered as possible.<sup>28</sup>

1.32 Information was sought concerning the decision not to continue the production of bulk billing statistics by electorate and by quarter. DoHA advised that one of the reasons was because there were distortions in the data and that by producing electorate based statistics over the whole year this provides for 'a much more reliable trend at the electoral level on that basis'. A further issue was that Medicare data is not collected by electorate but collected according to the providers and the individuals concerned. DoHA explained that a complex process then has to be gone through to try and match the data to electorate boundaries.<sup>29</sup> When questioned as to whether this process had been undertaken DoHA stated that:

It has been done. There are various methodologies for it. But it is not totally accurate and reliable and therefore you get that distortion; you get the small area distortion; you get small movements which distort. So the decision was taken that you get a much more accurate picture of what is happening to bulk-billing over time by the annual series.<sup>30</sup>

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25 *Committee Hansard*, 02.06.04, pp.CA4-6.

26 *Committee Hansard*, 02.06.04, pp.CA10-14

27 *Committee Hansard*, 02.06.04, pp.CA25.

28 *Committee Hansard*, 02.06.04, pp.CA10-14, CA46-47.

29 *Committee Hansard*, 02.06.04, pp.CA30-31.

30 *Committee Hansard*, 02.06.04, pp.CA31.

1.33 The Committee was advised of the process involved for patients and GPs in meeting the eligibility for the \$5 bulk-billing incentive.<sup>31</sup> Specialist billing practices were discussed and information was provided to the Committee on the aged care GP panel's initiative. When asked if this program would extend services to young people in nursing homes DoHA advised that the program was trying to facilitate access to GP services by increasing access and also working with the nursing homes to improve things such as quality and safety policies and a range of things that will go to improving quality of care for all residents.<sup>32</sup>

1.34 When questioned as to how many practices had taken up the opportunity to employ a practice nurse the Committee was advised that under the Strengthening Medicare initiative 432 practices had joined the scheme as at 23 April 2004. The practices would all be located in urban areas of work force shortage.<sup>33</sup>

1.35 DoHA was questioned extensively concerning budget announcements on aged care, particularly those flowing on from the Hogan review and report. The review and reporting process were discussed in detail and information was sought about a number of the recommendations in the report.<sup>34</sup>

1.36 The measures relating to funding of improved standards of accreditation and the conditional adjustment payment were discussed, particularly the condition that audited statements be made publicly available. The concessional resident supplement and the non-concessional accommodation charge measures were also discussed in detail.<sup>35</sup>

1.37 Matters relating to disaster management were discussed including the National Medicines Stockpile of anti-virals needed to help contain such emergencies as an outbreak of avian flu or an influenza pandemic. The Committee was also advised of what preparation and the procedures which were in place to deal with any such disaster should it occur.<sup>36</sup>

1.38 Other issues relating to population health which were discussed included pneumococcal vaccine; the childhood immunisation register; National Obesity Task force to develop a plan to deal with obesity in childhood; family planning services; Hepatitis C and blood products.<sup>37</sup>

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31 *Committee Hansard*, 02.06.04, pp.CA36-39.

32 *Committee Hansard*, 02.06.04, pp.CA50-51; CA52-58.

33 *Committee Hansard*, 02.06.04, pp.CA62.

34 *Committee Hansard*, 02.06.04, pp.CA79-81.

35 *Committee Hansard*, 02.06.04, pp.CA82-113

36 *Committee Hansard*, 03.06.04, pp.CA5-8; CA37-40.

37 *Committee Hansard*, 03.06.04, pp.CA40-53.

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1.39 DoHA provided information to the Committee on matters relating to prescription shopping, savings to the PBS from generic pharmaceuticals; the rural health strategy; rural and remote doctors; bonded medical students; and cochlear implants.<sup>38</sup>

1.40 A range of questions were also asked of DoHA relating to Aboriginal Health including smoking rates, ear and eye health, diabetes, substance abuse, and sexual health.<sup>39</sup>

1.41 The Therapeutic Goods Administration provided information on various issues including legal action against Pan Pharmaceuticals and progress in the matter of the Trans-Tasman Regulatory Authority.<sup>40</sup>

1.42 Questions were asked of the Gene Technology Regulator concerning such issues as commercial release of GE canola; herbicides and herbicide regimes and best practice risk management.<sup>41</sup>

1.43 Questions taken by the Food Standards Australia New Zealand included information on new draft labelling requirements for children's baby food and testing on prawns for nitrofurans.<sup>42</sup>

1.44 The Australian Radiation Protection and Nuclear Safety Authority provided information to the Committee concerning the peer review of the International Atomic Energy Agency, the development of the nuclear reactor at Lucas Heights in relation to the approval process and other issues.<sup>43</sup>

1.45 In addition to the above issues a number of administrative and process issues involving both portfolios were also raised during the estimates discussions and are detailed in the *Hansard* transcripts of evidence.

Senator Sue Knowles  
Chairman

June 2004

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38 *Committee Hansard*, 02.06.04, pp.CA59, 68; pp.CA71-73; CA76-77; p.CA119.

39 *Committee Hansard*, 03.06.04, pp.CA72-117.

40 *Committee Hansard*, 03.06.04, pp.CA72-117.

41 *Committee Hansard*, 03.06.04, pp.CA19-23.

42 *Committee Hansard*, 03.06.04, pp.CA24-25.

43 *Committee Hansard*, 03.06.04, pp.CA27-36.