



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON COMMUNITY AFFAIRS

ESTIMATES

(Budget Estimates)

TUESDAY, 3 JUNE 2008

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**SENATE STANDING COMMITTEE ON
COMMUNITY AFFAIRS
Tuesday, 3 June 2008**

Members: Senator Moore (*Chair*), Senator Humphries (*Deputy Chair*), Senators Adams, Allison, Boyce, Carol Brown, Lundy and Polley

Participating members: Senators Abetz, Barnett, Bartlett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Ronaldson, Scullion, Siewert, Stephens, Sterle, Stott Despoja, Troeth, Trood, Watson, Webber and Wortley

Senators in attendance: Senators Adams, Bernardi, Boswell, Boyce, Carol Brown, Colbeck, Crossin, Fierravanti-Wells, Fisher, Heffernan, Humphries, Johnston, Lundy, Moore, Parry, Patterson, Polley, Siewert and Webber

Committee met at 9 am

**FAMILIES, HOUSING, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS
PORTFOLIO**

Consideration resumed from 2 June 2008

In Attendance

Senator Chris Evans, Minister for Immigration and Citizenship

**Department of Families, Housing, Community Services and Indigenous Affairs
Executive**

Dr Jeff Harmer, Secretary
Mr Geoff Leeper, Deputy Secretary
Ms Glenys Beauchamp, Deputy Secretary
Ms Robyn McKay, Acting Deputy Secretary
Ms Dianne Hawgood, Acting Deputy Secretary

Group Managers

Ms Amanda Cattermole, Group Manager, Indigenous Remote Services Delivery
Ms Julia Burns, Group Manager, Women, Children and Parenting Support
Mr Evan Lewis, Group Manager, Mental Health, Autism and Community Support
Mr David Hazlehurst, Group Manager, Families
Mr Bruce Hunter, Chief Financial Officer and Group Manager, Business and Financial Services
Mr Sean Innis, Group Manager, Social Policy
Mr Tony Kwan, Chief Information Officer, Group Manager, Information Management and Technology

Mr Anthony Field, Acting Group Manager, Legal and Compliance
Ms Kerrie Tim, Group Manager, Indigenous Leadership and Engagement
Ms Peta Winzar, Group Manager, Housing
Ms Donna Moody, Group Manager, Indigenous Program Support
Ms Lynne Curran, Group Manager, Office of Indigenous Program Coordination
Mr Matthew James, Acting Group Manager, Office of Indigenous Program Coordination
Ms Frances Davies, Group Manager, Disability and Carers
Mr Robert Knapp, Group Manager, Corporate Support
Ms Cate McKenzie, Group Manager, Program Performance and Network

Cross Outcomes

Mr Stuart Long, Acting Branch Manager, Public Law
Mr Steve Jenaway, Branch Manager, Budget Development
Dr Loucas Nicolaou, Branch Manager, Audit and Fraud
Mr David Fintan, Acting Branch Manager, Commercial and Indigenous Law
Ms Lesley Dunstone, Acting Branch Manager, Commercial and Indigenous Law
Mr John Shevlin, Procurement and Risk Management Branch
Mr Kurt Munro, Financial Accounting Branch
Mr Michel Lok, Branch Manager, Financial Management and Governance Branch
Mr Ben Wallace, Branch Manager, Social Security Relationships and Compliance
Ms Michalina Stawyskyj, Branch Manager, International
Mr Andrew Whitecross, Branch Manager, Research and Analysis
Mr James Rogers, Acting Branch Manager, Property and Security
Mr Andrew Lander, Branch Manager, Communication and Media
Ms Susan Black, Ministerial, Parliamentary and Secretariat Support
Mr John Lee, Acting Branch Manager, Indigenous Programs Investigations
Mr Bryan Palmer, Branch Manager, Strategic Policy
Mrs Lynette Maclean, Branch Manager, People Branch

Outcome 1—Greater self-reliance and economic, social and community engagement for Indigenous Australians**1.1 Whole-of-government coordination of policy development and service delivery for Indigenous Australians**

Major General Dave Chalmers, Operational Commander, Northern Territory Emergency Response Taskforce
Mr John Lee, Acting Branch Manager, Indigenous Programs Investigations
Mr Roger Barson, State Manager, Northern Territory
Mr Gavin Matthews, Ag Branch Manager, Income Management Implementation
Ms Caroline Edwards, Branch Manager, Land Policy and Development
Ms Joy McLaughlin, Branch Manager,
Ms Alison Smith, Branch Manager, Intergovernmental and Policy
Mr Bruce Smith, Branch Manager, Intergovernmental and Policy
Ms Kim Grey, Acting Branch Manager, Performance and Evaluation

1.2 Services for Indigenous Australians

Ms Megan Lees, Branch Manager, Indigenous Housing
Mr Robert Ryan, Branch Manager, Remote Delivery

Mr Greg Roche, Branch Manager, Native Title Services and Stakeholder Management
Ms Helen Board, Branch Manager, Strategic Projects
Mr Bernie Doman, Section Manager, Community Development and Employment Program Management
Mr Gregory Andrews, Branch Manager, Children and Parenting Support
Mr Simon Gordon, Acting Branch Manager, Indigenous Investment and NT Bilateral
Ms Fiona Smart, Branch Manager, Family Safety

1.3 Registration, regulation and capacity building of Indigenous corporations

Office of the Registrar of Indigenous Corporations

Mr Anthony Beven, Registrar of Indigenous Corporations

Outcome 2—Seniors, people with disabilities, carers, youth and women are supported, recognised and encouraged to participate in the community

2.1 Support for the aged

Ms Alanna Foster, Branch Manager, Seniors and Means Test

2.2 Support for people with disability

Ms Christine Bruce, Branch Manager, Disability Programs
Ms Helen Bedford, Branch Manager, Disability Policy and Coordination
Ms Vicki Brown, Branch Manager, Autism Spectrum Disorder
Mr Ian Boyson, Acting Branch Manager, Mental Health
Ms Lee Emerson, Branch Manager, Carers
Ms Robyn Oswald, Acting Branch Manager, Carer Payment Review Implementation Taskforce

2.3 Support for carers

Ms Lee Emerson, Branch Manager, Carers
Ms Robyn Oswald, Acting Branch Manager, Carer Payment Review Implementation Taskforce

2.4 Addressing youth homelessness

2.5 Support for women

Ms Janet Stodulka, Branch Manager, Office for Women
Ms Lee Emerson, Branch Manager, Carers
Ms Robyn Oswald, Acting Branch Manager, Carer Payment Review Implementation Taskforce

Equal Opportunity for Women in the Workplace Agency

Ms Anna McPhee, Director

Outcome 3—Families and children have choices and opportunities

3.1 Support for families

Ms Fiona Smart, Branch Manager, Family Safety
Ms Robyn Fleming, Branch Manager, Family Relationship Services
Mr Mark Warburton, Branch Manager, Family Payments and Policy
Mr Gregory Andrews, Branch Manager, Children and Parenting Support Branch
Mr Gavin Matthews, Ag Branch Manager, Income Management Implementation

3.2 Child Support

Ms Pamela Kinnear, Branch Manager, Child Support Policy Branch
Mr Ty Emerson, Branch Manager, Child Support Policy Branch

Outcome 4—Strong and resilient communities**4.1 Housing Support**

Mr Andrew Jaggers, Branch Manager, Affordable Housing

Mr Simon Rosenberg, Branch Manager, Homelessness Taskforce

4.2 Supporting Financial Management

Ms Elizabeth Stehr, Branch Manager, Community Support Programs

Ms Jill Farrelly, Branch Manager, Community Support Programs

4.3 Community Recovery

Ms Beryl Janz, Branch Manager, Disaster Preparedness and Recovery

4.4 Community Partnership and Delivery

Ms Elizabeth Stehr, Branch Manager, Community Support Programs

Ms Jill Farrelly, Branch Manager, Community Support Programs

Ms Beryl Janz, Branch Manager, Disaster Preparedness and Recovery

Indigenous Business Australia

Mr Ron Morony, General Manager

Mr Craig Dalzell, Deputy General Manager Commercial

Ms Kaely Woods, Deputy General Manager Business Support

Mr Satish Kumar, Chief Financial Officer

Mr Colin Clements, Assistant General Manager Homes

Ms Sue McCormick, Assistant General Manager Enterprises

Mr Graeme Boulton, Assistant General Manager Partnerships

Ms Val Price-Beck, Assistant General Manager Corporate

Mr Chris Baseler, Assistant General Manager Constructions

Mr Peter O'Neill, Assistant General Manager Investments

Aboriginal Hostels Limited

Mr Keith Clarke, General Manager

Mr Russell Lane, Assistant General Manager, Operations

Dr Kamlesh Sharma, Assistant General Manager/Company Secretary

Indigenous Land Corporation

Mr David Galvin, General Manager

Ms Jodie Lindsay, Chief Operating Officer

CHAIR (Senator Moore)—I declare open this hearing of the Senate Standing Committee on Community Affairs, continuing our budget estimates for the Families, Housing, Community Services and Indigenous Affairs portfolio. I welcome back the Minister for Immigration and Citizenship, Senator Chris Evans, representing the Minister for Families, Housing, Community Services and Indigenous Affairs; the departmental secretary, Dr Jeff Harmer; and officers of the Department of Families, Housing, Community Services and Indigenous Affairs.

Officers are reminded that when called to answer a question for the first time they should state their full name and the capacity in which they appear and then speak clearly into the microphones to help Hansard record the proceedings. Mobile phones should be switched off or to silent, and those instructions are for senators as well as other people in the room. The committee will now continue with the program as circulated and we will commence with output group 1.1.

[9.01 am]

Senator ADAMS—Dr Harmer, could you give us an overview of Closing the Gap and all the issues involved with that?

Dr Harmer—I will start off and then I will let my colleagues provide you with a bit more detail.

Senator ADAMS—I think it is important for everyone to understand what is going on.

Dr Harmer—Yes. Closing the Gap is a very important commitment by the new government. It is central to our discussions in the Council of Australian Governments' reform agenda. There is a separate working group established which involves the Commonwealth government, my department, the Treasury and the Department of the Prime Minister and Cabinet in discussions with representatives from all the states and territories, both line departments—Aboriginal affairs departments—and premiers departments and treasuries, working on a strategy to go to COAG around cooperation between the Commonwealth and the states in meeting the Closing the Gap commitments. The primary one is the closing of the 17-year life expectancy gap, but there are other commitments around bridging the gap in literacy and those sorts of things. I might let Ms Hawgood give you a bit more information about that.

Ms Hawgood—There are six targets in the Closing the Gap strategy which the COAG working party is working through. Within five years the target is for all Indigenous four-year-olds in remote Indigenous communities to have access to a quality early childhood education program. Within a decade, there are three targets: to halve the gap in infant mortality; to halve the gap in reading, writing and numeracy achievements by Indigenous children; and to halve the gap in employment outcomes for Indigenous Australians. There are two targets to achieve within a generation: to at least halve the gap for Indigenous students in year 12 or equivalent attainment rates by 2020 and, as Dr Harmer has mentioned, to close the life expectancy gap.

Senator ADAMS—With the four-year-olds and childhood education, can you tell me practically how this is going to work and how you are going to deal with the situation?

Dr Harmer—It is a very important element of the Closing the Gap commitment. The implementation of that particular one will be the responsibility of the Department of Education, Employment and Workplace Relations. They also have a productivity working group under the COAG framework where Indigenous affairs and the Closing the Gap commitments are important in that context. They have a subgroup working on Indigenous early childhood development, as do we, in the Indigenous group. The responsibility for implementing those commitments and the funding to implement those commitments would be the responsibility of Education, Employment and Workplace Relations.

Senator ADAMS—Getting back to the practical side of it again, as far as the number of teachers or aides, who are they actually going to have to look after the children and to teach them?

Dr Harmer—The specific responses to that would need to be given by the Department of Education, Employment and Workplace Relations. I do not have them with me but the government has funded a range of measures in the budget that go to the funding for the

additional teachers and the funding for some of the education initiatives as an important part of Closing the Gap. I do not have them to hand, but maybe some of my colleagues have some of the information from our single Indigenous budget submission. We might look for that and try to give it to you, if we have it, during the morning.

Senator ADAMS—Thank you. It is very difficult, now that this is split, for us to be here asking you questions and then be asking the same ones next door.

Ms Hawgood—I understand that, but for something as big and overarching as Closing the Gap, while we have a central coordinating role in FaHCSIA because of our whole-of-government responsibilities for Indigenous affairs, clearly health is absolutely central to closing the life expectancy gap and Education, Employment and Workplace Relations are absolutely central to closing the gap around literacy and numeracy et cetera. So the specific funding for some of those things goes directly to those two departments.

Senator ADAMS—I want to ask some questions about the extra teachers needed.

Dr Harmer—That would be best asked of Education, Employment and Workplace Relations. In order to help, if we have some information available here we will try and provide it to you.

Senator ADAMS—They are fairly general questions, so I think you may be able to answer them. The increased number of teachers for the Northern Territory emergency response is to increase by 200 in the affected communities. I would like to know where these 200 teachers will be sourced from. Will they be from the Northern Territory or attracted from interstate or overseas?

Dr Harmer—At that level of detail, Senator, you would certainly need to ask that of Education, Employment and Workplace Relations.

Senator Chris Evans—I think it is pretty obvious that they are not all going to be coming from the Northern Territory. I suspect we do not have 200 spare teachers in the Northern Territory, so clearly they will have to come from either interstate or overseas recruitment.

Senator ADAMS—I do not know where we would find 200 spare teachers actually.

Senator Chris Evans—No, that is right. That is why we are committed to training more and trying to deal with some of the HECS issues et cetera. Obviously they are going to have to come from outside the Northern Territory.

Senator ADAMS—Can you answer questions regarding the Indigenous early development and learning services and parenting support?

Dr Harmer—Yes, we should be able to answer questions about parenting support, because that is our department.

Senator ADAMS—Under Labor's new directions policy, Labor will provide an equal start in life for Indigenous children. Page 13 of a policy document released in May 2007 states that: 'Labor will provide \$17.5 million over four years to develop new parent-child services in areas of need to improve parenting skills and the development, learning and wellbeing of Indigenous children from birth to eight years old.' This sounds very familiar to, if not the

same as, the Indigenous early development and learning services parenting support, as outlined on page 305 of Budget Paper No. 2, which states that:

The Government will provide \$16.6 million over four years for additional early childhood and informal parenting services for Indigenous children and their families across Australia. In child care centres and play group settings, additional services will be provided to assist parents with their new parenting role, including to assist them to meet the health, education and nurturing needs of their children. The aim is to provide early intervention to families in greatest need, to ensure the needs of their children are being met from an early age.

To the best of your knowledge, are these two things the same and, if they are, why has the actual amount presented in the budget fallen \$900,000 short of the pledged amount in the Labor policy document?

Dr Harmer—We will try and get you an answer to that. Your question is: are they same commitment and has it been funded in the budget and, if it has, why is there a difference? Is that right?

Senator ADAMS—That is correct. The first one was \$17.5 million over four years and the second one was to provide \$16.6 million over four years, and they appear to me to be exactly the same services that are being provided for.

Dr Harmer—We will try to get you an answer.

Senator Chris Evans—You are saying one is in ALP policy and one is in the budget?

Senator ADAMS—Yes, one is in the ALP policy.

Senator Chris Evans—The officers cannot help you with what is in the ALP policy, but they can help you with what is in the budget or what has been taken in a policy decision.

Dr Harmer—We can help you with what is in the budget.

Senator Chris Evans—Then you can decide whether you think it is the same thing or not.

Senator ADAMS—I have tried to work that one out, Minister, thank you. My next question—

Senator Chris Evans—Were you able to do that or not?

Dr Harmer—It is a very complex budget. We have put together the single Indigenous budget submission, which pieces together elements across the portfolios. We will have a look for that element during the morning. Perhaps you could go on and we will try and get that answer.

Senator ADAMS—I have got more questions on this.

Senator Chris Evans—Madam Chair, I think we need to get some clarity because to assist Senator Adams we need to work out how we are going to handle this if the officers are not able to answer now and whether we are going to need to take it on notice or whether we want to come back to it. To be fair to Senator Adams, I am not quite sure what we are saying about that.

Ms Hawgood—Senator, we should be able to get you an answer on that particular question by later this morning.

Senator ADAMS—All right, thank you.

Senator Chris Evans—Are we saying it is not in this section? What are we saying?

Dr Harmer—It is in this section, but the people at the table do not have the answer—but we will.

CHAIR—Dr Harmer, it is clear that this particular question relates to a FaHCSIA issue; it is not one for another department.

Dr Harmer—Yes, it is ours.

CHAIR—On that basis, Senator Adams, what will happen is that the officers will go through their own processes and get back to you, but consistently this morning across we will come across issues over which FaHCSIA does not have direct control, so we will just get those answers as we require them.

Dr Harmer—One of the challenges, if I could just say, Senator, is that one of our key people who runs the division and is responsible for this coordination has taken ill and is not here, so the people at the table are people who are acting in various positions. So it is going to take a little bit longer, unfortunately, to get the detail for this.

CHAIR—Dr Harmer, we will just work through it question by question and see how it goes.

Dr Harmer—We may now have at the table someone who could answer that. Could you repeat the question?

Senator Chris Evans—I think it is better that we have our best crack at what Senator Adams is interested in and then if we have got to come back later with more we will, otherwise Senator Adams cannot have any continuity of flow or thought.

Dr Harmer—Just for my colleagues, Senator Adams is asking a question in relation to the single Indigenous budget submission on how much we are spending or how much the government had committed in the budget for parenting support.

Senator ADAMS—As Senator Evans has said, the Labor Party policy stated that Labor would provide \$17.5 million over four years to develop new parent-child services in areas of need; then page 305 of Budget Paper No. 2 states that the government will provide \$16.6 million over four years for all the same services. I am asking why the amount presented in the budget has fallen short by \$900,000 of what was announced in the policy. My questions relate that shortfall.

Dr Harmer—I will let Mr Andrews deal with what is in the budget. I suspect the answer may be that when we have costed the proposition and put the costings through Finance, the allocation in the budget to deliver that commitment was found to be \$16.9 million.

Senator Chris Evans—If we explain the budget measure I think it is the best starting point. Mr Andrews, do you want to have a crack at that?

Mr Andrews—Yes. I am sorry, I just arrived—I got caught in the traffic. I am sorry, I missed the question.

CHAIR—Senator Adams, will you repeat your question so that Mr Andrews is clear what you are after.

Senator Chris Evans—Do not worry about the ALP policy comparison. What is in the budget that you would like to know about? We will start from there. It is the parenting support, isn't it?

Senator ADAMS—Yes, it is. It says here:

The Government will provide \$16.6 million over four years for additional early childhood and informal parenting services for Indigenous children and their families across Australia. In child care centres and play group settings, additional services will be provided to assist parents with their new parenting role—

and all the other things that go with that particular issue. I am doing the comparison because there were two figures. In the policy document the figure was \$17.5 million and the budget is \$16.6 million, which is a shortfall of \$900,000.

Dr Harmer—Senator, as the minister has just said, we will not be able to answer questions on the policy statement but we will be able to answer questions on what is provided in the budget and what it is provided for.

Senator Chris Evans—I think if the officer tells us a bit about what is in the budget, it might become clear. At least we will know where we are at. What is in the budget?

Mr Andrews—The measure as you see it is \$16.6 million over four years. This financial year there is \$0.612 million and then in the out-years there is \$3.118 million, \$5.775 million and then in 2010-11 \$8.118 million, which totals \$16.6 million.

Senator ADAMS—Yes, but my question, on the \$900,000 shortfall, was: will this limit the ability to provide services to Indigenous children and their parents? Anyway, obviously you cannot answer that.

Senator Chris Evans—I will take that one on notice, Senator Adams, if you like, and see if there is anything I can help you with.

Senator ADAMS—Thank you.

Senator Chris Evans—I am sorry for the confusion. Dr Harmer has indicated he has had a couple of staff go down and so we are struggling a bit to make sure we provide the information.

Senator ADAMS—I do understand that.

Senator Chris Evans—In terms of your broader inquiry, I will see if the minister's office has anything that can help answer that. Mr Andrews will be full bottle on anything to do with the budget.

Mr Andrews—That is right.

Senator ADAMS—Thank you very much, Minister. My second question then is: why does the funding for the Indigenous Early Development and Learning Services Parenting Support increase so erratically over the four years of the flagged funding, which is what you have just announced? I wonder why it has gone up and down?

Mr Andrews—Senator the answer to your question relates to the need to time the roll-out of the services with infrastructure that can support those services. The Indigenous parenting support services to which you refer need to be collocated with other hubs—childcare hubs, or maternal and child health hubs—that are part of other budget measures being implemented by other departments. We are implementing eight of the services this financial year and then we will be scaling up. The largest number of the services will be implemented in the last year of the measure.

Senator ADAMS—Thank you. How many full-time equivalent jobs will be created over the course of this funding?

Mr Andrews—There will be a total of 50 services and each service will have one person working full time and one person working part time.

Senator ADAMS—How much of the overall funding will be taken up by administration costs?

Mr Andrews—We do not have a breakdown of that figure, Senator. The way the funding is broken down is that we provide the service provider with approximately \$152,000 and the overwhelming majority of that is for salaries for the workers—primary worker and the backup worker. I can give you a little bit more detail on that if you want.

Senator ADAMS—Yes, that would be good.

Mr Andrews—The full time family support worker will cost \$80,000, the part time worker will cost \$25,000, professional supervision is costed at \$10,000, professional development and training is \$10,000, and administration is \$28,000, out of a total of \$153,000 per service.

Senator ADAMS—How will the direct success of this be measured? Will there be regular reviews of success throughout the program to assess its effectiveness?

Mr Andrews—The services will be evaluated consistent with the evaluation and monitoring that we implement in all of the parenting programs, and also it will be evaluated as part of the *New Directions—An equal start in life for indigenous children* measure, a broader measure that it is contributing to.

Senator ADAMS—I have got another question here on closing the evidence gap; does that come into this section?

Dr Harmer—Yes, it does.

Senator ADAMS—Page 308 of Budget Paper No. 2 outlines that the funding under closing the evidence gap will go towards extending the National Aboriginal and Torres Strait Islander Social Survey. Where else further data collection and other measures be taken?

Mr James—The NATSISS extension I understand from the ABS is fairly well progressed in terms of field work. In terms of closing the evidence gap more generally, COAG is involved in a range of work on that across both state government departments and federal agencies. I know, for example, that some of the health officials have done a special report identifying the data gaps in health, so there are data gaps in a wide range of areas and, as part of the whole closing the gap strategy for COAG, one of the key things will be identifying those gaps and identifying what we can do to close them, but those gaps exist across a wide

range of areas. They are not just in one particular field necessarily, but we will be focusing on the most important ones.

Dr Harmer—The working group on indigenous affairs, which is chaired by Minister Macklin, which I referred to earlier, has a subgroup on evidence, and there was a great deal of work, as Mr James has said, going on in terms of improving our capacity to measure and monitor the progress in Closing the Gap. There are quite significant deficiencies in information around outcomes in a range of Indigenous matters, so we are looking at working with ABS, the Australian Institute of Health and Welfare and other state agencies to try to improve our capacity to monitor and measure the progress on Closing the Gap, and there is a lot of work going on on that at the moment.

Senator ADAMS—Mr James, will there be any areas that will still be subject to very limited or no data surveys and, if there are, could you identify these areas?

Mr James—I do not know that there is anything where there is necessarily no data. If you are looking at, say, the headline targets, there is always some data. The issue is more how often the data is collected and the quality of that data. Probably the one area that could be improved—although this is really for the department of health, who would be more expert than me—is the life expectancy data. Without having all the details in front of me, there is an issue across state jurisdictions in terms of the collection of identification of deaths, whether or not people who have died are Indigenous, so the coverage of that data is a little patchy. That is one example where there is a significant gap. But there is life expectancy data published; it is just not as good as it possibly could be.

Senator ADAMS—How do you think you can improve it?

Mr James—I cannot really answer that because I am not an expert in terms of why it is that, for example, New South Wales does not collect the deaths data in the same way that other states do.

Dr Harmer—Senator, if I can just add that part of the rationale behind the COAG reform agenda and the COAG working group, which involves all the states, is to try to get some national consistency in data collection so that these things can be measured. That will be one of the major thrusts. In addition to improving the data collection nationally from places like ABS and AIHW, we will certainly be using the COAG working group to put pressure on the various states who do not collect elements of data to try to collect them so that we have got national consistency.

Senator ADAMS—Thank you. Will the results from the data collection be made publicly available when they are finished?

Mr James—The Prime Minister has committed to making an annual report to parliament each year about the targets and the achievement or otherwise of those targets. The precise detail of the nature of that report, who would provide it and exactly what it would contain has not been finalised. That is being worked through the COAG process as well, but I would guess that it is likely that data gaps will be part of that.

Senator ADAMS—Do you have time frames as to when the data collection is expected to be completed? Are they five-year cycles or are they two-year cycles that these programs are going through with the evaluation and the data collected from them?

Mr James—I do not have the detail in front of me but for each target there are already existing data sources and we know the timetable for when they will be published. As well as that, through the COAG work we are trying to identify proxy indicators, if you like. To give you an example, the best data on employment for Indigenous versus non-Indigenous Australians is collected through the census but that is only every five years. So what do we report on in the interim years? There is other ABS data we can report on, but we may want to supplement that with administrative data—for example, on the number of job placements or something through Job Network and other employment services. But that sort of detail is still being worked through, through COAG, through the evidenced based subgroup.

Senator ADAMS—Probably one of the frustrations is with using the census data—it is so out of date and things change so much. The Indigenous area is one that, certainly, has dramatically changed in the last five years, and yet our data is from the last census—or going back to the one before.

Mr James—We have 2006 now, but yes. There are other data sources; it varies depending on the subject, but we do have to look at what other data sources, apart from the census, we can use, to report annually.

Senator ADAMS—Thank you for that. Do the playgroups come under this?

Dr Harmer—Yes.

Senator ADAMS—In the 2007-08 budget, the government allocated \$13.8 million over a four-year plan to expand the playgroups for Indigenous families across Australia to benefit 6,100 children. This does not appear to have been continued in the 2008-09 budget. Instead there seems to be only \$700,000 for playgroups in the Northern Territory to benefit 190 children. Could someone explain why we have that big change?

Mr Andrews—I am sorry, I do not understand the question.

Senator ADAMS—I will go through it again.

Dr Harmer—Which page of the budget papers are you on, Senator?

Senator ADAMS—I am on Budget Paper No. 2, page 312.

Dr Harmer—It looks as though we will have to take this on notice. We will try to get Budget Paper No. 2. Is that the one you are working from?

Senator ADAMS—Yes.

Dr Harmer—We will try to get Budget Paper No. 2 in here so that we can identify it.

Senator ADAMS—Yes, I have it here. By the look of this, I think it has changed, so I might leave that one. I will have to do a little bit more work on it as well just to find my way through where we are going. Does the Indigenous Mothers Accommodation Fund come in here?

Dr Harmer—Yes.

Senator ADAMS—Right. Is there any reason that the 2008-09 funding for this project is \$2 million whereas for the following two years it is \$4 million? What extra costs are expected to be incurred in the following years that will not be expected in 2008-09?

Dr Harmer—If it is \$2 million and \$4 million, I suspect the answer is that the first year's funding is part year; in other words, the program starts on 1 January rather than at the beginning of the financial year. That is usually the explanation for that differential.

Senator Chris Evans—It is a huge slash outside the off stump. Now you will be proved either right or wrong by one of the departmental officers. I just hope for your sake that you are right.

Dr Harmer—Budget cuts in the indigenous area go across many parts of the department, so I have a huge team here. There will be quite a lot of to-ing and fro-ing as to which part of the department has the answers to the bits you want. The people with housing who have that bit are not outside, as I understand it.

CHAIR—Are you expecting them?

Dr Harmer—They will be here shortly.

Senator Chris Evans—Madam Chair, obviously this is not going well as a result of changes in the administration side of the portfolio, and I feel for Senator Adams in that we are not connecting very well at the moment. Perhaps we could discuss whether there is a way of being clear about what questions will be asked about which. We then may get a better service for the senators. At the moment it is pretty hit and miss.

CHAIR—With the way this particular part of the agenda reads, this morning is for the whole area of indigenous services. I am sure that all senators were under the impression that all officers who had any link to indigenous services would be here this morning. I do not think it is up to me to direct senators to put their questions in particular—

Senator Chris Evans—I was just trying to see whether there is a way that we can make it work better; that was all. I am just conscious of our wasting time and Senator Adams is having to wait for an answer, which destroys any chance of her getting any sort of flow of thought.

Senator ADAMS—I am trying to get a flow, but I am going into different areas.

Senator Chris Evans—I was just trying to see whether there was any way of our working it better.

Dr Harmer—Could I make a suggestion? There is one way of doing it, which may help—and, like the minister, I apologise for not being as prepared as we should be. Can you give us an indication of your topics so that I can get those who are watching or who are here lined up, ready? You have indicated that you may have questions on the mothers' accommodation program. What is your next area?

CHAIR—Other senators here also have questions in this area. To prevent bouncing backwards and forwards, perhaps we should ask other senators whether they also have questions on that topic. Senator Adams, am I correct in saying that you will be asking questions on parenting and mothers?

Senator Chris Evans—We have mothers' accommodation, playgroups and a housing question.

Dr Harmer—We can deal with questions on playgroups.

Senator SIEWERT—My question concerns the whole of the intervention, housing and ICCs. Senator Crossin will also come in during this morning, and I have no idea of what her questions will go to. It was our expectation that we would just be going through the process.

Dr Harmer—That will be fine.

Senator Chris Evans—We are not trying to limit questions at all. I was just conscious that Senator Adams was not getting anywhere.

Senator ADAMS—I am in output group 1.2.

Senator Chris Evans—I think the officer is ready to go on playgroups, so we will do that. We know that you also have mothers' accommodation and housing issues.

Ms Beauchamp—We have details about the \$400,000 that was highlighted in budget paper 2 around the continuation of early childhood programs. Was your question: how is that being allocated?

Senator ADAMS—That is correct.

Mr Andrews—That \$400,000 is for the continuation of the expansion this financial year of early childhood programs, which is on page 312. The playgroup expansions that you asked about are under output 3.1. They make up a total of \$0.86 million, so the total figure is \$1.26 million, not just \$400,000. The \$400,000 that you referred to on page 312 is for the continuation of four early childhood services and the playgroup measure. The \$860,000 is for the establishment and continuation of five playgroups.

Two of the playgroups are in the process of being established now. They are being implemented in Tennant Creek and Katherine. Good Beginnings Australia has been approved to provide the intensive support playgroup in Katherine and the Julalikari Council Aboriginal Corporation is providing the service in Tennant Creek. Three potential sites for the other locational supported playgroups have been identified and we are working with the Northern Territory government to ensure that the locations are places where it too believes the services are needed. They have yet to be finalised.

Senator ADAMS—Just a practical issue with those playgroups: who is going to be employed to actually run them and how will they do that?

Mr Andrews—The answer to your question depends on the competitive tendering process. It depends on which organisation wins the tender to deliver that service.

Dr Harmer—Before we move on, we can answer your question regarding the Indigenous Mothers Accommodation Fund.

Senator ADAMS—Good.

Ms Lees—I heard the original part of your question, which I believe was about the spread of the money over the three years?

Senator ADAMS—That is correct.

Ms Lees—Because the Indigenous Mothers Accommodation Fund is a capital program to both expand and build new services, we anticipate that in the first year, given the time frame to consult, find the site and build an accommodation facility, we would anticipate expanding a current facility, which is why it is a less amount of money in the first year.

Senator ADAMS—Right. Do you have any idea how many mothers are expected to benefit from the accommodation services?

Ms Lees—We have not yet been able to establish exactly how many people will benefit, depending on where we can establish the site and how big the facility will be. At the moment we are talking to current facilities to see what their needs might be to expand, and there are only three current facilities.

Senator ADAMS—What was the consultation process about the need, before this fund was set up? You must have done some sort of modelling to work out where, what and how the funding was going to spent and what areas you would need it for.

Ms Lees—As I said, we have the three existing facilities, so we will be talking to them about expansion in the first year. One is in Katherine, one is in Cairns and one is in Port Hedland. It is looking like the facility in Cairns is probably the most likely site for future expansion. We have had considerable talks with them. They are a very highly regarded service at the moment. They only have accommodation for 12 beds and they service people from all around the area and have identified a high level of need.

Senator ADAMS—What size sites are you looking for the new ones? Have you any details about those?

Ms Lees—As I said, because there are only three existing sites we are talking to them. Each of them operate in the sort of 10- to 12-bed range. We are talking to them about whether or not that is because that is an optimal size, or what the barriers are to expanding, to see exactly what is the most appropriate accommodation to build.

Senator ADAMS—What services are provided at these facilities?

Ms Lees—I am not familiar with all the services provided at the facilities.

Dr Harmer—We will take that on notice.

Senator ADAMS—Are there professional personnel such as nurses, midwives, counsellors at these facilities?

Ms Lees—I would have to take that on notice. I understand there is some support at the facility in Cairns. I am not sure about the actual operations at the other two facilities.

Senator ADAMS—So how long, on average, does the department expect the women will stay in these facilities? Are they limited to a certain time?

Ms Lees—At the moment I do not believe so. Again, I would have to take that on notice to see if each of those facilities has regulations.

CHAIR—Senator Adams, if we move on to housing now and focus on housing for this part of the agenda, we might be able to get some order.

Senator SIEWERT—I know I asked you yesterday if you could give us a map of the overall money spent on housing. Today, could you give us the detail on the spend on the various housing programs that are covered under FaCSIA?

Dr Harmer—I think that will be covered in the table we agreed to provide you yesterday. I do not know that we have got that ready. FaCSIA's involvement in housing is quite wide ranging. First of all, we have about \$900 million under the Commonwealth-State Housing Agreement, and we make payments to the states and territories under that agreement for public housing. We have got, I think, \$2.3 billion that we spend on rent assistance, which is the add-on income support payment for those who are on a basic pension or allowance that are renting in the private market and paying over a certain benchmark rent—they get rent assistance. That is about \$2 billion. We have a range of other smaller programs. We have the Supported Accommodation Assistance Program, which provides—

Senator SIEWERT—Sorry, I am after the Indigenous spend.

Dr Harmer—We have also got the Community Housing and Infrastructure Program, which funds housing, municipal services and community support services. It is the main program directed entirely at Indigenous housing.

Senator SIEWERT—How much money is the government now allocating to Indigenous housing?

Dr Harmer—In which year?

Senator SIEWERT—This year and next year.

Ms Winzar—We have two main avenues of funding. The first is the Community Housing and Infrastructure Program and ARIA, and the amount that we are allocating over the four years is around \$1.664 billion. For 2008-09, it is \$426.5 million. In addition to that, the other main avenue of funding is the Aboriginal Rental Housing Program, which is part of the Commonwealth-State Housing Agreement, and that comes in at around about \$90 million a year.

Senator SIEWERT—So for 2008-09 there is \$516 million.

Ms Winzar—That would be right.

Senator SIEWERT—Can we just go to SIHIP for a minute. There was the review last year? I am losing track of the years.

Dr Harmer—Yes, PricewaterhouseCoopers did a review for us of SIHIP and recommended that the previous government discontinue it and establish a new Remote Indigenous Accommodation Program, which was announced by the previous government.

Senator SIEWERT—What is happening now with that program?

Dr Harmer—That program, which is a new program, which is based on negotiations with the states, is now being built into the COAG reform. It will commence as a new program. Instead of 1 July 2008, which was the original intention, all of the Commonwealth-state programs are now built into the COAG reform agenda, which will start on 1 January 2009, with the exception of the Northern Territory where there is a commitment to move ahead with the spending of the housing money under that program early. There is a bilateral agreement

with the Northern Territory so that we can move ahead in the Northern Territory with the additional funds for that territory.

Senator SIEWERT—How much of those additional funds are for the NT?

Ms Lees—Over the four-years starting 2007-08, it was \$793 million.

Senator SIEWERT—How much of that was spent in 2007-08?

Ms Lees—We have not got the final figure for 2007-08 yet.

Senator SIEWERT—Can you give me an approximate figure?

Dr Harmer—The spending in 2007-08 will be primarily through SIHIP; it will not be through ARIA. We will be able to get that for you.

Senator SIEWERT—How much of that money is being spent in the next financial year?

Dr Harmer—The allocation for ARIA for 2008-09 will be—

Ms Lees—Approximately \$200 million.

Senator SIEWERT—How many homes do you expect that is going to build?

Mr Ryan—Under the SIHIP program, next year, the construction phase of it will only be starting, so we expect there will be a relatively small number of houses completed next year with most of the construction of houses occurring in the following years.

Senator SIEWERT—What is the average cost per house?

Mr Ryan—The target cost for SIHIP is \$300,000 per house. That is only for the construction of the house; it does not include servicing sites and associated infrastructure.

Senator SIEWERT—Have any houses to date come in at that target?

Mr Ryan—Well, SIHIP has not commenced. That is a cost that is considerably lower than what we are experiencing at present, but this is a much bigger program with greater advantages in economies of scale and being able to utilise better procurement methods and construction methods.

Senator SIEWERT—What is the average cost at the moment?

Mr Ryan—Across the program, I would not be able to tell you, but in terms of the NT it is relatively high. It varies depending on where the house is built. Costs are higher on islands, for instance, because of the high cost of barging and the size of the project, but an average of half a million per house would not be an unreasonable estimate. If you want something more accurate we will have to go through all the data and talk to the NT government who administer most of the housing projects at present.

Senator SIEWERT—So you do not ask the NT government to provide you with accurate information about how much each house has cost?

Mr Ryan—The NT government does provide that data through the Indigenous Housing Branch, but it is done at the end of the year and they provide the number of houses they have built. We can get that data, but it varies, and varies across projects.

Dr Harmer—What we can say is that the way that housing has been provided and the contracting that has been done for Indigenous housing in the past has been done in small

parcels. That has been a very expensive way of going, which is why the new approach is to contract in bulk. There are reforms in the ARIA program to ensure better rent collection, and to ensure that there are maintenance programs and that the houses will be managed by the Northern Territory housing authority rather than individual Indigenous housing organisations, so that there is a rent collection and maintenance framework.

The purchasing of the housing will be done in bulk, so that we get some economies of scale and reduce the cost, from somewhere of the order of \$400,000 or \$500,000 in most cases now—and even more expensive sometimes on the islands—down to about \$300,000. The other reform in the new ARIA approach is that we will be looking to employ Indigenous people in the construction and maintenance of the housing, so that there are jobs as part of the program which there has not really been a focus on in the past. There are a range of elements like that about the new approach.

Senator SIEWERT—The \$300,000—that is actually just for the house?

Mr Ryan—We are just clarifying that; it may be \$350,000—we are just checking what the target cost is. But it is a target cost. We do not know how much houses will cost until we test the capacity of the market to deliver it. So that is only what we are using as an indicative target to set the outcomes for the program. Once we actually commence SIHIP, once we have procured the companies and we are able to utilise the best construction and procurement methods, we will then know how much houses cost. We are just checking now—it could be that \$350,000 was the target cost.

Senator SIEWERT—So that is actually for the house. How much are the on-site costs? I would like to know what \$350,000 buys—does it just buy the house?

Mr Ryan—\$350,000 would just buy the house—that is correct.

Senator SIEWERT—Then you have sewerage installation and all those issues.

Mr Ryan—Yes.

Senator SIEWERT—And what are the estimated costs per house for that?

Mr Ryan—Again it varies. In some places we actually have sites available and we do not have to meet those costs. In other places we may have to do an entire new subdivision with quite high costs. An average for an additional site would be around \$100,000.

Senator SIEWERT—So we are now talking \$450,000 per house.

Mr Ryan—As an indicative cost.

Senator Chris Evans—Senator, I think we need to be a bit careful here, because one of the things we have discussed with this committee before is how individual housing organisations in the Territory and elsewhere have effectively been ripped off by virtue of them purchasing one or two houses at the time when there is a limited market. They have been ripped not only in terms of price but in terms of quality of finish, timetable et cetera. One of the advantages of the new approach that is being tried, supported by the previous government and supported by this government, is to try and get a better efficiency from greater purchasing power and greater control of the contracts et cetera. It is very much a function of going out to market.

Quite frankly, I am sure the costs will depend on what other housing activity is going on and who is prepared to enter the market et cetera.

I just wanted to put the big caveat on—I think the officer has done it a couple of times—that if housing construction was not in boom period and there were more contractors interested in the work in the Northern Territory you might get a better outcome. At a time when there is huge competition for house construction you will obviously be paying more. Obviously the market in the Northern Territory is a bit different, but all those factors will affect it.

This is about trying to get some leverage to get a better commercial return and get more housing for our dollar than we have been getting. I think everyone recognises that in the past we have not been getting very good value for it, and Indigenous communities have been ripped off for the amount of money they have been paying. I think the officers do not want to be held to precise figures because, until they actually test the market and get contractors bidding, they are not going to know for certain. But I think the general view is that you cannot do any worse than we were doing under the old scheme in terms of value for money, because we were not getting a lot of houses for the dollars.

Senator SIEWERT—We certainly do not get a lot of houses when they are \$875,000, as has been reported on the front page of the *Australian* today. Who built those houses?

Mr Ryan—The houses were built by IBA under contract to the department. That cost does include infrastructure. It is not the cost of the housing alone. There were significant infrastructure costs associated with that because it was taking us from a small community that had very minimal infrastructure to a much larger—still a small community but significantly larger—community that required a higher level of infrastructure.

Senator SIEWERT—I accept the argument, but to say that the house is going to cost \$350,000 minus the infrastructure is a little bit misleading when we all know that these communities do not have a lot of infrastructure. What assessment has been done around the needs of each of the communities for infrastructure? Is that what is being done? You are going in and doing a holistic assessment of what infrastructure is needed in this community and how much it is going to cost to supply that infrastructure and then supply the house?

Mr Ryan—Certainly under the Strategic Indigenous Housing and Infrastructure Program in the Northern Territory that is exactly what will happen. There are 16 communities that are being targeted for major works and 57 communities that have been targeted for refurbishments or minor upgrades.

Senator SIEWERT—I am sorry; how many?

Mr Ryan—Fifty-seven. In total they make up the 73 communities prescribed under the Northern Territory emergency response. Of the 57, because they are only refurbishments to existing houses you do not have any infrastructure costs associated with that. It is just repairing the house and bringing it up to a better standard.

Senator SIEWERT—So none of those will get new houses?

Mr Ryan—No, not under SIHIP at this stage; not under the current allocation.

Senator SIEWERT—What is the number of people per house in those communities?

Mr Ryan—It would vary substantially, but the highest need communities are in the 16 communities that are targeted for major works. That determination of which communities would be in the 16 and which would be in the 57 was looking at the level of housing need in the Northern Territory and also at which communities were large enough to support large projects where we can get better economies of scale.

Senator SIEWERT—So which are those 16 communities? Could you provide us with a list of those.

Dr Harmer—We can give you a list.

Senator SIEWERT—Could you table that today and not take it on notice?

Dr Harmer—Yes, we can. I should just say that this program is jointly funded by the Australian government and the Northern Territory government, planned and managed by the Northern Territory government, and we have agreed with them the strategy for the various locations. Unlike the past, where the decisions were made in small parcels, in a sense, paying a lot for preparation of the site and providing the infrastructure—because they were one- and two-house lots—this is a much bigger plan which is going to be coordinated with a big contractor et cetera. So we are quite confident that we can get the construction and development costs down under this plan.

Mr Leeper—I will just indicate at the highest level what the program will deliver over the four years: around 750 new houses, including, where relevant, new subdivisions; over 230 new houses to replace houses that will need to be demolished because they are not fit to live in at the present time; upgrades to over 2½ thousand houses in existing communities; essential infrastructure to support new houses where they are put in; and improvements to living conditions in town camps. So, roughly speaking, it is around 1,000 new houses, 2½ thousand upgrades, infrastructure and improvements in town camps as well.

Senator SIEWERT—While it is a great aim, if they are going to cost half a million compared to \$875,000, that is a significant number of houses that will not be built for the amount of money that has been allocated. A set amount of money is allocated isn't it? It is not a case of saying 'We are going to build 1,000 houses.' That is how many houses you think you can build for the money that has been allocated.

Mr Leeper—Yes, that is correct.

Senator SIEWERT—Of the 16 communities, when you provide that list could you tell us what infrastructure has been provided, please? How many houses will be in each community and have the communities been consulted?

Mr Ryan—As part of SIHIP the information about the 16 communities has been made publicly available.

Senator SIEWERT—That is different from consulting them.

Mr Ryan—And the Northern Territory government will commence consultation with the communities. There are also requirements for land tenure which are part of that consultation—

Senator SIEWERT—I was getting there.

Mr Ryan—As part of that they will also do the detailed planning around the infrastructure in the community—what level of housing works would be best utilised in that community—and the level of infrastructure improvements that would have to take place. So there will be detailed planning on a community by community basis and there will be community consultation with each of those communities. The Northern Territory government will do that under their SIHIP program.

Senator SIEWERT—Could we just go to land tenure for a second. Each of those communities under the NT intervention has actually had the control of its township taken away—or it is in the process of being taken.

Dr Harmer—While Ms Edwards is looking through her folder for the information, I can tell you that one of the other changes that the new ARIA program is bringing in is that governments are no longer prepared to build houses on community owned land. They want to build houses on land where the asset can be protected, and that is a part of the strategy.

Senator SIEWERT—Maybe we should go there for a minute. Under the community housing program the government is now running, as I understand it there are alternative tenure types being considered. There are certainly recommendations on alternative tenure being put forward, because the price of land is actually proving to be substantial. Is the government considering alternative tenure types when it funds community housing organisations?

Ms Edwards—The government is considering a variety of land tenure arrangements to support its housing program generally. They range from the whole of township leasing such as is in place in Nguuu and the Tiwi islands and has been agreed in principal for the three major communities at Grootte Eylandt and Bickerton Island. It is also working with the Northern Territory government on the prospect of block leasing for the 16 SIHIP communities. We will be listening to those communities to check that is the sort of leasing they want as opposed to township leasing—

Senator SIEWERT—What is block leasing?

Ms Edwards—It is really just a lease that does not apply to the whole of the community, so we call them the housing precinct leases. A community that is not interested in a township lease over the whole of the township could still have access to the major housing infrastructure by negotiating and agreeing to a lease over the housing area so that the investment can go ahead.

Senator SIEWERT—What size block would that be? Would it depend on the number of houses that are built?

Ms Edwards—It could depend on the number of houses built, but there is also thought about doing it over the whole of the existing public housing area. That could perhaps be upgraded. It will also for the new houses, once we get to the housing delivery, so that then it is a solid platform for the delivery of the housing services.

Senator SIEWERT—Who would hold the lease?

Ms Edwards—Generally speaking it would be held by government. As for the current negotiations for the block leases, it is proposed they be held either by the Northern Territory

government or Northern Territory Housing—the public housing commission there—but it is something still under discussion with land councils, the Northern Territory government and us. We note that the new legislation that has been introduced this week would allow the additional option, not compulsory by any means, that leases could be held by the office of the Commonwealth Executive Director of Township Leasing. It is a statutory office set up under the land rights act. None of those options are prescriptive. They are simply different ways that the lease could provide the security required on which to base the major investment.

Senator SIEWERT—What length are the leases?

Ms Edwards—At the moment there are discussions going on. There was the original thought they would be 20-year leases renewable for a further 20 years but current discussions are that perhaps the investment would be better secured by effective 60-year leases—so 20, 20 and 20—but neither of those have been agreed by the parties and they are still under discussion.

Senator SIEWERT—On the broader housing issue, is the government not considering—I am moving off Indigenous housing here—alternative tenure types to make housing more affordable where a community, for example, could potentially hold a lease over the land that houses are built on so that land is not actually owned by the home owner?

Dr Harmer—The state housing authorities in various states, under the Commonwealth-State Housing Agreement, have a range of arrangements with community organisations in terms of tenancy agreements passing parcels of public housing across to the community organisations for management. They are also doing shared equity type arrangements. There is a whole range of measures to try to make housing more affordable for people. All of those things are on the table. We will be negotiating a new housing affordability agreement. It is an incoming government commitment which will again, under the terms of the COAG agreement, be in place on 1 January 2009. Those negotiations are kicking off now with the states and all of those innovative ways of getting housing to become more affordable will be considered.

Senator SIEWERT—Why is the government pursuing the line that some form of government body has to own Aboriginal land in order to build houses?

Ms Edwards—The way we have been talking in negotiations has really got to do with separating the issues. One is to have a form of tenure which supports the major government investment. We are making many millions of dollars of building investment in these communities, so there needs to be a form of tenure that is able to do that, bearing in mind, of course, that the people who own the land and the people who live in the townships are often not one and the same in any event. That is the first step and then you have a platform on which to deliver housing services. The housing services that are being talked about mostly in the Northern Territory at the moment are expected to be provided by Northern Territory Housing, but that does not rule out having, either shortly or in the longer term, different sorts of housing arrangements being implemented on top of the underlying secure tenure which secures the many millions of dollars of government investment.

Senator SIEWERT—Has there been any discussion with any Aboriginal organisations to actually change those requirements, the ones that the government is talking about where the

government has to hold the lease, to some sort of suitable community tenure or community ownership based on their existing ownership?

Ms Edwards—To my knowledge there has been discussions about varying ways of delivering housing services and the manner in which Aboriginal people can be involved in the delivery of those services through the Territory—in particular, Northern Territory Housing have Indigenous input. Also there is the prospect of other sorts of housing delivery but that is on the basis that our understanding is that, in order to build this major new investment, as opposed to existing stock, the government would require secure leases to government.

Senator SIEWERT—Even though non-Indigenous communities are not required to have land to be given to the government or to have government ownership of land in order to have spent billions of dollars worth of public funding?

Ms Edwards—It is not my area, non-Indigenous housing delivery, but my understanding is that there are vastly different types of arrangements and most of them have very strong accountability, either through the funding arrangements or through land tenure or some other—

Senator SIEWERT—But it is not owned or controlled by government?

Ms Edwards—I cannot answer the question as to the ones off Aboriginal land.

Senator SIEWERT—Is the same being required in other non-NT communities? What are the provisions for non-NT communities—for building houses in Western Australia, for example?

Dr Harmer—It would be the same. Under the new ARIA program, the government is not going to build on and invest huge lumps of capital in land it does not own or control through leasing. It is just not a very sensible way to operate in terms of protecting the asset.

Senator SIEWERT—Well, they do it with non-Indigenous communities. Could you provide an idea of what infrastructure has been built in the 16 communities? For the other 57, as I understand it, there is no further infrastructure being delivered. Is that correct?

Dr Harmer—There is no need because in those 57 we are modifying and fixing up the houses so they are habitable. Many houses in some of these communities need some maintenance—perhaps new bathrooms, new kitchens, windows et cetera. They are structurally quite sound, often with a slab floor, and the building structure is okay but they are not inhabitable because they need work on kitchens, bathrooms and windows et cetera. There is considerable housing that can be brought back into use with maintenance expenditure and upgrading. For instance, in one town I went to relatively early in the intervention process—a town called Kintore out on the western fringe—I counted about 16 or 17 houses that were unoccupied—this is just in a small town—yet they were structurally quite sound: the roofs were fine, the walls were good, the slab floor was good but the kitchens, bathrooms and windows et cetera were in need of work. We would have an expenditure of something like \$30,000 to \$50,000 rather than building a new house, which is what used to be the case: we would go in there and say, ‘These houses are unoccupied. They need 16 houses but we can afford only eight.’ We would contract for eight; they would be a very expensive eight. The houses that were unoccupied were just left. That is a very inefficient way of doing it, so we

are not doing it that way any more. We are fixing up the houses that are structurally sound. We are getting a new house back in operation for something of the order of \$50,000, as opposed to \$450,000, and this is the way we are going.

Senator SIEWERT—Have you got a housing stock list as to, once you have either built the new houses or repaired the existing houses, how many people will be living in those houses?

Dr Harmer—That is going to take us quite a bit of time, I suspect, but we will try to give you that information.

Senator SIEWERT—You will obviously be aware of where I am heading?

Dr Harmer—We will not be able to give you that today.

Senator SIEWERT—No, but if you could—

Senator Chris Evans—What's your question though? Is it: how many people will live in those houses?

Senator SIEWERT—What is the population of the community at the present time and how many houses?

Dr Harmer—We will give you that.

Senator SIEWERT—I am aware that there are more than 16 communities currently suffering from overcrowding. So as to the 57 communities that are not getting new houses—and I appreciate some of the houses are being renovated—I would hazard a guess that even then there are not going to be enough houses for those in the communities. What I am trying to ascertain is this: how are we significantly reducing the level of overcrowding in these communities?

Dr Harmer—Senator, there is no doubt that, even with the significant increase in expenditure—and we will build, much more efficiently, considerably more houses than we have built for some time—there will still be a higher number of people living in those houses than there would be, for example, in most of the rest of Australia.

Senator SIEWERT—That is what I am trying to get to: how much are we significantly improving living conditions?

Senator Chris Evans—I think you also need to recognise that, as with the question of costs of building each house, where you end up in terms of population per house in any particular community—given growth, change in population, movement et cetera—would be a fairly courageous assumption. I am sure the department will do what they can for you but I would not nail myself to the wall on whether there were going to be six or seven people per house in a community at the end of a housing program.

Senator SIEWERT—I certainly appreciate that and I am fully aware of movement and things like that. But if we have a current understanding—and I understand we would because we have been doing health checks—of how many people are at this stage—or at least were when the health checks were done—living in a community, we will have an idea of how many houses we will or will not have.

Dr Harmer—That is true but, as Senator Evans mentioned, it will not be an easy task because many of these small communities have fluctuating populations as some live in outstations for part of the time and come back into town. But we will be able to give you a broad order of magnitude only; it is not the sort of number that you would—

Senator SIEWERT—That will be better than nothing.

CHAIR—We will go to Senator Crossin.

Dr Harmer—Chair, before we go to Senator Crossin, can I answer Senator Adams's question?

CHAIR—Please do, Dr Harmer.

Dr Harmer—Senator Adams, you asked the question earlier about the difference between the previous opposition's commitment of \$17.5 million over four years, commencing in 2007-08, for the early development and learning services parenting support program and the \$16.6 million provided in the budget. The answer is that the full costs of that are \$17.5 million but the department, in the budget process, was asked to absorb the administration costs. So we have absorbed the administration costs within the department. We were not given additional funding for those. We have to absorb those costs within the department.

Senator ADAMS—So that is the \$900,000 that has gone?

Dr Harmer—That is right.

Senator ADAMS—Thank you very much for that.

CHAIR—We will go to Senator Crossin.

Senator CROSSIN—I want to take you to some questions I have about the current arrangements for housing. Can you tell me who designed the alliance model that has been currently instigated in these housing discussions?

Mr Ryan—There was a study last year by Connell Wagner which looked at the range of outcomes we were trying to achieve with Indigenous housing and what would be the best procurement method to achieve those. Their report recommended very strongly that the alliance approach was the best approach to achieve those ends. That was then considered by both the Northern Territory and Australian governments, who then endorsed that choice. Since then the Australian government and the NT government have jointly developed the specifics around the alliance model. But the overall choice of the alliance model was based on the study by Connell Wagner.

Senator CROSSIN—Is that study available publicly?

Mr Ryan—I would have to take that on notice.

Senator CROSSIN—Thank you. Is the alliance model essentially based on a Defence procurement model?

Mr Ryan—Not exactly; no. The alliance model is used by Defence but it is actually an established method of procurement which is based on a shared risk, shared gain approach between a buyer and a deliverer.

Senator CROSSIN—Has this sort of model been used in the construction of public housing previously?

Mr Ryan—No, not to our knowledge, but it has been used in a number of large infrastructure projects.

Senator CROSSIN—Can you give me an example of what those infrastructure projects are?

Mr Ryan—I have just been advised it has been used in a public housing model in England. Sorry, what was that last question Senator?

Senator CROSSIN—What large infrastructure projects are we talking about? What I want to get at is this: has this model been tried and tested in relation to building public housing before other than in England?

Mr Ryan—Without going into details, it is for things such as railway projects, road projects, large infrastructure bridge projects, mining companies—anything which involves a considerable sum of money. A large amount of capital projects are the sorts of things an alliance model may be used for.

Senator CROSSIN—But never in relation to building public housing before?

Mr Ryan—Not in Australia, but I have been told in England there was an alliance model used with good results.

Senator CROSSIN—With all due respect, I do not think that England has the same challenges in terms of the outback and of the remoteness of the Indigenous people that we are actually looking at. Do you think Connell Wagner gave much credence to the evidence that was produced as to the English model?

Mr Ryan—Without going into detail, what Connell Wagner looked at were the specific Indigenous needs we did have. While they would have considered that, their main objective was to look at the outcomes we needed to achieve and what model was best placed to deliver those. Their clear recommendation was that the alliance model was the best method for a government to use.

Senator CROSSIN—Has there been any testing of this model?

Mr Ryan—The alliance model has been used very widely.

Senator CROSSIN—No, I am talking about in relation to public housing. Before in fact FaHCSIA signed off on this model, was there any economic analysis or analysis done of the costs, benefits, gains, losses? Was an examination of the use of this model in relation to public housing made by FaHCSIA? It is risk analysis.

Mr Ryan—There was risk analysis done.

Dr Harmer—I should also point out that we are joint parties to this new alliance model with the Northern Territory government. In fact, the Northern Territory government will be the ones who manage it and run it, so it is not just FaHCSIA imposed. We had very good information from the consultants; it was something that we thought about. We believed, and the Northern Territory agreed, we could not continue to go down the path where we were letting small contracts to relatively small parcels of building activity which were costing, as

we have discussed earlier in this session, half a million dollars or beyond to build because we were building in small parcels. We wanted significant reform where there was capacity for bigger suppliers to plan and build in bulk and where there was capacity to employ Indigenous people—all those sorts of things—and the alliance model was the model that we came up with as representing the best value in that context. There is no doubt that a lot of the smaller builders and players in the Northern Territory, who were beneficiaries of small parcels of contracts in the previous arrangement, will now probably be subcontracting and doing some work, but they will not be getting as many contracts.

We are confident we will get much more efficient purchasing of the housing through this model. We will be evaluating it; it is only just starting. All of the information and evidence from the consultants about the benefit of such a model was available to us when we made the decision, but we will with the Northern Territory government be evaluating it periodically to make sure that it is delivering the benefits that the original decision believed it would.

Senator CROSSIN—Let me ask a number of questions about that. Mr Ryan, is the risk analysis you undertook able to be provided to this committee?

Mr Ryan—I would have to take that on notice.

Senator CROSSIN—Thank you. Mr Harmer, there does seem to be some view in the Northern Territory that, in fact, this was a model that was imposed upon them by FaHCSIA—that there was no negotiation; that this was a model delivered to the Northern Territory government.

Dr Harmer—Certainly, that is not my understanding.

Mr Ryan—No, that is not the case at all. It was a joint study and the decision went to—

Senator CROSSIN—Which was a joint study?

Mr Ryan—The Connell Wagner study to look at what was the best model. Following that, the decision went to cabinet for endorsement by the NT government cabinet. Following that, it went to the Australian government for endorsement.

Senator CROSSIN—When did it go to the Northern Territory government cabinet?

Mr Ryan—I have not got those dates; I will take it on notice.

Senator CROSSIN—When did it go to the Australian cabinet?

Mr Ryan—It did not go to the Australian cabinet.

Dr Harmer—I am not sure we can provide the information about when it went to a cabinet meeting in the Northern Territory. I do not think we can take that on notice. All we can say is that the Northern Territory government considered it and agreed it.

CHAIR—Would it be possible to get back to me with the timing of that advice, Dr Harmer? My understanding was the dates and the process—

Senator Chris Evans—I think what Dr Harmer is saying is that giving dates of cabinet consideration by the Northern Territory is outside his purview. Certainly, he can provide advice as to when the Australian government ticked off on it. The advice from the officer is that the Northern Territory government approved it first. He thinks it was by cabinet but, as I

said, that is not really information that the department ought to try and explain in terms of the Northern Territory process. We know they do things differently in the Northern Territory, Senator Crossin, so we will leave that to your devices to ask how that happened there. The officer's advice is that it was ticked off and approved by the Northern Territory government and the decision was then endorsed by the Australian government. We will take on notice and provide information as to when the Australian government formally approved it.

Senator CROSSIN—Dr Harmer, did you cross-reference the work done by Connell Wagner with recommendations from the royal commission into the building industry?

Dr Harmer—I do not know the answer to that, Senator. I will have to ask my colleague.

Mr Ryan—No, there would not have been at the time. We have been looking at that recently and we can provide further information. But at this stage—

Senator CROSSIN—What do you mean by that? What have you been looking at recently?

Mr Ryan—We have had a request for a briefing and we are looking at any impact that that particular royal commission might have on that decision, but at this stage we are not seeing that it has any impact on the choice of the alliance model.

Senator CROSSIN—When you got the Connell Wagner work and the recommendation, nobody in FaHCSIA looked at the royal commission into the building industry and whether or not it had any recommendations or comments about this sort of model in relation to public housing?

Mr Ryan—I would have to take it on notice, but not that I am aware. That may have been done by Connell Wagner as part of their brief but—

Senator CROSSIN—Can you take that on notice, please.

Mr Ryan—Yes.

Senator CROSSIN—Finally I want to ask you what sort of analysis has been done about the impact of this model on small businesses in the Northern Territory?

Dr Harmer—There is no doubt that it will have some impact on small builders who were previously doing much of the work in small parcels in some of the communities. But I imagine that the new model will also allow for them to be subcontractors in some of the work. So, in terms of how significant the impact is, I do not think we have got a measure.

Senator CROSSIN—That was not part of the risk analysis—the impact this would have on Territory small business expectations?

Mr Ryan—No. The major focus was: what was the best model to deliver the best outcomes for Indigenous people in Indigenous communities? In terms of impacts on small business, under SIHIP we are looking at a substantial increase in the level of works and there will certainly be sufficient work for a large number of people in the industry, including people in small companies, but that will generally be through a subcontract arrangement whereas at present they may directly contract with government or government project managers to deliver that work. But this is not reducing the level of work that will be available in the Northern Territory; it is substantially increasing it.

Senator CROSSIN—I understand that there has been a consultant employed to coordinate this alliance project; is that correct?

Mr Ryan—Parsons Brinckerhoff have been employed by the Northern Territory government as the project management company.

Senator CROSSIN—Seeing that this is a joint agreement, do you know the cost of that?

Mr Ryan—I would have to take that on notice.

Dr Harmer—It sounds like we will have to get that information from the Northern Territory government.

Senator CROSSIN—Will the cost of that be coming out of the total housing appropriation?

Mr Ryan—It will, and project management costs always come from that appropriation. There are always project management costs in the delivery of these projects.

Senator CROSSIN—That is what I want to ascertain: is Parsons Brinckerhoff managing the project or have they been employed as consultants to actually put the project together before it is then managed?

Mr Ryan—They are the project managers, but since it has been developed they will also have a role in establishing the project as well as managing it when it is fully operational.

Senator CROSSIN—When do you anticipate the first house will be built and finished under this new alliance model?

Mr Ryan—There are a number of factors that would impact on that, including land tenure negotiations, but at this stage it looks like we may be doing some works in Tennant Creek, which would happen hopefully from October. A lot of that will be civil works around the essential service infrastructure, which may delay the houses.

Senator CROSSIN—Sorry, Mr Ryan; I did not ask that. At the briefing we attended in Darwin we were informed that there was no expectation of a new house being built to completion this side of 2011; is that correct?

Mr Ryan—No, I would not imagine that is correct. I would have to take it on notice and go and talk to the NT government about exactly what is the case with the first houses that would be fully constructed. Certainly I would not imagine it would be by 2011. It should be well before that.

Dr Harmer—2011 sounds like a long way—too far out. The Northern Territory government are managing it, but we will try and get information. I would be very surprised if there are not some houses on the ground quite early in 2009.

Mr Ryan—Because of the wet season and because the places we are targeting are subject to the wet season, it will probably be later in 2009.

Senator CROSSIN—I know there are three areas in this housing: refurbishment, knock-down and re-build where the infrastructure is still okay and brand-new houses. You would be anticipating that we would see a brand-new house in some of these communities, or at least one of these communities, by the end of next year?

Mr Ryan—Yes, that would be our intention.

Senator CROSSIN—But is that a guarantee that you have under this alliance model?

Dr Harmer—Senator, we would need to check. As the officer said, the Northern Territory government are managing it. We will seek and provide information to you about the staging, the expectation of houses, from them.

Senator CROSSIN—It is not being jointly managed? You are not sitting on a joint management arrangement where you also are at liberty to have as much information as they do at any point in time?

Mr Ryan—We are jointly involved in the program, but it is administered by the Northern Territory government. We are involved in key decisions and approvals that will occur under SIHIP, but the administration is done by the Northern Territory government.

Senator CROSSIN—How are you involved? Are you meeting monthly at a territory or a national level? How does this involvement occur?

Mr Ryan—At present we are meeting fortnightly, but that will probably go out to monthly meetings as the program is established.

Senator CROSSIN—At what level is that involvement from FaHCSIA's side?

Mr Ryan—It is generally at the SES level but—

Senator CROSSIN—So is it the Northern Territory state manager or people in Canberra?

Mr Ryan—It is both at this time.

Senator CROSSIN—But you are not across the detail when it comes to the management?

Senator Chris Evans—Can I make it clear that I think the officer is trying to be helpful. I think we will take on notice the question of anticipated completion time of the first set of homes. We have been a bit vague about that, and I think the best way to deal with it is to take it on notice. I will ask the officers to get that information to the committee as quickly as possible—not on the reporting deadline—to ensure that the committee has a firmer understanding of when the first houses are expected to be completed and available. I am sorry. I did not mean to interrupt your train of thought but I thought we ought to get you a definitive answer rather than leave it hazy.

Senator CROSSIN—I would be interested to know exactly who is involved in the fortnightly meetings from FaHCSIA's side.

Mr Ryan—Do you want the names of specific officers?

Senator CROSSIN—Where they are located would be very helpful.

Dr Harmer—Senator, we would not normally give you the names of officers. We will give you levels and positions.

Senator CROSSIN—Thanks. I turn now to the APY lands and the current developments in that area. I understand that—

Senator SIEWERT—Senator, is this under the issue of housing?

Senator CROSSIN—Yes. I understand that Minister Macklin has reaffirmed the Australian government's commitment to provide South Australia with \$25 million in housing funding. Can you give me some details of the housing package that has been proposed.

Ms Cattermole—Yes, that is correct. The minister has confirmed a \$25 million land and housing package offer on the APY lands. The proposal is that the offer be supported by 50-year leases, which are available under the APY Land Rights Act. It would be a mixture of new housing and housing upgrades, in a similar manner to what you have just been discussing.

Senator CROSSIN—Can you say that again for me.

Ms Cattermole—It is a mixture of new housing and upgrades to housing in the 10 key communities on the APY lands, underpinned by appropriate leasing land tenure under the Land Rights Act.

Senator CROSSIN—What do you mean by 'appropriate leasing under the Land Rights Act'?

Ms Cattermole—Under the APY Land Rights Act, leases of up to 50 years in duration can be granted by the APY executive, the governing body under that act. To underpin this investment we would be seeking leases of that duration.

Senator CROSSIN—The \$25 million housing package is based on leasing arrangements of up to 50 years.

Ms Cattermole—That is correct.

Senator CROSSIN—And the 50 years is specified in the current South Australian Land Rights Act.

Ms Cattermole—That is correct, Senator. Like those sorts of leases in the NT and elsewhere, it is of a duration that supports the investment that is being made.

Senator CROSSIN—I understand that the minister under the previous government, Minister Brough, made an offer of a housing package to the APY lands. What were the conditions of that package?

Ms Cattermole—It was of the same monetary amount, with a requirement for leases that underpinned it to be of 99 years duration. Similarly, it was comprised of new housing and housing upgrades.

Senator CROSSIN—The \$25 million was conditional on the South Australian government changing their Land Rights Act to allow for 99-year leases. Is that correct?

Ms Cattermole—That is correct, senator.

Senator CROSSIN—To your knowledge, was there any flexibility around the duration of the leases, or were they 99-year leases or nothing?

Ms Cattermole—To my knowledge, the Land Rights Act was required to be changed to allow for 99-year leases.

Senator CROSSIN—Nothing less than that?

Ms Cattermole—That is my understanding, yes.

Senator CROSSIN—Do you know whether the deal was conditional also on changes to the legislation to remove permits from the APY lands?

Ms Cattermole—To my recollection, that was part of the offer originally, but it was removed from the negotiations later.

Senator CROSSIN—Why was it removed from the negotiations?

Ms Cattermole—That decision was made at the time by the Minister.

Senator CROSSIN—Do you know why? Was there resistance to that?

Ms Cattermole—There was resistance to that, yes. Certainly it was of concern to APY executive members and presumably to APY community members as well.

Senator CROSSIN—Then, in relation to land tenure, what is the current deal subject to? It is \$25 million dollars.

Ms Cattermole—That is correct.

Senator CROSSIN—It will not be as harsh as 99 years.

Ms Cattermole—It will be underpinned by 50-year leases.

Senator CROSSIN—To do that, will the South Australian government still need to vary its Land Rights Act?

Ms Cattermole—It will not, no. That is available under the Land Rights Act as it currently stands.

Senator CROSSIN—So it does not require any legislative change?

Ms Cattermole—That is correct.

Senator CROSSIN—Essentially, it can be done within current parameters. Is that right?

Ms Cattermole—That is correct.

Senator CROSSIN—The two deals are similar. They are both for \$25 million dollars; that is same.

Ms Cattermole—Yes, it is.

Senator CROSSIN—They were for an upgrade of housing and new housing. Is that the same?

Ms Cattermole—Yes.

Senator CROSSIN—No change to the permit system is required. Is that correct?

Ms Cattermole—That is correct.

Senator CROSSIN—Minister Macklin suggests that it be done within existing South Australian legislation, whereas Minister Brough wanted 99 years and a legislation change. Is that correct?

Ms Cattermole—That is exactly right.

Senator CROSSIN—Then, under the South Australian legislation, what are the roles and responsibilities of the APY executive?

Ms Cattermole—It is my understanding that the APY executive is the land holding body under the Land Rights Act; it is the body that must sign off on any leases or other land tenure arrangements that are made under that act. For example, if leases were issued in this case, they would be signed by the APY executive through whatever its authorised signing process is. They would need to be authorised by the executive as the land holding body.

Senator CROSSIN—Whether they are block leases or town leases, for example, the APY executive needs to sign off on them.

Ms Cattermole—That is correct, yes.

Senator CROSSIN—That is its responsibility.

Ms Cattermole—Yes, on behalf of the communities but as the governing body.

Senator CROSSIN—What responsibilities does it then have?

Ms Cattermole—I would have to confirm the exact words of the act, but my recollection is that there is a requirement that the community be consulted prior to any of those actions being taken.

Senator CROSSIN—Does it have a role in granting leases?

Ms Cattermole—Yes, it does. It has a role in issuing the leases on behalf of the community.

Senator CROSSIN—I understand that Minister Brough was in the APY lands last week. Do you have an understanding of the role that he has with the APY executive?

Dr Harmer—I do not think we have been involved in that in any way. We probably have no more information about that than you would be getting from the press.

Senator BOYCE—Was former Minister Brough there at the invitation of the executive?

Ms Cattermole—That is my understanding.

Dr Harmer—That is what was in the press. I do not think we should be—

Senator Chris Evans—Dr Harmer is indicating that the officers can answer what is in their knowledge. Their commentary on what is in the press, which might have informed their understanding, is obviously not part of that. Madam Chair, I think we just need to be fair to the officers. They can respond to questions such as, ‘Have they entered into negotiations for former Minister Brough? Is he negotiating on behalf of the Land Council?’ That sort of question is within their knowledge, or it should be, but they should not comment on whatever his contractual relationships are, because I presume they do not know other than from what they have read in the paper.

Senator CROSSIN—The choice of words leads me to ask you whether your dealings with the APY executive involve the former minister Mr Brough. When you deal with the APY executive, who exactly are you dealing with at the FaHCSIA level?

Ms Cattermole—I can confirm that we deal with executive members. From time to time, we have dealt with legal representatives of the executive and sometimes with the CEO of the executive body. We certainly have not dealt with any former ministers in this regard.

Proceedings suspended from 10.36 am to 10.52 am

CHAIR—We will continue on issues to do with housing.

Senator CROSSIN—Dr Harmer, I want to follow up on some questions from last year that go to the issue at Wudapuli and Nama and the lease-to-purchase scheme that was instigated there. I understand that, at the end of the day, 24 houses were constructed at the outstations of Wudapuli and Nama. Is that correct?

Mr Ryan—There are 24 houses: 20 of them are still under construction and about to be completed, and four were completed earlier.

Senator CROSSIN—When were the four completed?

Mr Ryan—That would be April 2007.

Senator CROSSIN—And the 20 will be completed by—

Mr Ryan—They should be completed over the next month.

Senator CROSSIN—Can you explain for me how the lease-to-purchase scheme works?

Mr Ryan—We have actually provided advice to the minister which is under consideration at present, so we have not had a response.

Dr Harmer—Senator, do you want to understand how the lease-purchase agreement works?

Senator CROSSIN—It is a leasing arrangement to purchase—is that correct?

Dr Harmer—Yes.

Senator CROSSIN—My understanding is that you lease the house for two years, and then at the end of that time you have an option to purchase that. Is that correct?

Mr Ryan—That is correct. The details of the model were not finalised but, as a general rule, that was the arrangement.

Senator CROSSIN—So you are telling me that the details of the purchase scheme were not finalised by the previous government?

Mr Ryan—They had articulated the principles that it would work under, but the details had not been signed off.

Senator CROSSIN—Are the principles as I just mentioned—that you would lease them for two years and then have an option to buy? Is that correct?

Mr Ryan—That is correct.

Senator CROSSIN—Or you must buy after two years?

Mr Ryan—I think that would go to the details that we need to confirm.

Senator CROSSIN—When you go to buy, does the money you have put towards the leasing for the previous two years count towards the purchase of the house?

Mr Ryan—It would not have. Again, we have not finalised the models but, no, it would have been a period of lease and then a period of purchase, and none of the rent that was paid would have been off-set against the purchase price, but the house would have depreciated in value across that period.

Senator CROSSIN—So what were the leasing arrangements made for these houses?

Mr Ryan—IBA is the owner and manager of the houses. They are in charge of renting those houses to local people in Wudapuli and Nama.

Senator CROSSIN—What were the leasing arrangements—not who, but what?

Mr Ryan—The leasing arrangement over the land?

Senator CROSSIN—Yes.

Mr Ryan—There is a 40-year lease that IBA holds specifically over the blocks of land where the houses were constructed.

Senator CROSSIN—Currently how much are people paying a fortnight for the houses?

Mr Ryan—The average rent would be around \$150 a week but some of that could be offset by the rent assistance through Centrelink. So an average price that families pay would be around \$100 a week for a house.

Senator CROSSIN—Is the duration of the leases 40 years on all of the 25 blocks?

Mr Ryan—There is a lease over all those blocks for 40 years held by IBA.

Senator CROSSIN—So there is a lease over the outstation of Nama and a lease over the outstation of Wudapuli, is there?

Mr Ryan—Not over all of the outstation, just over the blocks that the 24 new houses sit on. It does not cover existing housing or other parts of the outstation.

Senator CROSSIN—I understand. Can you tell me how much it has cost to build those houses?

Mr Ryan—Yes. The total cost of the houses would have been approximately \$12 million. That is our expected cost when the houses are completed. There would have been a cost of just under \$3 million for the four display homes, and then a cost of slightly over \$9 million for the second stage of housing—the 20 houses.

Senator CROSSIN—So we are looking at around \$12 million.

Mr Ryan—That is for the housing construction costs, not inclusive of the costs of infrastructure.

Senator CROSSIN—So what is the total cost? Are we talking about \$12.5 million or \$12.3 million?

Mr Ryan—It is about \$12.1 million.

Senator CROSSIN—\$12.1 million for 24 houses?

Mr Ryan—That is correct.

Senator CROSSIN—How much is that per house?

Mr Ryan—It is just over half a million dollars per house.

Senator CROSSIN—That is based on the \$12 million, isn't it?

Mr Ryan—That is correct.

Senator CROSSIN—What is the cost of the associated infrastructure, though?

Mr Ryan—The cost of the associated infrastructure is about \$8.8 million.

Senator CROSSIN—If we add that to the \$12.1 million we get about—

Mr Ryan—\$21 million.

Senator CROSSIN—\$21 million for 24 houses?

Mr Ryan—That is correct—24 houses and the infrastructure to support those houses.

Senator CROSSIN—What does that average out to be, per house? By my calculation—

Mr Ryan—It is in the region of—

Senator CROSSIN—it is about \$900,000 per house.

Mr Ryan—just under \$900,000 per house. That's correct.

Senator CROSSIN—So it is \$900,000 per house at Nama and Wudapuli outstations at Wadeye?

Mr Ryan—Yes, for the total cost of houses and infrastructure.

Senator CROSSIN—I could probably buy a property on Sydney Harbour for that—almost. How have the houses been managed, and how much does that cost?

Mr Ryan—IBA manages the houses at present. There have been varying costs as it has gone through the stages. It has probably cost, over the full life of the project, just over \$800,000 for IBA management. That has involved not just management but also working with the tenants and supporting them through tenancy skills and the other requirements that they had.

Senator CROSSIN—When you say \$800,000 for property and tenancy management, what period of time are we talking about here?

Mr Ryan—It is up to the end of June 2008. Where it would have commenced from—

Senator CROSSIN—Would that have been, perhaps, around last year's budget?

Mr Ryan—I could get back to you quickly on that, Senator, but I am not sure of the exact date when the cost to IBA started. I do not have that information here, but I can find it.

Senator CROSSIN—I think, from my memory, that it was probably around budget time last year.

Mr Ryan—I think there may have been some costs before that.

Senator CROSSIN—So it might be \$800,000 for property and tenancy management over, say, 14 months or thereabouts?

Mr Ryan—I think it would be longer than that, but we can give you an exact date.

Senator CROSSIN—I see. Let us add that. What does that cost per house, then?

Mr Ryan—I have not got a calculator, but roughly \$34,000.

Senator CROSSIN—So we could add another \$34,000.

Mr Ryan—Yes.

Senator CROSSIN—So that would actually take the cost per house to over \$900,000. We are now at \$934,000 per house.

Mr Ryan—If you add all those components to the cost.

Senator CROSSIN—What is the total cost to date, then, including the infrastructure and the tenancy management of all of these houses? For the 24 houses, in total, we have as I understand it about \$12.1 million, and then we have another \$8.8 million for infrastructure and another \$837,000 for managing them. That adds up to about \$21.8 million, or a bit more than that now.

Mr Ryan—The total costs, along with other support programs such as money management and home-living skills that have also been run with the tenants, would be over \$22 million for that project.

Senator CROSSIN—Over \$22 million for 24 houses now?

Mr Ryan—And associated services.

Senator CROSSIN—You do not have the detail with you, then, about the rental and purchase arrangements for these houses?

Mr Ryan—We have provided advice to the minister on that model. There was not a specific model signed off that had the detail of that. What we had were a number of principles that would apply. We have provided advice to the minister recently, and we are waiting for a response from her.

Dr Harmer—We will take that on notice and provide you with that detail when it is settled.

Senator CROSSIN—As I recall, the minister in the previous government spoke of this scheme as a fantastic homeownership initiative. You would lease the home for two years, and then you would attempt to purchase a home that, we have worked out, will cost over \$900,000.

Mr Ryan—Sorry; what is the question?

Senator CROSSIN—The basis of this fantastic homeownership initiative introduced by the previous government—not looking at the detail—would be that you would lease this home for two years with a view to purchasing it. We have already worked out that the cost would be around \$930,000. Even if it depreciates, what would a \$930,000 home depreciate to in the course of two years?

Mr Ryan—When we looked at that model, we were not looking at infrastructure costs, tenancy management costs, home-living skills or money management. They were associated costs. We would only have been looking at the construction cost of the house, not those additional costs. That would be the same as what we would do in other communities.

Senator BOYCE—Even so, half a million dollars for that house does seem like a lot of money. Would you like to, perhaps, tell us a little bit about the difficulties? I imagine transport—getting the tiles and whatever out to the community—is part of the cost. Would you like to explain why it costs half a million dollars to build a house in a remote community?

Mr Ryan—There were two stages of the houses. The first four would have cost an average of around \$750,000. Due to the urgency to build, a decision was made to build throughout the wet season, which substantially increased the costs associated with those houses. The houses were also quite large. One was a seven-bedroom house and one was an eight-bedroom house. Those four display homes, as we called them, were at a particularly high cost.

The second round of houses, which was 20 houses, were constructed at a cost, not including infrastructure, of \$457,000 on average, which is, in terms of the normal high cost you experience when you build in remote communities, not what we would consider a high cost. The total cost of the project was increased by the fact that we needed to increase the level of infrastructure that was provided because we went from a very small community with very basic infrastructure to a larger community which needed a higher level of infrastructure. Therefore we had to invest substantially in headworks, connections to mains power in Palumpa, which substantially increased the total cost of the project.

Senator BOYCE—An eight-bedroom house would not be built at an average cost anywhere, I would have thought. You would not expect to put in an eight bedroom house for \$250,000.

Mr Ryan—That is right. That was one of the display houses. The 20 houses are four bedroom houses.

Senator BERNARDI—What do you mean by the term ‘display houses’?

Mr Ryan—The term is associated with the fact that the houses were built at that time to engage with the community on a lease to purchase model so that communities could see the houses and the tenants could decide if they were interested in a further round of housing in the following dry season as part of their entrance into a lease to purchase arrangement.

Senator BERNARDI—Were people actually living in these homes that you built?

Mr Ryan—They are living in them now. They were constructed and they had a very short period where people were able to view the homes, which was followed by tenants moving into the houses. They are now tenanted.

Senator BERNARDI—Why was it necessary to build a seven- or eight-bedroom home just to show people that this is what a home looks like?

Mr Ryan—At the time there was the thinking that a seven- to eight-bedroom house might be something that people on outstations would be interested in because of large family groupings. One of the advantages in doing those four houses was in fact that we found out that communities were generally not interested in that and preferred smaller three- to four-bedroom houses, rather than very large seven- to eight bedroom houses.

Senator BERNARDI—So some lucky family has a palace.

Mr Ryan—It is certainly not a palace, but it is a house with many bedrooms.

Senator BOYCE—What you are telling us is that you found out of that that nuclear family groupings were a preferred lifestyle.

Mr Ryan—Without commenting on lifestyle, people did not want very large houses. Their preference was generally to have a smaller family grouping living in a smaller house rather than living in a very large house with extended family—in that community.

Senator Chris Evans—Just like the rest of us.

Senator BOYCE—Exactly.

Senator CROSSIN—I still have some questions about the Nama-Wudapuli.

CHAIR—Have you not finished that line? I thought you had finished.

Senator CROSSIN—Was anything provided in grants and subsidies at the time?

Mr Ryan—What form of grants, Senator?

Senator CROSSIN—Yes. Were there any grants or subsidies?

Mr Ryan—To individuals?

Senator CROSSIN—Yes, or communities.

Mr Ryan—No. What was provided was funding through IBA to construct the houses. There was funding provided to provide support services through agencies to tenants. I am not aware that there were any direct grants provided to any individuals. It was all to do with funding to achieve particular services or particular construction.

Senator CROSSIN—Was the model anticipated at the time that you would charge people only for the price of the house, for the component of the construction, which was around \$500,000? Was that the aim back then?

Mr Ryan—That goes to the detail that was not apparent. There were statements made which indicated some of the parameters that we would work to in a lease to purchase model. We looked at what model would need to be set up to fit within those parameters and we provided that advice to the minister.

Senator CROSSIN—Did you work out what the cost per house would be, as opposed to the percentage of the total construction cost?

Mr Ryan—Sorry, Senator?

Senator CROSSIN—Well, let's say the cost per house is around \$500,000. What is that in relation to the total construction cost?

Mr Ryan—What the proportion of housing construction is to the total cost of the project?

Senator CROSSIN—No. What is the cost to buy an individual house in relation to the total cost of the project?

Mr Ryan—I think I understand. You are asking how much is the actual purchase price that we anticipate would be paid by the tenant—

Senator CROSSIN—Yes.

Mr Ryan—as opposed to the total cost of constructing the house?

Senator CROSSIN—Yes.

Mr Ryan—We have modelled that and we have provided that advice to the minister.

Senator CROSSIN—And you cannot tell this committee what that percentage would be?

Mr Leeper—I think it is probably covered by advice to the minister at this point. We could take it on notice and, as Dr Harmer indicated a few minutes ago, there may be some matters that are clarified by the minister's decision. We could reply to that on notice.

Senator CROSSIN—When this was first initiated and introduced last May, what was the percentage then?

Mr Ryan—My recollection is that there would not have been a percentage at that time. There would have been some principles that were spoken about in terms of a lease-to-purchase model and the likely prices or the likely period of payment that would occur and the types of repayments that would be made. Then we would have had to determine what the cost of the house was. We were not applying the cost of the display houses. We were looking at what was going to be the total cost in the follow-up construction round with the 20 houses, which would provide a fairer level to set the cost of the houses at.

Senator CROSSIN—You anticipated that that would be around 500,000. Is that correct?

Mr Ryan—I would have to look at what we anticipated at that point.

Senator CROSSIN—Can you take that on notice?

Mr Ryan—Yes, I will take that on notice.

Senator CROSSIN—We had an announcement by Minister Macklin in April this year of \$647 million for housing in the Northern Territory. How many new houses are expected to be built out of that?

Ms Cattermole—It is around 750 new houses.

Senator CROSSIN—750 new houses. What would you expect the cost of each house to be under this model?

Mr Ryan—We have based these figures on a target cost of \$350,000 per house but I have to stress that that is a target cost and it is only when we go out to test the capacity of the market to deliver housing that we will actually know what these houses will cost.

Senator CROSSIN—This is where the alliance model comes in. Is that correct?

Mr Ryan—That's right.

Senator CROSSIN—I could ask you to explain how the alliance model works but I think we probably went through that a bit earlier.

Mr Leeper—I am happy to have a try.

Senator CROSSIN—All right; thank you.

Senator SIEWERT—Could you tell me how you build in the extra \$100,000 for infrastructure, because earlier we identified another \$100,000 on top of the \$350,000 for infrastructure.

Mr Leeper—I will let Mr Ryan talk about infrastructure but if I may I will just address the general purpose of the alliance model. It is to give as much certainty as possible to the marketplace, to forecast as far ahead as we can the schedule of building and to engage the

contractors in some of the design elements so that the work makes a bit more sense. Alliance partners who take part in the project are guaranteed direct project costs. The alliance model seeks to protect them from unwarranted losses and to protect the Commonwealth, to be frank, from what might otherwise be, in some circumstances, extraordinary profits. So we are trying to steer a middle course between protecting the business interests of the contractors taking part and protecting the fiscal interests of the Commonwealth around the total cost of the project. I will ask Mr Ryan to talk about infrastructure.

Mr Ryan—We have anticipated a cost of approximately \$100,000 per new house, but again it will substantially vary depending on the community, the level of service sites that are already available in that community, the number of new sites and, particularly, new subdivisions that we need to construct with associated head works. On average we have had a target cost of around \$100,000 per new house.

Senator SIEWERT—Does the alliance provide that infrastructure?

Mr Ryan—Yes, the alliance will provide that infrastructure.

Senator SIEWERT—The total pool of money that has been committed for the new houses is \$350,000 plus \$100,000. So it is \$450,000 per house. Is that what is being budgeted out of the \$1.6 billion or whatever it is?

Mr Ryan—That is the target cost, yes, for a new house and infrastructure.

Mr Leeper—It is not the \$1.6 billion; that is the total funding bucket. It is \$647 million in the Northern Territory under the strategic investment.

Senator SIEWERT—600 and how many?

Mr Leeper—\$647 million over four years.

Senator SIEWERT—Yes, you did tell me that.

Mr Ryan—\$100 million of that coming from the NT government.

Senator SIEWERT—So the Commonwealth is providing \$547 million. Yes we added that up before.

Senator CROSSIN—I have two questions left. Under the alliance model, you would be confident that houses will be significantly cheaper than under the lease-to-purchase model?

Mr Ryan—The construction cost is not really related to the lease-to-purchase. Lease-to-purchase is a process for managing the housing and then potentially selling it to tenants. It would not directly impact on the construction costs. That would be determined by the procurement method we used. We are confident that under SIHIP and the alliance, the 750 new houses will cost less than that because there are a number of advantages they have in terms of construction and large procurements.

Senator CROSSIN—Is it because the procurement model is better refined than the model used for the building of the houses at Nama and Wudapuli?

Mr Ryan—That is right. It is a larger scale of houses; they will have more time.

Mr Leeper—When we can provide the information, hopefully during the course of the day, on the numbers of houses expected by community, you will see that in some communities

we are putting significant numbers of houses into them. So rather than putting in two or three at a time, we are perhaps delivering 20 or 30 houses over a shorter period which has got to deliver economies, we think, in construction, delivery and installation costs.

Senator CROSSIN—Are you working towards an aim that people will be able to buy their houses built under the \$647 million scheme?

Mr Ryan—Yes. Certainly home ownership is an option that will be available to any of the tenants in those houses under the SIHIP program.

Senator CROSSIN—But, as I understand it, Territory Housing will manage that?

Mr Ryan—Territory Housing will manage that. That is correct.

Senator CROSSIN—Currently in the Northern Territory, if you have lived in your house for a period of time under Territory Housing, you then get an option to buy; will there be a similar arrangement?

Mr Leeper—I think that is the correct order, Senator. The intention is to have the lease arrangements clarified for the properties to be managed by the Northern Territory government, and normal practices would then apply.

Mr Ryan—That would include ownership opportunities.

Senator CROSSIN—Can I summarise by saying: under the money announced in April, you are anticipating around \$350,000 per house with \$100,000 of infrastructure on top, but at Nama and Wudapuli the cost was around \$500,000 and the infrastructure was in addition to the \$500,000. Is that correct?

Mr Ryan—That is right. They are the current estimates. The only thing I would have to add to that is that construction costs are increasing dramatically and those costs will increase over the life of the program. They are the costs at present.

Mr Leeper—As Mr Ryan said, though, the infrastructure costs at Wudapuli and Nama were extraordinary and not usual—including connection of mains power over some distance. So there are some quite significant infrastructure charges that have been levelled over a very small number of dwellings. I would not see those average infrastructure charges as being applicable in the other developments.

Mr Ryan—No. The infrastructure work under SIHIP will be for major communities only. It will not be doing infrastructure in small communities.

Senator CROSSIN—Not in outstations?

Senator SIEWERT—No infrastructure in small communities?

Mr Ryan—Under SIHIP, we are providing refurbishments to the 57 communities. The 16 communities getting major works are larger communities and will have infrastructure. It will not be something that is provided to the 57 smaller communities where we are only working with existing houses which are already serviced.

Senator CROSSIN—Beyond that, outstations—because Nama and Wudapuli are outstations. So it doesn't extend to outstations either—is that correct?

Mr Ryan—No. It is targeting the 73 communities under the emergency response.

Senator CROSSIN—That is all I have on housing.

Senator SIEWERT—We have been discussing the price of houses. How are you going to ensure that the alliance comes in on budget, or limits the cost of housing? How do you know we are not going to get a whole series of \$870,000 houses? What is in the contract that will ensure that we are achieving what you say we are going to achieve?

Mr Ryan—One of the differences between the alliance and previous fixed-price contracts or lump-sum contracts that we have entered into is that previously we would not have been aware of what the cost drivers were around housing construction. A company would put in a price and we would assess that price and the product they were delivering and would make a decision based on that. We would not be aware of how much they were building in as a profit margin or how much they were building in to protect themselves from risk which is associated with working on remote communities. Under the alliance we have an open book method where all costs are actually revealed to both parties, so government and its project managers will be able to understand the full detail of costs associated with building these houses. We will be far better able to both understand the cost of building these houses and make decisions to try and take those costs as low down as possible whilst still achieving the outcomes we need with good housing, with a good life cycle cost, and employment outcomes for local Indigenous people.

Senator SIEWERT—Are you agreeing on a profit margin with the alliance?

Mr Ryan—Yes. We are part of the negotiations that happen under an alliance.

Senator SIEWERT—What is the profit margin you will be using?

Mr Ryan—That is something that will be negotiated under the alliance. It would not be an amount that is set; it will be negotiated on each package that we do.

Senator SIEWERT—So for each community where you provide houses you will be negotiating a profit margin?

Mr Leeper—We may be straying into space where the Commonwealth is at risk of giving away some of its negotiating advantage. The more detail we provide at this point on the public record the harder our position is in individual negotiations. I am not trying to be unhelpful, but, as I said a few minutes ago, the purpose of the alliance is to provide some certainty and some loss protection for the alliancing partners, the contractors. Equally, it is also to protect the Commonwealth from situations where there are—my language might be wrong here—unwarranted profits. People will naturally build in risk margins and contingency factors. We will need to negotiate those on a case-by-case basis. But I suspect the more we divulge our approach here the more we will be giving away our hand.

Senator SIEWERT—What do you mean on a case-by-case basis? Do you mean for each community or for each participant in the alliance?

Mr Ryan—There will be a package of works that generally will consist of a large community—one of the major communities—and a number of nearby refurbishment communities. As part of that package we would work with the alliance partner to develop a target cost estimate based on the scope of works we are asking them to do and on what we

anticipate the various costs associated with that will be. Government would then sign off on this target cost estimate.

Senator SIEWERT—The alliance partner is the only organisation that then gets negotiated with for that community and for the associated refurbishment?

Mr Ryan—Yes, in terms of that particular package—that is right. There will be a number of alliance partners and we will negotiate with different ones over different packages.

Senator SIEWERT—Do they tender for each package or do they say, ‘We want to do this one,’ and you will just negotiate with them?

Mr Ryan—No, they will tender to sit on the panel and then it will be direct negotiation on the packages beyond that. But we will be able to compare the costs across the different alliance partners to make sure that we are actually achieving the best cost we possibly can.

Senator SIEWERT—How do you know that there is not going to be collaboration across the partners to say, ‘This is what the cost is going to be’?

Mr Ryan—Because we actually have an open book audit on alliance, we actually understand the cost drivers. We are less exposed in that sense than we were previously to issues like collaboration, because they will have to justify those costs, whereas previously they would simply have to provide a cost.

Senator SIEWERT—Where communities already have even small-scale building companies, training already happening and also production of local materials, how is that going to be facilitated and allowed under this process?

Dr Harmer—When we sign a contract with an alliance partner it will be up to them to manage how they do it. Many of these remote communities will need to rely on local contractors and local suppliers. With the current situation in the building industry across the north, it will be almost certain that many of these partners are going to need to rely on local people for the labour, local subcontractors et cetera. We do not know how they are going to do it, but it would be hard for us to imagine that they could do it without relying on people who have been involved in the area as subcontractors supplying labour.

Senator SIEWERT—So you are not going to build that in; you are just going to rely on them being able to do it?

Mr Ryan—In terms of employment, there will be local employment targets set on each package that the alliance company has to meet, and there will be a cost incentive and penalty, depending on their ability to reach or exceed those targets. So there will be a great incentive for companies to ensure that they employ people locally. We are also working with DEEWR to set up employment programs to make sure that we maximise the employment outcomes that we can achieve under an alliance. One of the major priorities, along with the houses themselves, is that we get good employment outcomes.

Senator SIEWERT—Are the ongoing training programs which currently exist automatically going to be part of the process, or are you going to require other training programs to be set up?

Mr Ryan—That is something we will discuss with DEEWR. We are trying to maximise the benefits that are already out there. There may be areas where we have to put in new programs, but we are looking at trying to get the maximum benefit from what is out there in terms of meeting those employment outcomes and the construction of houses. Where there are companies and training programs there, we will be looking at factoring those into the program.

Senator SIEWERT—Who determines that—you or the alliance?

Mr Ryan—The Northern Territory government and the alliance will be working on that. Both the Northern Territory government and the project management company are looking at that, but it will be a responsibility for the alliance partner to achieve those outcomes under their contract.

Senator SIEWERT—They will be audited against them?

Mr Ryan—They will be audited against them, that is correct.

Senator SIEWERT—We have talked a lot about remote communities and the Northern Territory. I noticed the minister made some comments about six to eight weeks ago about refocusing on urban communities. As we know, the focus of ARIA was away from urban communities. What steps are being taken now following the minister's announcement?

Mr Leeper—I think it is probably best described as 'work under development' through the Council of Australian Governments processes. Through the housing working group and also through the Indigenous working group we are looking at issues around housing for non-remote Indigenous Australians.

Senator SIEWERT—What is the time line on that?

Mr Leeper—The current work will proceed through the course of the calendar year. There will be various decisions made leading up to what is expected to happen in December, which is an announcement of broad intergovernmental agreements.

Senator SIEWERT—Agreements on what?

Mr Leeper—On a whole range of things, including housing and Indigenous-specific elements.

Senator SIEWERT—The COAG end-of-the-year announcement?

Mr Leeper—Yes. The COAG process in general—the five or six working groups across government are all working towards the signing of an intergovernmental agreement in December.

Senator SIEWERT—Has any money been allocated in this year's budget, and how much in forward estimates?

Mr Leeper—The 2007-08 budget included provision for the Australian Remote Indigenous Accommodation Program. At this stage I am not aware past that point whether any additional money has been allocated—those are matters under consideration.

Senator SIEWERT—So none has been allocated for urban housing.

Mr Leeper—None beyond that which is contained in the Commonwealth-State Housing Agreement, the Aboriginal Rental Housing Program, rent assistance, and all those places where Indigenous Australians not living in remote areas are already assisted. But, as far as I am aware at this point, nothing new has been provided in this budget.

Dr Harmer—I do not think there has ever been a specific allocation for urban Indigenous housing. It is always expected that Indigenous housing in urban locations will be provided from the mainstream programs.

Senator SIEWERT—There was Indigenous housing organisations based in urban areas.

Dr Harmer—They have been funded under the Community Housing and Infrastructure Program.

Senator SIEWERT—Exactly. The minister made an announcement a couple of weeks ago—I forget the date—saying we are going to get a renewed focus on this issue, yet no additional funding has been allocated in forward estimates.

Dr Harmer—The renewed focus the minister was talking about was making sure that the new affordable housing agreement will have specific targets for Indigenous housing which will go across the country, including in urban areas. That is still being negotiated, and the funding will be decided by treasuries towards the end of the year.

Senator SIEWERT—Out of the existing funding pool?

Dr Harmer—That is be a decision yet to be made.

Senator SIEWERT—Could we just jump back to the alliance. The alliance is purely working on housing in the Northern Territory. Is that correct?

Mr Leeper—That is correct.

Senator SIEWERT—How are you delivering housing outcomes in the other states?

Mr Leeper—In the budget 2007-08, the previous government set aside an amount of money, \$1.6 billion over four years, to achieve the Australian Remote Indigenous Accommodation Program. To date we have only been able to secure a bilateral agreement with the Northern Territory. Discussions with the other states remain underway.

Senator SIEWERT—What is the time frame for them?

Dr Harmer—It is by the end of this year, the same time frame as the COAG special purpose payment programs.

Senator SIEWERT—Has there been an allocation of resources against each of the states?

Dr Harmer—That will be negotiated as part of those agreements.

Senator SIEWERT—What are you requiring in the negotiations with the states? I understand that there will be similar tenure requirements—we discussed that earlier.

Dr Harmer—For Indigenous housing, under the Remote Indigenous Accommodation Program we will be requiring significant reforms, economies of scale in purchasing, appropriate rent collection and maintenance programs, as far as possible programs that provide employment for Indigenous people, particularly in remote communities, and security of tenure for the land. We do not want to be building housing on land where we cannot secure

the asset. All of those reforms that we have talked about earlier in relation to the Northern Territory we will be looking to achieve in the rest of Northern Australia.

Senator SIEWERT—Have lots of houses been stolen?

Dr Harmer—There have been lots of houses that are not in good repair and where the asset is not maintained by government.

Senator SIEWERT—There are a lot of houses not in good repair. We have all seen the report that shows that the majority of that is because of wear and tear and the sheer numbers of people living in them, not through wanton vandalism—I can point you to the research that shows that.

Dr Harmer—I did not suggest that it was wanton vandalism.

Senator SIEWERT—Have there been lots of houses that, because the government does not own the land, they have not been maintained? Where is the study or the evidence that shows that?

Dr Harmer—We will provide you with a copy of the PricewaterhouseCooper's report. They did a detailed study on the operation of the Community Housing and Infrastructure Program for the previous government and that was the basis for the establishment of the Remote Indigenous Accommodation Program.

Senator SIEWERT—I have read that, but it does not then tie into 99-year leases.

Dr Harmer—It does not, and I was not suggesting that it did. They were certainly recommending that we maintain much tighter control over the assets that we are putting in the communities.

Senator BOYCE—I have a broader question on the Remote Indigenous Accommodation Program. How many units have been built under the program? Pick your time—perhaps last July to December 2007, or to date.

Dr Harmer—That program was not due to commence until July this year. We did commence it in the Northern Territory earlier, with the bilateral agreement signed. That is the only place at the moment where that program is in operation. In all the other states the Community Housing and Infrastructure Program is still in operation and will be broadly until the end of this year when the new COAG arrangements are put into place.

Senator BOYCE—So we have housing units going in in the Northern Territory. How many under the program to date?

Dr Harmer—Mr Ryan answered that before, I think. We are expecting the first housing under that to be put in place in 2009.

Senator BOYCE—Are contracts currently being signed? Can we talk about—

Mr Ryan—There is a procurement process under way for the alliance partners who will deliver the houses. An expression of interest process just closed and that will be followed by a tender process.

Senator HEFFERNAN—What is a house? What is a unit? Is it a flat pack or a mud brick or cement block? Is it a thing on stilts like down the South Coast here in New South Wales? A

lot of the communities are really concerned about it, and Wadeye is a really good example where they had the only construction works in the town taken away. What is a house?

Dr Harmer—It is a unit of accommodation on a block of land.

Senator HEFFERNAN—But is there a preferred type? You know the flat pack ones, the ones with corrugated iron and the curved roofs. The steel that goes into the ground will rust off in 10 or 15 years. Are they in the tender system? Are they part of what you are proposing?

Mr Ryan—The tender system is for the companies that will build the houses. Under the alliance model, they are then able to select the best method of delivering those houses.

Senator HEFFERNAN—But isn't that putting the cart before horse—or arse about face, in bush language? A lot of the communities want to have a say and be part of the construction? Have you discounted flat pack versus on-site constructions, tilt-ups, concrete or whatever? You are saying you will award the tenderer and then the tenderer will tell you what sort of houses they are going to build?

Mr Ryan—We continue to work with the company and we also consult with the community.

Senator HEFFERNAN—Yes, but you could get a tin-pot house versus a decent house. Some of the houses that these people have got to live in—have you been to Wadeye?

Mr Ryan—I have been to Wadeye.

Senator HEFFERNAN—What about those houses just on the left? That poor unfortunate schoolteacher has got to live with 18 people in a house with no windows. Do you call that a house?

Mr Ryan—There will be output specifications which determine minimum standards that these houses have to comply with, but what the alliance model has is flexibility to then choose the best method of construction for that particular community.

Senator HEFFERNAN—Does the community have an input into what is the best?

Mr Ryan—The community has input into that process.

Senator HEFFERNAN—Could you let the Senate committee know what that process is that the community has input into? The community does not seem to think they have input.

Mr Ryan—The process has not started yet, so they cannot have input until it starts.

Senator HEFFERNAN—There you go. So you are talking through the back of your hat.

Senator BOYCE—I guess that is where my questions are going. There seems to be a lot of revving and wheel-spinning going on at the moment, but what has to happen to make this actually start?

Mr Ryan—We are procuring the companies that will deliver the works. Those companies, along with the SIHIP project management team, will then work with the community to determine what capital works need to happen in that particular community, the way they should be delivered and the level of employment outcomes that should be achieved. That will then be signed off by government and construction can then proceed. For each package there

is a process to go through that allows for community consultation and for the most appropriate design of those houses.

Senator BOYCE—Assuming you had the minister's signature on a blank piece of paper, when could you build the first unit?

Mr Ryan—At the moment we are procuring the companies. The companies will do the building, and they will be in place by October.

Senator BOYCE—When could the first unit be built?

Mr Leeper—Calendar 2009.

Senator HEFFERNAN—Is there anything in the contract documents that says the companies should at least avail themselves of some of the local Indigenous labour?

Senator BOYCE—Yes, we have been through that in depth, Bill.

Mr Leeper—It is a primary objective to make sure that local people in the communities are employed in the construction of the houses. In fact, tenderers who fail to achieve benchmarks for local employment on the projects will be financially penalised.

CHAIR—Mr Leeper, can we have a copy of the tender documents?

Mr Ryan—At the moment, the tender documents are being developed. We have just gone through the expression of interest stage, and the expression of interest documents are publicly available. We can provide those.

CHAIR—It may be useful for the senators who are asking these questions have a copy of that.

Dr Harmer—Remember this is a very major change in the way we are delivering Indigenous housing—a very major change. We are starting in the Northern Territory. The bilateral agreement was finalised in April and we are now going through the process. The Northern Territory government, the housing department up there in particular, are managing most of it. We are involved, as we answered earlier, in terms of the consultation phase et cetera. It is really important to us. It is important that we get it right.

Senator HEFFERNAN—Are you giving guidance as to what is a fit and proper proposition for a house? Some of them are shit boxes. They are literally hopeless.

CHAIR—Bill, I do not think 'shit box' is—

Senator HEFFERNAN—Well, they are terrible places.

CHAIR—Thank you very much.

Senator HEFFERNAN—Is there a set of standards by which you can judge whether one tenderer is going to do a fly-by-night construction, and can we see that thinking? We might be able to help them.

Senator Chris Evans—We went through a fair deal of this before, it is obviously not helping the committee if we go around in circles. We are not making much progress.

Senator HEFFERNAN—Sorry.

Senator Chris Evans—What the department indicated is that part of this response, which was started some time ago, is to meet that very question which you correctly identified—that communities are being ripped off by small contractors who, in part because they only let one or two houses, have been paying enormous prices. And, because they are not repeat customers or part of a larger contract, attention to standards has not necessarily been all that high. There have been some good experiences and, as you pointed out, some bad experiences. Part of the change in approach is to say, ‘Let’s purchase a larger group of houses with a major contract which allows us some quality control and also gives us some buying power.’ One community buying one house in a remote community leaves them very vulnerable in terms of the cost and then, as you know, in terms of the maintenance and servicing of the contract. So your point is well made. You also raised the point about design, which is a slightly separate issue. I do not think the officers have given much on design. I will be interested myself to hear what the design areas are. But we had an earlier discussion and the whole idea of the contract is to try and solve that problem.

Senator HEFFERNAN—I have been out there where those houses have suddenly gone from \$350,000 to \$800,000; I have been to those houses in one of those removed communities from Wadeye. Some of the people that take these contracts think the government has endless buckets of money.

Senator Chris Evans—The government has to get smarter. We had earlier evidence that we tried to build houses in the wet season.

Senator HEFFERNAN—Yes, unbelievable.

Senator Chris Evans—I do not know a lot about the wet season, but I know you do not build houses in the wet season.

Senator HEFFERNAN—I do; I know a lot about it.

Senator Chris Evans—We have covered that ground. The question of design is one we have not covered, so if one of the officers would like to help answer that query from the Senator, that would be helpful.

Mr Ryan—There will be a design consultant as part of the project management team with the NT government who will look at the various designs and be able to provide assistance to the alliance companies about what designs are available. Again, each package potentially can provide some degree to allow community consultation.

Senator HEFFERNAN—Can I just go to the design stage. Out in that other room there is a sign that says that the maximum number of people allowed in the room is 42—I think that is what it is.

Mr Ryan—Yes.

Senator HEFFERNAN—One of the things that goes wrong in these communities is that, when you build a new house, 50 people want to move in, and you end up with, say, 20.

Senator BOYCE—We had evidence earlier that said that 50 people do not.

Senator HEFFERNAN—Don’t?

Senator Chris Evans—They do not choose to. But the problem is that, if there is insufficient housing, you end up with an average of 18 or 20.

Senator HEFFERNAN—If you only build one house instead of 30 houses, you end up destroying the one you built because the mob move in. That is fair enough, I would probably move in myself.

Senator Chris Evans—If you were invited.

Senator HEFFERNAN—You do not have to be invited in these set-ups.

Senator BOYCE—I would like some clarification. The ARIA program building blocks are now being put into place, and it will be dependant upon the COAG intergovernmental agreement, which is supposed to happen at the end of the year, to rollout anything in any state, except the Northern Territory?

Dr Harmer—Yes, in any other states.

Senator BOYCE—Thank you.

Senator HEFFERNAN—So while we are getting a tender together on the design, are you going to ask publicly whether we could have some propositions for what the designs might be so that you have something to measure your contracts against?

Mr Ryan—The designs are being looked at by the NT government through their design consultant, but it will be further looked at when the alliance companies—

Senator HEFFERNAN—Is that a closed door process?

Dr Harmer—It will be by open tender, Senator.

Senator HEFFERNAN—No, will it be something that we can all have a crack at?

Dr Harmer—I am not sure whether you will be having a crack at it, Senator, but there will be people in the community who will.

Senator HEFFERNAN—Yes, that is what I mean.

Dr Harmer—People in the community will. I will ask Mr Ryan to talk about the requirement. The requirement will be that the community is consulted.

Mr Ryan—Correct. There will be a stage when we identify the community that we are going to work with, for the alliance partner to go out and work with that community and look at what design features those houses need to make sure that we provide appropriately designed houses for that community.

Senator HEFFERNAN—The compressed mud brick houses in the communities up near One Arm Point and those places which were done by some bunch of shonks from bloody South Australia meant you could rock the walls. The walls were this thick but you could rock them.

Mr Ryan—Yes, but we are not looking at those houses.

CHAIR—That is not one of the options, Mr Ryan.

Senator Chris Evans—I think it might be worthwhile for a department to take on board the interests of the committee about design and see what information can be provided, firstly

about the consultation process, and secondly about public awareness of that. There is a lot of experience and now this. Quite frankly, we have got it wrong 99 times out of 100. Successive governments of both persuasions, state and federal, have not got it terribly right, so I think it is reasonable that we see how broadly we can actually make information available before we invest an awful lot of money in what sounds like an important new approach. If we do not get the design of the house right, all the rest falls away. I think it is reasonable to see what it can get for the committee.

Mr Ryan—There will be a design library that is actually set up by the design consultant, which will look at the best designs that are around and make sure that is available to the alliance partners.

Senator COLBECK—Who will be the parties to the alliance contracts? Will the Commonwealth be a signatory to the contract?

Mr Ryan—The contract with the alliance partners will be between the Northern Territory government and the alliance contracts, but we will have our own funding agreements with the Northern Territory. We will have the right to approve each of the packages and the target cost estimates for each of those packages.

Senator COLBECK—I ask because there is obviously a significant amount of Commonwealth taxpayer funding going into the contracts. We have a scrutiny process through our public works committee. Will the contracts be going through some sort of similar process—whether it be in the Northern Territory parliament or this parliament—so that we can assess value-for-money for the contracts?

Mr Leeper—We will have to take that on notice. I understand the question you are asking but I am not sure that we can answer that at this point.

Dr Harmer—Given the interest of this approach—it is a new approach, and it is really important that we get it right—I am prepared, when we are a little bit further down the track and making decisions around contractors and the process with the Northern Territory government and the design, to give the committee a special briefing on this if the committee thought that that was going to be useful. I would be prepared to do that.

CHAIR—It would be very useful, Dr Harmer.

Senator ADAMS—On the bilateral agreement on Indigenous affairs with Western Australia, is that part of 1.1?

Ms Cattermole—Yes.

Senator ADAMS—I note that the duration of the agreement is for five years and will be jointly reviewed after two years. This was signed in 2006. My first question is: when will the review take place, and when will it report?

Dr Harmer—This is another case where the senior person who is across this has been taken ill and is not here, but we will do our best to answer your questions.

Senator ADAMS—All right. This agreement was signed in July 2006, and the duration of the agreement is five years. It is to be jointly reviewed after two years, which is coming up. So my question was: is a review to be done and when will report?

Mr Smith—We are due to have a meeting with the Western Australian government later this month and we are going to be discussing the arrangements for the review at that meeting.

Dr Harmer—Roughly, it will be about two years in July, and we will be working out the arrangements for that review.

Senator ADAMS—That is the reason I asked the question, just to make sure that you are going to do the review.

Dr Harmer—Yes, we are going to do it.

Senator ADAMS—Who will do the review; will it be a group of your people and Western Australian government people?

Dr Harmer—I suspect the arrangements have not been sorted out yet, but the review will be undertaken under arrangements agreed between us and the Western Australian government.

Mr Smith—There is a senior committee which is specified in the bilateral agreement as having the responsibility for ensuring its operation, and it would be that committee that will make arrangements for the review.

Senator ADAMS—How long does it normally take for a review to be done?

Mr Smith—We have not had a lot of experience with reviews of the bilaterals, so it would have to be worked out at the time.

Dr Harmer—This will be the first review of a bilateral arrangement, so we do not know how long it will take. We would not anticipate it would be a lengthy process; it has only been in operation for two years.

Senator ADAMS—I will have to ask you the question at the next estimates.

Senator Chris Evans—If the review takes longer than the original two-year period, you will have reason to be concerned!

Senator ADAMS—There will be trouble! I recently attended the Kimberley-Pilbara joint forum of local governments. They had questions regarding the bilateral agreement on servicing the Indigenous communities. Obviously there is the status quo—between the bilateral agreement and the Local Government Advisory Board's inquiry into the local government service delivery. My first question is: was FaHCSIA involved in any consultation on service delivery associated with this agreement?

Dr Harmer—I suspect not. I suspect the agreement from FaHCSIA's end is an overarching agreement to provide certain funds and arrangements, but the detail of the interaction with communities is probably left to the Western Australian government.

Mr Smith—That is correct.

Senator ADAMS—It appears, just from what I could glean from sitting at that forum, that the service delivery to Indigenous communities has fallen on the local governments. Many of the communities are different, a number of them are outposts, and there does not seem to be a definition of a community—it is a little bit like Senator Heffernan's question about the definition of a house. How each community is serviced and the cost to service that community is completely different. So there is a lot of confusion within this area.

Dr Harmer—There is, Senator. Many of the communities are serviced by local Indigenous organisations funded out of the Community Housing and Infrastructure Program. One of the things we are trying to do in reforming that program is to normalise the provision of municipal services through local councils. The Northern Territory is going down that route, and, as part of the negotiation of the new housing arrangements, we are looking at the replacement of the Community Housing and Infrastructure Program to negotiate with the states about taking over the municipal services and normalising services to those remote communities.

Senator ADAMS—The problem was the municipal services. It is a very different thing to be providing what are defined as municipal services in a city or in a regional town than into these areas. This is where all confusion comes from. I thought I would raise it today because it is a part of that agreement. I am sure the local governments would be very happy to have some work done in that area so that they know exactly where they are going and how they can deal with the issues.

Dr Harmer—It is certainly on our agenda in the negotiations with the states around that reform process.

Senator Chris Evans—It is a very important point, Senator. I know that we have had the same difficulties with state governments about normalisation of electricity supplies and communities being asked to organise their own electricity when they are quite large communities. I think Balgo was one from memory—but do not quote me—where we had the issues. The reality is if you have 300 Western Australian citizens living in a community, if it were not for the fact that they were Indigenous, no-one would question the fact that you had provided them with power supplies. Things such as power supply were having to be met out of Indigenous funding rather than out of what should have been normal electricity supply issues. Obviously, there are different issues with very small remote communities, but normalisation of those state services, in terms of electricity and roads, has been an issue that I think is starting to progress within Western Australia. But, as you say, there is a whole range of issues with the municipal government as to what they are expected to do, the rating and all those issues. It is certainly very much part of the agenda. This review should hopefully pick up some of those issues and what progress has been made.

Senator ADAMS—I will certainly be very interested, because local government just cannot cope with it.

Senator HEFFERNAN—I think I can deal with pornography in Indigenous communities in 1.1.

Dr Harmer—Is this part of the Northern Territory intervention?

CHAIR—The questions are wider than the Northern Territory issue.

Senator HEFFERNAN—We will see what happens. If it turns to custard, I will come back after 1.30pm.

Dr Harmer—It is supposed to be intervention related, but we will have a go.

Senator Chris Evans—I am dealing with immigration; I was hoping you were not going to ask me about pornography in immigration centres.

Senator HEFFERNAN—I have a very strong view that all children—not just ‘white fellow’ children—should have an unconditional guarantee of safe passage through their adolescence years. We know that if you are an Indigenous kid in these communities, you have a five times more likely chance of being abused. In some communities in South Australia, 70 per cent to 80 per cent of those kids are abused in one form or another before they reach adolescence. With that in mind, the *Little children are sacred* report said that there is a strong relationship between this sort of behaviour, almost seen as normal, and the use of pornography. I wonder why the government is proposing to allow those sorts of communities access to pornography. Under the proposed bill, in section 127B(2), TV services offering hard core pornography will only be banned at the request of the community. Why would that be?

CHAIR—That is Northern Territory stuff.

Ms Edwards—The bill you are referring to and the current limitations on X-rated material apply to intervention and apply only in relation to intervention material. There will be other officers who would know about additional matters this afternoon if you wanted to raise it then.

Senator HEFFERNAN—I have a whole journey I am going to take you on on this, so we will do the journey after lunch.

CHAIR—I cannot wait, Senator Heffernan.

Ms Edwards—I have some responsibility for the matters you raise, but it might be better to wait until after lunch.

Senator HEFFERNAN—Madam Chair, as you know I am pretty stirred up about this stuff. When the government introduced the intervention I rang the grandmother of a child who I met who, when she was 18 months old, had to be reconstructed because she was pack raped. She was then 11. I asked the grandmother who was looking after her: do you think we are doing the right thing? She said, ‘Of course you are, Bill; we are frightened of our men.’ That is no way to live.

Senator SIEWERT—Have there been any changes made to the way ICCs are being run or organised, following the review by the National Audit Office? Following the review that was carried out of the whole-of-government approach to delivery of services to Indigenous communities, are ICCs still being run in the same manner or have there been any changes made to the way that they are managed? Is this where I deal with this?

Ms Hawgood—It should be, and no, there have been no changes made to the way ICCs are operating.

Senator SIEWERT—Do you intend to make any changes to the way ICCs have been operating?

Ms Moody—I think that there are a series of issues, including the Audit Office review, around that. We are still taking on board how we work with it. I think the Audit Office report was actually very helpful to us. People have concerns about how a whole-of-government approach could work. In fact the audit report was very positive about how we can push through barriers in that space. It is not so much about changing the model of the ICCs but

about making sure that people have the confidence to operate in some of the ways mentioned in the audit report.

Dr Harmer—Whether we maintain the exact format of the ICCs or not, they have some advantages. They are located in smaller communities and are sometimes the only government presence, with representatives from various government departments, who have the capacity to work together and, presumably, assist with the integration and coordination of services. We are constantly looking to improve service delivery, but the fact that they are out there, and have a better chance of coordinating activities because they have representatives from various departments, offers a significant advantage. In the Northern Territory, where we have implemented government business managers in each of the 73 towns as part of the intervention, we have clearly had to have a look at our ICCs. In a sense, the government business managers overlap and duplicate that function. We have gone to a slightly different model in the Northern Territory—we have a northern and a central ICC. Those ICCs will be responsible for interacting with the government business manager. The model depends a little bit on what we do further in Western Australia and Queensland. The advantages they have, being located in smaller communities and having representatives from various government departments, are quite significant. We would like to retain those advantages.

Senator SIEWERT—What are you doing in terms of the audit report? As I understood your response, you have not yet decided how to respond and you are reviewing it.

Ms Moody—Yes. The recommendations in the audit report have been accepted by the department, but we are still working through how we implement improvements to the model.

Senator SIEWERT—When do you intend to have worked through that?

Ms Moody—I do not know that I can give you a definitive date. It is within the next couple of months. We want to bring together a series of things, including other reviews, to make sure that we have a comprehensive program to work forward with.

Senator SIEWERT—Which other reviews are you referring to?

Ms Moody—There was a previous review of the ICC model. We want to make sure that we take the things we learnt from that, bring them together and take them forward.

Senator SIEWERT—Were you also talking about the reviews of the various COAG trials?

Ms Moody—Not specifically. Clearly, we need to be cognisant of some of the things that we learnt from the COAG trials, but not specifically of its recommendations.

Senator SIEWERT—Will you make public the changes that you make or are you just going to make the changes structurally?

Ms Moody—We had not got to the point where we envisaged what those sort of changes were and whether they resulted in structural change or in giving better capability, training and guidance to people to let them take full advantage of the structure that is already there.

Senator SIEWERT—I am sorry; I did not follow that at all.

Ms Hawgood—I think it is more about improving the skills and capacity of the people in the ICCs to be able to operate across government and truly present one coordinated approach

to the communities that they are working with. They are not the sorts of skills that people who have been traditionally trained—for example, as program managers in one program—naturally have. Already there have been a number of changes in ICCs, both before and following the audit report, that have been about trying to recruit staff with different skills and building the skills of staff who are currently in the ICCs in that way.

Senator SIEWERT—I want to know, in terms of the planning that the department is doing around the growth in the number of people living in Aboriginal communities and particularly in remote communities: have you done any projections on the growth of the population in these communities?

Dr Harmer—We have done some work on that. I am not sure whether the people are here, but there is no doubt that the birth rate in some of those remote communities is much higher than the average. The number of children is growing rapidly, which is why it is really important that we do better with getting kids to school, and that is where the welfare reform proposals that the government is carrying forward are really, really important. I am not sure whether we can give you some indications of the sort of work we are doing, but we are doing work in that.

Ms Hawgood—MCATSIA, the ministerial council in this area, has also recently commissioned some demographic research work through CAEPR, which will be very useful I think in terms of the question you asked.

Senator SIEWERT—Are you working with any specific percentage at the moment? Have you identified that, or are you waiting for the CAEPR report?

Mr Smith—We are waiting for the CAEPR research to come through. It is around a range of things. It is about projections of growth in remote communities, and it is also about tracking properly—hopefully, for the first time—mobility patterns between remote, regional and urban communities, and then also looking at patterns of growth and mobility within urban as well.

Senator SIEWERT—If you have only commissioned the report now, how are you factoring in the projected growth in population—you have acknowledged there is a projected growth—into planning for the housing work we were talking about earlier: infrastructure, production, schools, that sort of thing? Are you factoring that in now, or are you waiting until you have got that research?

Dr Harmer—As we do the planning for the sorts of things we need to do in consultation with the state governments, both the Commonwealth government and the state government are well aware of the population growth in these smaller remote communities and the number of children in the communities. I can assure you we are well aware.

Senator SIEWERT—Being well aware is different to the question I asked, and that is: are you planning now?

Dr Harmer—What you are asking I think is: are we building it into our funding? They are decisions for government.

Senator SIEWERT—It is building it into funding but building it into planning of the needs for these centres so that, in 20 years time or whatever, we are not then starting all over again.

Dr Harmer—The government's commitments around closing the gap will involve understanding all of that and acknowledging that we will not be able to close the gap unless we make progress with some of the basic platforms that will make a difference to Indigenous disadvantage in health and education, and housing is critical to that.

Senator SIEWERT—Is the work that you are doing around closing the gap, and the demographic work that you have asked CAEPR to do, being built into the plans for closing the gap? Is that what will underpin that?

Dr Harmer—Yes, we certainly see what we do in housing, what we do in health, what we do in education as all relevant to the key platforms of closing the gap.

Senator Chris Evans—One of the features of the whole approach, Senator, as you know, is the early intervention and investment in early childhood education, on the basis that the investment early will deliver much better results than a remedial investment later on in children's or adults' lives. The unfortunate reality for us now is that large numbers of Indigenous people's lives have been ruined as a result of investment in their potential, their health and their education, so we are very much focused on the early intervention. The early intervention is in the children—as well as, obviously, interventions more generally. But, if you are talking about the growth in the population, that is why we are very much focused on investment in the children, and that investment, the early intervention, is based on what we understand to be the population growth. We are certainly very much aware of it and very much focused on that early intervention, rather than the focus on huge health interventions later on in life. The sad reality is that we do not need a lot of intervention in aged care in the Indigenous population because most of them do not get to the age of aged care.

Senator SIEWERT—I have got a series of questions around early childhood intervention, and I am presuming that is similar to your response to Senator Adams and that we take that next or tomorrow. Is that correct?

Dr Harmer—If it is about indigenous early childhood we, certainly within the COAG Indigenous working group, have a subgroup working on Indigenous early childhood development, and we have been asked to come back to COAG in midyear with some work on that.

Senator SIEWERT—Sorry, which working group is that one?

Dr Harmer—Indigenous working group—the COAG Indigenous working group. There is a subgroup working on Indigenous early childhood development.

Senator SIEWERT—Have you done an assessment of the level of availability of preschool, for example, in Aboriginal communities?

Dr Harmer—I am sure part of our work, which is around data and where the gaps are, we will have looked at. We certainly know that we have got a multifaceted approach to making a difference in early childhood. We have got to focus on the mums pre-birth; we have got to focus on mums immediately after birth; and we have got to focus on trying to make sure the

kids get linked in as early as possible to education, nutrition—all of these things are being looked at in that group. The members of the group include people from the education or the productivity working group and the health working group working with us and the states. It is a very substantial piece of work and a significant focus for the government.

Senator SIEWERT—But my specific question was, do we have an understanding of what preschool infrastructure is available in remote communities or in any of the communities in the Northern Territory and broader Australia?

Dr Harmer—That question would best be directed to DEEWR, who would be better placed to answer that.

Senator Chris Evans—I think you know the answer to that, Senator.

Senator SIEWERT—Between zero and not a lot.

CHAIR—Senator Adams, you might go to some of your questions now and then we will go back to Senator Siewert. You have got a couple of programs you want to check out.

Senator ADAMS—Just on the Northern Territory family support package—does it come into this section?

Dr Harmer—Yes. Have a go at the question, Senator, and the people who are watching out there or in here who know about it will hopefully—

Senator ADAMS—Otherwise I have got some others if they are not here. I want to know: how many people use the safe houses that this funding is supporting—that is the first question—and how many communities is the mobile child protection team able to reach in the Northern Territory?

Dr Harmer—I will have noted both of those questions; and we will try to answer those during the morning if we have it; otherwise we will take them on notice.

Senator ADAMS—I have got a bit more to that if someone comes; otherwise I will go to the Northern Territory youth alcohol diversion: how many youth does this program reach; how many young people are involved?

Senator Chris Evans—The cavalry have arrived.

Senator ADAMS—This is on the Northern Territory family support package and my question was: how many people use the safe houses that this funding is supporting?

Ms Smart—At this point in time, we only have one of the safe houses under the NTER operational, and I do not have the numbers of people using that safe house.

Senator ADAMS—So there is only one at the moment under this particular package?

Ms Smart—Yes, there is only one operational at this point in time.

Senator ADAMS—But there are going to be 15? Is that correct?

Ms Smart—In total, there are going to be 22 safe houses in 16 communities.

Senator ADAMS—Could we have a list tabled later on of the communities that will be involved—just for interest as to where they are?

Ms Smart—Yes, we can do that.

Senator ADAMS—How many communities in the Northern Territory is the mobile child protection team able to reach?

Ms Smart—I am not able to answer how many communities they are able to reach. There are two teams: one in the northern part of the Northern Territory and one centred further south. I am not able to indicate how many actual communities they can reach or service.

Dr Harmer—It depends on the length of time, Senator. Over a long period of time they can access a lot of communities obviously because they are mobile and that is the intention. If we had more teams they would be able to access those quicker.

Senator ADAMS—I was wondering how rapidly it responds, but I guess it depends on where it is located.

Ms Smart—That is correct.

Senator ADAMS—So the team do eventually get to the communities that need them?

Ms Smart—The teams commenced operating on 12 May, so they have had a very short period of time to—

Senator ADAMS—Sorry, I did not realise that. I would not have asked you that question if I had realised that. I did not know it had only just started. I think it is a very good initiative, and I was just wondering how it was going to cope with the actual demand.

Ms Smart—That will be something we will learn over time.

Senator ADAMS—As it goes?

Ms Smart—Yes.

Ms Beauchamp—Senator Adams, can I add to a response that was given earlier around the number of sites in which the 15 safe houses will be located. We actually provided that in answer to question on notice No. 130 to Senator Siewert from the last estimates. So that is already documented.

Senator ADAMS—So that is already out there? I will have a look at it.

Senator SIEWERT—I do not think you listed 22 at that stage, did you?

Ms Beauchamp—It was 15.

Senator SIEWERT—Yes, 15.

Ms Smart—There are 22 safe houses in 16 communities.

Senator ADAMS—I will have a look for that. I hope this one does not throw everyone around again, as it goes to the youth alcohol diversion scheme. How many youth does the Northern Territory youth alcohol diversion scheme reach?

Ms Moody—We do not have numbers on that. What we have tried to do, particularly in getting the program operational quickly, is to reach out to existing services across the communities, because there is a range of youth initiatives already operating but often they do not have the funding or they may not have all the equipment that lets them expand to an increased number of people. We have tried to work with existing services to work through what is missing for them. Sometimes it might be capital, sometimes it might be extra

equipment, and sometimes it might be extra funding so that they can expand the number of youths. So there is not a generic model where we say, 'We're rolling out this particular service.' We are really trying to leverage what was already on the ground and expand that. So I do not have an actual figure for the number of youth who will be affected, because it will be a function of the size of the communities in which the services already operate, how many children or youths they already work with and what increased capacity this gives them.

Senator ADAMS—Would CAYLUS be involved with this program?

Ms Moody—There is a whole range of providers, so I would need to check. There have been a number of press releases about different grants that have been provided to different organisations. I think so, but I will have to confirm that for you.

Senator ADAMS—My next question is about the success rates you have seen from projects like the Alice Springs town camp youth diversion program and the Central Australia school holiday program. Do you expect the same sort of success with the added money going into the programs that you are setting up?

Ms Moody—In answer to your previous question, I can confirm that CAYLUS has received money under the program. In terms of school holiday programs and the like, we see them as very important not only in terms of alcohol but also in terms of all the other forms of substance abuse. So we are very supportive of those initiatives. In terms of results, we certainly see them as value for money in keeping youth occupied during those long periods and engaging them with responsible people in the community. Can you give me a little bit more on what you specifically want to know?

Senator ADAMS—I am really interested in the types of programs and the projects. My next question is: you could supply a list of the projects that the funding is actually addressing? You can take that on notice.

Ms Moody—Yes. There are actually already in the public record a couple of press releases that the minister has issued which have details of the projects, but we can get that for you.

Senator ADAMS—I will check that. It is probably here somewhere, but I have got quite a collection of papers. Is any of this funding going towards projects on petrol sniffing?

Ms Moody—Certainly, Senator. With respect to how we have rolled it out, we have not particularly tried to differentiate between one form of substance abuse and another, because they are all associated problems. As I mentioned earlier, we have tried to leverage infrastructure that already exists. So some of that might be infrastructure that assists with petrol sniffing and diversion from petrol sniffing. We have tried to manage those things together so that we do not overlap with where we have already got sufficient coverage. But, at the same time, we do not say, 'This is only for petrol sniffing problems', and 'This is only for alcohol diversion problems.' We have tried to manage it as substance abuse as a whole, using the facilities and the providers who already work in those spaces.

Senator ADAMS—The funding is obviously fairly flexible. This committee did an inquiry on petrol sniffing. Unfortunately, since we finished that inquiry, there have been several outbreaks of petrol sniffing amongst youth throughout the area again. So I was hoping that

some of that funding for the programs was flexible enough to be able to readdress that problem.

Ms Moody—Given that we are trying to address it through this program in a whole substance abuse way, it has that flexibility.

Senator ADAMS—Good. Within the bilateral agreement with Western Australia that I was talking about, there is quite an extensive petrol sniffing program there, and I was hoping that when the review people go out they may be able to look at that issue and report back, because that covers not just Western Australia but also the Territory and the APY lands. I have got a few more questions but I will hand over to Senator Siewert.

Senator SIEWERT—Does the petrol sniffing unit come under you? I know we do this every single estimates, whether it is health or you, but—

Mr Barson—The petrol sniffing unit that operates out of Alice Springs, the Central Australian Petrol Sniffing Unit?

Senator SIEWERT—Yes.

Mr Barson—Yes, it operates within FaHCSIA's framework. It operates from the ICC in Alice Springs, and the staff work to me.

Senator SIEWERT—I was expecting to do this tomorrow, so I have not in fact brought my questions with me. So I will check at lunchtime and, if I miss some, I will come back. The last time we were discussing this, as I recollect, we were talking about a review that was being undertaken of the rollout of the eight-point plan and some of the programs that are already underway.

Ms Moody—There is an evaluation underway of the first year of the implementation of the 2006 budget measure around petrol sniffing.

Senator SIEWERT—Do we deal with that here or tomorrow in Health?

Ms Moody—FaHCSIA is responsible for the overall evaluation. The petrol sniffing strategy does involve a number of agencies who contribute to that, including the Department of Health and Ageing and the Attorney-General's portfolio. So I guess it depends a bit on what it is specifically about. For instance, the rollout of Opal fuel is primarily an issue for the Department of Health.

CHAIR—Ms Moody, so the lead agency for the evaluation is FaHCSIA?

Ms Moody—Yes.

Senator SIEWERT—Could you tell me what progress has been made on that evaluation? Where is it up to and will the results be made public?

Ms Moody—The evaluation is still underway. It has not been finalised at this point. Whether it is made public is an issue for the government.

Senator SIEWERT—Who is doing the audit?

Ms Moody—Urbis Consulting are the consultants who are undertaking the evaluation.

Senator SIEWERT—When is that evaluation likely to be finalised and sent to the minister?

Ms Moody—I will just check that and I will get you that information in a few minutes.

Senator SIEWERT—That would be appreciated. At the last estimates I asked about where the full-time workers were under the eight-point plan, and you have given me the response to that. As I understand it, there are still none in the Central Australia expanded zone.

Ms Moody—Sorry, full-time?

Senator SIEWERT—You had full-time workers in four communities.

Ms Moody—Youth workers, yes.

Senator SIEWERT—In four communities?

Ms Moody—Yes.

Senator SIEWERT—If you recall, I have been chasing the issue around the Central Australia expanded area for a while.

Ms Moody—Yes.

Senator SIEWERT—In response to my question, you said there had been none put into the Central Australia expanded area. If you recall, when the rollout was expanded, it was expanded further into the central area.

Ms Moody—Yes.

Senator SIEWERT—I was told at the time that that would be subject to budget considerations. That was in February. What is in the new budget for that area?

Ms Moody—The expanded zone that falls within the Northern Territory has been considered as part of the Northern Territory alcohol youth diversionary measure that we were just talking about. So there will be programs and things that we are assisting through that, but there is not additional specific petrol sniffing money.

Senator SIEWERT—In that area that we are talking about in the Northern Territory, you circulated a list in February of the programs that you were funding at the time and there had just been some recent announcements. They were, as I recall, fairly specific projects but they were not based around a full-time worker. Have there subsequently been full-time workers put in those other communities?

Ms Moody—The issue with the intervention money for 2007-08 was that, at that point, we did not have a second year's funding. We now have another year's funding. With the money that we were able to deploy in 2007-08, if it was for staffing, it was for short-term staffing because we did not have the forward years that we now have for that program.

Senator SIEWERT—But for that you have only got another 12 months?

Ms Moody—Yes.

Senator SIEWERT—Will there be full-time workers in these communities that we have been banging on about for a very long time?

Ms Moody—I think we will have to come back to you on the issue of what services are already funded from other parts. There are a range of different funders and interacting programs around the youth area and, to be honest, since we have been rolling out the alcohol

diversion money, we probably understand that better than we did before. So the issue becomes: what was already there—and, therefore, how the NT emergency response money has been able to assist with programs that were already in those areas. But we have not funded additional positions specifically in those areas.

Senator SIEWERT—Maybe I should ask: what audit have you done of any full-time workers in the communities in the expanded central area that I have been asking about since the rollout was expanded?

Ms Moody—We have not done an audit as such. But certainly from the alcohol diversionary measure we are more conscious of what is there. I will put together an answer about what youth services already exist in that zone.

Senator SIEWERT—Does the Petrol Sniffing Strategy Unit know? How long has the unit been running in Central Australia?

Dr Harmer—I stand to be corrected, but I think the Petrol Sniffing Strategy Unit started in mid-2006, so almost two years.

Senator SIEWERT—That unit has been working in Central Australia for two years and you cannot tell me what programs there are in those central area communities. You cannot tell me what programs are running and whether or not you have full-time workers, funded under whoever. This is supposed to be about a joined-up, whole-of-government approach and you cannot tell me how many people are employed in those communities. I have been asking about this for a long time, and I asked last estimates and I was told there are none.

Ms Moody—I do not believe that the Commonwealth directly, through either the petrol-sniffing strategy or the NT alcohol diversionary strategy, employs youth workers in that zone.

Senator SIEWERT—In those zones.

Ms Moody—The issue is whether or not there are other people funded either by the, for instance, Northern Territory government or other sources who may already be there.

Ms Hawgood—Senator, we will get you that answer after lunch.

Senator SIEWERT—Okay; that would be appreciated.

Senator ADAMS—Was the CrocFest funding with FaHCSIA? Where did that live?

Ms Hawgood—It is DEEWR funding.

Dr Harmer—Education, Employment and Workplace Relations.

Mr James—Senator Siewert, I was going answer your question about the evaluation of the petrol-sniffing strategy. Like my colleague said, the report is being completed by Urbis but it is not complete yet. There is actually a cross-agency task force. I understand it is meeting next week, and a draft report will be considered at that meeting. Then we will discuss any changes and decide whether or not we are happy with the report. After that it will be provided to the minister.

Senator SIEWERT—Thank you. I presume when you say ‘cross-agency task force’ that means Health and Ageing, and NT agencies are involved.

Mr James—It has FaHCSIA, Health and Ageing, Attorney-General’s and DEEWR.

Senator SIEWERT—So it is all Commonwealth government agencies?

CHAIR—There is no state involvement?

Mr James—That is my understanding.

CHAIR—That is interesting.

Senator BERNARDI—Dr Harmer, I just wonder if you might be able to seek some clarification of an answer given yesterday in relation to the CSTDA. My concern stems from whether or not I misunderstood or I misrecollect the answer. I do not have access to *Hansard* for a few more days. I asked about the \$1.9 billion for the CSTDA which was recently announced by the government and the states and whether this is new money or intended to replace existing components of the CSTDA. Just for the purpose of clarification, I am seeking to find out whether the existing funding arrangements are going to continue and this money is going to apply on top of that or whether this is designed to replace the money that was within the previous agreement.

Dr Harmer—I am pretty confident that it would be the latter, but I will need to check that.

Senator BERNARDI—Would you mind?

Dr Harmer—Immediately after lunch I will give you a reconciliation.

Senator BERNARDI—I would appreciate that, because that is not what I understood yesterday. Thank you very much.

Proceedings suspended from 12.34 pm to 1.34 pm

CHAIR—Good afternoon, Dr Harmer and Minister. We are going straight back into outcome 1. We are going to go to Senator Adams first and then to Senator Colbeck. Dr Harmer, do you have any information to share with us?

Dr Harmer—I do. Senator Adams asked about projects funded under the Northern Territory alcohol diversionary measures. I have a full tabulation here of services funded in 2007-08, so I can table that.

CHAIR—Thank you.

Dr Harmer—We are also getting information that Senator Bernardi was asking for in terms of reconciliation of the funding for the CSTDA. I am still waiting for it. As soon as I get it, I will provide it.

CHAIR—Thank you, Dr Harmer.

Senator ADAMS—Thank you very much. My first question regards the Northern Territory leadership and coordination. It is about the review. When is the independent review of the emergency response—it is supposed to begin in July 2008—due to present its findings?

Dr Harmer—The review of the intervention, Senator, will commence, as you say, in July. That is the plan.

Senator ADAMS—Definitely will?

Dr Harmer—Yes. It is due to report at the end of September this year.

Senator ADAMS—Will these findings be made public?

Dr Harmer—That will be a decision for government. I would imagine the minister would do that, but that is a decision for her.

Senator ADAMS—Who will be conducting the emergency review? What selection criteria have been used to select these people? Who selected them?

Dr Harmer—The minister is currently in the process of selecting the people who will conduct the review. She has not made a decision or announcement yet.

Senator ADAMS—How much has been budgeted for the review?

Dr Harmer—I might have to take that on notice. We will no doubt be able to give it to you during the afternoon.

Senator ADAMS—To whom does the review committee report?

Dr Harmer—The review committee would report to the minister.

Senator ADAMS—What exactly does the community capability fund, which is identified in Budget Paper No. 2 at page 317, consist of? What local needs are not able to be met by the other established programs? I am using Budget Paper No. 2.

Ms Moody—We have found that sometimes, particularly government business managers on communities, they will identify a need that is important to the community but that is not covered by one of the existing government programs. Therefore, this provides a small amount of funding for them to be able to do different things with the community that address a particular need. It might be that there is a particular piece of equipment that the community needs that is not fundable under one of the other programs but it is important for that community. So it enables the government business manager to engage with the community, assess needs and, where it is not available from another program, use this money. Our preference is if they identify a need and it is fundable from another program, they will first go to that program. So this really is a bit of—you can call it glue funding—really flexible money that picks up if there are particular small-scale gaps between what the other programs can provide to a community. It gives the government business managers just a bit of flexibility to have some money to do that.

Senator ADAMS—How large is the fund in dollar terms as part of the overall measure?

Ms Moody—I need to check, but I think from memory it is \$8 million. It was \$10.9 million in 2007-08. I think it is eight point something in 2008-09. When you divide that by the number of government business managers, that is a fairly small amount of money. But if it is a big requirement, there is normally another program that they can access to try to meet that. This is really for small stuff on the ground.

Senator ADAMS—Thank you. With regard to the Northern Territory child health check teams—it is nice to see you again, Major General—would you mind just giving us an operation update. I think I asked you this at the last estimates and the one before. Could you give an overview of just how it is going.

Major Gen. Chalmers—Thanks, Senator. I will try to be brief. The emergency response is a complex array of holistic measures which have been rolled out over the last 11 months and will continue to roll out into the future. I will hit some of the high points. It was, as you know,

a program which in the first year, the first phase, was designed to stabilise communities and then in years two to four to normalise communities, which is provide normal services to communities. We are just about at the end of nominally what was the stabilisation phase. This phase was most importantly aimed at law and order, providing communities with a break from the violence that was occurring because of principally alcohol and other substance abuse and ensuring that from that stable platform we had a basis to build other measures—education measures, housing measures, health measures and so on. So the important things we have done and achieved in this first 11 months include, in the area of policing, rolling out 18 new watch-houses. We currently have some 50 additional police in remote communities servicing those communities. We have conducted child health checks on some 10,900 children. We have gathered data about the sorts of problems that confront those children and are now in the process of the referral follow-ups. We are offering both expanded primary health care to those children and the specialist treatment that came out of the child health check process. We have briefly discussed government business managers. We now have much better coordination of government services in communities through the current 51 government business managers we have deployed to service 72 remote communities. So those initial measures were the most important measures in the stabilisation phase.

We then began the welfare reform program. We are rolling out income management to communities to ensure that some money—50 per cent of people’s income—is managed in a way that makes sure it is spent on essentials and on food for children and families. In that program, we now have 11,222 people under income management in some 48 communities. In the next couple of months, I will finish rolling income management out to the remaining communities. That is a very thumbnail sketch of where we are up to at the moment.

Senator ADAMS—And the community stores? Are you having anything to do with them?

Major Gen. Chalmers—Food security is an important long-term aim of the intervention. If people do not have access to good, healthy food at reasonable prices, there are going to be implications for their health particularly. If we are going to do something about closing the gap in people’s health outcomes, we need to do something about food and food security. It does mean that we need to make sure that there are stores. In the short term for me, rolling out income management is dependent on having a store that we can send people’s money to which we are confident will be able to manage their money and provide them with a source of food. So part of our program—an important part of our program—at the moment is in the area of store licensing or in other provisions of food security. But with an eye to the long term, an eye to make sure that in areas where people at the moment do not have access to the sort of supermarket arrangements that we take for granted, we have put in place the ability for people to be able to acquire, as I say, good, healthy food at reasonable prices.

That is quite a challenging part of the program because there are so many areas where there are not stores, where people do not have access to reasonable food. Often they have access to fast food arrangements but not healthy food. So it has been quite challenging for us to, in some cases, put in place stores where there has not been a store in the past or where there has been a store and the store practices might have been not what they should be to help bring the store up to a standard that is acceptable.

Senator ADAMS—How can you guarantee the reasonable prices?

Major Gen. Chalmers—It is not something that we can do and it is not part of the intervention, this ability, so I do not dictate prices to stores. But we do work with store managers and through outback stores and with ALPA to look at store pricing and the range of produce that is available and how it is priced.

Senator BOYCE—How many new stores have been opened this year?

Major Gen. Chalmers—I would have to take on notice how many new stores have been opened. We have licensed existing stores.

Senator BOYCE—Outback stores are under licence. New licences?

Ms Cattermole—There are 55 licensed stores to date servicing 48 communities. Of those, 39 have individual licences and 16 are under what we are calling corporate licences. That is, a licence has been issued to a body and the two bodies that have those licences currently are the Arnhemland Progress Association, ALPA, and outback stores. Between them, they have 16 licences in relation to 16 stores.

Senator BOYCE—And so what about the stores themselves? New stores? That is the licences. Are they existing stores?

Ms Cattermole—They are existing stores.

Senator BOYCE—And what about new stores?

Ms Cattermole—I do not have that information. I cannot think there are any new stores at this point, but I would have to take that on notice.

Senator BOYCE—And how many of those 55 licences have been granted in the last six months, say?

Ms Cattermole—That is from the beginning of the program through to 30 May, so that would have been over the last, say, nine months.

Senator BOYCE—Last nine months. What about, say, in the last three months? How many of those in the last three months?

Ms Cattermole—I do not have a breakdown, Senator, of when those licences were issued, but I could get that quite quickly for you.

Senator BOYCE—That would be good. Thank you. Sorry to interrupt.

Senator ADAMS—I was just going to ask about the school nutrition programs. Are you involved with them?

Major Gen. Chalmers—The school nutrition program is rolling out concurrently with income management. So when we bring a community under income management, we also at the same time commence the school nutrition program in that community. So more or less 48 communities that we have implemented income management in have also had a school nutrition program implemented in them. Of course, many communities already have some form of school nutrition program existing. DEEWR's policy is to work with DEET with those existing programs to build on them, and that is what we have done.

Senator ADAMS—The other one is the Community clean-up program. Is that still going on?

Major Gen. Chalmers—The Community clean-up program was a 12-month program, so it is reaching its conclusion. It will finish more or less at the end of June.

Senator ADAMS—Has that been a successful program?

Major Gen. Chalmers—I probably have some figures here which I can provide you, Senator.

Ms Cattermole—I have figures too, if you need them. So far, the program has commenced in 65 of the communities in which it will be going. That is nearly all of them. We have so far surveyed 2,671 properties. In those properties, we have done what we call the make safe, which is the most urgent repairs that are to be made in the houses and other buildings in those communities. We have also done 1,891 what we call minor repairs. That is the next level of repair work after the make safes. They not only do the immediate things but also then record what is needed in terms of further work. That next level of work has been completed in 1,891, as I said. We have done the make safe minor vital repairs in 28 of the communities. So the program is exponentially growing all the time. We are now in, as I said, 65 of the 73 communities that the program will roll out in. So we are almost there.

Senator ADAMS—If you need to do more, will it keep going? Is there funding to keep it going?

Ms Cattermole—The program has particular limits in terms of what it delivers. That is around parameters about how much money can be spent on each of the houses and the sorts of repairs that are done. But what is also happening under the program is that there are what we are calling property condition reports being recorded for each house and each building that is within the scope in each community. Those reports will then be used to help form the basis for the work that will be conducted under the alliance program that we were talking about earlier today. So that next layer of work, which is beyond the scope of this program, will be part of the upgrade and refurbishment that takes place under the SIHIP alliancing approach.

Senator ADAMS—I have been told that a number of places are just getting painted to make them look good and that is all that is being done. Is this correct?

Ms Cattermole—No. That is not correct. In every house and other building that is within the scope of the program, the immediate repairs that need to be made are being made. Anything that is within scope in that next layer of repairs is either contemplated or underway. Anything further than that is to be conducted in the later SIHIP refurbishment program. It may be the case that in some houses only painting was required. I do not have all of that immediate detail. But certainly it has not been a cosmetic program in that sense. It has been about making sure that houses are safe and repairs are made.

Senator ADAMS—The reason I am asking is that in this particular incident apparently the house was painted but the plumbing was not done.

Ms Cattermole—I do not know of such an incident. I could have a look into that. But certainly that has not been the intent of the program at all.

Senator ADAMS—Who undertakes the property condition reports for the department?

Ms Cattermole—There are qualified tradespeople who were engaged. There were two types. One, Indigenous Business Australia, was engaged to manage the first 10 communities

into which the program went. That was to get it underway quickly. That was the first work that was commenced. Then there was a panel, which we established. Obviously a lot of tradespeople were engaged throughout that panel process. In each of the communities there is a project manager who oversees the delivery of the work in that community and is responsible for ensuring that those property condition reports are completed.

Senator ADAMS—And you are confident of the integrity of this process?

Ms Cattermole—We are. We also have processes to do a Q&A analysis on all of those reports to ensure that we are getting the information that we need. It will be so critical to underpin the refurbishment work of the alliancing approach.

Senator ADAMS—It would be reasonably easy, given the remoteness of some of these areas, to rort the system and to claim that repairs have been done that have not been done.

Ms Cattermole—Yes. That is why we certainly put in place processes. We have field officers who travel around inspecting some of the work. We also have ensured this project management approach, where tradespeople do the work and then they are project managed by a group that is separate from the group who are actually delivering the trades work.

Dr Harmer—Of course, Senator, we have a government business manager in each of these communities who can provide us with information. This is the sort of presence we have not had in these remote northern communities before. So we get much better information about exactly what is happening because they are living in the community.

Senator ADAMS—There is something I would like clarified. In South Australia just recently, we have had problems with APY Lands. The headline in one paper said ‘Judge shuns new intervention’. He made a comment that I would like the general to respond to for me:

I don’t know what the Army could possibly do. I don’t know what it did in the Northern Territory.

Would you like to just give us an example of how our law force was really involved in the intervention from the start?

Major Gen. Chalmers—Certainly. As you know, this was not a military intervention. It was a whole-of-government intervention. The main actors came from Centrelink, the Department of Health and Ageing and the Department of Education, Employment and Workplace Relations. Nonetheless, Defence played a very critical enabling role in the intervention. That enabling role was for the most part manifested through NORFORCE. NORFORCE provided logistic support. Their support was principally to the child health check teams. When we very quickly had to take teams of doctors and some nurses out to very remote areas, there was probably no other contractor or agency that we could have called upon in the timeframes to get these teams out and supported in communities.

So with NORFORCE, their operational tempo—they have a patrol program associated with their normal defence role—of patrolling increased dramatically whilst they sent out patrols which were essentially logistic support teams or camp support teams for our child health check staff. That program ran all the way through the child health check program. Defence did a tremendous job in making sure that our teams got to communities. As you know, many of our NORFORCE soldiers are indigenous. Our soldiers’ knowledge of communities helped smooth the path for teams, helped them with issues like cross-cultural communication and

understanding the sorts of communities that they would be working in and living in. So that NORFORCE function was critical to the intervention. I can absolutely say that we would not have been able to roll out the child health check program as quickly as we did without the support that was provided by NORFORCE.

Defence has also provided support in the strategic deployment, particularly of containers. With the police watch-houses that we have put out to communities and the safe houses, for example, defence have provided assistance in the delivery of those containers.

Senator ADAMS—Thank you very much. I gather they are still doing their community work. I was very fortunate to spend a week with them during the break. Just to be able to get to communities that we would never have been able to access was very good as was seeing how well they were received, especially by the children. They are doing a very, very good job. I just thought it important to have that on the record.

Major Gen. Chalmers—Thank you, Senator.

Senator BOYCE—I want to do a bit of a grab bag here.

Senator SIEWERT—Can we be a bit more systematic about this. There are a whole range of issues that need to be covered. Instead of everyone bouncing all over the place, maybe we could be a bit more systematic about the elements of the intervention. Could we do that?

Senator BOYCE—Yes.

CHAIR—Senator Siewert, are there any points you wish to make in particular?

Senator SIEWERT—There is the income quarantine. We have the review. There are the police and all those sorts of things.

CHAIR—So far, what you have raised has been the review. What have you got, Senator Boyce, and we will make a note of it?

Senator BOYCE—I have some policing questions that I was saving for improving policing in very remote areas. Is that legitimate or not under output group 1.2?

CHAIR—It would be one of those ones that would cross over in terms of the intervention.

Senator BOYCE—I have some questions on policing, schools, income quarantining and the cards.

CHAIR—On that basis, the only one that we can go through is income quarantining. Does anyone have questions on income quarantining? Senator Boyce, you can start.

Senator BOYCE—I will start. We had a fair bit of evidence around this subject of the cards used for the income quarantining when we were in Alice Springs in the Northern Territory. This system, I think—this is probably a question for the department—has been looked at for over six months now, but we still have cards coming out that have an expiry date on them. Why is this?

Dr Harmer—We will just get the people who can answer those questions.

Mr Hazlehurst—By ‘cards’ in this context, I believe you are referring to the merchant vendor provider cards.

Senator BOYCE—Absolutely. The gift cards, which at the moment appear to be gift cards with an expiry date.

Mr Hazlehurst—The cards themselves are obviously a product provided by Coles and Woolworths and several of their derivatives. It is really a matter for them in terms of the extent of the expiry date on them. I think we would need to refer to Centrelink for detail. If I understand your question, it is going to the issue of if someone has a card that they believe still has credit on it—

Senator BOYCE—Yes.

Mr Hazlehurst—and it is approaching its expiry date, what do they do? That is actually something we would need to take on notice and confer with Centrelink on.

Senator BOYCE—There are obviously huge problems about people not using all their cards. For instance, Senator Colbeck has left a range here with me. There is a \$50 card, of which \$36.77 has been used. That is 26 per cent of the payment. There is still \$13 left on that card and yet it has been thrown away. There is a card with \$2.21 out of \$20 left on it. Eleven per cent of its value is still there. There are many, many more here with significant percentages. They may only be smallish amounts of money but significant percentages. People are clearly not getting their value for money out of these cards and yet the government is paying Coles and Woolworths full bottle for them, I presume.

Mr Hazlehurst—The issue of the remaining values on store cards such as the ones are you describing is one of the matters that was taken into account by the government in deciding and announcing recently in the budget context the proposal to implement an income management card. So there were a range of factors that have led to that decision. The one that you are describing is one of those.

Senator BOYCE—Does the department have any idea of how much waste in money there is in these cards? I am looking here at about \$200 or \$300 worth of cards and there is about \$40 or \$50 worth of unused money. We are talking about at least perhaps an average of 10 to 20 per cent of wasted money here. Has that been the case across the board?

Mr Hazlehurst—I am not sure that we would have a way of systematically checking that, given that we do not actually—

Senator SIEWERT—How much have you paid for the cards? Surely you know how much you have paid Coles, Woolies and Kmart et cetera for cards. You can ask Coles and Woolies how much has been redeemed against those cards.

Mr Hazlehurst—That is something we could take on notice.

Senator SIEWERT—Have you not done that?

Senator BOYCE—Do you know how much has been spent on cards?

Dr Harmer—We do not run that. Centrelink manages that for us. It is not something done by FaHCSIA. But we can ask them.

Senator SIEWERT—But there is a whole-of-government approach to this. Surely you should have an idea of what is going on.

Dr Harmer—That is what I am saying. We can ask Centrelink to give us the information.

Mr Hazlehurst—We can see whether we can get that information today. We will see whether we can get that from Centrelink today.

Senator SIEWERT—Thank you. That would be appreciated.

Senator BOYCE—Another aspect of this which has been brought to our attention is these cards come in denominations of \$20, \$50 and \$100 and yet 50 per cent quarantined of your pension is not going to be a nice, neat round figure. What sums have been done? For instance, a single person with a child would be getting \$472.80 a fortnight under Newstart. That would be \$236.40 they should get like this. They cannot get \$236.40 so there is \$16.40 left over. They could get \$220. But what happens with the \$16.40? Where does that go?

Mr Hazlehurst—The vast majority of people will have expenses other than food. So there will be deductions being made direct to expenses such as their rent or utilities. So it is not the case that they are fully income managed. All of their income managed funds are going on to these sorts of cards.

Dr Harmer—The card is only one of the mechanisms. It is not the only mechanism used to manage the income.

Senator BOYCE—So how is the up to 50 per cent quarantine figure arrived at, then?

Mr Hazlehurst—The 50 per cent is 50 per cent of their income support—

Senator BOYCE—But how do you divide that? How do you split that up?

Mr Hazlehurst—Centrelink sit down with each customer and work out what their expenses are and make deductions based on that. So, for example, if they had \$80 a fortnight or whatever for rent, the deduction would be made along the lines of that.

Senator BOYCE—And what process do you have in place to ensure that those funds are not being used for cigarettes or whatever in stores?

Mr Hazlehurst—Sorry, Senator. I want to confirm what you are asking me. Are you asking whether those cards are then used to obtain cigarettes?

Senator BOYCE—Yes. Cigarettes and booze.

Mr Hazlehurst—We rely on the training and practices of the stores themselves. As you would probably be aware, the cards are an existing product used to exclude the purchase of certain items. So there is the Essentials card, for example, from Woolies. And the way in which they do that varies depending on the store. Some sometimes only will enable purchase of those items through a particular aisle. But in other cases they will just have training in place and ensure through most of the operators—

Senator BOYCE—And how do you ensure that that is actually happening—that the trading is producing the effective outcome you want?

Mr Hazlehurst—Well, in general, what we are doing is relying on the practices of the major retailers in relation to those cards.

Senator BOYCE—So you are not auditing that at all?

Mr Hazlehurst—We are certainly not auditing them. I do not know whether—

Senator BOYCE—Spot checking? Relying on what?

Mr Hazlehurst—I do not know whether Major General Chalmers has something to add on that.

Major Gen. Chalmers—Centrelink follow up on complaints. So where we have a complaint and some issues have been raised, we follow up on those issues. We are instigating an audit program to monitor store behaviour. But that is a more general program to look at the stores that we licence to make sure that after we roll out income management, stores are still able to cope with the administrative overhead of income management and that aspect is going okay; their point of sale systems are still working okay; and that practices which they have agreed with us they will not undertake are not being undertaken. We need to ensure that any shonky practices are not occurring either. So that general auditing process is getting underway now. But, as Mr Hazlehurst has said, we rely on the major retailers for the store value cards to operate within the agreement of the issue of those store value cards. The cards are limited to what can be procured on them.

Dr Harmer—In addition to the audits that Major General Chalmers was referring to, clearly the implementation of the welfare quarantining will be a key issue for the review, which will start on 1 July and report to the minister by the end of September. This will be something that will be looked at by the review team and be reported on with a view, I expect, of making any recommendations about the nature of welfare quarantining into the future.

Senator BOYCE—Well, of course, it is just on 12 months when there will have been identified issues with these cards before something positive will happen.

Major Gen. Chalmers—Senator, something positive is happening.

Senator BOYCE—I am not suggesting it is not happening, but it will be 12 months that the problems have been around.

Major Gen. Chalmers—Well, they were not clear, Senator. We should make sure that the record is correct on these statements. That is not a correct characterisation of what is happening.

Senator BOYCE—In September we have a new program going in place.

Major Gen. Chalmers—Sure.

Senator BOYCE—We have a program that has been identified as having problems for four or five months.

Major Gen. Chalmers—Yes, indeed.

Senator BOYCE—Can we settle on nine months that we have known there is a problem?

Dr Harmer—I think what Major General Chalmers is saying is that it has not been 12 months. The cards have been issued certainly not over the last 12 months.

Major Gen. Chalmers—I think it would be helpful, given—

Senator BOYCE—Sorry, I was suggesting that by September we were looking at just on 12 months.

Senator Chris Evans—The senator has made a characterisation to express her concerns. This is your chance to say how you characterise it, if you like.

Major Gen. Chalmers—Certainly. I would say that you are correct, Senator, in that there have been problems with the rollout of this program. There have certainly been the sorts of problems that you have identified here. At the same time, I would not like those problems to be seen as characterising income management as a whole. I think income management has been an exceedingly successful program for the people who actually benefit from it.

Senator BOYCE—I am not suggesting that I think income management is not an excellent philosophy. I thought it was when our government brought it in. It is simply around the process here. I have perhaps one last question on this subject. I have here courtesy of Senator Colbeck half a dozen cards that, as I said, add up to a value of about \$20 that were found lying around. Are these being brought to other people? What is happening to them? If they are being brought to the shadow—

Senator HEFFERNAN—Are they trading them?

Senator BOYCE—No. If they are being brought to the shadow minister as an example of the inefficiencies of this particular program, there must be other people getting plenty of them too.

Senator HEFFERNAN—So are they trading them?

CHAIR—Mr Hazlehurst, I think there are a number of people speaking. I think the core issue is that at estimates last time the topic of the unused amounts on these cards was brought up. We were told at those estimates that it was being looked at. We have come to the next round of estimates and there has been a specific question about, again, cards that are being used that have money left on them. There are direct allegations. As Senator Heffernan has said, cards may be traded and used in that way. I think what we are wanting to find out is what process the department is using to look into those complaints. Have you had them? It cannot just be us at estimates giving these complaints to you.

Mr Hazlehurst—Questions about specific complaints and issues to do with the actual processing of the cards are probably best directed at Centrelink. Major General Chalmers might have something he can add.

CHAIR—They have been directed to Centrelink.

Mr Hazlehurst—The main point I would make is that the government has made a decision to implement an income management card. As you know, it was the subject of considerable questioning last week of DHS and Centrelink. The specific example of unused funds on the Coles and Woolies cards is, as I said before, one of the drivers for that. There are a range of others. We believe that the income management card will be much more efficient but more flexible for customers and easier for retailers. It is being implemented as fast as is humanly possible. In the meantime, in order to provide flexibility for people to shop, particularly for those people who would be either travelling to or live close to major centres where the major retailers operate and choose to shop there, this is the tool we have to facilitate that.

Senator BOYCE—The question still now is whether they are being traded. Are people trading cards?

Major Gen. Chalmers—There have certainly been allegations that that has occurred. I think it is possible that it does occur. Centrelink have investigated. It has been very difficult,

though, to find evidence. Accepting that some element of trading occurs and that this solution to providing people with flexibility for their income management is not perfect, what we and Centrelink have done—I think I have discussed it at previous estimates—is focused on trying to ensure that people understand the cards, understand how to use the cards, understand that the card has value that is residual and understand that it is not a one use card and so, therefore, should not be thrown away. We have worked with the retailers as well so that they have practices like telling people how much is left on the card. They give them a printout of their receipt which has the residual value from the card. They circle that residual value and tell people this is how much this card still has left on it. Look, I accept that there are problems, but in this particular part of the solution we have taken some action to try to address those problems. As Mr Hazlehurst has said, the broader policy reaction to these issues is to try to put in place a more flexible system which overcomes some of these problems, and that is the income management card.

Senator SIEWERT—How much is the department supporting stores to convert their charging systems, their debit systems, to actually implement the cards?

Mr Hazlehurst—I do not think there has been any work on that, Senator.

Dr Harmer—I think it probably varies from store to store. But we are certainly supporting the stores to be able to manage this.

Major Gen. Chalmers—Senator, just to be clear, we are talking about two separate issues here. One would be the introduction of the income management card, which would require support to stores. But the other issue is what are we doing currently with stores to support them in income management and upgrading their point of sale systems. So they are two separate areas.

Senator SIEWERT—So when they move to the debit system—

Mr Hazlehurst—Oh, my apologies. I misunderstood.

Senator SIEWERT—I want the old one. I am aware that a number of stores have put in quite expensive—over \$100,000 worth—equipment and now the debit card is coming. What happens to those stores that have in fact already put in—I know some of them are not that expensive—very sophisticated systems to enable them to meet their customers' needs? How much do they get reimbursed? What are you going to do about the fact that they have got now, even though it has only just been implemented, a system that may in fact not be useful with the debit card system?

Ms Cattermole—I can perhaps respond in relation to the upgrades that have occurred in some stores. Yes, certainly there has been assistance in a number of stores to upgrade their point of sale and back office systems to enable them to have in place IT and administration systems that will help support the income management approach. The subsidies have been quite varied. They have ranged from sort of minor upgrades around, for example, a software system through to quite major changes to those systems. I do not have all the details of the breakdown, but certainly they are in the order of up to \$30,000 where there has been quite a major change. But many of them have been more minor software changes. In all of those cases, certainly my understanding is that there have not been any situations where the card would come in, if you like, over the top of that and then render that not worth having been

done. In fact, in all of those cases, those systems are still in use and are still being used currently to support the income management system.

Senator SIEWERT—But that is the current system. What about supporting the debit card? I understand, for example, a BAC store in Maningrida has installed a new system that it is unlikely the debit card will work on.

Mr Hazlehurst—It is probably worth just separating out two issues here. There is no question that in relation to some of the community stores in the communities where income management has been rolled out investments have been made in the point of sale systems for the stores. That has assisted the stores in managing the income managed funds. Of course, it also provides quite considerable assistance to the store in actually just generally managing the business of the community store. In most cases, it is really just a question of bringing the stores up to a standard that a normal retailer would have in terms of their point of sale system so that they would be in a position to also track the flows of purchases of particular products in the store.

Senator SIEWERT—I do not think that a screen where your photo comes up is what I would use when I was going to the supermarket.

Mr Hazlehurst—There are also providers related to, for example, the Arnhemland Progress Association and the ALPA card, and the system they have. Is it called Grocery Manager?

Mr Matthews—I believe it is called Food Card.

Mr Hazlehurst—That is a system which also, though, is used as a way of supporting the actual business operations of the store itself. Without going into the detail of the way in which the income management card itself will work—it is more a matter for Centrelink and DHS to describe, and indeed they described it last week—it is basically an EFTPOS system. So if you have one of those other systems, you will almost certainly have an EFTPOS system. It certainly does not render the point of sale systems upgrades that have been put into the stores redundant.

Senator SIEWERT—Will there be photos on the debit cards?

Mr Hazlehurst—No.

Senator SIEWERT—No photos on the debit cards?

Mr Hazlehurst—No.

Senator SIEWERT—Into the future will there?

Dr Harmer—There is no proposition to have them on now. We cannot speak for decisions in the future. But certainly there is no intention in the decision to create a card for this purpose that would have a photograph.

Senator SIEWERT—Where the point of sale system is already in and it is going to require funding in order to change them so they can handle the debit card, will that change be funded?

Mr Hazlehurst—To the best of my knowledge, Senator, if they have a normal EFTPOS reader, it just uses that. I am happy to sort of provide some further information if it is helpful

to the committee. But it does not actually require a further change to the point of sale system itself.

Mr Matthews—Essentially what happens is that the merchant applies and they are sent out in essence a swipe card that they swipe through their EFTPOS reader. That then registers that particular terminal as something that the card will actually recognise. So that enables that shop to be used for the income management card. So then customers with an income management card can go through that terminal and it will work. The card will not work in any terminal where it has not been enabled in that way. So in terms of actually any systems change, the stores will not need to have any specific systems change to their existing EFTPOS systems to enable the card to work.

Senator HEFFERNAN—So if I am a pot salesman and I go to one of these communities and you give me a \$50 card for \$10 or \$20 worth of marijuana and I go back to Perth, I cannot use it?

Mr Matthews—No.

Senator Chris Evans—You are not that hell of a salesman, are you.

Senator HEFFERNAN—No. But that is the proposition that is out there.

Senator SIEWERT—You can only buy a certain amount of products. You cannot buy alcohol, tobacco et cetera. That will be on the card that is originally swiped through the scanner. It will then reject anything that is bought that is prohibited?

Mr Hazlehurst—I think we are drifting into the detail, which is probably best directed to Centrelink and DHS. Let me say what I can say. Beyond that, it is probably best to direct it to Centrelink and DHS. The purpose of enabling the EFTPOS terminal is to in effect approve that merchant. It is the vehicle whereby electronically, then, the merchant is able to undertake the transactions. In effect, it then says that when this terminal sends a transaction back to the card provider, the card provider says, ‘Yep, we recognise this. We’ll pay.’

Senator SIEWERT—I might put some more questions on notice so you can think about it.

Mr Hazlehurst—Sure.

Senator SIEWERT—We are coming up to the 12-month period where some people have been on 12 months of income quarantining. That is coming up in September.

Major Gen. Chalmers—Yes.

Senator SIEWERT—What is happening to those people? Has there been a decision made as to whether income quarantining for those people is rolling on? Do those people have to sit a test to prove that they can manage their money now? What happens to them?

Mr Hazlehurst—That is one I can answer. That is a matter that we are still providing advice to the government on. No decision has been taken yet on what will happen in respect of those communities that reach the 12-month point. It obviously interacts with the review, although, looking at a calendar, one can obviously tell that the review will be reporting at a point at the end of September when half of the first communities that were switched on will have been on for 12 months. So it is something that the government will need to make a decision on.

Senator HEFFERNAN—Is there an identifiable change in these communities of sleep all day and drink all night, that sort of stuff, from the use of the card?

Mr Hazlehurst—There is certainly evidence emerging from various of the communities when you go and visit them or you go and talk to people from the communities reporting changed behaviour, if that is what you are getting at. Of course, the review will be looking at that quite systematically across the whole of the intervention measures to see what the community-wide effect has been.

Senator SIEWERT—I have a series of questions on income quarantining.

Senator ADAMS—Major General Chalmers, can you give us an update on that specific area.

CHAIR—Income quarantining?

Senator ADAMS—And how it has affected the community.

CHAIR—We will get it at the end of the discussion of income quarantining. Do you have questions on the issue?

Senator HEFFERNAN—I want to ask about the card and the quarantining. Given that this is what I would call a dandy strategy for a serious problem of tucker, has anybody given any thought to using these cards for a more sustainable outlook for tucker in these communities? If I went into a store, swiped a card and said I wanted a pack of tomato seeds, these communities, obviously with a greenhouse in every backyard, could produce their own tucker and be fully sustainable out of their backyard. The set-up costs would be the seed and a bit of water. Are we looking to be as inventive, or do you just say, ‘Go down the shop and get your Coke and chips?’

Mr Hazlehurst—The income quarantining program itself focuses on directing expenditure towards people’s priority needs. In itself it does not then seek to further change their behaviour.

Senator HEFFERNAN—You see, I am looking—

Dr Harmer—You are looking to a longer term sustainable approach. They are the sorts of issues for maybe the review et cetera. As Mr Hazlehurst has said, what we had to do was solve the problem.

Senator HEFFERNAN—I understand the demand.

Dr Harmer—While it is not perfect, it is pretty impressive that we have been able to do it at all.

Senator HEFFERNAN—I am impressed. But I express an interest in this. At home I have a bloke who has one of those little plastic greenhouses about from here to that wall and about 10-foot wide. He produces enough tucker for the street all year round for bugger all.

CHAIR—Any further questions on that issue?

Senator ADAMS—Major General Chalmers, could you just give us an example of the communities that you have visited and the changes in the women that we were discussing before and how they feel about their income management.

Major Gen. Chalmers—Certainly. I guess I can only speak anecdotally because I only know the feedback I get from communities when I visit them. But I would say that overwhelmingly people are very supportive of the protection from humbugging and the increase in food that income management has given them. For example, I was in Belyuen last week and an elderly lady there said to me she did not like the intervention except for income management. She said, 'That's good and we should keep that.' The TO there told me that he had a full tummy, which I thought was interesting because, of course, the aim of income management would not necessarily be to ensure that he had enough food but rather that the children did. But he was indicating that families were getting more food. You will have seen perhaps in the media that Mavis Malbunka in Hermannsburg has been quite up-front in saying that she thinks this is a great initiative, that it provides families with food. So I think there are anecdotally many examples of particularly the disempowered in communities—women, mostly—suggesting that they do see the benefit from a system which ensures that money that in the past has been directed towards gambling, grog and drugs is being now directed towards food. I understand the process is not perfect and does not work as well as we would like, but underpinning all that I think there is a tremendous success story.

Senator ADAMS—I have visited the Hermannsburg store, spoken to the proprietor there and had a look at the whole system. The store owners are putting in work to help the people in the community with their cards. The amount is written on the card so that the owner of the card actually knows what they have left on it, because that has caused a problem. For some people in probably the larger supermarkets, unfortunately, someone comes in with a basket of goods and they are told, 'Well, there isn't enough money there for all the goods,' so they throw the card away and get rid of the trolley, which is a bit of a shame. I think that when the new card comes in there needs to be education to make sure that people realise the card is good and it still has money on it, despite the fact they have to use some cash to top it up.

Mr Hazlehurst—If I may, I might just add for the benefit of senators that one of the most important features of the income management card when it commences operation is that it is reloadable. Existing store value cards that are being utilised at the moment are not reloadable. You cannot put further funds on to them. Obviously it is a significant step forward to be able to do that.

Senator BOYCE—How will people know that?

Mr Hazlehurst—It will go directly into a linked account. It is not a bank account as such. But it does not require the person to do anything, if that is what you are perhaps getting at.

Senator BOYCE—Yes. That is what I am suggesting.

Mr Hazlehurst—They do not have to go and reload it at a kiosk or anything like that. As they receive further income support and family assistance payments, the income managed funds are then divided up in the way I described earlier. Those that are being attributed to the card will simply flow through to the card.

Senator BOYCE—And how will I know at three o'clock on Tuesday afternoon how much is on their card, for instance?

Mr Hazlehurst—You will be able to ring Centrelink and ask.

Senator BOYCE—Ring Centrelink or go to the store and perhaps be embarrassed to discover there is nothing in there?

Mr Matthews—There will be a way for people to check their balance on their card. So there will be a number on the card that they will be able to ring to check their balance. If they are placed in some of the more remote communities where they may not have as easy access to the phone, Centrelink will facilitate that through community agents so that they will be able to contact a Centrelink call centre to get the balance on their card.

Senator ADAMS—I have a question on the rollout of the new card. What is happening in Western Australia is that because people are moving out for Sorry Day or sorry business, they are ending up in Halls Creek, Fitzroy and Balgo. Of course, they have the card and take it to the store and it does not work in Western Australia. With the new rollout, will that be going into Western Australia fairly soon or after July?

Mr Hazlehurst—There are probably two things I should say there. It is my understanding that with the Woolworths Essentials card, for example, you can use that anywhere. So once it has been issued to you, as long as you go to a Woolworths store—

Senator ADAMS—But these little communities in the top of Western Australia do not have a Woolworths store.

Mr Hazlehurst—Sorry. If we are talking about store value cards, they are actually proprietary at the moment. They are actually for Coles or Woolies.

Senator ADAMS—Look, I fully realise that. What I am saying is that—

Mr Hazlehurst—Yes, I understand.

Senator ADAMS—People do not know that that is the Western Australian border. If they are going over there, they are going over there. With this rollout, if it is in the Territory in July but it does not get to Western Australia soon enough, there are going to be the same problems.

Mr Hazlehurst—It is certainly the case that the income management card will be used to support the rollout of the child protection measure around income management in Western Australia. That will commence first in the communities that are actually on the border between Western Australia and the Northern Territory. So in broad terms it will be happening around the same time.

Senator ADAMS—Those in Western Australia going on to income management have to be actually referred to Centrelink by the child protection officer. Is that correct?

Mr Hazlehurst—That is correct.

Senator ADAMS—Having worked in a number of these small communities and lived in the north-west, where there is one child protection officer in a community, it does not take long for people to realise that, 'Hey, that's the person that's going to dob me in and this is why this is happening'. So I think that issue should be looked into. It is hard enough to get people to actually go and live and work in these communities without them becoming the bad person in the community. So has anyone looked at that issue?

Mr Hazlehurst—The Western Australian government, as you would know, has invested quite significantly across a range of initiatives, including Coroner Hope's report recently, and

responded to general concerns about child protection issues, particularly in the remote communities. So they are looking to invest in additional services in those locations. They are reviewing their actual service delivery models as well in order to try to address the situations they have seen arise. They are being offered, by the Commonwealth, the use of income management as an additional tool. So it is something that they are working through to think how they can best utilise income management as a tool in the context of their broader model to do with child protection services. I am not sure if I have answered your question.

Senator ADAMS—We will watch this space, I think.

CHAIR—Senator Siewert, do you want to go back to the review of the program?

Senator SIEWERT—Yes, please. I want to go back to the discussion we were having earlier about the review. Have you developed an evaluation framework? I think I recall at the last estimates we had a preliminary discussion about that and there was some preliminary work being done on an evaluation framework. Could you tell me where that is up to?

Dr Harmer—The minister is currently considering our proposals in relation to the first 12-month review of the Northern Territory emergency response. I expect we will make an announcement about the team and the terms of reference shortly.

Senator SIEWERT—Has there been any community consultation with stakeholders about the evaluation framework?

Mr James—The methodology for the review is going to be a matter for the independent review, the people actually doing that review. Obviously, we have been doing work around what data is available, both across Commonwealth agencies and with the Northern Territory government, to prepare for the review. The matter of consultation, I am sure, will feature as part of the review, but the way that is done will be partly a function of the way the people doing the review want to do it. But it will be a consultative review.

Senator SIEWERT—I should hope that the review will be consultative. I asked whether there has been any consultation with the stakeholders involved about the framework, the methodology and what is being assessed.

Mr James—Again, the methodology will be determined by those undertaking the review. We are not going to tell the reviewers exactly how they should do the review.

Senator SIEWERT—The framework?

Mr James—When you say ‘framework’, there are lots of frameworks around in terms of—

Dr Harmer—The review will look at all of the various elements of the intervention—the policing, the welfare quarantining, the health checks and various other elements. It will look at providing information to the government about how all of those things are working and will report back to government for further decisions.

Senator SIEWERT—I am sorry, but you have not answered my question as to whether stakeholders have been consulted about this review. You will know very well that a review is not just a review; it depends on whether you are counting widgets or outcomes. Are you counting the number of people on the ground, the number of health checks, or are you going to count outcomes? The committee was given a document earlier about licensing and the

stores. Is the form of review that will happen that FaHCSIA will get on the phone, ring a few store managers and say, 'Has your income gone up?' and they will say, 'Yes' and you will conclude, therefore, that income quarantining is a success? Is that what we are expecting?

Dr Harmer—No.

Senator SIEWERT—Can I ask again: have you consulted stakeholders about the review? I asked Tom Calma last week in estimates and he said no, he had not been consulted. He has written one of the most important pieces of work on the intervention to date, in my opinion, and HREOC has not been consulted. Who has been consulted?

Mr James—Obviously, his report will be taken into account in the review. Across agencies and with the Northern Territory government, we have done some preparatory work around the sorts of questions we think the review would look at. They are draft questions, which the review board will look at and assess. We have also been doing work on identifying what data does exist and on identifying data gaps. For example, we can use our government business managers. We are engaging consultants to design survey forms and the like where we can ask GBMs for their impressions of how things are going. We are very conscious of the fact that you cannot expect GBMs to know everything. You only ask them things that they could possibly know and then you overlay that with administrative data. We are working in consultation with the Northern Territory government to get agreement about the sort of data that they can release to us and the caveats that surround that data. All of that material will be available for the review.

Senator SIEWERT—So do I take it that no community members have been consulted about the framework for this review?

Dr Harmer—The minister will select the review team and the review team will have the expertise to look at the terms of reference and work out a way of doing it and I do not think she will want to impose a rigid framework on a group of experts she has asked to review the intervention. But there is no doubt that the reviewers will consult with all of the stakeholders in the process. I would be very surprised to find that they would not both consult with and use the information from HREOC and Tom Calma. There is no doubt that, to do an adequate job with this review, the reviewers will need to go into the communities. It will not be ringing up and asking, 'Are you spending more?' It will be a much more comprehensive, quite intensive, well-supported review process. We in FaHCSIA will support it with a significant secretariat. We have asked the Northern Territory government to provide some support for the secretariat, and they have agreed to that. It will be a comprehensive review.

Senator SIEWERT—So a group that were not consulted in the first place about the intervention have not been consulted yet again around how you are going to evaluate it.

Dr Harmer—They will be consulted during the evaluation.

Senator SIEWERT—After.

Mr James—Not necessarily.

Dr Harmer—No. I said during.

Mr James—They could be consulted about—

Senator SIEWERT—Yes, after you have determined the terms of reference. So they are going to be consulted after but not about the framework.

Ms Hawgood—But not after the methodology is developed. They will be consulted as the methodology is being developed by the board. The methodology will be very wide in looking at progress, at what is working, at what has not worked and at what needs to be considered in terms of future directions. It will look across the whole range of areas from education, health, community safety, income management and so on. So there will be a very broad consultation process as the review board develops the methodology for that review.

Senator SIEWERT—The board is appointed by the minister.

Dr Harmer—Yes.

Senator SIEWERT—Given terms of reference and then will apply a consultant.

Dr Harmer—As is normal in these sorts of reviews where you appoint experts to do a review, the normal practice—I stand to be corrected—would be to give draft terms of reference to the experts and seek very early advice from the experts about the terms of reference. The experts may well in that period decide that they need to do some consultation. Therefore, we cannot answer at this stage—until the review team have been selected, have looked at the draft terms of reference and have approached the way they want to deal with it—whether there will be consultation. Depending on the way the experts approach it, there may well be some consultation in determining exactly how they will do it, including the framework.

Senator SIEWERT—I understand where you are coming from; I just do not agree with you. As I understand it, a tender has already been let by DOHA. They have recently advertised it. I have it here. It is a request for tender for an evaluation of some aspects of the intervention. I am aware that this was released a couple of weeks ago and tenders close on 18 June. Can you tell me how that relates to the evaluation of the intervention that is going to be carried out?

Mr James—I do not have the details of that one in front of us. Different agencies are responsible for different parts of the intervention. We have discussed with other agencies the evaluation activities that they will conduct. In a lot of instances—not all instances—agencies are waiting to see what comes out of the review. I do not know the details of that particular one.

Senator SIEWERT—This is an ad that says, ‘Evaluation of the Northern Territory emergency response; NTR drug and alcohol response measure.’ I am having a little bit of trouble working out how this fits in if we are doing a full evaluation of the whole thing in a coordinated manner. How has this already been released if you are still doing the evaluation framework and the board has not been put in place et cetera?

Mr James—We do say it is a review, not necessarily an evaluation. What we would expect to come out of the review is an assessment of what can be said and what cannot be said, what is working and what is not and what they can say. However, I expect that we would probably frame a range of other evaluation activities after the review is completed, depending on what information we have. Some of the impacts we are looking at are going to be longer term

impacts. You are not going to be able to see the full effect in 12 months. But, once the review has been completed, the idea is to look in a whole-of-government way at how we evaluate the intervention from then on. That would have regard to that particular one as well. But we do not control every single evaluation that every agency might want to do.

Senator SIEWERT—So at this stage the review is not coordinating across all the agencies, or have DoHA jumped the gun?

Dr Harmer—The review will be expected to coordinate across all the elements of the intervention, including the elements of the intervention that the health department are responsible for. It is quite likely. I have not seen that document. Health have let some tenders to collect some information so that they can input more efficiently into the review. They know it is a tight time frame. They have probably moved out early so that they are in a good position to input into the review when the review starts.

Senator SIEWERT—So you were not even aware that they had let this tender?

Dr Harmer—I was not personally, but I expect someone in the department—

Mr James—Somebody in the department probably is. It is just that we do not have the detail in front of us here now.

Senator SIEWERT—If you could check for me to see if FaHCSIA were consulted.

Dr Harmer—Sure. We can take that on notice.

Senator SIEWERT—I appreciate that people are keen to get information, as are we all. I am just wondering whether they are aware of a draft framework of the review that they are fitting into, or are they going off and reviewing something in isolation?

Mr James—We have consulted widely with other agencies about the review.

Senator SIEWERT—You have?

Mr James—Yes, we have. Having said that, as we said before, the exact nature of how the review will operate in terms of methodology will be a matter for the review itself to some extent. But we have kept all the other agencies informed about what we plan to do, the sort of questions we expect the review to answer and the sort of data that we think they can look at as well. We also regularly liaise with agencies in terms of monitoring how things are going and looking at the indicators that agencies have and trying to see how good they are, how they line up et cetera.

Senator SIEWERT—You provided us last time with a list of indicators. Have they been developed further since we last spoke?

Mr James—I was not here then.

Senator SIEWERT—I beg your pardon. Sorry.

Mr James—We are always looking at indicators. For example, we are in a dialogue at the moment with the Northern Territory government around the exact indicators they can give us. I should not give you the details of that discussion. We are in a constant dialogue around the indicators.

Senator SIEWERT—The indicators that you gave me last time—they are in question No. 041—are mainly focused around the performance or response in the community and not so much at the performance of the government agencies and what government agencies have actually delivered or government departments and agencies. Is that going to be a significant part of the review as well?

Dr Harmer—I would be very confident in suggesting that the minister will be expecting the review to report not just on what is going on in the community but how the various departments and agencies that have contributed and responded are making some comments about that as well.

Senator SIEWERT—If you could provide us with the latest list of indicators that you are using, that would be very much appreciated. Some areas will have better baseline data than others, as I am aware.

Dr Harmer—Yes.

Senator SIEWERT—How are you getting around the issues of the provision of some of that baseline data?

Mr James—It depends on the particular measure you are looking at. For a lot of indicators, the baseline data already exists. For example, the Northern Territory government has published data on school enrolment and attendance for March 2007 and March 2008. That sort of data exists. We can get data from Centrelink in terms of the number of people on various types of payments. You can get data in terms of program participation and the number of jobs created as a result of the intervention. A lot of that sort of data is already available from administrative sources. We did an initial government business manager survey. We have also got a lot of intelligence within FaHCSIA from our network that we can draw on. As I said before, we are going to do another survey of our government business managers as well.

Senator SIEWERT—Thanks. I want to go back to the indicators for a minute. There do not seem to be indicators around child protection.

Mr James—No. We have been in discussion with the Northern Territory government about those sort of indicators.

Senator SIEWERT—But there are none yet?

Dr Harmer—I suspect we will further develop them.

Mr James—It is a matter of discussing with them the level at which they can provide the data and that sort of thing. They are still looking at that with us. But that is certainly an area we are looking at getting data on.

Senator SIEWERT—If you could provide an updated list—I think Dr Harmer just referred to the fact that it looks like you have been addressing it further—that would be appreciated. The board will be in place by when?

Dr Harmer—It is up to the minister to decide. She has it under consideration as we speak.

Senator SIEWERT—I think in response to a question that Senator Adams asked earlier you said that you were unaware of how much has been allocated for the review?

Dr Harmer—We will try to get you an answer for that.

Mr James—We do have a notional amount internally that we are using.

Senator SIEWERT—Can you share that with us?

Mr James—We are looking at around \$2 million, but that is to cover just the costs of the actual things that the review board itself might do in terms of paying for them and consultants they may wish to engage. Of course, this exercise is going to consume a lot of resources probably across the department anyway and across other agencies.

Dr Harmer—So the \$2 million will not be the full costs.

Mr James—It is not the full cost of the review.

Senator SIEWERT—It is for the outside costs?

Mr James—Yes. It is the costs of assisting those who will actually do the review.

Dr Harmer—Next time we meet, which will be November, we will be able to give you an indication of how much it cost.

Senator SIEWERT—Thank you. I am trying to find out before the fact how many resources you are putting in.

Dr Harmer—We will not be able to tell you at all accurately before we conclude it, Senator.

Senator SIEWERT—I appreciate that.

Mr James—I should say that that amount is not going to restrict us. It is not as if that is all we have got to spend so that means we cannot go and do another consultancy or do another report or something. That \$2 million is just for the infrastructure in assisting the board and the like.

Senator SIEWERT—And for hiring the consultants?

Mr James—It could be. You have just given an example. What Health is doing is not within the \$2 million. There will be other examples like that.

Senator Chris Evans—I think we ought to wait for the minister's announcement, too, to provide a bit more detail. I think the officer is trying to be helpful, but I think the reality is we do not know how much it will cost. It depends on what commitments are made and how the detail flows. But you do know that there is a very real commitment to the review. It will be funded to the extent necessary to make sure we get a proper process.

Senator SIEWERT—I thank you for that. As you will be aware, this is highly controversial and there is a lot of concern in the community that the review is being undertaken. No-one knows anything about it other than it is happening. No-one has been consulted. So they are very keen to know what is going on with the review because it is symptomatic of what has been going on with the intervention all along, and that is: no community consultation. That is why people are upset about it.

Senator Chris Evans—I think the answer, though, Senator, is that the minister is in the process of considering how the review will operate. Dr Harmer indicated he thinks the decision is not far away. That will involve a public announcement and the naming and scoping of the review. So I think then people will be able to engage in an intelligent

conversation about it. But until that time, which I am told by Dr Harmer is not that far away, people will just have to hold their fire.

Senator HEFFERNAN—I have some questions.

CHAIR—We will do the permanent members of the committee first, Senator Heffernan. We will get to you. I assure you of that.

Senator HEFFERNAN—I will sit here until midnight.

CHAIR—What is the next issue?

Senator ADAMS—I have a group of questions on the intervention.

CHAIR—Because it has been pointed out to me that people want more structure, I want to get an idea of what the topic of the questions are.

Senator ADAMS—They are on infrastructure and leases.

CHAIR—Infrastructure and leases, yes.

Senator ADAMS—And some on housing.

CHAIR—Housing will have to go on notice.

Senator ADAMS—Okay. They can go on that. There are some on child protection.

Senator HEFFERNAN—I want to talk about obviously the porn stuff, child protection and this program right now.

CHAIR—The review?

Senator HEFFERNAN—Yes.

CHAIR—Senator Heffernan, you can ask your question on the review and then we will move into infrastructure.

Senator HEFFERNAN—You are a champion.

Senator Chris Evans—Madam Chair, can I just check before we do. I see on your indicative timetable you were going to do Indigenous affairs and the various agencies by 12.30 pm.

CHAIR—Minister, I did say before we broke that we would change that.

Senator HEFFERNAN—We have all next Friday.

Senator Chris Evans—I am here until 11 o'clock, Chair, so I am very much in your hands. But in terms of the use of time of the officers and the productivity and good efficiency—

Senator HEFFERNAN—They do not look very healthy to me.

Senator Chris Evans—of the department—they are not exhausted; they are enthused and they want to get fire and value for their time today—I was just trying to see if we had any indicative timing for the officers. For instance, if they are not going to get on until after dinner, there is no point in them sitting here for the next four or five hours.

Senator HEFFERNAN—Yes. That is sensible.

Senator Chris Evans—I am just trying to get some guidance from the committee.

CHAIR—What I have discussed with the committee, Minister, is that we wish to get through the Indigenous program by about five o'clock. That is the plan. That incorporates ending this discussion and then working through 1.3 and the particular agencies. That is my plan: to get through that, have afternoon tea and then get back and have that finished by 5.00 or 5.30 pm. That will give us an hour leading into support for families and child support. My understanding is that they are the other two big areas. There is not a great deal for the others, though there are the ones listed for after dinner. I wanted to get an hour in output 3.1 before dinner and then we will know at that stage how the program is going.

Senator Chris Evans—So it is fair to say that those in output 4 can confidently not be expected until after dinner?

CHAIR—Absolutely.

Senator Chris Evans—Are we confident that 3.2 will not be needed until after dinner?

CHAIR—I am confident of that, Minister.

Senator Chris Evans—We can advise 3.2 onwards that they can stand down until after dinner.

CHAIR—They can stand down, Minister.

Senator Chris Evans—Thank you very much.

Dr Harmer—I had a question from Senator Boyce about the number of stores licensed in the last three months. There were 27—19 specific and 18 covered by corporate licences.

Senator BOYCE—Sorry, could you say that again.

Dr Harmer—There were 27.

Senator BOYCE—There were 27 in the last three months?

Dr Harmer—Yes.

Senator HEFFERNAN—In the review, could you give an indication to me about how much is micro-reviewing of what you have done? You might have had X number of kids to get out of bed in the morning to go to school, and mum and dad to get out of bed et cetera. That is measurable and I guess you have indicators on that. There are thousands of kids in the Northern Territory, and for 200 bloody years it has been a complete disgrace in the way we have handled it. Are you going to absolutely tie that into the rest of the journey? So you get them to go to school—and, you know, you go to Wadeye: for the first time last year they had a presentation ceremony not just for attendance but for achievement. So are we going to look at how we get those kids to school and graduate them where they are able to do the things that whitefella kids can do usually when they graduate? Are we then going to go through a process to get them job ready? Given that Indigenous people own 45 to 50 per cent of the Northern Territory, they want economic opportunity. They do not want 17 people living in their houses. They want to be able to get a decent job in a mine. Is that going to be part of it?

Dr Harmer—Senator, that is not specifically part of the review. But we had some discussion this morning about the government's Closing the Gap commitments. My minister is certainly focused on the role that we can play in Indigenous economic development, reform of the CDEP, the strategic investment framework and employment strategies that are

important. There are a range of initiatives around getting kids to school. All of this is an important part of the Closing the Gap initiative. The review itself will look very specifically at the Northern Territory intervention and its operation over the first 12 months against the various elements of intervention and the intention of those. But to the extent that, in that review, we focus on some of the issues that go to the longer term economic benefit, such as closing the gap on education, we will be looking at them.

Senator HEFFERNAN—Just the path from the past to the future. Obviously the ILC are on later; they have some pretty good plans.

Dr Harmer—There is a lot of work going on in the department, Senator, on Indigenous economic development, employment and getting kids to school. These are the key elements for closing the gap.

Senator HEFFERNAN—So what about charging for tucker versus a garden for tucker?

Dr Harmer—Because, with the intervention, we moved in very quickly with an urgent response to a crisis situation, we are focusing, in the review, on those elements. But the longer term work we are doing will focus on long-term sustainability around jobs, education and health et cetera.

Senator Chris Evans—The best community intervention I have seen, Senator, is one done by the Argyle mine. It got 300 Indigenous people jobs. That is the best community intervention I have seen. So I think your point is well made. What we are doing is seeking to repair communities where there are not economic opportunities or employment opportunities.

Senator HEFFERNAN—I heard what Senator Crossin said a while ago about some of these desert communities, where water is short. But there are a lot of places that I can think of out there where there is a bore.

Senator Chris Evans—It is also the case that a large number of economic opportunities and job opportunities in Australia at the moment are in the northern half of Australia. It is driven by the mining boom. We have a skills and labour shortage. We have a large group of unemployed persons. It seems to me we have a once-in-a-generation opportunity to connect the two. I think the time is right to try to really drive—and I know that is Minister Macklin's view—that connection.

Senator HEFFERNAN—I agree with you. The new wealth creation could be a big thing for our Indigenous communities.

Senator Chris Evans—Well, those mining companies are paying top dollar to fly people in from all over the world now to do jobs, many of which local Indigenous populations could be made ready for quite easily.

Senator ADAMS—The inquiry needs to ask about good examples that you are aware of.

Senator Chris Evans—There are some good examples. We just have to make sure we build and spread that and that we ensure that companies understand they are not quick fixes. Someone like Argyle made a long-term investment and then they got results. You do not do it overnight.

CHAIR—Senator Adams, you have questions on infrastructure and leases.

Senator ADAMS—Yes, I have. This is on the intervention. What infrastructure has been installed under the government as part of the Northern Territory intervention since the government has been in?

Dr Harmer—Are you talking about housing?

Senator ADAMS—Any infrastructure that is going to help. I have a question on police stations next, so you can include them.

Dr Harmer—I need to defer to Mr Barson or Major General Chalmers about elements of infrastructure. But in the design and the intention of the infrastructure itself, there was no element saying that one of the strategies was investing in infrastructure. It was clean-ups and health checks. It was improving the safety of the community by putting in policing and those sorts of things.

Senator ADAMS—So has there been any infrastructure, then?

Dr Harmer—It was not one of the objectives of the intervention. But, as we discussed this morning, all 73 communities will get either some housing or some upgrades under the new ARIA program, the bilateral agreement, which was signed by the Northern Territory and Australian governments in April. The 16 biggest communities will get considerable additional housing and the others will get a lot of upgrades et cetera. So that will be part of the infrastructure, which is in the pipeline.

Mr Barson—We keep track of all the various projects, initiatives and infrastructure projects that are implemented in the Northern Territory. I have a list of some 800 projects which are being carried out. A good number of those are what I would describe as infrastructure. It certainly would be possible to pull things from this list—that includes things like a new bore, an upgrading of part of a road, the refurbishment of a building, a new bore again, an upgrade to a child care centre, the creation of a football oval and fencing 30 houses. So there are a large number of projects which in some way or another improve infrastructure in the Territory. I think it would be quite possible for us to pull out for you and for the committee a list, from these particular funding buckets, of the things that have been done to improve the infrastructure in large ways and in small ways across the whole of the Northern Territory.

Senator ADAMS—And that is all to do with the intervention?

Mr Barson—It is; yes.

Senator ADAMS—Thank you. If you could supply me with that, that would be good. How many police stations have been installed physically?

Major Gen. Chalmers—We have opened 18 new watch-houses. I have to be a little careful because not all of those required new infrastructure. Some, for example at Santa Teresa, had some existing infrastructure, which an ACPO was based out of, and that has been upgraded and refurbished. So 18 new watch-houses with additional facilities in some areas have been built, but not all of those were entirely new. I might have the figures here, Senator, if you are interested. Otherwise I could take it on notice and give you the exact break-up.

Senator ADAMS—And how many houses have been repaired? I am sorry, Senator, but I did not get this number down before—so, total houses that have been repaired.

Dr Harmer—We will take that on notice too.

Major Gen. Chalmers—Under the community clean-up program, figures were given to you earlier by Ms Cattermole. We have made urgent make-safe repairs on 2,671 properties, and 1,891 houses have had minor repairs accomplished.

Senator ADAMS—That is the infrastructure. I was going to get on to leases.

Mr Barson—Senator, I could put a figure at the moment of \$13.8 million spent on that infrastructure so far this financial year.

Senator SIEWERT—I would like to ask about safe houses. In answer to a question we asked earlier—it was actually through the review of the consolidation act—we were told that four safe houses have been installed in community. This morning, I understand in fact it is just one and that none are occupied—I have conflicting information. Can you tell me how many now are in place and how many are being used.

Mr Barson—One issue is that safe houses or safe places to go tend to be things that hang off a variety of programs. So sometimes it does get confusing as to what we are talking about when we are talking about safe houses. For example, we have \$11.8 million in the current financial year to establish or expand 22 safe houses in 16 remote communities. I think that is what we were talking about before.

Senator SIEWERT—Yes.

Mr Barson—Of those—I have a list here—a large number of them are built awaiting final inspection by a certified engineer. Some of those use containers. They are at the moment delayed, awaiting the final safety clearance on those containers. So some of them that would have been rolling out the last time we spoke are awaiting that final safety clearance.

Senator SIEWERT—Could you table the list you have got.

Mr Barson—Yes, certainly.

Senator SIEWERT—How many have actually now been put in place in those 16 communities?

Mr Barson—Again, many of these are container model accommodation where they are on site and they are awaiting the safety clearance. So in terms of being in use, no, they are not being used.

Senator SIEWERT—Let me rephrase the question.

Major Gen. Chalmers—I am advised six—The number you are seeking is six.

Senator SIEWERT—Are actually in place and operating?

Major Gen. Chalmers—No. They are in place. We have not opened them yet because we need safety clearance on them.

Senator SIEWERT—None are open. These are all seatainers and none are open.

Ms Smart—One is operating. It is not seatainers at Yuendumu, because it was a refurbishment of a building as opposed to seatainers. So it is operating and has been. I cannot actually say when it started operating, but I believe it was a couple of months ago. The

remainder that have been installed are not operating because we are waiting for final safety checks on them. Five of those are operating and completed. There are others that each day—

Senator SIEWERT—Sorry, operating and completed. I thought there was only one.

Ms Smart—Completed but not the safety checks finalised.

Senator SIEWERT—So there are five in place but not operating?

Ms Smart—That is right.

Senator SIEWERT—I beg your pardon.

Ms Smart—And each day work progresses so tomorrow we could have a different answer for you.

Senator SIEWERT—But, as of today, we have five that are not operating. Will all of them have been installed by 1 July, because I understood it is a ‘use it or lose it’ budget item?

Mr Barson—That is our intention.

Senator SIEWERT—Will they? I understand the intention. It always was the intention, I would believe.

Mr Barson—I cannot actually tell you what will happen by 1 July. The intention certainly is. The final safety checks are being sought by 13 June to allow the remaining safe houses to be rolled out and installed.

Senator SIEWERT—We are talking about—

Mr Barson—The remainder of the 22, yes.

Senator SIEWERT—Of the 22.

Mr Barson—So our plan and our intention is, subject to those clearances, is to have those in place by 1 June.

Senator SIEWERT—And that happens by 1 July?

Mr Barson—By 1 July, thank you, yes.

Senator SIEWERT—I thought I would just make sure it appears properly in *Hansard*. So you have 16 to install between now and 1 July. What happens if they do not get installed? What happens to the money?

Mr Barson—We are talking to the Northern Territory government about that at the moment based on that 13 June deadline. A substantial amount of money has already been paid, of course. The only remaining funds that are in that sense conditional on them being up and running are having them actually on site and installed. We are having that discussion at the moment about the way in which that can be funded if it should roll over into next year. So it is a live issue. We are talking seriously with the NT government. There is no risk to the safe houses rolling out because of that money.

Senator HEFFERNAN—Are these things 40-footers? What are they?

Senator SIEWERT—Can I just finish this one and then go. Of the 22, you can guarantee that all the funding that has been allocated to them, whether it is expended by 1 July or not, will be actually spent?

Mr Barson—I have deliberate caution in answering that question because we, of course, do require things to be done before one hands over money to a contractor. But, yes, we are very confident that all of those will be in place and the money will be spent, and we will not be needing to seek additional money next year.

Senator SIEWERT—Thank you.

Senator HEFFERNAN—Could you give us the break-up of just one of these? What does a safe house container look like?

Mr Barson—It is not a container; it is a set of containers.

Senator HEFFERNAN—It is not an insulated, prior use of refrigeration? What are they?

Mr Barson—They are used at the moment for a large variety of accommodation purposes in the Northern Territory, including our government business manager housing. They are a complex built from containers.

Senator HEFFERNAN—You pick them up with a forklift and put them on a truck?

Mr Barson—You can do, but these, of course, are on footings connected to water and connected to power.

Senator HEFFERNAN—All of that. But have they got windows?

Mr Barson—They do have windows. They have doors. They are in a set of three.

Senator HEFFERNAN—They are fitted to the old?

Mr Barson—Correct. In fact, if you have ever been to a couple of the better fishing resorts in the Northern Territory—

Senator HEFFERNAN—I do not need to hear about fishing resorts.

Senator Chris Evans—I think we are talking two-star, Bill.

Mr Barson—you will find they are built of containers.

Senator HEFFERNAN—If I get a flogging at home and my kids are being pillaged by some dirty old man, I go to one of these places. What happens to me then? When I go back, I get another flogging. I go and stay in the safe house for a day or two. Then what happens?

Mr Barson—The safe house program that we are working on with the Northern Territory government is part of the whole Northern Territory government's violence program.

Senator HEFFERNAN—You tell me what happens. I get a flogging and go to one of these places and eventually I have to go back home.

Mr Barson—Along with that we are supporting the mobile child protection team in the Northern Territory, which has an additional 12 child protection workers to work specifically with families. An additional seven workers have commenced investigations for action to be taken when violence occurs. It is part of—

Senator HEFFERNAN—How many seatainer safe houses have you got? How many geographic spots for them? Eighteen, did you say?

Mr Barson—Sixteen locations, Senator.

Senator HEFFERNAN—So attached to the safe houses are how many officers?

Mr Barson—Each safe house is slightly different. But it generally has two or three workers associated with that safe house. As I said, our involvement in that forms part of the Northern Territory government's own intervention, so it is a supplement to it.

Senator HEFFERNAN—But you can take me as far as you can.

Mr Barson—Yes, certainly.

Senator HEFFERNAN—So if it is successful and you have kids turn up to school—whether they learn anything is a different matter. If you go to a safe house, what is the outcome you are guaranteeing the person who takes refuge in that safe house? To give you an instance, in New South Wales now—

Dr Harmer—The first priority is ensuring safety.

Senator HEFFERNAN—I appreciate that. But how long are you going to stay in a safe house? Are you going to leave them there for six months or two days?

Senator Chris Evans—I think it is based on a women's refuge type model. The officers might be able to help you with the steps further down the track.

Senator HEFFERNAN—I know I am getting out there a bit. I recently took a young bloke who was trying to hang himself to a psychiatric outpace at the Camden Hospital and they put him in overnight. I said, 'Well, what are you going to do with him?' They said, 'Oh, we'll give him a couple of pills. We'll sit him in the sun tomorrow and then we'll send him home.' Is this going to be better than that?

Dr Harmer—I think it depends a lot on the individual's circumstances. The first priority is to make them safe for the night or—

Senator HEFFERNAN—I appreciate that, and it is fantastic.

Dr Harmer—There are a range of other interventions associated with that, some of which are needed for the longer term and some are not.

Senator HEFFERNAN—So is there a linked program to this bloody container?

Mr Barson—There are workers—

Senator HEFFERNAN—Could you provide the details so that we can save time?

Mr Barson—Yes.

CHAIR—Thank you, Senator Heffernan. We will get those.

Senator HEFFERNAN—Good on you.

CHAIR—Senator Boyce, you had infrastructure and—

Senator BOYCE—I have some questions relating to police stations.

CHAIR—Now is the time.

Senator BOYCE—How many new police stations do we have in the Northern Territory? It was just watch-houses I thought we talked about.

Major Gen. Chalmers—I could not say for the Northern Territory. I know the commissioner, for instance, opened a new station in Palmerston recently, but that is clearly not part of the intervention. My focus is on remote and rural communities and particularly the 73 communities that we work with. In those 73 communities, we have opened 18 new police presences.

Senator BOYCE—So when you said watch-houses, you were talking about a police station and lock-up?

Major Gen. Chalmers—Exactly.

Senator BOYCE—Housing for the staff associated with those watch-houses?

Major Gen. Chalmers—Is part of the facility.

Senator BOYCE—So when you say a watch-house, you are talking about an office, a lock-up and a house?

Major Gen. Chalmers—And accommodation.

Senator BOYCE—Accommodation. What is accommodation, then?

Major Gen. Chalmers—The accommodation is container units. So the officers are accommodated in these sea containers.

Senator BOYCE—How many Federal Police do we now have in the Northern Territory?

Major Gen. Chalmers—I will just be careful. I understand that at the moment we have 18. At the moment, we have 51 additional police.

Senator BOYCE—Sorry, 18 or 80?

Major Gen. Chalmers—Eighteen.

Senator BOYCE—So one at each watch-house?

Major Gen. Chalmers—No. The commissioner deploys generally three officers to a watch-house. Of those three, one will be a Northern Territory policeman and two will be from another jurisdiction. We have had officers from other jurisdictions rotate through and finish their deployments. At the moment, they are Victorian police, so they are 10 Victorian officers. They are the only remaining other jurisdiction police to finish their deployments, and they will finish in July. Otherwise, they are AFP officers.

Senator BOYCE—And how many police are there in Mutitjulu?

Major Gen. Chalmers—Mutitjulu has three police officers.

Senator BOYCE—Three police. And how long have they been there for?

Major Gen. Chalmers—Well, I certainly met them in July last year when I visited Mutitjulu, so they were in place very early.

Senator HEFFERNAN—What sort of shift do they work?

CHAIR—Senator, it might be useful to make a point of order to make those comments if you want to come in.

Senator BOYCE—So they have been there since July last year. There were no police there before that time?

Major Gen. Chalmers—There were police at Ayers Rock, but I cannot remember the name of the—

Mr Barson—Yulara.

Major Gen. Chalmers—Yulara, sorry, yes. There were police at Yulara before but not at Mutitjulu.

Senator BOYCE—Not at Mutitjulu. How long does it take to get from Yulara to Mutitjulu?

Major Gen. Chalmers—It is very close. It is only 20 minutes.

Senator BOYCE—That takes me on to my next question. If we look at the 73 remote communities, does every one of those communities have a police officer or a police person within 30 minutes drive?

Major Gen. Chalmers—No.

Senator BOYCE—What would it be? Can you give me best and worst? Twenty minutes is best, is it?

Major Gen. Chalmers—It would vary. But some communities have a several hour response time at best. That would depend—

Senator BOYCE—Several hours being two?

Major Gen. Chalmers—For the police to get there.

Senator BOYCE—Two hours to drive there?

Major Gen. Chalmers—Yes. Or deploy there, yes.

Senator BOYCE—What is the difference?

Major Gen. Chalmers—Well, in some cases, for instance, such as Belyuen, the police might come by road or come across on a ferry by water. They may fly to a community if that response is appropriate. These are, of course, operational policing matters. I have a caveat to put to the committee that I am not an operational police officer, so I will give you my best advice on this.

Senator BOYCE—So how many communities, then, could we say would have a timely police response available to them at this stage? I think half an hour to get there is timely.

Major Gen. Chalmers—I think I can tell you that there are some communities that under that definition would not have the sort of response you are talking about. But I would have to take that on notice and get some information for you on what the picture looks like now.

Senator BOYCE—Within the context of the intervention, what would you see as a timely response? Did you have a figure for this?

Major Gen. Chalmers—No, I did not. There was a report done. The Vincent report looked at sizes of communities and response times and what would be an appropriate response time. By recollection, I think, he used two hours as an appropriate response time.

Senator BOYCE—Two hours?

Major Gen. Chalmers—But I would have to check that for you because I could not be confident about that figure.

Senator BOYCE—I would be very pleased to know. Perhaps if we could look at two hours. If it is not stretching the admin too far, it would be nice to look at how many communities have a 30-minute response time as well.

Major Gen. Chalmers—I will do some analysis and provide you with that information, Senator.

Senator BOYCE—Thank you. You talked about how this was developed. Was the Anderson-Wild report on the sexual abuse of children in specific communities of relevance to where those police were deployed?

Major Gen. Chalmers—The *Little children are sacred* report stated that there was evidence of abuse in all 45 communities that they went to. So I guess from that regard there was a need in every community. We worked with the police commissioner to determine which communities, in their view, had the highest need. That was based on evidence of criminality and problems in the communities and distance from other policing resources. They developed a priority list with us. That list then resulted in the 18 communities which we applied an additional police presence to. That resulted in other communities which had not had nearby police then having nearby police. So there was a greater effect than just on the 18. But it is true to say that we only have a police presence in about half of our communities. The remainder rely on a visiting presence.

Senator BOYCE—Probably that leads into my next question. Do you want to tell us a little about what the effect of that police presence has been in those communities?

Major Gen. Chalmers—There is no doubt that one of the things that people said to us when we went to communities was that they want police. They want the security and law and order that a permanent police presence offers—that is, having people there overnight. Where we introduced a policing presence, people immediately saw or reported that they were sleeping safely at night. They were sleeping soundly at night. The communities were quieter. And particularly early on there was a very much improved law and order outcome in those communities. Of course, communities that did not get an additional police presence continue and continue today to make a point to me when I visit that they require a police presence. They argue strongly for it. There are communities like Titjikala or Belyuen, where people will argue very strongly that they think they should have a police presence and that they have problems today because they do not have a police presence.

Senator BOYCE—And those opinions that are being put to you strongly, what happens to those? How do you respond to that?

Major Gen. Chalmers—Well, I have various means of inputting my opinion. In this forum, my opinion is not important. But I report to Sue Gordon and the taskforce, so I report there. I report to the minister. I have reported to the minister my views. I also have discussions with the police commissioner, Paul White, on the feedback I get from communities in terms

of policing and police outcomes. So I have a number of avenues for inputting the sorts of views I get from visiting communities.

Senator HEFFERNAN—What constitutes a police presence? It is not three days on and four days off, sort of thing. In June in a whitefella community, where I come from, the response time can be two hours, I can tell you, because all of them might be off. Most of them have second jobs because of the rostering. What sort of rosters do these people work? If you have three police in a community way out in the middle of wherever, what is the roster system? Are they obliged to actually live in the community, because there is nothing like having a policeman actually living down the street from you?

Major Gen. Chalmers—Well, there are several elements to your question. We are talking about a permanent police presence. That means the police live in the community. They do run roster systems and there is a requirement for people to go on leave, for people to attend courses and, of course, people fall ill or other things happen. So often there will not be all three officers in the community at a time.

Senator HEFFERNAN—How often will there be none?

Major Gen. Chalmers—I cannot think of occasions where I have seen no police at all and they have closed the station. It is possible that that might have happened. But there will be occasions when I will visit and there might only be one officer in the community at the time and other people are away.

Senator HEFFERNAN—Do they work a 12-hour roster or an eight-hour roster or a four-day roster?

Major Gen. Chalmers—Senator, you are probably exceeding my knowledge of policing practice there. It is something for the experts.

Senator HEFFERNAN—That is a vital part. It is what has mucked up policing in New South Wales.

Senator Chris Evans—I think the key answer is that they are required to live in the community. So there is a permanent presence there.

Senator HEFFERNAN—Thanks for that.

Senator BOYCE—Other questions relate to schools.

CHAIR—What I was hoping to do was to defer afternoon tea until 3.45 pm and to give Senator Heffernan a chance to ask his questions and see whether we can conclude with that before afternoon tea.

Senator HEFFERNAN—Could someone take me through the pornography position in these communities. What is the position on pornography and pornographic videos?

Ms Edwards—The intervention included an original pornography measure, which was effectively to make prohibited various classes of material. I describe those generally as those which are rated X or unrated—so ones that have been denied any sort of classification.

Senator HEFFERNAN—Are X-rated videos the ones available through Canberra and Darwin? Are they the ones that you can—

Ms Edwards—It is that sort of material. It is quite difficult to obtain. You get it by mail order. It is only available in some places anyway. And there is material which has been denied classification at all which should not be sold by anybody any time. But it is prohibited material in the prescribed areas.

Senator HEFFERNAN—So what is the position with that material in these communities?

Ms Edwards—It is prohibited to possess it, to sell it, to do anything with it, really. Then there are additional measures.

Senator HEFFERNAN—Who prosecutes that?

Mr Barson—Senator, it actually comes under the classifications act. The police prosecute just as they would the holding of any exceptionally violent or unrated material.

Senator HEFFERNAN—I am out at Wadeye and the Northern Land Council gives me—which they did recently—\$500,000 to split off amongst the community. I go into Darwin and spend a day or two in there. Then I come home with some goodies.

Mr Barson—As with many other things, if the police found those in your possession, you would be arrested.

Senator HEFFERNAN—Not on the road but in the community?

Mr Barson—In the community.

Ms Edwards—On any of the prescribed areas. That is all Aboriginal land plus some other areas as well.

Mr Barson—Senator, you would even be arrested driving through the prescribed area in possession of that material.

Ms Edwards—That is X-rated material. There are also two other key measures. One has to do with government funded computers and the requirements to audit and keep those safe from the sort of material you are talking about. The third aspect is a measure which is contained in the current bill, which is still in the House of Representatives. It deals with narrowcasting, I think they call it, in the communications field. Effectively, it is pay TV stations with a certain level of R-rated material.

Senator HEFFERNAN—So we are going to R-rated. What is the story with R-rated material?

Ms Edwards—At the moment the measure is in a bill, which is subject to debate. It is up to its second reading in the House of Representatives.

Senator HEFFERNAN—Which is the TV services?

Ms Edwards—I can give you the proper name of it. It is the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008. This committee has just concluded an inquiry into it.

Senator HEFFERNAN—That is R-rated. What would be the clearest definition to distinguish between R-rated and X-rated?

Ms Edwards—Well, the classification matters are actually the responsibility of the Attorney-General's Department. I, just like other people, look at what is on the box.

Mr Barson—I can answer part of that. The X-rated material basically includes graphic sexual intercourse, violence or that sort of material which would not normally be screened or acceptable.

Senator HUMPHRIES—So X includes violence?

Mr Barson—Yes.

Senator HUMPHRIES—Sorry, but that is not true. I am a former classification minister. There is no violence in X. X is non-violent erotica. If it has violence in it, it becomes unclassified. It cannot be classified.

Mr Barson—I bow to your superior knowledge, Senator.

Senator HUMPHRIES—Do you want me to answer your questions?

Senator HEFFERNAN—We should protect, without any conditions on it, the years of innocence of kids. We know—and I have been there—that these blokes just take it for granted that they can pillage the kids. The people on Pitcairn Island will tell you that. This incites some of that stuff. You corrected me before, and I am grateful for that, or someone did. When is it left to the community to make the decision?

Ms Edwards—It is never left to the community. The provision which is in the new bill has a community consultation element associated with it. So in order for effectively the pay TV channel to be prohibited from an area, a few things have to happen. One, there has to be a finding that it is a channel with a certain amount of adult material.

Senator HEFFERNAN—I will stop you for a second. The proposed bill covers TV services offering hard core pornography. I do not know how you define that.

Senator Chris Evans—No. That is not right.

Senator HEFFERNAN—No? X-rated?

Senator Chris Evans—Not X-rated.

Senator HEFFERNAN—Sorry, R-rated.

Senator Chris Evans—X-rated is taken care of separately.

Ms Edwards—X-rated is prohibited.

Senator Chris Evans—There is no change in that. We are talking about R-rated.

Senator HEFFERNAN—It will only be banned at the request of the community. It says here section 127B.

Ms Edwards—Perhaps if I take you through the steps that need to happen, it might be of assistance. It needs to be found that the channel has a proportion of this type of material to make it an adult channel. That is effectively what the communications people and so on tell us is covered. That is the first thing. Secondly, the minister for communications has to make a declaration that it is a channel. This is a pay TV channel that we are targeting. The third thing that has to happen is that Minister Macklin, the minister for FaHCSIA, makes a declaration that a particular area is subject to the ban. If those three things happen, it is prohibited from transmitting that narrowcast service into those communities. In order for Minister Macklin to make that declaration—that that area is the subject of the prohibition—she has to have three

things happen. One is to get a single request from someone in the community. Secondly, she has to do a level of consultation. It does not mean it needs to be agreed by the community but that she needs to speak to people in the community. Thirdly, she has to have regard to some specific criteria set out in the bill. She would make a declaration if she were satisfied that the criteria had been met. So, yes, there is a community consultation element in it, but it is not true to say that it requires the agreement of the community.

Senator HEFFERNAN—So has that process ever been completed?

Ms Edwards—The bill is still in the parliament. It is not law yet.

Senator Chris Evans—The Senate will get to debate the bill either in the next fortnight or in August. The bill is in the House of Representatives at the moment. This committee has done a fulsome report and recently reported. That is available for perusal. When the bill comes before the Senate, we will obviously have a debate and canvass all the issues then.

Senator HEFFERNAN—There may be a child in a community who is being groomed in the community. Part of the grooming is often showing this sort of stuff on the tellie. It grooms the kid. I have talked to a lot to kids who have been groomed. Who does that person go to say, 'I'm sick of getting it up the back passage' or whatever?

Senator Chris Evans—Senator Heffernan, I think we will try to keep it civil. I think the answer to the question is that the X-rated material is dealt with in previous legislation. The question that is in this bill is a limited issue, which is the issue of pay television channels identified that may screen material which is R-rated. As I understand it, in the areas we are talking about, there are about 50 persons currently who have access to that material through one of the Austar channels. If you are asking more generally about access, of course, the main form of access is through access to videos or DVDs from hire and/or purchase. So what we are dealing with is a small portion of a potential problem. It is not insignificant. That is why the government is legislating for it, because it is concerned about it. But X-rated material was dealt with in earlier legislation. The question of DVDs and video access—

Senator HEFFERNAN—R-rated.

Senator Chris Evans—R-rated is another part. The R-rated pay TV station broadcast is addressed in this bill. So this is important, I guess, the sense of it. In terms of the size of the problem and what part the particular pay TV channel plays in that, we are talking about a subset of a much larger picture. Nevertheless, the government thinks it is important and is seeking to legislate to provide some provisions that respond to community concern if there is concern. As I say, the number of people using this currently in the areas is apparently quite small. Obviously some of them would be non-Aboriginal community personnel et cetera. But under the proposed legislation, if there is any concern expressed in the community, not by the council or by anybody, the issue becomes live. I think you will find that Minister Macklin has a very serious view of this stuff. She would not be supporting the legislation unless she did.

Senator HEFFERNAN—Earlier, you said that in 45 communities there was evidence of some sort of abuse.

Major Gen. Chalmers—According to the literature in the safe report, yes.

Senator HEFFERNAN—I cannot say I have been to 45 communities, but I have run into plenty of them. On pay TV, they cannot run X-rated?

Ms Edwards—No.

Senator HEFFERNAN—But if I pick up an X-rated video or whatever in Canberra and I go to Junee—

Senator Chris Evans—I presume you get them in Darwin.

Senator HEFFERNAN—Yes. You can in Darwin.

Senator Chris Evans—The expertise is sitting in front of me. I was asking the question and he is sitting in front of us.

Senator HEFFERNAN—I cannot be charged for having the X-rated video in Junee as long as I do not sell it to someone. Is that right?

Senator HUMPHRIES—You can take it there, yes.

Senator HEFFERNAN—I can take it there and use it and show it to my friends and not sell it to them?

Senator HUMPHRIES—That is right.

Senator HEFFERNAN—In the Northern Territory, under what we are proposing, if I did that—

Ms Edwards—Under current legislation, it would be committing an offence if you took it, even if you did not show it to anyone, onto the prescribed land.

Mr Barson—Even in a sealed container it would be an offence.

Senator Chris Evans—That was picked up under the previous government's legislation.

Senator HEFFERNAN—It will be interesting to see how they supervise that.

Senator Chris Evans—It is like other contraband.

Senator HEFFERNAN—Same as drugs.

Senator Chris Evans—If you are absolutely determined to break the law—or alcohol.

Senator HEFFERNAN—The pity is I went to a community up there and it took me about two hours to discover who the school teachers were who were bringing in marijuana. They thought they had a petrol sniffing problem. When I went and saw the copper, the copper said, 'Mate, I just want to get out of here.'

Senator HUMPHRIES—I want to clarify something. You said before that taking X-rated material across indigenous land, prescribed land, was illegal. I thought the legislation that is now before the House of Representatives removes that requirement.

Mr Barson—It is currently unlawful. If the parliament passes that legislation, it will allow it, yes, to be transported across.

Ms Edwards—Such as up the Stuart Highway, which goes through prescribed areas.

CHAIR—I am referring you out of court because we have covered this.

Senator HEFFERNAN—I am sorry. I am an interloper here.

Mr Barson—Senator, it is a matter for the parliament, not for us.

CHAIR—Are there any other questions on that issue, Senator, before we break for afternoon tea?

Senator HEFFERNAN—Thank you for indulging me, Madam Chair.

CHAIR—Any on that particular issue of pornography, Senator?

Senator ADAMS—I have one on child sex offenders. How many charges have been laid since the intervention started?

CHAIR—It is not exactly on the issue, but we will allow the question. Can anyone answer that question?

Senator ADAMS—There are two questions. How many charges have been laid since the inception of the intervention? The second one is: how many child sex offenders have been detained under the Northern Territory intervention?

Dr Harmer—Both of those questions would be information held by the Northern Territory police. I doubt whether we have it here with us.

Major Gen. Chalmers—No. I do not. It is a matter for the ACC and the Northern Territory police, not for the intervention per se.

Dr Harmer—We can try and get that information from the police.

CHAIR—It would be the kind of issue you would take on notice, would you not, considering the role of the intervention team, I would think.

Senator Chris Evans—I think it is important that we try and get the information to the committee because law and order is one of the key focuses of the intervention.

Dr Harmer—I will say, if I can—

CHAIR—Certainly.

Dr Harmer—that we will get the information from the Northern Territory police. I should point out that there is a very, very long pipeline of investigation, referral and a great deal of difficulty in the Northern Territory communities in getting evidence. The great difficulty is getting evidence. I would not expect the number to be high, but the Northern Territory government, with increased policing, will—

Senator ADAMS—It is charges that have been laid that are specific.

Major Gen. Chalmers—I want to update some information I gave Senator Boyce. I said 18 AFP were deployed. In fact, when the five South Australian police finished their deployment at the end of May, five AFP backfilled. So we now have 23 AFP deployed and 10 Victorians, making up 33 other jurisdiction. There are 18 Northern Territory police additional in remote communities. So there is a total of 51 additional extra police out in communities. There are also a small number of AFP working in Darwin in the police headquarters to manage the AFP deployment. But at the moment, 23 deployed AFP is the correct number.

CHAIR—Thank you. We will break now for 10 minutes. When we come back, we will have some more questions for the intervention group. Then we will move to output 1.3.

Proceedings suspended from 3.41 pm to 3.59 pm

CHAIR—We have been looking at areas of the Northern Territory intervention. We are going to try to get the NT intervention completed by 4.45 pm and then put anything else on notice. We will then go into the next three areas of the agency—1.3 and then the three agencies—with the goal of finishing this by 5.30 pm. That is still in line.

Senator SIEWERT—I want to go back and ask a question about money. Can you tell me how much has been spent against each of the major themes of the intervention—the quarantining and the housing? You gave me that last time.

Dr Harmer—I think we can quite quickly provide that, maybe even on the spot.

Senator SIEWERT—You were able to last time.

Dr Harmer—We will do our best.

CHAIR—They may well have expected the question, Senator.

Senator SIEWERT—I would have thought so.

Ms Moody—This is year to date as at 30 April, Senator. By measure: \$109 million, employment and welfare reform.

Senator SIEWERT—How much of that \$109 million was directly related to income quarantining?

Ms Moody—About \$30 million, which is primarily Centrelink. Continuing the list: promoting law and order, \$35 million; enhancing education, \$11 million; supporting families, which includes among other things the safe houses we were talking about before, just under \$14 million.

Senator SIEWERT—Could you tell me how much the safe houses are out of that?

Ms Moody—I would need to look that up, I will come back to you on that one, Senator. I need a different piece of paper for that. Improving child and family health is \$39 million; housing and land reform, \$42 million.

Senator SIEWERT—Of the \$42 million, how much is the survey work?

Ms Moody—I will need to check with Ms Cattermole exactly how much of that. I think the cadastral surveys are somewhere between \$5 million and \$6 million but I will confirm that figure. Coordination, which is the last measure, is \$34 million.

Senator SIEWERT—When you say coordination, what is incorporated in that?

Ms Moody—That includes the government business managers, the operations centre and any whole-of-government support provided by FaHCSIA to other agencies as part of the intervention. The government business managers are probably the largest single component of that.

Senator SIEWERT—Of the \$109 million for the employment reform, is that related to CDEP?

Ms Moody—There were three elements of that: income quarantining, CDEP and removal of remote area exemption.

Senator SIEWERT—Could provide a breakdown of that \$109 million against those three?

Ms Moody—I do not have that with me, Senator, I would need to go back to DEEWR to get the split of their side of it, between CDEP and remote area exemption. I will have to take that on notice.

Senator SIEWERT—If you could. Removal of CDEP meant moving people onto income support?

Ms Moody—Yes, that was the original plan. There is also some additional money that was in additional estimates which was for the special account for moving people from CDEP onto real jobs for the government funded functions.

Senator SIEWERT—That is right. That comes in where?

Ms Moody—That is not included in those numbers. They are numbers reporting back against the original appropriation bills that went through in August.

Senator SIEWERT—Thanks.

Mr Barson—The safe house figure we have is \$11.3 million.

Ms Moody—And the cadastral survey figure is \$3.2 million. That \$3.2 million is included in that housing and reform numbers I gave you.

Senator SIEWERT—So the \$5.6 million is not right; it is \$3.2 million?

Ms Moody—No, it is \$3.2 million.

Senator SIEWERT—Are the cadastral surveys completed? Last time we spoke they were just underway.

Ms Moody—Ms Cattermole can answer that one.

Ms Edwards—Apologies, Senator, I wandered off. .

Senator SIEWERT—That is okay.

Ms Edwards—I have got a full list of the surveys. This is current as of 11.00 yesterday, so there is work going on today. From 11.00 yesterday, we have got 20 complete or thereabouts and 10 commenced, with quite a few others due to commence in the next couple of days and still on track to be completed by the end of June.

Senator SIEWERT—Thank you. I wanted to take up the issue where we actually left off at the afternoon tea break which was around the issues of whether people had been charged or not. As I understand it, both from questioning the ACC and from anecdotal evidence I have heard, most of the investigations have related in fact to underage sex. I am wondering what is being done to address that specific issue. While I acknowledge it is a law and order issue, it is not an issue that you can deal with just using the big arm of the law; there is a lot about education there. I want to know what is being done to work with communities to actually address that specific issue, because it is appearing to be a standout issue.

Dr Harmer—Senator, we will try and give you some information on that. Before we do, we have some information to update on the police activity in the Northern Territory. I will ask Mr Field to give you that first.

Mr Field—Senator, one of the initiatives that we take part in is the substance abuse intelligence desk. Recently it was announced that \$2 million will be put aside for the establishment of a second substance abuse intelligence desk. The first desk operates out of Alice Springs. It undertakes tristate operations in the Northern Territory, South Australia and Western Australia and is staffed by two Northern Territory police, with two further NT police in a drug dog unit. We expect that the new desk to be established in Katherine will have the same sort of staffing.

Senator SIEWERT—Sorry, the first one is in Darwin?

Mr Field—The first one is in Alice Springs. We expect the new desk to be established in Katherine will have the same sort of staffing.

CHAIR—How long has the first one been there?

Mr Field—Firstly, to talk about its aim. It is essentially devoted to reducing illegal substance supply and abuse in communities. The first desk was established in January 2006. We can provide you with more stats about the activities, but just to pick out some key ones, between January 2006 and March 2008 there have been 675 arrests, 226 summonses issued, 1,206 charges laid, 932 information reports provided to NT police and other law enforcement agencies and 118 search warrants executed.

To give you an indication of some of the success of the desk: the street value of the cannabis seized over that period from January 2006 to March 2008 is \$709,500; MDA with a street value of \$9,000 has been seized; and amphetamines with a street value of \$104,000. That is a total street value of \$823,300 worth of seizures in that period. It is building on the success of southern CED that the northern CED is now to be established.

Senator SIEWERT—Thank you.

Dr Harmer—I used that period to answer some of the questions from before but also to see whether we have got some information on what we are doing in education. I will have to take that on notice.

Senator SIEWERT—I have got a series of questions around that. Are you suggesting I put those on notice?

Dr Harmer—Yes, I think so.

Senator SIEWERT—It would be appreciated if you could let us know on that one. I do have a couple of follow-up questions from the issues we were talking about before, about monitoring. We were talking about monitoring and you answered some questions on notice from last time, and I raised those. In one of the answers to my questions on notice, you listed the indicators, but you said you were reporting quarterly against those indicators. In answer to my question 041 from last estimates, which I have got right here—

Dr Harmer—Monitoring in relation to what?

Senator SIEWERT—To the performance indicators. I apologise if I am not being clear. We had a discussion earlier about a range of indicators, and in answer to a question I asked earlier we had a bit of a discussion about that.

Dr Harmer—This was about the evaluation or the review?

Senator SIEWERT—No. We moved on to general monitoring and evaluation of the intervention. I asked about the indicators that were being used, and last time I asked about the indicators that were being used. There is a set of indicators that is being developed, as I understand it, and that is being further developed. We had a conversation about that. In answer to a question on notice I gave last time, you also said that you were monitoring quarterly against those indicators. ‘Monitoring of the NTER is quarterly and a range of performance indicators have been set.’ I am wondering has that in fact happened? If so, is it publicly available?

Mr James—We have a cross-agency monitoring report that we bring together. It is not publicly available though.

Senator SIEWERT—You have a cross-agency—

Mr James—Monitoring report on the NTER.

Senator SIEWERT—Is that available to anybody?

Mr James—It is a document that is internal. We get data from a range of other government agencies, so it is internal to the Commonwealth bureaucracy.

Senator SIEWERT—Is there a reason why it is not publicly available?

Mr James—In terms of whether it could be or not, we would have to consult with all those other agencies. We would have to look at the particular data that is included and whether it would be appropriate to release that.

Senator Chris Evans—We could take it on notice.

Dr Harmer—We will take it on notice.

Senator SIEWERT—Could you take it on notice? I just find it strange that—

Dr Harmer—It sounds like it is internal administrative data to allow us to manage things, so it is probably not in the form and we would need to check.

Senator Chris Evans—It may be possible to provide a summary or something.

Senator SIEWERT—These are actually against performance indicators. I would have thought that sort of material would have been publicly available.

Senator Chris Evans—I am not saying no, Senator Siewert. What I said is that we will ask Minister Macklin but we will also deal with those interagency issues and see what it is they are comfortable about releasing.

Senator SIEWERT—Could you then take on notice that, if they are comfortable about releasing it, could it please be released or tabled to the committee?

Senator Chris Evans—If we find that you can have it, we will give it to you, rather than saying, ‘Yes, you can have it,’ and then you having to ask for it again.

Senator SIEWERT—I am now a veteran of these places and I know you have to ask for every single little thing.

Senator Chris Evans—Not under a new, more open administration, Senator.

Senator JOHNSTON—Dr Harmer, could I ask you a question with respect to the budget papers—output group 1.2. For the Northern Territory emergency response 2008-09 estimate of available resources, we had I think \$107,000, and for 2007-08 the actual was \$127,000. What is the problem there? Is there some sort of differential there?

Dr Harmer—Those dollars are in millions.

Senator JOHNSTON—Yes.

Senator Chris Evans—There is a differential for a start.

Ms Hawgood—Senator, I do not entirely understand the question. Would you mind repeating it?

Senator JOHNSTON—Here is the figure. Looking at the line item for emergency response—it is marked—just explain the difference of the two numbers to me.

Mr Leeper—The simplest explanation is that there were set-up costs in the first year of the intervention, which we do not expect to incur again in 2008-09. A \$20 million reduction probably more than explains that, I think.

Senator JOHNSTON—So, we had \$20 million worth of set up costs?

Mr Leeper—I am saying that the 2007-08 figure is higher than the 2008-09 figure because the 2007-08 figure includes set-up costs which will not be incurred in 2008-09. There would be other on and off factors, but I think that explains the major difference.

Senator JOHNSTON—Okay; good.

Dr Harmer—We may have some more information for you.

Ms Moody—Senator, that is the departmental cost. The department had a number of sources of funding available to it from the intervention: it had program money and it had costs of running the departmental components. For instance, we talked earlier about the government business managers and the operations centre. The money that we received in 2007-08, for instance, included \$29 million in capital, which is not repeated in the second year. Similarly, there is, for instance, set-up and operation of the task force in the first year, and not all those costs are continued for the full 12 months in the second year. There are a range of different factors which largely relate to, as the secretary said, set-up costs.

Dr Harmer—To explain the difference: the two big items are capital and operations of the task force.

Senator JOHNSTON—Okay; that is very good, thank you. I cannot remember the gentleman's name who was talking about the drug monitoring facility in Alice Springs, but I noticed there is a very large number of summonses. Is he gone?

Dr Harmer—No, he is still here.

Senator JOHNSTON—I would like to ask him a question before we close off on this. Mr Field, with respect to those impressive statistics that you read out, you mentioned some 200

summonses. Can you just explain the basis for the issuing of summonses with respect to drug offences?

Mr Field—My understanding, and just to remind senators, the figure was from January 2006 to March 2008 when there was 226 summonses issued. They are summonses issued potentially by any of the three police forces, because they are joint operations across the Northern Territory, South Australia and Western Australia. They would be summonses—

Senator JOHNSTON—Are they not search warrants or anything like that?

Mr Field—No, they are summonses—

Senator JOHNSTON—They are summonses to attend court?

Mr Field—Indeed, that is my understanding.

Senator JOHNSTON—So they are not arrests. Why are we not arresting people? We get the evidence, we obviously see a breach of the law, and we do not make an arrest, we send a summons. With most of the people in the central reserves they will just leave the jurisdiction, will they not? Have you got a follow-up reconciliation of how many people attend on their summonses?

Mr Field—I do not have that information with me and no doubt it would be a matter on which we could obtain further information.

Senator JOHNSTON—I would like it, if you could take that on notice.

Dr Harmer—It would be a Northern Territory police issue, Senator. We can follow it up if you wish us to.

Senator JOHNSTON—I would like to know of those 226 summonses, how many attended court.

Dr Harmer—We should be able to get that information, Senator.

Senator JOHNSTON—Thank you, Chair.

CHAIR—Thank you. Anything else on intervention, Senator Siewert?

Senator SIEWERT—Thank you. I have just been adding up the amount of money that you have just told me.

Senator Chris Evans—At this rate the intervention will be over by the time we finish this inquiry.

Senator SIEWERT—Yes, I would take my shoes off. I added up \$314 million; is that correct?

Ms Moody—Senator, the expenditure year to date is \$284 million. The numbers I gave you should add up to that. If they do not, we might need to check the numbers.

Senator SIEWERT—Okay. I have got coordination, \$34 million.

Ms Moody—Coordination, \$34 million, yes.

Senator SIEWERT—Housing, \$42 million.

Ms Moody—Yes.

Senator SIEWERT—Children and family health, \$39 million.

Ms Moody—Yes.

Senator SIEWERT—Families, \$14 million.

Ms Moody—Supporting families, yes.

Senator SIEWERT—Education, \$11 million.

Ms Moody—Yes.

Senator SIEWERT—Law and order, \$35 million. I know what I have done: I beg your pardon, I have added the \$30 million twice from \$109 million.

Ms Moody—Yes. That is in the employment and welfare reform measure.

Senator SIEWERT—To date, it is \$284 million.

Ms Moody—I did round the numbers to the nearest million.

Senator SIEWERT—That is significantly less than the money that was actually allocated through the initial PBS.

Ms Moody—The two bills appropriated total \$587 million, so it is approximately 48 per cent so far. Year to date as at the end of April were the numbers I was giving you.

Senator SIEWERT—Yes. I appreciate that. Do you think that you will make it from the \$284 million to the \$587 million?

Ms Moody—No. We do believe that there will be an underspend against the original appropriation.

Senator SIEWERT—Could you tell me which areas that is going to be in?

Ms Moody—The primary areas in which the underspend occurs, not surprisingly, are the three departments who got the most money under the intervention, which are the Department of Families, Housing, Community Services and Indigenous Affairs, the Department of Health and Aging and the Department of Education, Employment and Workplace Relations. In FaHCSIA's case it is around \$29 million and it is all in our departmental appropriation. We expect to spend all of our program money, but we expect to underspend on the money appropriated for the department to run the intervention.

Senator SIEWERT—Is that because you have just been much more efficient? See, I am looking on the bright side.

Dr Harmer—There was an opening I could not resist. Also, we were a bit slower to recruit our government business managers than we planned. Remember that when this money was appropriated it was on a no win, no loss basis and it was on the best estimate. We did not ever believe that we would hit the mark in this first year. It was going to be very difficult to predict the expenditure and get the expenditure right.

Senator SIEWERT—Which other areas? There is still a significant difference between—

Ms Moody—DEEWR has had a fairly significant underspend, particularly in the employment and welfare reform measure, which, as we talked about earlier, was quite a large measure and had a number of elements in it. To go through the detail of what is causing that

and why, you would really need to talk to DEEWR, but we certainly understand that there will be a reasonably significant underspend there. There is also an underspend forecast in the Department of Health and Ageing, although not as large as either FaHCSIA or DEEWR, or around the same size as FaHCSIA. Some of the smaller agencies have also had small underspends which might add to a few million here or there, which do add up as well.

As the secretary said, when we originally costed this, because we were costing in a very short period of time we were not sure exactly how all the things were going to occur. I suspect—and I can certainly talk for FaHCSIA in this—we costed very high just in case. There is an element that we overcosted in the beginning and that was part of the reason the department of finance brought in the no win, no loss—so that if that had occurred, an agency could not in effect profit from that. We gave it back. There were also issues, particularly in our case with government business managers, around how quickly you can roll out some of those things. We did not factor into the costings enough of a lag in terms of when all those people would actually be on board. I suspect that the story for other agencies is actually quite similar.

Senator SIEWERT—Thank you. Which area did the child protection workers come under? Was it the families and safe houses section?

Ms Moody—They are in Supporting Families, within FaHCSIA.

Senator SIEWERT—But under which budget items?

Ms Moody—Under Supporting Families.

Senator SIEWERT—Have they been employed now?

Ms Moody—I believe that they have, although Mr Barson or Ms Smart can respond to that.

Ms Smart—There are two sets of workers under the family support package. There are the mobile child protection teams that I spoke about earlier and the Aboriginal family and community workers. Ten of those are currently being recruited. The Northern Territory government are managing that. At this point in time, they have employed three staff who are coordinators and are going to communities to recruit staff. They have held interviews in two communities and suitable staff have been identified in both communities. Staff have also been identified in a further two communities, with interviews conducted but they have yet to be recruited. At this point in time there are not any Aboriginal family community workers in place but they are being recruited and then will be trained and will be working in their community.

Senator SIEWERT—There are going to be 10 of those?

Ms Smart—Yes.

Senator SIEWERT—Then the mobile units on top of that?

Ms Smart—That is correct.

Senator SIEWERT—I think you provided me with a list last time of where the 10 were going to be, didn't you?

Ms Smart—I will just check.

Senator SIEWERT—I presume they are still going to be in those same communities?

Mr Barson—Senator, while they are doing that, regarding the mobile child protection teams, there are seven protection workers who commenced investigative work on 19 May, and two coordinators and one project manager have been employed. My colleague was answering the question regarding the Aboriginal family and community workers, and for the mobile community protection teams seven investigating officers, two coordinators and one project manager have been employed.

Senator SIEWERT—Is that the full complement that was budgeted for in the first place?

Mr Barson—Yes, it is.

Senator SIEWERT—The mobile protection units plus the 10.

Mr Barson—Ten plus 10.

Senator SIEWERT—What happens in the communities that do not have a child protection worker? We heard earlier that the mobile units are not getting around to everybody. What happens in those places that do not get covered with an officer?

Ms Smart—In what context?

Senator SIEWERT—What happens to child protection issues where communities do not have somebody that is employed to work on those issues?

Ms Smart—The mobile child protection workers supplement the normal or the existing Northern Territory child protection activities.

Mr Barson—They are specifically for that purpose, Senator: to go around to places which would otherwise not have child protection workers.

Senator SIEWERT—Maybe I should ask it the other way around then: are there any communities now that do not have an NT worker or are not covered by these new staff that are coming on board?

Ms Smart—The child protection regime within the Northern Territory covers the Northern Territory. This is supplementing those activities. It would be very difficult for us to say that there is a community that is not covered, because the Northern Territory government's child protection activities cover all communities.

Senator SIEWERT—With all due respect, the issue that this was supposed to be about was child abuse. I am a bit perplexed as to why we do not have a better understanding about where child protection workers are under the NT government, where the Commonwealth funded ones are and where the gaps and holes are. Are we satisfied that we now have really good coverage with what I would have thought would have been absolutely key staff?

Dr Harmer—The responsibility for child protection lies with the Northern Territory government. We have—

Senator SIEWERT—There is a whole lot of stuff on the intervention that is the responsibility of the NT government. Is that correct?

Dr Harmer—I stand to be corrected on this, but I think that is right. When we started the process there was only one child protection worker outside Darwin in the Northern Territory.

While they have a responsibility to cover the Northern Territory, the practical possibility of genuinely covering the Northern Territory was very slim indeed. We have improved that with our efforts. They still have a responsibility to cover the whole Northern Territory; they have got more capacity to do that. I do not think we could possibly answer whether every community is adequately covered. We would have to rely on some sort of evaluation for that. It is certainly a lot better than it was because of our resourcing.

Mr Barson—The difficulty in answering the question was simply because, yes, there is the child protection system in the Northern Territory and this mobile team is covering the Territory. They are just there to respond to issues as a flying squad. I guess the difficulty in not responding directly was that I was thinking it through in the context of where people are placed rather than the area they are covering. The intention of this team is to deal with child protection issues as they are identified to supplement the Northern Territory's own services.

Senator SIEWERT—You can tell me where every government business manager is located, I know that. I know that you have got 50 now and you have rolled those out.

Dr Harmer—They are our staff; that is why we can tell you that.

Senator SIEWERT—I would have thought that, if you were working co-operatively with the NT, you would know whether you have adequate coverage now. Let me put it this way: how many more child protection workers has the NT put on?

Ms Smart—I do not have that information. I would have to take it on notice.

Dr Harmer—We can take it on notice.

Senator SIEWERT—If you could take it on notice that would be appreciated. Could you provide me, at the same time, with an overview of the programs and resources that have been put in place to deal specifically with child protection and child abuse?

Dr Harmer—Again, we would have to take it on notice.

Senator SIEWERT—And funding for those please?

Dr Harmer—Sure.

Senator SIEWERT—Also, what resources and initiatives have been put in place that are specifically designed to discover, investigate and prosecute cases of child sexual abuse beyond the ACC?

Mr Barson—Yes, we can do that.

Dr Harmer—We will need to get information from the Northern Territory government but we are prepared to do that.

Senator SIEWERT—That would be appreciated. I have other questions there but I will put those on notice.

Ms Moody—Having police within communities in the additional 18 stations, while they are not child abuse investigator specialists, both reduces opportunity and, as the police build trust with the community, provides for better reporting of crime that does occur. There is a series of different measures, and the alcohol measures would influence that to some extent. They are all interconnected.

Senator SIEWERT—How are you benchmarking that? Not for one minute do I want anyone running away thinking I do not think it is a good idea to have more police in the community, but just having a police station does not then guarantee that you are going to be decreasing child abuse. On what basis are you going to be using—

Dr Harmer—I do not think the officer was implying that. I think she was saying that the presence of police is a plus factor along with the other things we are doing.

Senator SIEWERT—How many female police officers have you got in these stations?

Major Gen. Chalmers—There are a number, but I do not think we have that information. We could take that on notice if you require that information.

Senator SIEWERT—I am asking that question because I have also heard of instances where people are finding it difficult to report cases of abuse. You have got to make a user-friendly approach. For example, quite often people report things to female police officers and not to male police officers. I am keen to know what benchmarking you are using to measure that and also to get the performance measuring we were talking about before to actually be able to say that you have put these measures in place that are reducing child abuse.

Dr Harmer—All of those issues will, no doubt, be covered in the review. We will get the information you want—that is, the numbers of female police officers.

Senator SIEWERT—That would be appreciated.

Senator ADAMS—I have some questions on leasing. How many leases have been compulsorily acquired?

Ms Edwards—Sixty-four.

Senator ADAMS—Is the government going to acquire the leases over the townships that are exempt from local government reform?

Ms Edwards—Local government reforms are completely distinct from the leasing and the intervention generally. How the local government reforms are being rolled out makes no difference to the leasing arrangements. To my knowledge, all the leases we have acquired are over areas which will be subject to local government reform—that is, I do not think there is one that falls within that particular area where the Northern Territory government is taking a different approach.

Major Gen. Chalmers—There are two communities—Bellevue and Kybrook Farm.

Ms Edwards—Yes, I stand corrected.

Major Gen. Chalmers—These fall outside the shire arrangements because the Northern Territory government made a decision that the Litchfield Shire would not fall under the new local government arrangements, and that affected two of our communities.

Senator ADAMS—The proposed legislation will allow for 80-year leases. Why did the government not accept the 99-year leases?

Ms Edwards—We are now speaking about a different form of lease, not the compulsory five-year leases. I think you are talking about the current bill introduced last week which would alter the currently mandatory 99-year term of township leases under section 19A of the

Land Rights Act to allow for the negotiation of a township lease for any term ranging from 40 to 99 years. The 80-year lease, I would suspect, is in relation to the Groote Eylandt in-principle agreement, which is a 40-40.

Senator ADAMS—Yes, it would be.

Ms Edwards—Those are township leases, which I am also happy to talk to you about, but they are quite different from the five-year compulsory leases.

Senator SIEWERT—We were talking about infrastructure before and we went through and did some of the questions around it. Could I ask on notice for you to give us a list—if you have prepared it—of childcare centres; pre-primary, primary and secondary schools; aged care accommodation; women’s centres and refuges; single men’s and single women’s housing; community stores; youth centres; health clinics and centres; hospitals; schools; and swimming pools. Could you please list them by community.

Dr Harmer—I am pretty confident we can provide that information to you.

Senator SIEWERT—Thank you. I have got a series of questions around early childhood education that I will ask next door tomorrow. I think I can put the rest on notice.

CHAIR—Senator Adams, have you completed your questions on the Intervention process?

Senator ADAMS—I think so; I do not think I can find anything else.

CHAIR—On that basis, we have completed the area on intervention. Thank you to the officers who came for that series of questions. That would mean any further questions on 1.2 would be put on notice.

Dr Harmer—Chair, can I just answer some of the questions we have taken on notice?

CHAIR—Certainly, Dr Harmer.

Dr Harmer—Last night, Senator Bernardi asked a question about the APPOINT system and whether the registered members on the APPOINT system were transferred to the new system.

CHAIR—That was the women on boards question.

Dr Harmer—Yes, it was. There was a question on the cost of the string quartet at the budget launch; I have got the answer to that here. There was also a question about whether the CSTDA was subject to an efficiency dividend; I have got the answer to that. Senator Bernardi also asked for a reconciliation of the \$1.9 billion under the CSTDA, agreed to by the minister on Friday of last week; I have got an answer on that. He asked a question about the previous government’s offer under the CSTDA; I have got an answer on that. Senator Bernardi also asked a question about the advice that was given to the seniors who benefited from the additional telephone allowance and utilities allowance. He asked whether there had been advice; I have a copy of a letter that was sent by Centrelink that includes that information.

CHAIR—Thank you, Dr Harmer. Are you referring to the issue Senator Bernardi raised before lunch about the clarification of the amounts?

Dr Harmer—Yes.

CHAIR—I just wanted to make sure.

Dr Harmer—It is the reconciliation.

CHAIR—I am sure he is watching, so he will be able to know that is there. He may come back on that.

Dr Harmer—Thank you.

[4.40 pm]

CHAIR—We will now move to output 1.3.

Senator HUMPHRIES—I want to ask about the audit into the Northern Land Council, which is currently being conducted through FaHCSIA.

Dr Harmer—That audit is being conducted by the OEA.

Senator HUMPHRIES—By whom?

Dr Harmer—It is by the organisation in the department of finance. I am just struggling—if someone could help me. It is the Office of Evaluation and Audit, OEA—that is right.

Senator HUMPHRIES—That is in Finance?

Dr Harmer—The Department of Finance and Deregulation.

Senator HUMPHRIES—You cannot tell me anything about the Northern Land Council's response to the audit, in particular to the person who has been contracted to conduct the audit, Mr Donald?

Dr Harmer—That is a matter for the OEA, not us.

Senator HUMPHRIES—Regarding the way in which the auditor has been appointed, the auditor, I understand—

Dr Harmer—I doubt whether I would be able to help you with it.

Senator HUMPHRIES—I understand from what transpired in the Senate Standing Committee on Finance and Public Administration that there was some questioning about the fact that the person conducted to do the audit was appointed on the nomination of Minister Macklin's office and that no tender process was used to determine who should complete this audit, which is worth, I understand, \$45,000. I suppose the question is to Minister Evans. I want to know what the procedures are within processes like this for the appointment of people to remunerated positions and whether there are rules about declaring any connection or relationship with members of staff of a minister's office when a department makes an appointment, without a tender process, of a person who has a connection with a member of staff in a minister's office.

Senator Chris Evans—Senator Humphries, as I understood your question, you are asking whether the department or whether the minister makes an appointment?

Senator HUMPHRIES—Departments make appointments in these circumstances and, in this particular circumstance, an appointment was made of an auditor by an officer in a department—I assume it was the department of finance. Evidence was given to that other committee that, first of all, there was no tender process used here to appoint of this person.

Senator Chris Evans—I presume it was within the general guidance available.

Senator HUMPHRIES—Presumably it was.

Senator Chris Evans—You are not suggesting that it was done inappropriately in the sense that the tender was under the certain limit they have?

Senator HUMPHRIES—Yes, it was legally possible to appoint somebody without a tender process, apparently.

Senator Chris Evans—Yes, okay.

Senator HUMPHRIES—But the person who was appointed was nominated, apparently, by a member of the minister's staff and the person concerned, apparently, is a close personal friend of the staff member in Minister Macklin's office. I want to know—

Senator Chris Evans—Sorry, where are you drawing this information from?

Senator HUMPHRIES—This is from evidence given to the Finance and Public Administration estimates on Wednesday last week.

Senator Chris Evans—Was the evidence that this person was a friend of someone on Minister Macklin's staff?

Senator HUMPHRIES—Yes. I could name the person concerned, if you want, but that person was named in the other committee, so I am sure you can go and consult the *Hansard* to see to whom I am referring.

Dr Harmer—Senator, may I just ask: was the appointment made by the OEA?

Senator HUMPHRIES—I gather so, yes.

Dr Harmer—I do not think we have any information on this.

Senator Chris Evans—The appointment was made by the OEA, which is in the finance department.

Senator HUMPHRIES—Yes.

Senator Chris Evans—And you want to—

Senator HUMPHRIES—I want to know what the protocols or rules are for any member of a minister's staff to nominate a person for a process such as this, a Public Service appointed position, if you like, but nominated through a minister's office. I want to know whether there is a requirement for a minister's office to declare any conflicts of interest or personal connections with the nominees, which are made by the minister's office.

I put it in this context. If a public servant is required to appoint a person to a remunerated position, and the minister's office rings, and says, 'I've got a great bloke for you to do this job; here he is,' is there any process or protocol that requires the officer to declare the connection or close friendship, for example—or perhaps relationship by marriage or a member of their family—between the person they are nominating to the officer and this particular position?

Dr Harmer—Senator, I do not know the circumstances, but the Office of Evaluation and Audit in the Department of Finance and Deregulation would be looking for a suitably qualified person and canvassed views, I expect. The appointment would not have been made

by my minister in that situation; it would have been made by the Office of Evaluation and Audit.

Senator HUMPHRIES—No, indeed, that was correct. But, again, if an officer in a minister's department receives a phone call from a staff member in the minister's office and are told, 'I've got a name for you; here it is'—and the evidence to the committee was that the panel from whom such names are normally drawn was disregarded for the purposes of this appointment and the minister's officer's nomination was accepted over the panel, which had already been set up for the purpose of drawing down such appointments—in those circumstances, are there rules? Can I say this to you: Minister, if this occurred in your office, would you expect an officer in your office to tell the departmental officer, 'By the way, the person I am telling you is suitable for appointment is a close, personal friend of mine, or is my wife or is my second cousin,' or something like that?

Senator Chris Evans—Senator, there are a couple of things to say. First of all, I have no knowledge of these issues; I have not heard about the evidence and I have not heard of any allegations, so I am at a severe disadvantage in terms of responding to the particular case. The second thing to say is that all ministerial staff are required to undergo security checks and to provide a full statement of their pecuniary and personal interests as a declaration to, I think, the Prime Minister.

Dr Harmer—For sure.

Senator Chris Evans—Certainly I will come back if that is not right. I know all my staff have gone through the process of declaring any interests they have and any potentials for conflict of interest. There are standard procedures and requirements of all ministerial staff and I can get the details of those for you. What you are asking me is whether or not something that was under the authority of the minister for finance was influenced by a staffer out of Minister Macklin's office. The department of finance, as you say, is responsible for the appointment. You are suggesting that someone from another minister's office has unduly or inappropriately influenced a decision of the department of finance?

Senator HUMPHRIES—No, I am not alleging that. I am saying it is—

Dr Harmer—It would be quite unusual that the department of finance would be influenced in that way, Senator.

Senator HUMPHRIES—I am not suggesting that, as I just said, Dr Harmer. I am suggesting that in nominating somebody it would be appropriate to declare the connection that you had with that nominee. Perhaps I could ask, Minister, when you say there are rules governing declaration of interests by staff members, did you offer to give us a copy of that set of rules?

Senator Chris Evans—I can certainly provide some information regarding the requirements on ministerial staff. I will take that on notice. Senator Faulkner has been active in this area in assuring proper accountability for ministerial staff, as well as providing what are fairly serious security checks on each of them. Without knowing the circumstances of the particular case, it is very hard to comment. It seems to me a fairly long bow to say a departmental decision, not in the minister's portfolio, has been unduly influenced by a member of their staff.

Senator HUMPHRIES—No, I am not suggesting there is anything wrong from the minister for finance's department's point of view.

Senator Chris Evans—You are not saying it is inappropriate?

Senator HUMPHRIES—On the face of it—

Senator Chris Evans—You are not saying they are not qualified to be appointed then?

Senator HUMPHRIES—As far as I can see, there is no particular issue of that question. The question is whether the—

Senator Chris Evans—Your concern is—

Senator HUMPHRIES—person making the nomination should have declared what might be regarded as a conflict of interest.

Senator Chris Evans—What does making the nomination mean?

Senator HUMPHRIES—It means ringing the officer in the department who had to make the decision on the appointment and saying, 'I have a name for you that would be a good person to appoint to this position.' What I would ask you to do is perhaps take on notice the question of whether that is consistent with the rules that govern the operation of a minister's staff.

Senator Chris Evans—I doubt that the rules go to that amount of specificity but certainly there are rules and instructions about appropriate conduct. Clearly I cannot accept, sight unseen, the assertions that you are making, and that is no criticism of you. I have no knowledge of the matters to which you are referring. I did not know these issues were raised in another committee. When were they raised in Finance, Senator?

Senator HUMPHRIES—It was raised at 5.22 pm on Wednesday.

Senator Chris Evans—Last week?

Senator HUMPHRIES—Last week.

Senator Chris Evans—All I can do is say I will take those questions on notice. I can get you what information I can about the requirements on ministerial staff. Obviously I will take on notice the concerns raised about this particular incident and seek some advice from Minister Macklin. It has not been raised with me prior to tonight so I am just not able to help you further at the moment.

Senator HUMPHRIES—I would be grateful, thank you.

Dr Harmer—Senator, if there is anything or information we have that we can assist you with, we will try to find it and provide it.

Senator HUMPHRIES—Thank you.

CHAIR—Thank you. Senator Johnston.

Senator JOHNSTON—Thank you, Chair. Can I ask questions of the Registrar of Aboriginal Corporations?

CHAIR—Mr Beven.

Senator JOHNSTON—Mr Beven, can I talk to you about Waminda? I am sure you expected me to ask you about Waminda. The administrator was appointed. I thank you for that. How much did we have to spend on the administrator?

Mr Beven—Senator, as at 2 June, 2008, we had spent \$18,221.50 on the appointment of the administrator.

Senator JOHNSTON—Was the minister satisfied with that amount or did he take some of the proceeds of the sale and liquidation to appease his appetite?

Mr Beven—The costs of the special administrator were paid by my office. They were not paid out of the assets of the corporation at all.

Senator JOHNSTON—Very good. So his total cost to this point has been approximately \$18,000?

Mr Beven—That is correct.

Senator JOHNSTON—Has he presented books of account to you yet?

Mr Beven—As of yesterday, he was still working on preparing the books and records for the current financial position. The accounts for 2005-06 and 2006-07 were with the auditors and had been signed off, but the current accounts are still in the process of being prepared. We are expecting those to be completed this week, but at the latest next week.

Senator JOHNSTON—When are we likely to see those accounts here in this committee?

Mr Beven—In this committee?

Senator JOHNSTON—Yes.

Mr Beven—At this stage, those accounts will be presented to my office. The expectation then is that there will be a public meeting of the former members of the corporation held shortly afterwards and that those accounts will be presented to the members of the corporation to make a decision as to the long-term future of the corporation.

Senator JOHNSTON—Would it be possible—

Mr Beven—They will be public documents.

Senator JOHNSTON—Would it be possible for you to give us those, on notice?

Mr Beven—Yes.

Senator JOHNSTON—Rather than me having to go down to the public meeting.

Mr Beven—No, I will undertake that.

Senator JOHNSTON—I probably will.

Mr Beven—I will undertake to do that.

Senator JOHNSTON—Good on you. You have received a report from the administrator. What was their name?

Mr Beven—KordaMentha.

Senator JOHNSTON—Yes, I spoke to the man on the telephone. You have received a couple of reports from them, I take it, as to the state of circumstances?

Mr Beven—Yes.

Senator JOHNSTON—Are they documents that the committee can have a look at?

Mr Beven—Those documents are not public documents. The reports that—

Senator JOHNSTON—Sorry, could you just repeat that?

Mr Beven—They are not public documents.

Senator JOHNSTON—They are not public documents.

Mr Beven—Those reports are prepared and submitted by the special administrator to my office. We expect the special administrators to be as open as possible in preparing those reports to us. We do not, as a general rule, release those to the public.

Senator JOHNSTON—He is to be open with you, but the public should be kept in the dark?

Mr Beven—No, we have in place with the special administrator a process for public consultation and communication. There are regular newsletters and, as I indicated earlier, there is a process in place where the accounts and the potential future of the corporation will be put to the members.

Senator JOHNSTON—You are going to make me go through FOI to have a look at those documents, are you?

Mr Beven—As I said, Senator, we want the special administrators to be as open as possible with those reports. At this stage, and as per our common policy, we do not release those as public documents.

Senator JOHNSTON—What particularly concerns you about the release of those documents? Is it a matter of privilege?

Mr Beven—There is no qualified privilege in the legislation; but, as I said, if those documents were made public, there would be a reluctance by special administrators to be as open as possible with us.

Senator JOHNSTON—If there were made public here, there would not be a problem, would there?

Mr Beven—As I said, Senator, our policy is not to release them to the public.

Senator JOHNSTON—Can you tell me how much money is left in the account of the corporation at this time?

Mr Beven—At this stage, there are no further funds remaining in the corporation's bank account. The special administrator is going through the process of working out the assets and liabilities position of the corporation. As I said earlier, we are hoping to have that finalised this week, but next week at the latest.

Senator JOHNSTON—I am concerned that about \$300,000 or \$400,000 has been misappropriated. What does the committee do to get to the bottom of that, given that you are not going to tell us all of the criminalities surrounding that misappropriation?

Mr Beven—If there are any breaches of legislation identified by the special administrator under the legislation, part of their report to my office will be in relation to those breaches of legislation.

Senator JOHNSTON—I can assure you there will be a litany of breaches of the legislation. What I am rather more concerned with is whether you are going to make the report available to the CIB?

Mr Beven—We will receive the report of the special administrator. If there are offences identified in that report that are appropriate to the Western Australian police, we will refer those to them. If there are offences identified that are relevant to my office, we will be looking at those.

Senator JOHNSTON—Have you received any information concerning the deduction of superannuation payments from the wages of the employees without any remission of those moneys to the superannuation fund?

Mr Beven—I do not have any specific knowledge of that at this stage, Senator.

Senator JOHNSTON—I am asking you for two reasons—firstly to get the answer and secondly to flag that that is a very real possibility. What has happened to the plant and equipment of the corporation?

Mr Beven—Any plant and equipment of the corporation has been placed into secure storage with a storage company in Western Australia. They are retaining the assets. Until the financial position of the corporation is determined and the members make a decision as to what is the future of the corporation, those assets will be retained in storage for safe protection.

Senator JOHNSTON—Do you have a priority list as to who is going to access the proceeds of the sale of those assets of plant and equipment?

Mr Beven—There is a standard list of priorities in our legislation and in the Corporations Act. If a corporation does go into liquidation, as you are suggesting, then there is a standard list of priorities that ranks creditors accordingly.

Senator JOHNSTON—Before I leave that, where do wages and salaries fit into that priority listing?

Mr Beven—Very high up in the list.

Senator JOHNSTON—Who is above them?

Mr Beven—From memory, I think the costs of the special administrator—

Senator JOHNSTON—I thought as much, yes.

Mr Beven—possibly secured creditors.

Senator JOHNSTON—Are there secured creditors here?

Senator Chris Evans—No doubt the lawyers are at the top of the list, too, Senator Johnston.

Senator JOHNSTON—Only after the accountants.

Senator Chris Evans—The poor old worker is probably well after them—but, anyway, proceed.

Senator JOHNSTON—They are there. I am just trying to protect the workers, you might be surprised to know.

Senator Chris Evans—Once you have looked after the lawyers.

Mr Beven—Senator, there is a Commonwealth scheme called GEERS that looks after workers' entitlements. The workers' entitlements are protected under that Commonwealth scheme.

Senator JOHNSTON—Have you advised the workers of the scheme?

Mr Beven—At this stage, it is not necessary to advise the workers of the scheme because, until the financial position of the corporation is finalised and it is determined whether there are sufficient assets to pay those employees, it would be inappropriate for them to make a claim with GEERS.

Senator JOHNSTON—You have not even determined yet whether liquidation is appropriate?

Mr Beven—No. That is a decision for the members and the creditors of the corporation. If the members and the creditors do not decide to place the corporation into liquidation, it is an option that I can investigate. The first option is that it is really up to the members of the corporation to decide the long-term future of the corporation.

Senator JOHNSTON—When did we appoint an administrator?

Mr Beven—On 9 April.

Senator JOHNSTON—What responsibility do you, as registrar, have with respect to the criminal conduct of persons? Do you have any statutory obligation?

Mr Beven—Yes. A number of criminal offences are set out in the Corporations (Aboriginal and Torres Strait Islander) Act 2006. Under that legislation, we have a role to investigate any breach of that legislation and to refer any identified offences to the Commonwealth DPP for consideration for prosecution.

Senator JOHNSTON—A lot of these offences will belong to the Criminal Code Of Western Australia.

Mr Beven—As I said earlier, if those offences are identified by the special administrator, we refer them straight to WA Police.

Senator JOHNSTON—Please tell me again when you are expecting a report.

Mr Beven—By the end of this week—but, at the very latest, by the end of next week. That is in relation to the current financial position of the corporation, as it stands now.

Senator JOHNSTON—Have you considered doing a sanitised version of the report, using alphabetical references for various persons so that there is no defamation and we can all see what went on?

Mr Beven—Those accounts, as I said, will be public documents.

Senator JOHNSTON—With great respect, the accounts do not tell much of a story. They will show that the money has gone in and has gone out. They will not show the sticky-finger story that goes with that.

Mr Beven—We will take that issue up with the special administrator. As I said earlier, if any offences are identified by the special administrator—they are the qualified accountants and experts who identify these types of issues—we will discuss them and come up with an appropriate response at that time.

Senator JOHNSTON—Who has oversight of your response and of the quality of the report?

Mr Beven—The minister and this committee.

Senator JOHNSTON—The committee is in complete ignorance. We can see the report without breaching any privilege issues or defaming anybody because we have our own privilege structure.

Dr Harmer—Can I take on notice whether we can provide you with a copy of the report?

Senator JOHNSTON—I would be much obliged for that; thank you.

Dr Harmer—I am not saying that we can—

Senator JOHNSTON—I know that you are not promising to do that; you are going to try.

Dr Harmer—but I will have a look at the issue of providing it to you.

Senator JOHNSTON—That appeases me for the moment.

CHAIR—Senator Boyce, what questions do you have?

Senator BOYCE—I have questions that relate to 1.2 and 1.3.

CHAIR—Any questions relating to 1.2 must go on notice, as we have concluded that section. Do you have any questions on 1.3?

Senator BOYCE—Yes. I shall try to be as quick as I can. I will start with a question that I did not have the opportunity to complete the research on. Am I correct in assuming that we now have legislation that says people who have been indicted for certain offences cannot serve on the boards of government funded corporations?

Mr Beven—Under the Corporations Act and the legislation that I administer, the Corporations (Aboriginal and Torres Strait Islander) Act 2006, there are automatic disqualification provisions. If a person is convicted of an offence involving fraud, they are automatically disqualified from holding office in a company registered under the Corporations Act or the Corporations (Aboriginal and Torres Strait Islander) Act 2006. That applies also in relation to bankruptcy.

Senator BOYCE—So that applies to bankruptcy and a number of other things. Obviously, in the context of the Northern Territory emergency response, sexual abuse or any type of activity like that would be covered.

Mr Beven—No. Automatic disqualification under that legislation applies only to offences involving fraud or bankruptcy.

Senator BOYCE—What are the consequences of that legislation?

Mr Beven—The Corporations Act is administered by the Australian Securities and Investments Commission in the Treasury portfolio; they maintain a registry of disqualified directors, just as I do in relation to Aboriginal and Torres Strait Islander corporations. At this stage there has been no disqualification of people under the Corporations (Aboriginal and Torres Strait Islander) Act 2006; there are no persons on that register at this stage. That register does not include automatic disqualification for bankruptcy offences involving fraud.

Senator BOYCE—Are you saying that it does not include the normal corporate or company director type requirements?

Mr Beven—I am sorry if I have confused you. Under the legislation, you can be disqualified from holding office in a number of ways. There is an automatic disqualification,

Senator BOYCE—Such as you would have for a company director.

Mr Beven—Yes. There is automatic disqualification for bankruptcy and fraud. Then there is a third way, which is an administrative process, under which ASIC or my office can take proceedings to disqualify a person from holding office as a director or a senior employee of a corporation.

Senator BOYCE—When you say that you hold that register, do you also undertake the sorts of checks that would disqualify someone?

Mr Beven—The register does not include automatic disqualifications; it only includes disqualifications by court order or by the administrative process. I assume that your question relates to how that process commences.

Senator BOYCE—Yes.

Mr Beven—That process commences through intelligence—through reports that are provided by special administrators, complaints by the public and informal intelligence.

Senator BOYCE—How long has that system been in place?

Mr Beven—In relation to the Corporations Act, it has been in place since 1991.

Senator BOYCE—I am sorry; I mean in relation to—

Mr Beven—In relation to the Aboriginal side of things?

Senator BOYCE—Yes.

Mr Beven—Since 1 July 2007.

Senator BOYCE—I have been told that the APY Lands Council has recently decided to conduct forensic audits of all incorporated bodies within its area of responsibility. Are you aware of this?

Mr Beven—That is outside my area. The APY is a South Australian government body.

Senator BOYCE—Yes. I think the APY has recently suggested that it is not terribly happy with the South Australian government involvement in or response to its needs. I think that is part of the reason that it wanted to undertake this. I am asking you whether you are aware; is your answer no, you are not?

Mr Beven—It is outside my area of responsibility. I am only aware from what I have read in the newspaper, as everyone else has.

Senator BOYCE—Has any approach been made to the department to assist it to undertake this?

Mr Beven—Not to my office.

Senator BOYCE—Dr Harmer, are you aware of any approach?

Dr Harmer—I am not aware of any, but I can take that on notice.

Senator BOYCE—Thank you. I will stop there.

CHAIR—Senator Boyce, do you have any questions for the Indigenous Land Corporation?

Senator BOYCE—No. If that was the end, that will do.

[5.10 pm]

Indigenous Land Corporation

CHAIR—Welcome, gentlemen. Senator Adams, do you have questions about hostels?

Dr Harmer—Senator, I would just like to clarify. There are people from the Indigenous Land Corporation who have been here all day. Is there anything for them at all?

CHAIR—I understand that.

Dr Harmer—If there is nothing for them, can we let them go?

CHAIR—I was told they were required, but now I do not have anyone in the room that has called them. I deeply apologise, Dr Harmer, and I apologise to the officers who have been waiting.

[5:11 pm]

Aboriginal Hostels Ltd

CHAIR—Aboriginal Hostels Ltd, at least we have some questions for you gentlemen. Senator Adams?

Senator ADAMS—I am very interested in the renal dialysis hostel. Could you give me just a brief overview of your hostels and where they are?

Mr Clarke—Thank you, Senator. We have a number of renal dialysis specific hostels. The one in Alice Springs is a 40-bed unit dedicated to renal dialysis, and that is full. We have another renal dialysis specific hostel in Darwin which has 16 beds and has full occupancy. We have secured funds to construct three new renal dialysis hostels, one in Queensland, one in the Northern Territory and one in Western Australia.

Senator ADAMS—Where will the hostel be constructed in Queensland?

Mr Clarke—In Queensland, we have purchased land and are about to construct a 40-bed hostel in Townsville because that is where the hub is. In Port Hedland we are planning to construct a 20-bed hostel, and we are talking with the Western Australian government to see if

we can go into a partnership with land there. We may not have enough funds to construct a new hostel in Darwin, but we are seeking that through the next estimates.

Senator ADAMS—Do you have a list of the number of people waiting to access the hostels and access the services? It is of great interest to me just how many people are not able to access the dialysis. Also the area of Kintore—now that Jigalong has just been granted, I think, three chairs in this last lot of regional partnership funding—is great news.

Mr Clarke—Of course we are liaising with the Department of Health and Ageing. We find that there are needs all over the country, particularly in the north and the outback. Some communities have a renal chair. Some of our residents will go back there for respite, but they normally cannot stay longer than two or three weeks, then they have to come back to the centre again. The respite is quite good for the residents; before they could not do that. We find that Kalgoorlie is an area of great need. We will be talking with Health to see if we can address some of the future needs.

Senator ADAMS—Have you applied for more funds as Aboriginal Hostels Ltd? Are you a corporation?

Mr Clarke—A limited company.

Senator ADAMS—Do you submit your forward estimates as to the need? Unfortunately renal dialysis is becoming more and more necessary. What is the process you use?

Mr Clarke—In the last process we put it through as a single Indigenous budget submission and we were supported by FaHCSIA and the department of health. We were able to secure enough capital and operating funds to operate three hostels. This year we will be submitting again, and we need the support of the Department of Health and Ageing and FaHCSIA. As for needs, renal dialysis is a growing problem. There are policies, I would imagine, about preventative care, and that will be a big focus besides the end-stage renal care.

Senator ADAMS—Is the actual dialysis for the Alice Springs hostel done at Congress or at the hospital?

Mr Clarke—To give you an example, Senator, the residents who stay at the hostel we have in Alice Springs have dialysis treatment every second day. They go off the site to the renal clinic to have that treatment. They are able to come back to our hostel where the rest of the residents are renal patients. They have the support, they eat the right food and there is no humbug. It is a pretty good environment for singles and couples. Other agencies provide houses and flats for families and that works well, but we have the option for singles and families.

Senator ADAMS—Can you have families there as well?

Mr Clarke—We have a family now and again, but mostly we have couples because we do not have the facilities for families. We have been working in partnership with the Northern Territory government and we have been given money for 24 extra beds. We have put that in an extension, and this is geared towards families with a renal condition.

Senator ADAMS—Is that going in Darwin or Alice Springs?

Mr Clarke—That is in Alice Springs. That building has been completed, and we have families in there now.

Senator ADAMS—What is your waiting list for your new one in Queensland?

Mr Clarke—We were originally looking at Mount Isa, the gulf, Cairns and the Top End. We found that most of the people were going to the Townsville Hospital, so that is why we built there.

Senator ADAMS—And for Darwin?

Mr Clarke—There is an 18-bed hostel in Darwin but there is need for more. We will be submitting for funding for additional beds there for the next financial year.

Senator ADAMS—Are there any satellite units from Darwin, anywhere in the islands or anywhere through there?

Mr Clarke—They have some beds—there may be a couple of satellite units in Katherine and Tennant Creek. There may also be units at Nhulunbuy, and possibly they may have one or two on the Tiwi Islands. We find those beds are respite type chairs.

Senator ADAMS—The hardest part is that, when someone has to have renal dialysis, they are away from home and family for so long. Just by getting these chairs, like in Kintore, at least people are able to go back to their communities.

Mr Clarke—Yes.

Senator ADAMS—Even just for a short time, which must help them and their families a terrific lot. I was just wondering how that all worked out with what you were doing with your hostels as satellite units.

Mr Clarke—Yes, Senator, you are right: it is a great change for the families because they are now able to see their community, even though it is once every now and again. It has been a great change, and we just hope that things will improve.

Senator ADAMS—It is going to take a lot of—

Mr Clarke—We work very closely with the bush communities.

Senator ADAMS—That is good. Does anyone else have any questions?

CHAIR—Where is the location of the Townsville hostel?

Mr Clarke—The location of the Townsville hostel?

Dr Sharma—I think it is on the Ross River Road, close to the Townsville Hospital.

CHAIR—Near the new hospital out in the suburbs?

Mr Lane—At Aitkenvale.

CHAIR—It is close for people having treatment?

Dr Sharma—Yes, and just outside the land is a covered bus shelter as well, so there is an adequate bus service.

CHAIR—Good, I just wanted to know about that one. When is that going to be open?

Dr Sharma—We have just appointed the architect, and we will be meeting with them in a fortnight's time to proceed with the design concepts. It will probably be operational by July next year.

CHAIR—Thank you very much. Senator Adams?

Senator ADAMS—What are the percentages by male and female that have to come for treatment?

Mr Clarke—It is usually half and half.

Senator ADAMS—Half and half.

Mr Clarke—Usually half and half. Some of the traditional people in Western Australia and in Central Australia seem to get the onset of diabetes very quickly and fairly young. The ratio is about half and half.

Senator ADAMS—Were there any children?

Mr Clarke—No, usually that will be catered for in department or government houses and flats. It is very rare for us to get children.

Senator ADAMS—Thank you.

CHAIR—I will be very interested to see when you get the new facilities up and running. I might even come and visit them if we get the chance to do that.

Mr Clarke—You are quite welcome to do that if you are in Western Australia. I forgot to mention we have also got one in Broome.

Senator ADAMS—Yes, I know; I have been there.

Mr Clarke—That is a partnership between the Western Australian government and the Commonwealth, which is working quite well.

Senator ADAMS—That is good.

CHAIR—Are there any further questions of the hostels?

Senator BOYCE—I am not sure if I have a question of you. The boarding hostels partnerships: are they covered by your group? They are basically boarding houses, more or less. Is that correct?

Mr Clarke—There is a proposal in this year's budget from education, or DEEWR, to discuss the construction of three boarding school hostels in the Northern Territory. Aboriginal Hostels Ltd will be invited, as one of the options after the community consultation and through the state and territory governments, to manage one or many of those hostels.

Senator BOYCE—To manage them but not to—

Mr Clarke—No, those funds are with the department of education, or DEEWR.

Senator BOYCE—As far as you are aware, nothing has happened about that at this juncture?

Mr Clarke—No, those are planned in the very near future.

Senator BOYCE—Thank you.

CHAIR—Mr Clarke, I will just put on notice what your current staffing is?

Mr Clarke—Our current staffing is at 485 full-time equivalent staff. Eighty per cent of those are Indigenous and we are quite happy with that level because we value the non-Indigenous people as well.

CHAIR—Thank you. I think, Mr Clarke, that is the conclusion of your questions. I am sorry to have kept you waiting all day.

Mr Clarke—Thank you very much.

Senator Chris Evans—For a cameo appearance!

[5.22 pm]

Indigenous Business Australia

CHAIR—I welcome Indigenous Business Australia. Senator Boyce?

Senator BOYCE—You have spoken about the change in IBA over its life since 1996 from a fairly small organisation up to one that now has consolidated assets of almost a billion dollars, turns over a considerable amount of money and employs 200 staff. Could you talk me through the key focuses? I realise you are split into different groups, but it seems to me that perhaps mining and property have been one of the key drivers of how your group has blossomed—I suppose that is the word I should look for.

Mr Morony—Perhaps I can give you a very quick history. We were originally set up at a time when the former Aboriginal and Torres Strait Islander Commission was established. We were set up as a purely commercial entity. The objective was to provide us with a small capital base of about \$40 million plus a building in Woden, Bonner House. Our objective was to build assets, to create wealth and to encourage Aboriginal participation in the mainstream economy.

We went about exploring ways in which we could do that with a small capital base. We settled on a process of mainly engaging in joint ventures. We moved to doing those joint ventures largely with the bigger corporates rather than the small mum and dad businesses because essentially the larger corporates, we felt, understood how to create wealth and they had expertise in industry. Also, we could bring Aboriginal partners into the joint ventures to understand the business and also to participate in the mainstream economy. We had a number of years where we were able to develop that. What we initially developed an expertise in was the mining sector because it related, I guess, to native title, and access to land was an issue where developers were looking to operate or develop on or near Aboriginal lands. A lot of developers would quite often come to us and talk about development proposals that we in turn could take to the community and discuss whether they wanted to participate in those developments. Tourism was another area where—

Senator BOYCE—When you say developments related to mines, are you talking about a housing area near a mine or something like that? Is that what you are saying?

Mr Morony—No in actual fact—

Senator BOYCE—Or mine developments?

Mr Morony—A mine on or near Aboriginal land.

Senator BOYCE—I see, the mine developers.

Mr Morony—Yes. There could be contracting or economic opportunities that would emerge as a result of that. The other area of interest was tourism. Aboriginal land covers some of the more unique parts of the country. Quite often developers might see an opportunity to develop a tourism product, or indeed Aboriginal people have developed interesting and unique tourism products as well. We have operated in that sector as well. Quite often we reacted or responded just to local initiatives, so we found ourselves involved in a Toyota dealership in central Australia and we found ourselves involved in an oyster development in Tasmania. A lot depended on a combination of what the community was bringing to us and quite often it was the private sector that would come to us and offer the opportunity to participate in a development. We would do a normal due diligence, undertake an assessment and consider whether we were prepared to invest and we would look at ways in which we could bring the local community into that development. We currently have about 35 such developments within our portfolio. We have grown that area from—

Senator BOYCE—They would presumably be joint ventures are they, most of them?

Mr Morony—Most of them are joint ventures. A couple of entities we own in our own right or the community and IBA own. For example, you are probably familiar with the Crocodile Motel up in Kakadu. That was an asset that the community had built out of royalties. They got into some strife and we came in to assist them when the liquidator was about to liquidate the assets. We have turned that asset around, but IBA now is a 70 per cent shareholder and the community a 30 per cent shareholder. They are slowly buying us out over time so that they can develop the skills and the expertise. In that instance, it is purely IBA and the local community that is in business. We contract the InterContinental Hotels Group to actually run the resort and to do the marketing and all of that. In that instance, yes, we engage directly with the community.

The typical joint venture though is, for example, Ngarda Civil & Mining in Western Australia. That is a contract where Leighton's own 50 per cent of a contracting firm of which we are part, IBA has a 25 per cent interest and the local Aboriginal foundation has a 25 per cent interest. That is usually about the normal joint venture arrangement that we would enter into.

The answer to the other part of your question is that some three years ago when ATSIC ceased to exist, the government transferred to us, because we are a commercially focused organisation, some commercial programs. There were two programs: one was the home loans program. That came to us with a trust type fund which was around about \$380 million. That was a set of money that has grown over the years and that provides home loans to Aboriginal families. We discount, where necessary.

The whole purpose of that program is to assist those families that the banks normally will not touch to get into homeownership. Over the life of that program some 12,500 families have actually been elevated into homeownership around the country. We believe that is a fairly successful—

Senator BOYCE—What was the life of that? When you say 'the life of that program', that is since—

Mr Morony—It was in existence with ATSIC. It started in 1975 with a small capital base and it has essentially grown over that time. I believe it is now in the area of about a \$450 million fund. We provide on average somewhere in the order of \$100 million worth of loans each year. That comes from a combination of the mortgage discharges when individuals pay out their loans, go to a bank and move up in terms of a bigger house or undertake some extensions. We also earn interest off that fund. That fund is growing but it is also a fund that is heavily in demand. The third main element of our operations is the small business loans program. Again, that is a program that came out of ATSIC. We have spent a great deal of effort in this area, with this particular program, focusing it more on some pretty rigorous commercial assessments in the due diligence that we undertake. The essential purpose is to help Indigenous Australians who want to apply for loans to enter into small business. Part of that program also has an element which is about planning and developing in preparation for that program.

Senator BOYCE—A teaching element, basically?

Mr Morony—Yes, we go through a pretty rigorous learning process. In actual fact a large number of people who start off looking at going into business quite often find that, once they go through the program that we put them through, they decide it is not for them because being in business is tough and is very complex.

Senator BOYCE—It sounds as though you should be running that one nationally.

Mr Morony—In an overall sense we have a very limited grant capacity. Most of our programs are of a loan nature or of a joint venture nature so that we invest some of our own capital into businesses that involve asset creation for Aboriginal and Torres Strait Islander people. We are a very commercially focused organisation.

Senator BOYCE—I have here that you receive about \$40 million a year in government funding. Is that actual grant money or is it in exchange for services that you undertake for the government?

Mr Morony—The \$40 million that we receive provides some administration support to the programs that we administer that came across from ATSIC, and also to run the small business program. In terms of proportion, that is now a smaller proportion of our overall activities.

Senator BOYCE—That is where I was heading. You are looking more and more sustainable without government funding of any sort, except for when you are performing a service presumably for government—is that right?

Mr Morony—That is correct. When we started off we were given a capital base and we survived for a number of years with no appropriation; we lived off our earnings. When the ATSIC money came across, it came across with some appropriations to it, but more and more the funds are growing and that allows us to be more responsive in terms of facilitating the level of demand that comes with these programs.

Senator BOYCE—You actually employ over 200 people Australia-wide—is that correct?

Mr Morony—The number is around 230 with I believe 26 per cent Aboriginal employment. We certainly aim a lot higher than that. One of the difficulties we have is that we are a very commercial focused organisation so we employ a lot of accountants and

economists. When we talk to young Aboriginal people about going into those fields, there is not a lot of interest, so we do a lot of encouraging but the rates of participation in those sort of fields are not strong.

Senator BOYCE—Why do you think there is not a lot of interest? Is it simply that there is just too big a gap between the educational standards of the people or is it that there is more employment and better opportunities elsewhere?

Mr Morony—I think it is a combination of interests. Some people would say accounting is a boring, number-crunching exercise.

Senator BOYCE—I would, but don't tell anyone!

Mr Morony—Economists are a bit different. I am pleased to say I go around universities and I do meet young Aboriginal people that are really excited about a career in that area, but compared to the other streams of education and medical support I think we have still got to encourage more.

Senator BOYCE—It is not a very romantic occupation, is it?

Mr Morony—Yes, that is right, we have to encourage more and more to get into that field.

Senator BOYCE—Where I was heading with that is that the number of Indigenous people employed in the private sector has gone to 87,376 according to these FaHCSIA figures, and that was in 2006. What role would you see IBA having had in that and what role could IBA have in improving that?

Mr Morony—The first thing is that the act is silent in terms of our responsibilities in the area of employment but is very strong on our requirement to behave commercially. When we are looking at business, we take a very strong view that first of all the business has to be commercially viable and sustainable. We look at businesses from a point of view of the benefit that they can provide to Aboriginal and Torres Strait Islander people, whether that be in the form of asset building or in the form of creating jobs. Employment is a secondary issue for us after commerciality; we look at that as an outcome. We are currently working with our minister in terms of some pretty ambitious targets that we are setting for the next few years where we believe we can do better.

Senator BOYCE—Ambitious targets for employment of—

Mr Morony—Employment in terms of the activities that we are involved in. If you take, for example, the home loans program, there is not much room for us to move in that area because we are lenders, so there is not much in the way of job creation in which we can be involved. Most of the houses are existing homes where people take out a mortgage from us, so the jobs are not necessarily there. But, in our other area, the small business area, we have actually been doing some analysis recently of the sorts of jobs we create from our investment activities and from our business.

Senator BOYCE—Could you talk a little bit about that, Mr Morony?

Mr Morony—Mr Dalzell actually would be able to give you some information on that.

Mr Dalzell—The investments program employs approximately 1,00 people. At least 250 of those are Indigenous people, and that number varies investment by investment. Certainly if

you have a look at the Ngarda Civil and Mining example, you are looking at 60 per cent plus employment. You can get secondary benefits, depending on the location and the type of industry in which the investment is located. In the small business arena we produce between 250 and 300 jobs per annum.

Senator BOYCE—They are new jobs per annum?

Mr Dalzell—They are new jobs, so people who are employed in the businesses or the business owners themselves going into business ownership. Sometimes they leave behind jobs but on average it is close to 300 positions per year.

Senator BOYCE—It sounds as though we should give you the CDEP.

Mr Dalzell—We are good at what we do, Senator.

Senator BOYCE—Exactly. The one other area I would like to follow up is home loans. You mentioned helping tens of thousands of families through your home loans program; you basically said they were people who could not get loans elsewhere. Can you talk that through?

Mr Morony—Absolutely. The banks look at some of our clients and would say they are clients that usually do not have deposits and do not meet the normal bank criteria. We have a waiting system for the assessment process so that we can assist those groups most disadvantaged. We are able to apply an assessment process and apply an interest rate that is between three per cent and one per cent below the current rate set by, I think, the Commonwealth Bank.

Mr Dalzell—The Commonwealth standard variable rate.

Mr Morony—We are a lender that is able to sit down and understand the capacity of the individual. I suppose many banks would regard our clients, using today's terminology, as 'subprime' but the fact is that we would not make a loan with any family unless we were confident that they were capable of repaying the mortgage. One of the issues that we have for families in places like Sydney, where house prices are rising and mortgage costs are increasing, is that it is much more difficult for families to get into those areas. But we are finding that there is still a considerable level of interest in home ownership and families do apply to get on this program. Over time and as their circumstances improve we are able to lift their interest rates above what might be a small starting point.

Senator BOYCE—What would be your default rate?

Mr Dalzell—Our default rate of reportable arrears, which is an industry benchmark, by number is about 1.6 per cent of our accounts. In terms of value it is—

Senator BOYCE—Do you know how that compares to the market average?

Mr Dalzell—It is very comparable with the market. It obviously varies by bank and the segment of the market they occupy, but, as Mr Morony said, when we talk about our statistics with the major lenders, one or two recently have questioned whether or not we are telling the truth because our numbers are pretty close to theirs. But, when you look at where they are starting from, it is a long way behind.

If I could just expand on what Mr Morony was talking about in terms of the type of client we lend to. The portfolio has an average LVR—and I will explain the term in a minute—of

about 95.3 per cent. LVR is the lending to value of property ratio. Most of the banks operate at a level well below 80 per cent; 80 per cent being the point at which most banks require mortgage insurance. When you take into account that most of our clients are first home buyers, about 85 per cent of the portfolio, that number gets up to about 99.1 per cent LVR. In terms of what they are bringing to the equation when they buy the home, they are starting from a long way back. In addition, they usually bring with them issues about being credit impaired. I think the quality of the program however is in the way in which we organise our field staff to know the clients. The field staff know the particular circumstances and have met the clients very personally. It is not an application process that they send in through the mail, over the internet or by phone. A very close one-to-one relationship is established between the IBA field officers and the client, which then translates, post loan settlement, into an education process and a support process. If they are late in their payments by one day they get a phone call straight away asking: 'What can we do to fix it? What sort of repayment arrangement can we enter into to catch you up?' That is how we manage our arrears to be within the same rates as the major banks.

Senator BOYCE—How many loans would you have given in the last financial year?

Mr Dalzell—It is about 530 loans in the last financial year.

Senator BOYCE—In the last 12 months or—

Mr Dalzell—No, it was the last financial year.

Senator BOYCE—And how is this year going?

Mr Dalzell—There have been about 373 so far. We aim to have lent in the order of \$113 million in the course of this financial year.

Senator BOYCE—I am prepared to stop there.

CHAIR—Thank you. If there are no further questions I would like to thank the officers for attending and waiting during the day.

Mr Dalzell—Thank you.

CHAIR—Everybody will be very pleased to know we have now reached lunch. We have finished Outcome 1 and now we are moving onto Outcome 3. Dr Harmer, the first group is Outcome 3.1, Support for families.

Dr Harmer—I am hoping my people have heard that, Senator.

CHAIR—They cannot believe their ears probably.

Senator HUMPHRIES—Chair, while the others are coming to the table can I answer the question I took on notice yesterday about—

Dr Harmer—It is quite unusual.

Senator HUMPHRIES—it is; I like to reverse the tables—the information on SES. I accept that going back 10 years is unhelpful. Could I instead go back to November 2007 and ask for the same information until then.

Dr Harmer—We should be able to get back to you quite quickly, yes.

CHAIR—We have agreed that we will start with Senator Boswell, he has some questions in this area, and then other officers will come in.

Senator BOSWELL—I am concerned about family tax benefit part B and family tax benefit part A. Am I addressing the right officers?

Dr Harmer—Yes.

Senator BOSWELL—Has there been any change to income testing for family tax benefit part A within the budget?

Mr Warburton—There have been no changes to the income test parameters for family tax benefit part A.

Senator BOSWELL—What about part B?

Mr Warburton—There has been an income test placed on FTB part B.

Senator BOSWELL—I understand that. If a family has more than three children under the age of 18 and the single income earner has a salary of over the \$119,000 threshold, can the income earner currently use the salary sacrifice superannuation mechanism to lower their income to below the threshold? In other words: does salary sacrifice presently lower the income for benefits administered through the department?

Mr Warburton—Salary sacrifice to superannuation is not currently counted in the definition for adjusted taxable income which is used for family tax benefit income testing purposes.

Senator BOSWELL—In other words, people at present can lower the threshold through salary sacrificing and pick up family tax benefit part A?

Mr Warburton—The income they are sacrificing to salary would not be counted; they would not technically change the threshold.

Senator BOSWELL—Let me get this very clear because we do not want any evasion on this: a guy with seven kids earning under \$120,000 can salary sacrifice down below \$119,000 and still pick up his part A benefit at the moment?

Mr Warburton—That is my understanding, yes.

Senator BOSWELL—Thank you for that. We have a new budget. Does this budget allow for the same person to salary sacrifice their superannuation to take their taxable income eligibility for family tax benefits below the threshold post July 2009?

Mr Warburton—No.

Senator BOSWELL—There is a change there, isn't there? Under the present scheme, you can salary sacrifice, but and after July 2009 you will not be able to salary sacrifice. Is that correct?

Mr Warburton—That is correct. If you are referring to my earlier comment, when I answered I said there had been no changes to the family tax benefit part A income test parameters—that is, the free areas and the taper rates and so forth have not changed. There have been changes to the definitions of income that will start 1 July 2009. If that was misleading, I apologise.

Senator BOSWELL—No, it was not misleading. How many people are going to be affected by this measure?

Mr Warburton—I will just look that up.

Senator BERNARDI—Specifically regarding superannuation—

Senator BOSWELL—No, just let me handle this please because it is pretty delicate. You ask your questions and let me ask mine because I have this in my mind and if you upset me I will—

Senator BERNARDI—I do not want to upset you. I never want to upset you.

Senator Chris Evans—The chair, the committee, the minister and the officers do not want you to upset Senator Boswell, all right! You are on notice, evidently. You are on your own.

Mr Warburton—Our estimates are that there would be 74,400—

Senator BOSWELL—Seventy-four thousand are going to miss out on tax benefit part A? That is phenomenal!

Mr Warburton—No, affected within family tax benefit part A and part B by the measure.

Senator BOSWELL—That is a lot of people who are going to miss out on a tax benefit.

Mr Warburton—They are not all going to miss out on family tax benefit. They are affected by the measure—that is, they are currently sacrificing salary to superannuation and after 1 July 2009 that income will be counted for the purposes of assessing their level of entitlement.

Senator BOSWELL—We can go around the mulberry bush as much as we like, but there are going to be 74,000 people who will not be able to use salary sacrifice to reduce their salary below the threshold and then pick up family tax benefit part A.

Mr Warburton—Senator—

Dr Harmer—Senator, I think—

Senator BOSWELL—Please just one at a time, I am asking as a gentlemen.

Dr Harmer—Let me just clarify. I do not know whether Mr Warburton has the figures, but if you want the figure for how many will miss out entirely—

Senator BOSWELL—No.

Dr Harmer—we could talk about it, as opposed to perhaps not getting as much FTB A or FTB B.

Senator BOSWELL—All right, 74,000 will miss out. How many will miss out entirely?

Mr Warburton—Our estimates are that 12,700 will lose all benefits.

Senator BOSWELL—Let me take you to negative gearing. Does this budget allow a person to claim net investment losses, whether they negatively gear their shares or real estate, to lower their taxable income and still be eligible for family tax benefit part A?

Mr Warburton—The answer is similar to the answer I gave in respect of salary sacrificing. From 1 July 2009 the net loss on financial investments will be added back in to

taxable income. Those forms of financial investment will receive the same form of treatment within family tax benefit income testing as currently do rental properties.

Senator BOSWELL—You will not be able to use your negative gearing losses to offset your salary to allow you to get family tax benefit part A?

Mr Warburton—Net losses will be added back to your taxable income—that is, the concession you get within the tax system will not be obtained for the purposes of assessing family tax benefit entirely.

Senator BOSWELL—That is a change, isn't it. That is a change from now?

Mr Warburton—Yes.

Senator BOSWELL—It will be changed in 2009.

Mr Warburton—Yes.

Senator BOSWELL—How many people will that affect?

Mr Warburton—Twenty thousand one hundred will lose some benefit.

Senator BOSWELL—That is on top of the 74,000, so 20,000 will lose another benefit?

Dr Harmer—Lose some benefit, not all of it.

Senator BOSWELL—Lose some benefit or all benefit.

Mr Warburton—I cannot preclude there being overlap between those two populations.

Senator BOSWELL—Minister, would you allow me to read out a letter because I think it is important. It is about four paragraphs.

Senator Chris Evans—We are running very late. I am happy for you table it but—

Senator BOSWELL—No, I would like to read it because I think it throws some light on the subject.

Senator Chris Evans—I am usually happy to help, but we really are stretching the estimates. This is legislation that will come before the parliament.

Senator BOSWELL—I know that.

Senator Chris Evans—If you want to defend the right of people to salary sacrifice to access family tax benefits, you will get to do that in the parliament. I am happy to have the argument with you then, but that is a question of the legislative debate. If you have questions for the officers, then that is fine. But if you do not have questions for the officers and you want to debate the issue, we will get a chance in the parliament.

Senator BOSWELL—How many working families will lose their current eligibility for family tax benefit A and B as a result of the budget? Maybe question 17 should be asked before 16. The new adjustable taxable income will be used to assess eligibility for a range of government assistance programs. What do these include? Rent assistance? What else?

Mr Warburton—The lead in developing the changes to income definition measures was taken by the Treasury portfolio.

Senator BOSWELL—No, I am not interested—

Mr Warburton—They apply across benefits that people may derive both within the tax—

Senator BOSWELL—Enunciate the benefits for us, please.

Mr Warburton—I won't be a moment.

Senator BOSWELL—We have got all night.

Mr Warburton—I have a list. Some programs already pick up some of these forms of income and others do not.

Senator BOSWELL—I am asking you what are the programs.

Mr Warburton—Salary sacrifice to superannuation is currently already included in assessments for the age pension and as a result of this measure will apply for other working age income support payments, for family tax benefit, for the new baby bonus income test and for the purposes of child care benefit.

Senator BOSWELL—What about rent assistance?

Mr Warburton—Rent assistance is assessed normally with the primary payment. So if a family has children, they get rent assistance with their family tax benefit and it is subject to the family tax benefit income testing arrangements. If they do not have children, they may get rent assistance with their primary income support payment.

Senator BOSWELL—In other words: if they got rent assistance now, will they get rent assistance after July 2009 if they are above the threshold? Is the rent assistance going to change?

Mr Warburton—If I can talk about family tax benefit for a moment, we assess your entitlement to rent assistance. It is a function of whether you are renting privately and how much rent you are paying. We also provide you with per child components within family tax benefit. We may provide you with a large family supplement. We add it up to a maximum rate and then it is subject to the family tax benefit income test. The definition of income has been broadened, but we just feed that into the income test and reduce your total rate.

Senator BOSWELL—But this is new as from July 2009?

Mr Warburton—That is correct. It is possible that it could lower your maximum entitlement which has rent assistance in it.

Senator BOSWELL—How many people will lose rent assistance?

Mr Warburton—I cannot specifically answer that. I am not sure that we can answer that.

Dr Harmer—We may be able to get that information on notice. But I suspect that we will not know those who receive FTBA and FTBB who are on rent assistance.

Senator BOSWELL—It is really important to know this. I would have thought you guys would have been prepared for this coming in here.

Dr Harmer—We will do our best. It is—

Senator BOSWELL—I have had some nasty experiences with people putting things on notice; you get the most bizarre answers that are non-answers. I have lost all faith in putting things on notice. I know, Minister—

Dr Harmer—We do our very best to answer the questions.

Senator Chris Evans—As I said, as I understand it this is part of a bill that will come before the parliament. Is that right?

Senator BOSWELL—I am sure it is, Minister, but we would like—

Senator Chris Evans—I am just reminding you that there will be capacity then for the senate committees to examine the bill and/or a committee stage of the parliament. While the officers have offered you the best they can do, I am just pointing out to you that you will get a number of opportunities to examine these issues.

Senator BOSWELL—I will now ask question 16. How many working families will lose their current eligibility for family tax benefit parts A and B as a result of the budget?

Mr Warburton—Senator, I have previously given you figures for the change in income definitions.

Senator BOSWELL—Yes.

Mr Warburton—I need to give you these on a measure by measure basis.

Senator BOSWELL—Yes.

Mr Warburton—For family tax benefit part B, the estimate is 40,000 families.

Senator BOSWELL—Will lose benefits in the budget?

Mr Warburton—That is correct, Senator. That is from 1 July 2008.

Senator BOSWELL—Yes, 1 July 2009 is it?

Mr Warburton—No, the primary earner income test applying to family tax benefit part B will start 1 July 2008 subject to the passage of legislation.

Senator Chris Evans—That is the means testing.

Senator BOSWELL—Yes I get that; that is part B. Yes.

Senator Chris Evans—It is a separate measure.

Senator BOSWELL—Okay, what is part A then?

Mr Warburton—I have given you the two for changes to the income definitions. None of the other measures, Senator, will result in families losing entitlements to family tax benefit.

Senator BOSWELL—As from July 2009, there will be no loss of benefit other than salary sacrifice and negative gearing? If you reduce your income under the cut-off point, which is \$119,000, no-one else will lose any benefits?

Mr Warburton—I hope I am on the same wavelength as you here, Senator. Some people will lose family tax benefit part B due to the new primary earner income test which is from 1 July 2008.

Senator BOSWELL—Yes, you have said that is 40,000.

Mr Warburton—There will be 40,000. I gave you a figure earlier for people who would lose because salary sacrificed superannuation would be included. In the case of the no longer

allowing net financial losses, no families would lose all entitlement to FTB part A on our estimates. Other measures do not change people's entitlement.

Senator BOSWELL—If you negative gear either shares or a unit or a house or something like that, you have always been able to use that loss to take that off your salary which would then drop you below the threshold to get family tax benefits.

Mr Warburton—It may.

Senator BOSWELL—Now, you are not going to be able to do that after July 2009?

Mr Warburton—No, Senator.

Senator BOSWELL—That is what I am asking you about. So you will not be able to do that. How many people are going to lose there?

Mr Warburton—Sorry, that is the figure I gave you earlier.

Senator BOSWELL—It was 20,000, wasn't it?

Mr Warburton—Yes, something like that. I will just double check it.

Mr Hazelhurst—While Mr Warburton is checking that figure, one thing we should probably just make clear is that the arrangements around negative gearing are to bring into line negative gearing associated with property and negative gearing associated with financial assets. Currently the net property losses associated with property on negative geared properties are counted. They are already counted, so you cannot use negative gearing from property at the moment to reduce your adjusted taxable income. What is being changed is to apply the same treatment to negative gearing associated with financial assets. It is to bring the two things together to be consistent.

Senator BOSWELL—That is not my understanding of what the gentleman on your right said. What you are saying now is that you cannot use the losses on a negative gearing on a house or a property and take that off your salary which would bring you below the threshold of the cut-off point of tax benefit part A?

Mr Warburton—That is correct, Senator. That arrangement has been in place for a substantial period of time.

Senator BOSWELL—Can you do it now?

Mr Warburton—For rental properties, you cannot do it now, but you can for financial investments. As of 1 July 2009 you will not be able to do it for financial investments. You said that the loss—

Senator Chris Evans—You cannot negative gear housing and this will mean that you cannot negative gear shares in order to access family tax benefits.

Senator BOSWELL—But you could use it if you borrowed money on shares.

Senator Chris Evans—You can now and this legislation will bring the shares treatment in line with the residential housing investment treatment.

Senator BOSWELL—How many working families lose their eligibility? You have given us the numbers there, haven't you?

Mr Warburton—Yes. Just to clarify, the number I gave you for losing benefit under the salary sacrifice to super measure is only 12,700.

Senator BOSWELL—That is the total loss?

Mr Warburton—That is the number of individuals who will lose all of their FTB parts A and B.

Senator BOSWELL—But there is a higher number—

Mr Warburton—There are 61,700 who will have a rate reduction within family tax benefit parts A and B.

Senator BOSWELL—Right.

Senator Chris Evans—That is it.

Senator BOSWELL—How much—

Senator Chris Evans—Just so we are clear, Senator Boswell, that is on the current figures. Obviously, by 2009 those numbers may change or have you done a calculation based on growth and income, et cetera?

Mr Warburton—If you are suggesting there may be more people in the future sacrificing—

Senator Chris Evans—Or less. How do you work out the figure for the incomes—sorry, I am asking the question—for 1 July 2009? There is a prediction obviously.

Mr Warburton—I believe so, Senator. I would have to go back and check the documents. As I said earlier, this was a measure that we worked up with Treasury and they assisted us with the detail.

Senator Chris Evans—I am sure Ms Macklin will be very pleased that I have asked you a question that you could not answer. I will be banned from coming to estimates. Sorry about that.

Senator BOSWELL—In total how much money will the government save by restricting eligibility using the new adjusted taxable income introduced in this budget?

Mr Warburton—Senator, I think the easiest thing might be to refer you to Budget Paper No. 2.

Senator BOSWELL—Just tell me the answer. I have difficulty looking those papers up. I have had 25 years and I have very rarely ever been able to achieve it.

Mr Warburton—You are after savings for the measure in total across all programs across government?

Senator BOSWELL—Yes.

Mr Warburton—In 2008-09 there is a \$6.7 million cost, that is followed in 2009-10 by a saving of \$156.8 million, a saving in 2010-11 of \$135.8 million and a saving in 2011-12 of \$145.5 million. That is the total savings across all Commonwealth agencies.

Senator BOSWELL—Thank you. Can I take you to Budget Paper No. 2, which indicates that the current approach, where the net value of reportable fringe benefits is used to calculate

entitlements to family assistance, will be replaced by the use of the gross value. This change will directly and adversely affect many low income and disability support workers. You are aware, no doubt, that some of these low paid community workers are given a \$15,000 tax-free kick.

Mr Warburton—I think, Senator, you are referring to some concerns that have been recently expressed in the community sector—

Senator BOSWELL—Yes.

Mr Warburton—about a measure that is being introduced on 1 July 2008 that is part of the child support reforms. Is it about the treatment of fringe benefits?

Senator BOSWELL—No, I will ask the question. National Disability Services says that this is a direct, if unintended, assault on low income working families in the disability sector by undermining the attractiveness of the salary packaging. Was the impact on the non-for-profit sector considered in the advice of the department given to the government?

Mr Warburton—Senator, my understanding is that that concern relates to a decision of the previous government that was made in the context of the child support reforms. Part of those reforms was about getting a consistent treatment of income across the child support system and the family tax benefit system. What they meant for—

Senator BOSWELL—I think you are wrong there. Can I refer you the website where regarding reportable fringe benefits. It says:

The Government will expand the definitions of income used to determine eligibility for certain tax offsets to include reportable fringe benefits, with effect from 1 July 2009.

... ..

This measure will expand the income definitions used for the dependency tax offsets, senior Australians tax offset and pensioner tax offset to include reportable fringe benefits.

The Government will provide the Australian Taxation Office with additional funding...

I am getting letters from the community groups—people on low pay, working for community groups. They are saying that this will severely affect them. I have had phone calls today. How many letters have been sent out advising people of reduced benefits due to the grossing up of the fringe benefits tax?

Mr Hazlehurst—Senator, the list of things you described as being affected are all tax offsets, I think, which actually this portfolio is not responsible for. You would need to direct those sorts of questions to the Treasury. The related aspect of this, which is what Mr Warburton was going to, relates to the treatment of fringe benefits being made consistent between child support and family tax benefit which is resulting in a change to family tax benefit from 1 July 2008. It is similar to what you are describing but it is not the same thing.

Senator BOSWELL—I have just been told this but I might be wrong. I understand nurses get an \$18,000 a year tax break. They do not pay tax on \$18,000. These low-paid community workers who are working for—I had a couple in mind but I cannot think of them now—get \$15,000 for which they do not pay tax. This is to offset their low income. I am talking to the wrong people here, am I?

Mr Hazlehurst—Yes.

Dr Harmer—It sounds like, Senator, that you are talking about tax policy and tax offset policy, which is the business of Treasury, not us.

Senator BOSWELL—Okay; thank you for that. I will ask the Treasury tomorrow. I will just ask this: hospital workers receive an \$18,000 tax-free fringe benefit break. How will this change affect nurses and hospital workers who have got an \$18,000 tax-free fringe benefit level? I have got to ask that question.

Mr Hazlehurst—The list of things that you described when you read the earlier question, Senator, I believe were all tax offsets, which are the responsibility of the Treasury.

Senator BOSWELL—What about what I am asking now: hospital workers who receive an \$18,000 tax-free fringe benefits and you could say community workers who receive a \$15,000 tax-free fringe benefit?

Mr Hazlehurst—Yes, but the change to which you are referring I believe relates to the changes to the tax offsets from 1 July 2009.

Senator BOSWELL—Is this your department or is it Treasury?

Mr Hazlehurst—Treasury.

Senator BOSWELL—So you cannot tell me how the change will affect the nurses and how many hospital workers will lose their tax-free fringe benefit?

Dr Harmer—No.

Mr Hazlehurst—We are not familiar with those tax offset changes, I am sorry.

Senator BOSWELL—Thank you very much. I will address those questions elsewhere. When can you answer that other question? What was that question you said you would take on notice?

Mr Hazlehurst—About the impact on rent assistance.

Senator BOSWELL—Rent assistance—when can you give us that?

Dr Harmer—We will take it on notice and give it to you—

Mr Warburton—We will certainly try and give you an answer, Senator, but I am not sure—

Dr Harmer—I am not sure we have the information, Senator, but we will do our best.

Mr Warburton—that we can give you a definitive answer, but we will do our best.

Senator BOSWELL—Can you get that to us by tomorrow? Can you send it up?

Ms Beauchamp—By tomorrow we will be able to tell you how difficult it is and give you a time frame.

Dr Harmer—We will be able to tell the secretariat for the estimates committee tomorrow whether we can do it not and at the same time, if we can, we will tell you how long it takes.

Senator BOSWELL—Thank you very much.

CHAIR—Thank you very much. Thank you, Senator Boswell. We have 15 minutes, and I think it is worthwhile continuing with further questions in families if there are people here who have got them. We are going to try and get into some sequence. Senator Siewert, what are your questions on?

Senator SIEWERT—I have got one about FTB. Then I have some about our continuing saga of the family relationship centres. I have two series of questions about online and some other funding.

CHAIR—We will start with the questions and, if the other senators come, we can take it up with them. Let's start.

Senator SIEWERT—I apologise if, in that long discussion, I did get a bit sidetracked and I am asking a question that was just asked. I have only got one question. I have had an email from a lady who said that she has received notification from Centrelink saying that her family tax payments would not be indexed to CPI this year as normally occurs. Is this accurate?

Mr Hazlehurst—No, Senator. We would be very interested to see that letter. I am not sure what that would be.

Senator SIEWERT—I will try and get hold of a copy of the letter and if in fact she has misinterpreted it I will deal with that. But if in fact she has not I will come back to you and follow it up. I have not actually got the letter; I have just received the email. That is my question on that.

CHAIR—Why don't we go to the family relationship centres, and you can get into your regular discussion on those for a while.

Senator SIEWERT—Yes, okay, because it just would not be the same if we did not.

Senator Chris Evans—Are you suggesting that this is not moving forward at the moment, Senator?

Senator SIEWERT—Oh no; we are making progress!

CHAIR—I am looking forward to the answers tonight.

Senator SIEWERT—This is an ongoing saga. I want to start somewhere a little bit different first off, and that is about how funding of centres is continuing into the future and specifically around consortia. I understand that in the past you have been encouraging small organisations and sometimes large organisations to put together consortia to tender for services—that is correct, is it?

Mr Hazlehurst—Yes.

Senator SIEWERT—I am just wondering what do you build into the contracts or into your arrangements with these consortia to ensure that they do in fact remain together?

Mr Hazlehurst—Senator, naturally enough, the practical details of the arrangements that a consortia might have around working together are actually a matter for the consortia itself. For example, we do not dictate to the consortia what legal arrangements they might want to have between the members of the consortia. For the purposes of applying for funding we have asked that consortia rely on an MOU to demonstrate intent around their arrangements.

We have taken that approach on the basis that, given that there is no guarantee that they will be successful in applying for the funding, an MOU is seen as sufficient indication of intent without putting the consortia members to the potentially quite significant legal expense of hiring lawyers to work out a more complex legal arrangement. We then have the funding agreement with the lead member of the consortia.

Senator SIEWERT—You do it with the lead member?

Mr Hazlehurst—Yes.

Senator SIEWERT—Consortia get together because each member offers a particular essential element of the service provision. If the government enters into a relationship with the consortia, what guarantee have you got that the consortia can deliver the services if all you are doing is contracting, in effect, the lead agency?

Mr Hazlehurst—The arrangements we have in place are that we contract with the lead agency but that there is an obligation in the funding agreement for the lead agency to provide us with notice, or advice, of any material change to their service delivery arrangements. If, for example, the consortium changes, that would be something that we would be notified about under the funding agreement.

Senator SIEWERT—So they are to notify you?

Mr Hazlehurst—They would notify us. We would then make an assessment of the extent to which what is left of the consortium would be able to deliver on the services or not. Based on that assessment, we would provide further advice to the minister on whether to potentially terminate that funding agreement and go back to the market, if you like, in that location, or to continue with the funding arrangements on the basis that the services can still be provided.

Senator SIEWERT—What happens then if you are one of the other agencies, not the lead agency, but you have purchased property or offices or contracted staff et cetera and the lead agency decides they are going to go it alone? What protection is there for the other agencies that are involved if they are not a lead agency?

Mr Hazlehurst—As I mentioned at the beginning, we do not dictate to consortia how they organise their legal arrangements within the consortia itself. It would be open to consortia to have arrangements in place of a legal nature to protect members in those sorts of circumstances, but the government does not dictate that. We do not impose an approach.

Senator SIEWERT—So, if smaller agencies get stung, it is up to them to deal with the lead agency? It is the same as the building industry—they are subcontractors so it is not the government's responsibility.

Mr Hazlehurst—It is a consortia, and we have a funding agreement with the consortia as it presents itself to us. If the lead agency presents itself, that is with whom we have the funding agreement. As I say, it is then a matter for the consortium itself to work out the arrangements within it. I understand the point you are making.

Senator SIEWERT—I will be watching what happens under Job Network. I know I do not deal with that here, but they are going down the same path.

Mr Hazlehurst—Sure.

Senator SIEWERT—I am concerned to ensure that all the smaller agencies that may in fact be then getting on board with these consortia are actually protected. Have you, in fact, to date had any cases where you have been notified where the group has fallen apart?

Mr Hazlehurst—Yes, we do. I might defer to Ms Fleming to provide you with some more details, although I am not sure how much detail it would be appropriate for us to provide at this point.

Senator SIEWERT—I understand.

Ms Fleming—We have one instance at the moment.

Senator SIEWERT—Is a major funding level involved?

Ms Fleming—I do not have the details of the specific level of funding but I think there is a level of funding that is reasonable between the two providers. So it is a reasonable amount of money that is split between the two providers.

Senator SIEWERT—So this is the first case?

Ms Fleming—This is the first case.

Senator SIEWERT—Have you had any representations from the sector expressing concern about the potential for consortia to fall apart and the liabilities that smaller organisations have then had to take on?

Ms Fleming—The sector and ourselves have established a working group, which we have called a funding and contracts working group, to deal with a range of issues. Matters arising from the issues of consortia are one of the issues that we have under discussion.

Senator SIEWERT—What happens if the consortia puts in a bid, the lead agency then goes away and does something different to the funding bid? As I understand it, they will put in a tender. If they go away and then make a different arrangement to that which has been tendered for, what happens?

Ms Fleming—There are set of processes. When we select the preferred tenderer model, we ask them to submit their service model as part of the funding agreement. All service providers to date have followed the service model that they had proposed. Where there is a change to the service model, they notify us. We then undertake an assessment to see whether there is a material change, whether there are risks to the community in terms of service provision associated with the changes that have been proposed, and whether there is additional monitoring that needs to be put in place within that period. Legally, for the period of the current funding agreement, our agreement is with the lead agency. We have a series of legal considerations that have to be worked through and some advice that we need to prepare around those for considerations beyond current funding agreements and we are in the process of developing that thinking.

Senator SIEWERT—That relates to the continuation of the contracts beyond—I think it is this year that they expire. So you are still working that through?

Ms Fleming—We are still working that through.

Senator SIEWERT—Is that in terms of the contracts that are now with consortia and how they are going to be rolled into the future?

Ms Fleming—There are two elements. One is if there is a material change beyond the funding agreement, what advice we provide; the second is around how consortia members might be better represented in funding agreements going into the future. Both things are under active consideration because there are a variety of different consortia arrangements, so what suits one consortia when taken in a sector perspective might not actually suit others.

Senator SIEWERT—When do you expect that review to be completed?

Ms Fleming—Shortly.

Senator SIEWERT—I have one question before—

CHAIR—If we could finish family relationship centres.

Senator SIEWERT—I will not. I have still got the—

CHAIR—You will not finish family relationship centres?

Senator SIEWERT—I was just going to ask one about advertising.

CHAIR—Go for it.

Senator SIEWERT—The advertising for family relationship centres was cut, as I understand it, in the budget. I know that is not your line item; it is A-G's line item, as I understand it. Did they talk to you before that cut was made and how do you see the reduction in advertising? As I understand from the budget statement, they are now going to rely on community networks and church services, I think, for advertising of family relationship centres. Were you consulted about that?

Dr Harmer—Can I answer that question. While we can answer that question whether we were consulted, I would prefer the officers not to comment on the measure.

Mr Hazlehurst—We were consulted.

Senator SIEWERT—You were?

Mr Hazlehurst—We were aware of it, yes.

Senator SIEWERT—Is there going to be some sort of evaluation of how people find out about family relationship centres et cetera?

Ms Fleming—There is a broad evaluation of the entire new family law system measure, including the expanded services component. That is being conducted by the Australian Institute of Family Studies and it is scheduled to report sometime around August 2009.

Senator SIEWERT—That is across the whole of the new family law reform?

Ms Fleming—That is correct.

Senator HUMPHRIES—Who made the decision to cut the advertising budget?

Mr Hazlehurst—The government did.

Senator HUMPHRIES—It was a whole-of-government decision? And you are not administering that, so you cannot comment on it?

Mr Hazlehurst—It falls within the Attorney-General's portfolio, but it was a budget decision.

Senator HUMPHRIES—This was part of the government's decision to cut back on what they broadly describe as political advertising; it was a promised cut in the amount of political advertising that the government was doing.

Ms Beauchamp—We cannot comment on whether it was part of that framework, but the government made a decision to cut some elements of the advertising budget.

Senator HUMPHRIES—That is my supposition. This particular impact on this area, though, has the effect of preventing advertising of the work of the family relationship centres. Is there anything other than advertising the existence and the nature of the role and the work of the family relationship centres which was included in that advertising budget which has now been cut?

Ms Fleming—You would have to refer that question to the Attorney-General's Department. I would say that individual services are still, within their funding, able to promote their services within their communities and there is funding available to do that.

Senator HUMPHRIES—Yes, but they do not have a budget to do it, do they? This is the point; they do not have a budget to do it, at least not as large a budget to do it.

Dr Harmer—Senator, we would not stray into other department's territory on this.

Senator HUMPHRIES—I am just a bit confused because the announcement about the centres was made jointly by Minister McClelland and Minister Macklin so I assume the funding of these centres is a matter of joint custody, if you like, of the two departments. That is not the right word to use, of course.

Senator Chris Evans—I did grimace.

Senator HUMPHRIES—Joint carriage by the two departments, is it not?

Mr Hazelhurst—The program as a whole is, Senator. In broad terms, for the early intervention services for intact couples, funding flows through FaHCSIA and for post-separation services and the family relationship centres, funding flows through the Attorney-General's Department, as does the funding for communications around the FRCs.

Senator HUMPHRIES—You have got some partial responsibility for the work these centres do, do you not?

Mr Hazelhurst—Not the family relationship centres themselves. The same organisation may have the funding agreement for a family relationship centre and early intervention services in a particular location.

Senator HUMPHRIES—Okay.

Mr Hazelhurst—In addition to that, we manage the actual funding agreements for the whole of the program on behalf of the Attorney.

Senator HUMPHRIES—But you do not evaluate or overview the work that the FRCs are doing?

Mr Hazelhurst—We do not. We certainly collect some of the information that will be used for the purposes of the evaluation, because we manage the funding agreements.

Senator HUMPHRIES—You cannot comment on the effect that this cut in the advertising dollar would have on the work of the centres then?

Mr Hazelhurst—That would be a matter for you to refer to the Attorney-General's Department.

Senator HUMPHRIES—Okay.

CHAIR—Thank you.

Proceedings suspended from 6.34 pm to 7.35 pm

CHAIR—We will reconvene in dealing with the issues around families and we had Senator Rachel Siewert who was asking questions. So I will go back to you, Senator Siewert.

Senator SIEWERT—We will go, if it is okay with you, on to FRSP Online. When we left the saga last time, as I recall, we were talking about the review of the privacy issues and I understand that you have done two reviews of that. You have provided one to us already, haven't you? I am pretty certain you provided one of the copies of the review to us.

Ms Fleming—No, we provided the cost methodology report to you at a previous hearing.

Senator SIEWERT—That is right. Sorry. Can you provide details of both reviews? Are they going to be publicly available documents?

Ms Fleming—The documents are already available to the service providers.

Senator SIEWERT—Thank you. Could you tell me how much each of them cost?

Ms Fleming—I will have to take that question on notice.

Senator SIEWERT—If you could, that would be great. Can I go back a step: the documents are available to the service providers. Are they publicly available, though, or have they been given to them on a confidential basis?

Ms Fleming—The report will be publicly available, but at the moment it has just been available to the service providers.

Senator SIEWERT—Both or—

Ms Fleming—Both documents are available on the FRSP website for service providers and a hard copy is going to be forwarded to the service providers, together with some other material.

Senator SIEWERT—Once they have seen it, you are then releasing it publicly?

Ms Fleming—Yes.

Senator SIEWERT—Are they given a period of time to review it to get comments back?

Ms Fleming—We have set up a working group with the Family Relationship Services Australia board to look at the recommendations of the report.

Senator SIEWERT—I am not trying to put words in your mouth, but are you waiting for that working group to report before you make the documents public? Is that the point?

Ms Fleming—The process for engagement of the sector is that we have released both reports to the sector together with the department's preferred responses to the

recommendations, and we have set up a working group to discuss some of the recommendations, because they are not things that we have to do; they are things that we could do. They are mostly better practice options.

Senator SIEWERT—This is in response to the issues that were raised out of the two reviews and the issues that the service providers were also raising about privacy?

Ms Fleming—That is correct.

Senator SIEWERT—We have had long discussions around the consent forms et cetera. So it is about that. Is that what you mean?

Ms Fleming—Deakin's compliance report found the department system mostly compliant with the privacy principles, with a minor issue around a possible potential to not comply with the privacy principles around accessing what we call tombstone data, which is historical data, for checking duplicates, and we revised the consent form to address those matters.

Senator SIEWERT—Yes.

Ms Fleming—At the same time as we revised the consent form to address those matters, the board, chief executive, A-G's and ourselves picked up some of the other concerns around plain English and language and made some further modifications. So we now have a fully compliant consent form to roll out with the sector.

Senator SIEWERT—When you said they were 'mostly compliant', was that the area of noncompliance?

Ms Fleming—The area of potential noncompliance—

Senator SIEWERT—Sorry. I will be more careful with my words.

Ms Fleming—was around consenting for what they call tombstone data to be accessed when they were doing a duplicate match. It was a very minor element, but the consultants felt it was worth addressing in the consent form, and we have done that.

Senator SIEWERT—Can I ask why you needed to do two reports?

Ms Fleming—We wanted a legal assessment against compliance and a better practice guide.

Senator SIEWERT—So they provided, therefore, different sets of recommendations.

Ms Fleming—That is right, and the benefit is that they both had very similar findings.

Senator SIEWERT—Can I go back to the issue around tabling documents. Instead of having to come back again and ask next time 'could you table them', can I perhaps put you on notice that they be tabled once—

Ms Fleming—They are ready to be tabled.

Senator SIEWERT—Okay. So you can table them before the working group has done their recommendations.

Ms Fleming—Yes.

Senator SIEWERT—That would be fantastic, if you could table them. That would be appreciated. You did say that the working group is working through the recommendations. You have already done a preferred response.

Ms Fleming—Correct.

Senator SIEWERT—Then, depending on what the working group comes up with, presumably you will reach agreement with the service providers about implementation of the agreed recommendations.

Ms Fleming—That is correct, because there are some recommendations that have cost implications for the sector.

Senator SIEWERT—Are we allowed to talk about what those are?

Ms Fleming—The recommendations are around audit and controls put in by the service providers on how they comply with the IPPs. It is a systems review, not just a departmental review. It is whether they themselves are recording the data and have the security and protocols in place within their organisations to ensure that there is no inappropriate access to material.

Senator SIEWERT—Thanks. Can I ask a general overall question about how FRSP Online is working now. Is it working effectively?

Ms Fleming—The data collection system is working well. The reporting portal is working well, but there is an issue between the portal and the gateway through which service providers enter into the portal system. There is a bit of a glitch there that has made the system not as stable as we would like, but we are working to technically rectify that system, and we are working with one of the third party service providers to continue to address their issues of a technical match with the FRSP Online system. That work is still progressing.

Senator SIEWERT—Sorry, a third party or any third party?

Ms Fleming—A third party. There are many third party providers but there is a particular third party provider where the interface between their system and our system is not quite working properly yet and we are still working through that.

Mr Hazlehurst—To clarify there, many of the services run their own management software.

Senator SIEWERT—Yes.

Mr Hazlehurst—This is ensuring that, for this particular third party provided software, it appropriately feeds information backwards and forward into FRSP Online.

Senator SIEWERT—But that is not the only problem with the reporting portal.

Mr Hazlehurst—It is a separate issue to the reporting portal.

Senator SIEWERT—How long has that problem been going on? Is it an ongoing issue?

Ms Fleming—The reporting portal was released in March of this year and the gateway issue has been destabilising the system from that time until now.

Senator SIEWERT—Since that was brought online, that particular aspect, it has not been—

Ms Fleming—Yes. It works, but it is not stable and we are trying to address the stability issues.

Senator SIEWERT—Thanks. Could you tell me the total cost of the system to date, to develop and implement?

Ms Fleming—I will take that question on notice.

Senator SIEWERT—That is fine. Are there any plans to develop the system any further?

Ms Fleming—There are some additional releases that are still to go with the system as it is designed, and we are working with the sector around developing some more effectiveness performance tools, which may or may not be released through the FRSP Online system.

Senator SIEWERT—So it may be a completely different system.

Ms Fleming—It would probably not be a different system; it is whether it would be that system or we would not use an electronic system, depending on the effectiveness of the tools that we develop.

Senator SIEWERT—What sorts of tools are we talking about?

Ms Fleming—We are still working through the performance framework with the sector, so we do not yet know what tools will be developed.

Senator SIEWERT—I think we have talked about this before, but have you done any work around the costs that this is putting on the agencies themselves to implement it?

Ms Fleming—We have established a working group with the Family Relationship Services Australia board to work through the issues around the data collection and performance, costing and funding to look at options for streamlining reporting requirements and working through those issues.

Senator SIEWERT—Is that the same working group that is dealing with the recommendations from the report, or is it a separate one?

Ms Fleming—There are three working groups. There is one working group on performance monitoring and data quality, which has a subgroup on FRSP Online. There is a separate working group on contracts and funding. They both report to the board.

Senator SIEWERT—What is the third one?

Ms Fleming—Workforce development.

Senator SIEWERT—We have had this discussion before about the number of clients that are registered and do not register. Has the number increased or decreased? Are there still a number who do not want to register?

Ms Fleming—There are always a number of clients that elect not to register. We have had discussions with FRSP service providers to see whether there is an opportunity to collect more data around unregistered clients—such as whether they are Indigenous, their age—without identifying their personal details. Those discussions are ongoing.

Senator SIEWERT—Since you changed the form, has there been an increase or decrease in the numbers?

Ms Fleming—The form has been altered but the consent form has not yet been implemented. We have a proposed implementation date of 1 July.

Senator SIEWERT—To tell you the truth, I forget how many you said last time. When we first started talking about this, there was a proportion that did not register. Has that remained about the same?

Ms Fleming—It is about 25 per cent of clients that do not register, but some of those are never going to register because they are participants in group courses. Service providers have not traditionally collected data on people that participate in group courses.

Senator SIEWERT—I thought I remembered 20 per cent. The material that you are talking about collecting, if people wish to remain anonymous, is that of the cohort of people that are participating in other forums and things like that, or are you trying to get data from everybody?

Ms Fleming—We are trying to improve our data collection around who is accessing the service, so we are looking to work with the service providers to see if, where people do not want to collect data, there is some kind of demographic data that they would be prepared to provide us, to give us better knowledge about whether we have more Indigenous clients than we think we have, or men or children.

Senator SIEWERT—Just linking back to the issue that we were talking about earlier, which is the advertising, do you ask where they have found out about the service?

Ms Fleming—We monitor referrals to the service, so, where the clients are registered, we know from where they were referred to the service.

Senator BERNARDI—I have a number of topic related issues, some of which may have been explored at the margins already.

CHAIR—You should go right ahead, Senator Bernardi.

Senator BERNARDI—Thank you. Can I turn your attention to family tax benefit B, please. Welcome back, Mr Warburton. I will direct some questions to you, because I know you have some answers, if that is all right. They go a little bit to what Senator Boswell said before. How many families currently receive family tax benefit B.

Mr Warburton—There are 1.4 million.

Senator BERNARDI—Under the proposed changes, how many families do you expect to receive family tax benefit part B?

Mr Warburton—There are 1.4 million.

Senator BERNARDI—So there will be no change at all?

Mr Warburton—There are 40,000 fewer customers who will receive family tax benefit part B because of the new primary earner income test.

Senator BERNARDI—Is there an income limit for the secondary income earner?

Mr Warburton—Yes, there is.

Senator BERNARDI—Could you tell me what that is, please?

Mr Warburton—A secondary income earner can have \$4,380 of income before their family tax benefit part B is affected. Income above that reduces their family tax benefit part B by 20c in the dollar, so a family with a child under the age of five would have lost all family tax benefit part B when their income was \$22,320 and a family whose youngest child was aged over five would lose all of their benefit when their income was \$17,356 a year.

Senator BERNARDI—Is that any change?

Mr Warburton—That is no change.

Senator Chris Evans—They have not been indexed?

Mr Warburton—Those thresholds are indexed. The arrangements are continuing the same.

Senator BERNARDI—The primary income earner limit is \$150,000?

Mr Warburton—Yes.

Senator BERNARDI—Before and after? There is no decrease in that? Someone who earned \$149,990 would—

Mr Warburton—Once their income is above \$150,000, the family would not receive any family tax benefit part B.

Senator BERNARDI—So someone who earned \$80,000 with a secondary income partner who earned \$50,000 would receive no family tax benefit part B? Is that right?

Mr Warburton—That is correct.

Senator BERNARDI—If the primary income earner earns \$120,000 and the secondary partner earns \$10,000, is it the same quantum?

Mr Warburton—Yes.

Senator Chris Evans—I think in your earlier example they would not have had family tax B anyway.

Senator BERNARDI—Because of the means testing?

Senator Chris Evans—No, before that. You used the example of a spouse on \$50,000.

Senator BERNARDI—I understand this. The family can have the same income under this scheme, but does the receipt of the family tax benefit alter according to how that income is divided?

Mr Warburton—There are small income ranges over which that can occur. That is correct. The two income tests are applied separately and the rationale behind that is essentially that the government did not want to interfere with the incentives for the secondary earner to take a job. That is why the income test was applied as a primary earner income test. So the family is either in or out of the system and there is no change to the incentives for the secondary income earner.

You could have a family where the primary income earner had \$145,000 and the secondary earner had \$10,000, a total income of \$155,000. They would be in the system, whereas, if the primary earner had \$155,000 and the secondary earner had none, they would not be in the

system. But the reason for that is that the government did not want the decisions about taking up work by the secondary earner to be changed. They did not want it to result in any change of incentives for the secondary earner.

Senator BERNARDI—How did you arrive at the \$150,000 figure, the primary income earning figure?

Mr Warburton—That is essentially a decision that was taken by the government.

Senator Chris Evans—It is a government policy decision.

Senator BERNARDI—Going back to the numbers of families that receive family tax benefit B, how many FTBB recipients are single income families currently and would be under the changes?

Mr Warburton—I have here a figure for the number of customers who are on maximum rate, so that would be where the secondary income earner was under the free area, under the secondary earner income test. The figure I have for instalment customers is 916,100, as at 25 April.

Senator BERNARDI—Yes, but that does not really capture the single income family because you may have someone who is still earning up to \$4,380 a year.

Mr Warburton—You are asking me how many families get family tax benefit part B and the secondary earner does not have a single dollar of income?

Senator BERNARDI—That is what I am asking, yes.

Mr Warburton—I would have to take that on notice.

Senator BERNARDI—Is that the sort of material that you would keep records of?

Mr Warburton—We have some records. The records are not totally complete because of customers claiming payments through the tax office. Our data sources are not perfect. We can get it quite readily for instalment customers. We could give you data in respect of some prior years for those who have been through the reconciliation process.

Senator BERNARDI—Would you then be able to do that and let me know how many families are dual income families? I guess it would be the corresponding number, wouldn't they? The secondary earner does have some income. That would just be the balance of the single income families, wouldn't it?

Mr Warburton—Yes. Just for the part B population?

Senator BERNARDI—Part B population.

Mr Warburton—Yes, we can get that for you.

Senator BERNARDI—Okay, that would be good. Can you tell me the percentage of families that are choosing fortnightly payments of the benefit versus those that receive a lump?

Mr Warburton—Yes, I can. I have just got to find the right figure. I can give it to you in numerical terms. I am not sure if I have the percentage.

Senator BERNARDI—Yes, I can do—

Mr Warburton—I will give it to you in numerical terms. There are currently 2,011,100 instalment customers out of a population that is estimated to be 2.2 million, so that is well over 90 per cent.

Senator BERNARDI—Ninety per cent, yes. Can you tell me what percentage of claimants currently claim the benefit through Medicare?

Mr Warburton—No. I would have to take that on notice.

Senator BERNARDI—Okay, that is fine. What about those who claim it through Centrelink?

Mr Warburton—No. That might be a bit tricky.

Senator BERNARDI—Because you are not talking—

Mr Warburton—In recent years the processes have changed. Medicare has a much more significant role in the administration of family tax benefit than it has in previous years. Many customers, after they have a child, have a first point of contact with Medicare. We have quite a high proportion of baby bonus claims that are processed by Medicare. Essentially, after the birth of a child, a customer can come in: they can have their child put on their Medicare card; they can claim the baby bonus, maternity immunisation allowance; notify that they have another child for family tax benefit purposes. They can do all that through the Medicare office and quite a few choose that.

Senator BERNARDI—Mr Warburton, what I am trying to do is to work out, in broad terms—you do not have to be exact—how many get it through the taxation system and how many get it through Medicare and how many claim it through Centrelink. That is all.

Mr Warburton—Once people are in the system, all of the payments are made through the Centrelink computer system, so the annual review of income estimates is carried out by Centrelink and so forth. It is not clear to me that you can readily give a meaningful split between Medicare and Centrelink. I can give you some figures for the ATO.

Senator BERNARDI—That would be helpful, thanks.

Mr Warburton—Around seven per cent of family tax benefit customers claim a lump sum through the Australian Taxation Office.

Senator Chris Evans—Was that seven per cent?

Mr Warburton—Seven per cent.

Senator Chris Evans—That low.

Senator BERNARDI—Chair, I have nothing further on family tax benefit B at this stage.

CHAIR—I am just checking whether anybody else has anything on family tax benefit. Senator Siewert, Senator Boyce?

Senator SIEWERT—I do.

Senator LUNDY—I do not have anything on family tax benefit but I have got other things in this area.

CHAIR—Senator Siewert.

Senator SIEWERT—I need to background this so that you understand what I am trying to find out. When the child support new formula was introduced—sorry, it has not been introduced now. The announcement was made and all the processes have been done and I will ask about that in the next session. It was acknowledged that there would be a drop in some people's payments and that that would be partly balanced up, at least, by the readjustment of FTB, and there was the table—'If you have a certain percentage of care, this is how much you're going to get.' That is a correct understanding, isn't it?

Mr Hazlehurst—There are two different kinds of things which are probably worth distinguishing. There is what happens anyway if someone's child support goes up or down, which is that the maintenance income test operates to reduce or increase family tax benefit. So, regardless of any change in the law, if someone's child support payments go up beyond the maintenance income test threshold, then their family tax benefit will be reduced by 50 cents in the dollar down to the base rate of family tax benefit. The first part of this then is to say that, if there are changes to someone's child support assessment as a result of the changes in the law—that is, the change in the formula coming into effect from 1 July—they may well also have an impact on the family tax benefits through the operation of the maintenance income test.

Senator SIEWERT—Yes.

Mr Hazlehurst—In addition to that, the second part of it is that the recommendations of the ministerial task force, which were then subsequently adopted and passed through the parliament, included some changes to family tax benefit itself.

Senator SIEWERT—Yes.

Mr Hazlehurst—And there are a range of changes that will also operate from 1 July.

Senator SIEWERT—My understanding is correct, isn't it, that that was done partly to balance up what was done in the recalculation of the formula? At least, that is the way it was portrayed by government.

Mr Hazlehurst—Yes. Certainly you have to look at both sets of changes together as a package to understand both the policy intent and the actual impact on people.

Senator SIEWERT—Yes, okay, and that is where I am getting to.

Mr Hazlehurst—Okay.

Senator SIEWERT—And I am going to be asking this of Child Support in terms of what impact it is potentially going to have.

Mr Hazlehurst—Yes.

Senator SIEWERT—The calculations for child support have been done and everyone has got their letters. Is there any assessment yet of the changes that will flow through from FTB under the new arrangements?

Mr Hazlehurst—FaHCSIA have not yet received all of the information from the Child Support Agency in terms of the assessments that have all been sent out but we are intending to look at all of that information and then to assess the impacts on family tax benefit. It remains our view, though, and previously we have stated, that the best way of testing it will actually be

when the real assessments for family tax benefit are adjusted, and that will not occur until 1 July.

Senator SIEWERT—I understand that, but I also already understand that there is a significant amount, as you will well know, of distress out there in the community because people have been receiving their assessments and they are much worse than they anticipated. So there is real distress out there in the community and I am sure the phones have been running hot about it. I know I have asked this before and I will continue to, about the modelling that is being done to look at reducing the stress as soon as possible, rather than waiting for three or four months down the line.

Mr Hazlehurst—There are a couple of things I should mention. The first is that there is an estimator available which enables people to assess the combined impact of their family tax benefit and child support.

Senator SIEWERT—Yes.

Mr Hazlehurst—It is certainly the case that the Child Support Agency would encourage people to look at that combined impact. In addition, the information that accompanies the assessments and, indeed, the general information that is being provided to customers basically since the beginning of the year, indicates to people that both things are likely to change.

Senator SIEWERT—Yes.

Mr Hazlehurst—If the question you are asking me is for individual customers—because that is the source of distress that I presume you are referring to—it is certainly possible for an individual customer to make some assessment of their family tax benefit entitlements and it is certainly also the case that many of the people who I think you are referring to, who are ringing up the Child Support Agency, would have some of these things explained to them.

Senator SIEWERT—Yes, they are getting some of this information explained to them, and certainly the feedback that I have had is that the two are not balancing up. What I want to know is: is that true or not? What assessment is being done to look at whether FTB is now filling in the gap of what people are losing through the new formula?

Mr Hazlehurst—I understand that question. In some cases, the FTB change will more than compensate for it and in some cases it will not. The two things are related in policy terms, but for an individual person the child support assessment and the family tax benefit assessment obviously have to be done separately and will lead to different outcomes.

Senator SIEWERT—What I want to know is, the preliminary work that has been done—because everybody has now had their assessment so you will have some information at least on what has gone up and down—has that been run through a formula for FTB to look at whether, on the whole, people are largely getting that made up under FTB?

Mr Hazlehurst—No, we have not yet run the information from all of the assessments. We do not yet have that information from the agency.

Senator SIEWERT—None of it?

Mr Hazlehurst—We have been provided with a subset of it for testing purposes, to see whether we can process the information, but it is not a population-level thing.

Senator SIEWERT—How soon will you get it?

Mr Hazlehurst—Within the next few weeks.

Senator SIEWERT—Will that be done before 1 July?

Mr Hazlehurst—No.

Senator SIEWERT—How soon after 1 July will you be able to tell how many people are suffering significant financial distress because their payments have gone down significantly?

Mr Hazlehurst—We expect to be able to have completed our analysis by mid to late July.

Senator SIEWERT—Will there be some policy response to that?

Mr Hazlehurst—We would then provide that information to the government.

Senator SIEWERT—Will it be publicly available information?

Mr Hazlehurst—That would be a matter for the government.

Senator Chris Evans—The other thing to say, Senator Siewert, is that the other feedback mechanism is of course constituents and, as you know, I have had a long interest in this matter and we all, I think, realised in the end that we could not get good data on the impacts prior to the change in the arrangements because of the individuality of all of the outcomes. But we have all been interested in what the impact will be and I have already started getting some feedback from constituents about how they think they will be affected. I think the analysis is really important but the other traditional method is often just as good, which is feedback from those affected, particularly in relation to your concern with people who have been adversely affected and are finding it tough. There will be winners and losers and we know the losers will not be happy, but the key issue obviously is those where the assessment causes real pain or where we think we have got an unintended consequence or a particularly bad outcome. That is obviously going to be very important for the government to monitor. I know Minister Macklin is keenly aware and focused on that but some of the feedback we will get from the community will be just as important as the analytical stuff that the department does.

Senator SIEWERT—I agree, and we are getting it already.

Senator Chris Evans—Yes.

Senator SIEWERT—And 86 per cent of the people that we are talking about are mothers, are single women, and I really do not like the situation where we knowingly let people go into distress and then they have to lobby to get redress. I do not think that is good policy-making when we know that it is likely to happen.

Senator Chris Evans—I do not disagree with you. We went through this at the time—about whether we could get good information beforehand.

Senator SIEWERT—The point is that it looks like it is worse. Certainly the anecdotal evidence looks like it is worse than anticipated. I could be wrong and the response I am getting from people could be overdramatised.

Senator Chris Evans—The difficulty with these things, as you know, is that the people worse affected will be the ones who will call us—and I have had a couple raised with me already—and it is always hard then to work out what is happening more generally. That is part

of the skills of a politician—to try and work out what is happening more generally, based on the experiences you get. The work that the department is going to do is really important, but I am saying that the other feedback mechanism, which is just as important, will be the reaction of those affected. There will be winners and losers, so we will not hear from the winners; we will hear from the losers. It is a question of seeing whether there are really unintended or inappropriate outcomes for some of those losers.

Senator SIEWERT—I will be asking our next—

Senator Chris Evans—I am very keen to see the outcomes for myself. The Labor Party made a decision to support the legislation but one of the major sticking points was concern about not being able to get a good handle on the outcomes. We looked at the principles that will be applied and that seemed rational enough, following the review et cetera, but the difficult thing was, ‘What does that mean for people in real circumstances?’

Senator SIEWERT—And of course you lay on top of that Welfare to Work.

CHAIR—Before I go to Senator Lundy, Mr Hazlehurst, you said that you got data to make sure that the systems were working and you could use the data. I take it that the system is working and you can use the data?

Mr Hazlehurst—Yes.

CHAIR—Good. I wanted to get that on record; that the system was working. Senator Lundy.

Senator LUNDY—Thank you. I have a series of questions to clarify something that has been bugging me. Earlier Senator Boswell asked a series of questions relating to fringe benefits tax arrangements; salary sacrifice and how income salary sacrifice was added back and all of those things. I want to go through and make sure that I am clear about the different measures and then I have got some specific questions about the introduction of those measures. I understand that there are four different measures in the group of things that were being referred to; the first one being the family tax benefit income definitions to include the gross value rather than the ungrossed or net value of reportable fringe benefits; secondly, the tax offset income definitions to include the gross value of reportable fringe benefits; thirdly, the inclusion of income salary sacrifice into superannuation in a range of income definitions across government; and, fourthly, the inclusion of income to include net rental losses and net investment losses—that is, negative gearing property.

The first of these which was discussed, and which is the most contentious—in the community sector, hospitals and charitable institutions—comes into effect, as I understand it, on 1 July of this year. The rest of them—the second, third and fourth ones—I understand come into effect on 1 July 2009. Is that correct?

Mr Hazlehurst—Yes.

Senator LUNDY—Okay. The first one I mentioned—and this is really important—the changes to the family tax benefit to include the gross value of reportable fringe benefit amounts, when was that decision taken?

Mr Hazlehurst—That decision was taken by the former government as part of the child support reforms.

Senator LUNDY—Right.

Mr Hazlehurst—It was to bring some consistency into the treatment of income between child support and family tax benefit.

Senator Chris Evans—Was that by legislation?

Mr Hazlehurst—Yes.

Senator LUNDY—What date was that? You have confirmed it was a decision by the previous government. When were those child support changes put through?

Mr Hazlehurst—The legislation itself was in December 2006.

Senator LUNDY—Can I confirm that it does not appear in this year's budget papers, because it was actually a measure from that previous package.

Mr Hazlehurst—That is correct.

Senator LUNDY—Thank you. I understand that that measure, as you said, was to bring the arrangements for the family tax benefit into line with the arrangements for child support.

Mr Hazlehurst—That is correct.

Senator LUNDY—I hope Senator Boswell is listening. The tax offset definitions which were in this year's budget relate only to a small number of tax offsets, and I went through those three. I want to check that the salary sacrifice measure across government payments—that is, the third one I mentioned—only applies for salary sacrifice into superannuation: it is only about going into superannuation.

Mr Hazlehurst—Yes.

Senator LUNDY—Thank you. That is the correct answer.

Senator Chris Evans—With all the confidence he could muster.

CHAIR—A slow and considered answer there.

Senator LUNDY—On the negative gearing issue, the fourth measure that I mentioned, rental losses are already added back in and this measure will add investment losses back in to the definition of income for family tax benefit. Is this correct?

Mr Hazlehurst—Yes.

Senator LUNDY—Thank you very much.

CHAIR—Are there any further questions on family tax benefit? Senator Humphries.

Senator HUMPHRIES—Could I ask about the extent of salary sacrificing across the income spectrum? It is sometimes associated with higher income earners, but I assume salary sacrificing is made by people at all sorts of income levels across Australian society at the moment, isn't it?

Dr Harmer—I doubt very much whether we have any information about the income distribution of people who salary sacrifice.

Senator HUMPHRIES—I would have hoped you would have done some work on the extent to which salary sacrificing arrangements would interact with these changes and you would have some idea. You might not have it now but—

Senator Chris Evans—Senator Lundy made an observation in her question because of the concern about the measure that comes in on 1 July about the community sector. As you know, Senator Humphries, there has been an expansion—I think an unfortunate development; I have argued against it for years—of community groups trying to retain staff in difficult environments by increasing salary sacrifice.

So I know in the community sector, disability sector, in a range of those community organisations, there is an awful lot of salary sacrificing. I am not sure with lower incomes it spreads much beyond that community sector because of the tax advantages they get in particular from the salary sacrifice arrangements. In fact, there was a good report commissioned by the previous government from the Productivity Commission which I think the Treasurer tried to act on and got done over inside the government.

But there has been expansion in that area and a lot of those people are not highly paid, you are right, but I think it is mainly confined to that sector. But there might be some better information in that Productivity Commission report. It is about five—it is probably a bit older now—five, six, seven years old, but they did a fair bit of work on that stuff.

Senator HUMPHRIES—So do we know how many people in that category of being employed by community organisations or charitable organisations will be affected by these changes?

Mr Warburton—In respect of salary sacrificing, we do not know that, no.

Senator HUMPHRIES—You cannot sort of estimate based on what you understand to be the arrangements which have been worked out across a number of community organisations? An accurate figure probably is not possible, but an estimate is not possible?

Mr Warburton—These sorts of costings are done through STINMOD. It is a function of the data that is in those models. I am not an expert in it, but I am sceptical that we would have the nature of their employer as a community sector employer in those models.

Senator HUMPHRIES—You are confident that you would or you wouldn't have that?

Dr Harmer—I doubt it.

Mr Warburton—I do not think that that data would be in the models. They are primarily data about individuals and families, their income and so forth. I do not think that they would have employer type, as it were, in those models.

Senator HUMPHRIES—Okay.

Mr Warburton—But that would be a question you could easily direct towards Treasury.

Dr Harmer—I do not know whether Treasury have been on but, to the extent that anyone has the information about the distribution of people who salary sacrifice, Treasury would be the ones who would have it.

Senator HUMPHRIES—So you have not done any modelling that tells you when you roll out this scheme what number of people in those income brackets are likely to be affected, by virtue of their use of salary sacrificing?

Mr Warburton—No, we have not. As I said earlier to Senator Boswell, with these income definition measures, Treasury led the work on those because they were applying to offsets within the tax system and they were trying to achieve consistency across the range of transfer payments in the Commonwealth, some of which are the responsibility of DEEWR, some of which are our responsibility and so forth. They led that work and they did the modelling in Treasury, and we cooperated with them on the information that was necessary for that to occur. We are really only in possession of the net results.

Senator HUMPHRIES—I will ask Treasury. Thank you.

CHAIR—Any other questions on family tax benefit? No. Next topic, Senator Bernardi.

Senator BERNARDI—I will go to the baby bonus, Chair. Dr Harmer, can the baby bonus be paid on more than one occasion for the same child? Shall I address it to you, Mr Warburton?

Dr Harmer—Yes.

Mr Warburton—I am happy for you to do that. That generally does not occur. The baby bonus is only paid once.

Dr Harmer—Once.

Mr Warburton—Under the measures announced in the budget, it will be paid a second time in the case of adoptions.

Senator BERNARDI—So the parent—the mother—could receive the baby bonus upon the birth of the child, the child could then be adopted out, up to 16 years later, and the baby bonus would be payable again?

Senator Chris Evans—No, it is not. There is a four-year limit on the child, isn't there? Four-year-old.

Mr Warburton—Not up to 16 years. The decision announced by the government is that it would pay the baby bonus for adoptions up to the age of 16. The child has to be under 16. So if the baby bonus had been paid and the child was adopted at the age of 14 by a new parent, the baby bonus would be payable under the changes announced by the government in the budget.

Senator BERNARDI—I want to confirm this with the minister, because I thought I heard the minister say there was a limit of four years from the birth of the child.

Senator Chris Evans—I was surprised. I have been corrected and I am wrong.

Senator BERNARDI—I am not picking on you.

Senator Chris Evans—No, I thought it was—

Senator BERNARDI—Could you say that again, though, for the record?

Senator Chris Evans—No-one doubts that. I have been wrong a lot, so that is not a problem. I am wrong at home all the time. The officers have informed me it is up to 16, which is news to me. Senator Hill always said, ‘You come to estimates’—

Senator BOYCE—That was an election commitment around the baby bonus that you did keep, Senator Evans.

Senator Chris Evans—I think you will find we kept them all.

Senator BERNARDI—Could I ask a similar question. Where a couple are together and the child is the birth child of the mother and she receives the baby bonus, she enters into a new relationship and in the new relationship the partner adopts the child legally, or marries the partner, would the baby bonus be payable again under that? Would that be deemed as an adoption?

Mr Warburton—Generally, no, it would not. The new arrangements are structured such that a person has to claim the baby bonus within 12 months of the child entering their care and generally the adoption arrangements in states that govern the circumstance that you raised would not enable the father in that case to have adopted the child within the 12 months of—

Senator BERNARDI—Entering care.

Mr Warburton—that child coming into their care. So that class of adoptions is generally classified as that. There are a small number of local adoptions, where children have been in a crisis situation, they come into the care of a person and they are adopted. There is a larger number of what are called known adoptions, which are when a mother repartners, for example, and down the track the new partner decides to adopt the child. Very few of those cases would be able to claim the baby bonus.

Senator BERNARDI—Because of the timing of when they enter care and that it has to be done within 12 months?

Mr Warburton—That is correct. Our estimate was that about 130 adoptive families each year would be expected to benefit by the extension of the baby bonus to adopted children up to the age of 16. Well over 100 of those would have been intercountry adoptions and the majority of the rest would have been what are called local adoptions; not the known adoptions category.

Senator BERNARDI—Could I just confirm what you said: you said ‘intra’ or ‘inter’ country adoptions?

Mr Warburton—Sorry, ‘inter’.

Senator BERNARDI—Intercountry; so overseas adoptions?

Mr Warburton—Overseas. The vast majority, over 100, are overseas adoptions, and most of the remainder are local adoptions as opposed to what the AIHW would classify as known adoptions.

Senator BERNARDI—The extension of the bonus provided to adoptive parents of children up to the age of 16 would affect 130 families. Is that what you just said?

Mr Warburton—A year.

Senator BERNARDI—Based on your records of adoption?

Mr Warburton—That is right. We are using Australian Institute of Health and Welfare data on adoptions for that costing.

Senator BERNARDI—So it is less than \$1 million in additional costs?

Mr Warburton—It is around \$3.2 million over four years. Yes, less than \$1 million a year.

Senator BERNARDI—The indexation of the baby bonus has also changed, from twice yearly to annually. Is that correct?

Mr Warburton—That is correct. It will be increased to \$5,000 on 1 July 2008. Its next indexation point will be 1 July 2009, and that essentially aligns indexation of the baby bonus with that that applies for family tax benefit and most other components of family assistance.

Senator BERNARDI—What is the indexation measure for the baby bonus?

Mr Warburton—CPI.

Senator BERNARDI—Did the department have a look at how the increase in the baby bonus or the indexation of the baby bonus would be affected by this decision? You are not getting, effectively, a CPI rise on top of a CPI rise, are you, by doing it annually instead of twice yearly?

Mr Warburton—No, I do not believe so.

Senator BERNARDI—Thank you, Chair.

Senator BOYCE—To follow up from Senator Bernardi's question, there are a number of grandparents who, for very good reasons, would like to adopt the grandchildren that they care for, often because of trauma and problems with the natural parents of the child. Are they a known adoption? Do they fit into this scheme?

Mr Warburton—As a general rule, they would be known adoptions. It is difficult to make total generalisations here.

Senator BOYCE—Yes. Often, the children are in and out of their care—

Mr Warburton—That is correct.

Senator BOYCE—because the parents are trying to access their benefits.

Mr Warburton—In general, my understanding is that state authorities are not highly supportive of grandparents adopting children because of the way that affects their relationship to the child. I am not an expert on all of the states' arrangements, but my understanding is that, if there is an established relationship with the child, they are not highly supportive of altering that, of changing the person from a grandparent to a parent. But I could not rule out the possibility of it occurring.

Senator BOYCE—I know there are a number of grandparents who would like to do that in order to have the certainty of control when they are concerned that the natural parents may in fact be using the benefits to fund a drug or alcohol habit. I was just interested in that point because you spoke about intercountry and local adoptions.

Mr Warburton—The basis on which we would make a decision is whether or not the child had been in the person's care for more than 12 months.

Senator BOYCE—What is the cost to FaHCSIA of administering the baby bonus? It gets shared, I presume, between Medicare and Centrelink. Is that right?

Mr Warburton—Yes, the costs are shared between Centrelink and Medicare.

Senator BOYCE—So what is the overall cost to FaHCSIA?

Mr Warburton—It is pretty difficult to disaggregate it, because our funding tends to be for family assistance generally and, as I described earlier, there is intermingling of the transactions.

Mr Hazlehurst—The money is not separately appropriated in terms of the general administration of complex—

Senator BOYCE—So when people start to receive all the other family benefits, it comes in that package that you talked about before as going through Medicare. Is that the case?

Mr Warburton—The funding arrangements are complex. There is around \$9 million that is paid to Medicare for services related to the Family Assistance Office and then there is other funding that comes out of the transactional funding model that is passed from FaHCSIA through Centrelink to Medicare, and it tends to be based on the particular transactions that different agencies undertake.

Senator BOYCE—Yes, that does sound a bit complicated to me. I am sure it is very clear to the negotiators. I would appreciate any information you can give me around that. You are saying it costs \$9 million a year for the administration of the Family Assistance Office funding. Is that right?

Mr Warburton—That is an amount of money which FaHCSIA pays direct to Medicare to provide Family Assistance Office services.

Senator BOYCE—And that includes doling out the money, or not?

Mr Warburton—Taking claims, providing information to customers and so forth. There is probably some training of staff involved in that as well. But that is separate from the transactional funding that they receive based on the number of transactions and the types of transactions.

Senator BOYCE—They get paid per transaction as well, do they?

Mr Warburton—Yes.

Senator BOYCE—And that is the same with Centrelink?

Mr Warburton—Yes.

Senator BOYCE—Is there a figure for that per transaction?

Mr Warburton—I can give you some data from our estimates from previous years.

Dr Harmer—Mr Warburton has a very comprehensive folder, Senator.

Senator BOYCE—I can tell!

Mr Warburton—Too many figures. Never too many figures! It is finding them that is the trick.

Senator BOYCE—I am happy to get that figure later, Mr Warburton.

Mr Warburton—Why don't you keep going?

Senator BOYCE—My next question bears on the fact that we now will have a means test, and I was specifically looking at the baby bonus, but we may need to look at the package where we have means-testing of some of these items. How does that affect the cost of administering the baby bonus? That is my question, and you can tell me how closely you can get to answering that.

Mr Hazlehurst—We have a very precise answer for you on that one!

Senator BOYCE—Good.

Mr Hazlehurst—I will defer to Mr Warburton again.

Mr Warburton—The ongoing administrative costs of means-testing the baby bonus are around \$5 million per year. That is less than 0.4 per cent of the total outlays and around seven per cent of the total savings from the measure. So, roughly, for every dollar of administration, \$14 is saved.

Senator BOYCE—We are talking about an extra \$5 million a year in administration costs. Is that correct?

Mr Warburton—That is correct.

Senator BOYCE—How come we can work out it is going to cost an extra \$5 million but we do not know what it actually costs?

Mr Warburton—When we put through a measure, we have to calculate the departmental costs associated with it. It then basically gets rolled into a larger bucket and it is all part of outcome 3. There is not a large need to disaggregate the running costs associated with each of the programs within family assistance.

Senator BOYCE—You did a little time and motion study on it. So it is equivalent to doing a little task assessment on finding out a means test and giving that a value in time. Is that correct?

Mr Warburton—I think so.

Dr Harmer—Centrelink give us an estimate when we put a measure to them. They give us an estimate; the department of finance examines it, usually cuts it back and makes some harsher assessments about what the costs will be and often asks us to absorb part of them, and that is how we get the costs. The \$5 million is probably the Centrelink estimate.

Senator BOYCE—That is the cost of actually doing it or the cost to the department?

Mr Warburton—That is correct.

Senator BOYCE—Sorry?

Dr Harmer—That is the cost.

Senator BOYCE—The cost of administering a means test on the baby bonus.

Mr Warburton—Yes.

Senator BOYCE—I wanted to ask why the date of 1 January 2009 was chosen to introduce this. Was this something the department was involved in?

Mr Warburton—Yes. That was largely a practical question, if my memory serves me correctly. Centrelink has quite a significant implementation load for 1 July 2008. It was not feasible to put it in place within that timing. There was a window for 1 January 2009. That also allowed some scheduling of family assistance changes. All the baby bonus changes are going through on 1 January 2009 and there is a tranche of FTB changes going through on 1 July 2009.

Senator BOYCE—So you looked at doing it on 1 July 2008 but thought there was too much else happening then. Is that what happened?

Mr Warburton—We did not look at it very much. We knew there was a large tranche of child support changes going through. We knew that we had to introduce the family tax benefit part B. If anything, it was a fleeting thought. We were really looking for the next practical point.

Senator BOYCE—And the government had not given any directions on when they wanted this introduced?

Dr Harmer—The government decided it.

Senator BOYCE—The government decided the time of January?

Dr Harmer—We give advice and the government decide.

Senator BOYCE—You gave advice and the government decided to introduce it on 1 January 2009?

Dr Harmer—That is right.

Senator BOYCE—Senator Evans was talking earlier about getting feedback from constituents, and I have had some fairly vigorous feedback from some constituents of mine who have pointed out that, just prior to the election, the Australian Labor Party advised, ‘We have no plans to make any other changes to the way the baby bonus is structured, either in terms of eligibility or payment methods.’ A number of female constituents have quoted this to me, at the same time pointing out that, on the basis of that, they were not at all concerned about losing the baby bonus if they became pregnant any time after 24 November. Some of these people were in fact in the very early stages of pregnancy when the budget was brought down and they will not have their babies until after 1 January 2009. Do you have any idea of how many people are affected in this way?

Senator Chris Evans—It is a small window of opportunity.

Mr Hazlehurst—We have not made that calculation.

Senator BOYCE—Seven weeks, in fact.

Mr Hazlehurst—We could mathematically make the calculation but we have not done that.

Senator BOYCE—For instance, Minister Macklin suggested that 16,000 families would lose the baby bonus over 12 months. So I am assuming that is 1,333 a month; that is give or take.

Mr Hazlehurst—We did not specifically calculate those people who would have been pregnant prior to budget night but we do have an estimate of the number of people who will not receive the baby bonus during each financial year.

Senator BOYCE—Minister Macklin has said 16,000 families a year. Are you confirming that?

Mr Warburton—That is correct. That is around six per cent of the population. I think the government's general policy position on this, which they have stated publicly, is that they do not believe that families on incomes over \$150,000 really need the baby bonus.

Senator BOYCE—So we have 1,333 families a month not receiving the baby bonus, using Minister Macklin's figures. Is that correct, roughly?

Mr Warburton—On average.

Senator BOYCE—Let us say 1,300. So there is a two-month period, give or take a few days, in which women who thought they were eligible before budget night are no longer eligible. So we have roughly 2,600 women who believed they were going to receive the baby bonus and now will not. Is that a reasonable way of doing those maths?

Mr Hazlehurst—Yes.

Senator BOYCE—Has this issue been raised at all with the department?

Mr Warburton—No. Between the budget—

Senator BOYCE—It is all very well to say, 'Well, they're rich,' but they had a promise and it has been broken.

Mr Hazlehurst—The issue—

Senator Chris Evans—Sorry, but I just want this to be clear. The official can answer in terms of policy or impact of the policy but what you are seeking is, effectively, a discussion about the political decision taken by government. I am happy to defend that but the officers were not responsible for the decision. They gave advice to government which was taken into account but they are not allowed to divulge what their advice specifically was. In terms of the decision, it is a decision of government announced in the budget. The government stands by the decision and you and the rest of the opposition will get a chance to make your stance known in the parliament.

CHAIR—I think the last part of the question was, 'Had the department had any complaint?'

Senator Chris Evans—I just thought, given the way the conversation was going, I would make that point. The officers can provide advice but I do not want to get them dragged into the debate.

Senator BOYCE—Have there been complaints to the department concerning this admittedly-small-but-nevertheless-misled group who will now miss out on the baby bonus?

Mr Warburton—We have received some ministerials about the baby bonus income test.

Senator BOYCE—Sorry. What is a ministerial, please?

Dr Harmer—A letter to a minister.

Mr Warburton—A piece of correspondence to a minister and it is referred to the department for a response.

Senator BOYCE—A letter to the minister from an outsider that has been passed on to you?

Dr Harmer—Yes.

Senator BOYCE—For a response?

Dr Harmer—Yes.

Senator BOYCE—How many of those would you have received, Mr Warburton?

Dr Harmer—We prepare the draft response.

Senator BOYCE—Yes.

Mr Warburton—I would need to take that on notice. Some of them are general ministerials about the issue seeking clarification. I am not sure that we would be able to identify precisely the number who referred to an existing pregnancy.

Dr Harmer—I very much doubt we would have that information, and it would take a lot of reviewing to get it.

Senator BOYCE—So there is a lot of correspondence to review, is there?

Dr Harmer—There is a lot of correspondence on family issues.

Senator BOYCE—On the baby bonus. You wouldn't split it out into baby bonus issues for the purposes of drafting a response?

Dr Harmer—No, we would not. We would not have statistics on the issue that was raised. We would have statistics on the numbers of letters in relation to each of the groups, but not on the issue.

Senator BOYCE—You prepare, what, a generic sort of response to a query about the families?

Dr Harmer—No, but we do not keep statistics by issue for the correspondence.

Senator Chris Evans—The other thing is, of course, the minister gets the draft. You do not necessarily send it in the form that you have asked.

Senator BOYCE—I am not suggesting that you would. I am just a little surprised at the idea that it is difficult to get that figure. It is just this amorphous response.

Senator Chris Evans—I want to make the point, it is letters to the minister. I am not sure that the department should be providing too much information about that anyway. I am not being overly defensive. I do not know what has happened in the past.

Senator BOYCE—I am going to keep asking questions—

Senator Chris Evans—No, that is fine.

Senator BOYCE—until someone suggests that I should not.

Senator Chris Evans—I am making the point that, if it is letters to the department, then that is one issue. This is questions of letters to Ms Macklin and how she deals with them.

Senator BOYCE—Yes. Absolutely.

Senator Chris Evans—I am not sure what the precedent on that is, but in any event I am making the point that they are letters to Ms Macklin.

Dr Harmer—Minister Evans and I want to make it clear that it is not a simple matter and we do not keep data on ‘by issue’. The data we have in the department about the load of correspondence to the minister is by group or by branch but not by issue.

Senator BOYCE—Going back to this issue of complaints, I presume there have also been some telephone complaints around the baby bonus issue to Centrelink and Medicare. Would that be the case?

Dr Harmer—If there were, most of the calls would have been to Centrelink.

Senator BOYCE—Would that information have been passed on to you in some form?

Dr Harmer—I doubt whether that would have been passed on unless we had specifically asked for it, and I doubt that we have.

Mr Hazlehurst—We have not specifically asked for that information.

Senator BOYCE—So, no matter the volume of calls, Centrelink would not take it upon themselves to advise you about an issue that was being—

Mr Hazlehurst—They might if they thought it was of particular note.

Dr Harmer—Or totally unexpected.

Mr Hazlehurst—Or something that suggested that perhaps the policy intent might not be being achieved, but they certainly have not drawn to our attention anything relating to the baby bonus.

Dr Harmer—It would not be a surprise that they would get more calls as a result of a measure which is reducing benefits to some people.

Senator BOYCE—Minister, can I ask you if this has been brought to your attention.

Senator Chris Evans—Complaints about the baby bonus?

Senator BOYCE—Yes.

Senator Chris Evans—Not about the means-testing, no. I would have to check with the electorate office. I do not get as much time there as I used to, but I get a weekly printout. I have had budget feedback, but predominantly that has been about the false impression that there was nothing in the budget for pensioners. I have not had the baby bonus raised with me directly, but I would have to double-check in terms of my electorate office input.

Senator BOYCE—I have had it raised a number of times by constituents. The other point that is being made is that families that might have gone hell for leather to work as much overtime as possible so that they had the biggest buffer possible before the wife left the workforce to have the child are being penalised for that position.

Senator Chris Evans—As I say, I am very happy to defend the government's decision in relation to means-testing of the baby bonus. I think it is good policy. But I think the thing that is not widely understood is the treatment of the second income earner's salary and their eligibility. I do not know if you are fully aware—

Senator BOYCE—Yes. We are talking about \$75,000 in a half year, are we not?

Senator Chris Evans—Yes, post birth. I am just making the point. If you understand, that is fine. I am just saying that, when I have discussed this issue with a few people—not people who have rung to complain about it but people generally—that does not seem to have been a message that has been widely understood.

Senator BOYCE—I still continue: if you have worked hell for leather so you have got \$76,000 for a half-year, to find out that you were then misled and are not going to get it is not reasonable.

Senator Chris Evans—I do not think that is a correct characterisation, but you can make the political argument if you like in the Senate—

Senator BOYCE—I will.

Senator Chris Evans—when the legislation comes on. I think it is good public policy, people were not misled, and the government is very willing to defend it.

Senator BOYCE—Minister, how can you say they were not misled?

Senator Chris Evans—The best you have been able to do is try and find somebody who will have a baby in the seven-week window of opportunity and claim that they were somehow promised that they would be treated in such a way.

Senator BOYCE—They were not 'somehow promised'.

Senator Chris Evans—This is the same as the—

Senator BOYCE—They asked the Labor Party before the election and received a response that said there were no changes planned in either terms of eligibility or payment methods. They received that notice before the election from the Labor Party. You cannot claim that you have then put through a proper election commitment when someone proceeds to be pregnant on that basis. Irrespective of whether they are rich or not, they have been misled, and we are not talking about one or two people—

Senator Chris Evans—That is just not true. That is absolute nonsense.

Senator BOYCE—when we have the potential that there are 2,600 of them.

Senator Chris Evans—We made an election commitment about retaining the baby bonus. It has been retained. There are a range of decisions in the budget, as part of governing, that were not widely canvassed in the election. All governments do that. But the election commitments have been delivered in full. What people are noticing is the complete contrast with the previous government with core and non-core promises.

Senator BOYCE—We are certainly noticing a complete contrast, Minister.

Senator Chris Evans—The election commitment has been delivered.

Senator BOYCE—This could be completely fixed by simply moving this date out to 1 March 2009.

Senator Chris Evans—While you may be concerned about those people, quite rightly, we have delivered on our policy.

CHAIR—Senators, can I please ask that there is one voice at a time.

Senator BERNARDI—But, to be fair, the reasonable person test, relying on those quotes that Senator Boyce has read out a number of times into the *Hansard*, would expect the baby bonus to be maintained in its form—

Senator Chris Evans—Which it was.

Senator BERNARDI—No, you have applied a means test to it. So you have changed the substance of it.

Senator BOYCE—Eligibility and means test.

Senator BERNARDI—This goes to the guts of it. To move on, we have to accept that a statement was made; it has subsequently been proved to be incorrect. I think that is a fair assumption.

Senator Chris Evans—I do not concede that at all. I do not think that is right. We made a commitment to retain the baby bonus and we have. We have applied means-testing in the budget across a range of measures. It is a government decision, a decision on what is good public policy. We will defend that public policy and, quite frankly, senators, come into the parliament, argue your case and knock off the bill if that is your view. You get a chance to put up or shut up in the parliament. That is a political argument, it is not a question for estimates, and I am happy to have the political argument.

Senator BERNARDI—You are turning it into an argument.

Senator BOYCE—It could be quite simply fixed by moving the date out till 1 March 2009.

Senator Chris Evans—I am not going to accept your assertion. If you want to have the argument, come into the Senate and make the argument. I am not sure what your position is on means-testing. Maybe you can articulate this week's decision for me.

Senator BERNARDI—We have heard some articulation about your policy on means-testing—

Senator Chris Evans—But I am not clear what the Liberal Party's position is.

Senator BERNARDI—and you have investigated it for early childhood intervention.

Senator Chris Evans—I know what our position is on the baby bonus means-testing.

Senator BERNARDI—That is a disgrace.

Senator Chris Evans—I do not know yours.

Senator BERNARDI—It is a disgraceful decision.

CHAIR—Senators, I am going to say this one more time and, if it continues and people continue to talk over each other, I am going to call a suspension; it is as simple as that. The point has been made. Senator Boyce, do you have any further questions on the baby bonus?

Senator BOYCE—I have finished my questions, thank you, Chair.

CHAIR—Thank you, Senator Boyce.

Dr Harmer—Can I clarify one thing for Senator Boyce's information. On the example that Senator Boyce used about people working hard before the baby is born, I will just point out that the means-testing applies for the six months post birth.

Senator BOYCE—Yes.

Dr Harmer—So income earned up to the birth will not be included in the means test.

CHAIR—Thank you, Dr Harmer.

Mr Warburton—Senator Boyce, I was seeking a figure for you. I have found it.

CHAIR—Thank you, Mr Warburton.

Mr Warburton—This year the total funding going to Medicare for Family Assistance Office services is estimated to be \$23.134 million. So that is, broadly, the \$9 million that we pay them directly and \$14 million in transactional funding.

Senator BOYCE—Thank you.

Senator HUMPHRIES—Can I confirm what you said a little while ago, that the indexation rate for the baby bonus is CPI? You said that, Mr Warburton, didn't you?

Mr Warburton—Yes.

Senator HUMPHRIES—That has been the case for some time, hasn't it—in fact, since the inception of the baby bonus?

Mr Warburton—I believe so, yes.

Senator HUMPHRIES—You can sort of understand why I almost hurled up a couple of Weeties when I read therefore this statement in a media release by Minister Macklin and Ms Gillard on 30 May, which said in part:

Families will also benefit from the Rudd Government's changes to Baby Bonus. From 1 July 2008 the Baby Bonus will increase to \$5,000.

Isn't that, with respect, a big fat porky? There is nothing that the Labor government has done to bring about that \$5,000 target. It is a result of indexation put in place by the previous government—

Senator Chris Evans—And applied.

Senator HUMPHRIES—and forward estimates that were funded by the previous government, so how has anything that the Rudd government has done contributed to that \$5,000?

Dr Harmer—That is not a question that a departmental officer—

Senator Chris Evans—All the press release does is announce that the government has taken a decision to apply indexation.

Senator HUMPHRIES—No, Minister. It says, ‘Families will also benefit from the Rudd government’s changes to the baby bonus’. What change have you made to achieve—

Senator Chris Evans—We have just been discussing the changes to the baby bonus.

Senator HUMPHRIES—But that has not resulted in an increase to \$5,000.

Senator Chris Evans—But I presume there is a full stop there.

Senator HUMPHRIES—Yes. It is the same paragraph.

Senator Chris Evans—Okay. Now read the next sentence.

Senator HUMPHRIES—Yes. ‘From 1 July 2008 the baby bonus will increase—

Senator Chris Evans—Is that the next sentence or are you reading from further along?

Senator HUMPHRIES—It is the very next sentence. It is in the same paragraph. It says: ‘Families will also benefit from the Rudd government’s changes to the baby bonus. From 1 July 2008 the Baby Bonus will increase to \$5,000.’ That reads to me like you have made some decision to deliver extra money.

Senator Chris Evans—Now you are trying to interpret. Read the sentence again. It is a statement of fact.

Senator HUMPHRIES—No, it is not.

Senator Chris Evans—The sentence is a statement of fact. Come on, fair crack!

Senator HUMPHRIES—Very imaginative, Minister, but—

Senator Chris Evans—If that is the best you can do at estimates, you are going to have to improve.

CHAIR—Are there any further questions?

Senator HUMPHRIES—Yes, I do have a further question. Can you explain to me how you synchronise or align the decision about the setting of a threshold for a rich person with the other decisions the government has made to limit or restrict benefits to people on the basis that they are wealthy enough not to deserve them or warrant them? You have set a threshold of \$150,000 a year for the baby bonus. The threshold for a tax cut is \$180,000 and the threshold for access to the solar panel rebate is \$100,000. I am assuming that you have not had separate departments just making decisions based on whatever seemed a fair thing to meet certain budget targets. I assume that the government has some kind of philosophy or view on about restricting welfare or benefits for richer people. If so, why aren’t those three figures aligned?

Senator Chris Evans—Following 11 years of the Howard government, where there were different means test arrangements across a range of benefits and taxation measures, this government in its first budget made a couple of decisions regarding means testing. Those were announced as part of the budget. They are based on policy decisions taken in the budget context in relation to those individual measures, and we stand by those. One of the comments Ms Macklin has made is about trying to get greater consistency in means testing and those sorts of measures. But, as you know, across the range of benefits and payments and taxation measures, there have been a series of thresholds and income tests over the years. What we did

as part of this budget is make a series of decisions that we think are justifiable as good public policy. I point out that the \$150,000 measure, be it for the baby bonus or for the family tax benefit, means that members of parliament qualify for those benefits if their partners are not on a high income.

Senator HUMPHRIES—Or on any income.

Senator Chris Evans—If their partners are on modest or small incomes.

Senator HUMPHRIES—Very small incomes.

Senator Chris Evans—Yes, in terms of FTBB. The cut-off level is above the salary paid to a federal member of parliament, so I think this argument about ‘rich’ is a bit rich coming from—

Senator HUMPHRIES—I am not raising the question.

Senator Chris Evans—It has been used in both Senator Boyce’s and your commentary. I just point out that I think the number of people caught by the \$150,000 income limit is very small. But that is still a high income in Australian terms.

Senator HUMPHRIES—But it is even smaller for the solar rebate. Why is a person on \$100,000 considered too wealthy to receive a solar rebate, yet able to receive the baby bonus?

Senator Chris Evans—For a start, this is not the estimates committee at which to ask about solar rebates, but my understanding as a member of the government is that that decision was taken in terms of a decision to prioritise those who could access what is a limited pool of funds available to support that rebate. But, in terms of this portfolio, the decisions were taken on the basis of it being good public policy to seek to income-test measures that we thought, and we will argue, are not necessary for those people on incomes above those thresholds. That is a policy decision. It is quite right for there to be a public policy debate around those issues. The opposition and minor parties will get a chance to express their views and show their colours in the parliament, and, if you want to argue for an alternative public policy position, you will get the opportunity.

Senator HUMPHRIES—Thank you. You will have seen the article in the *Sydney Morning Herald* a few weeks ago which reported Mr Swan as saying there are ‘more plans in the pipeline to means test other benefits’. Is that true? Are there more plans?

Senator Chris Evans—I did not see that *Sydney Morning Herald* article. I think I might have been in Western Australia, where you do not tend to see quite as much of the eastern states news—although I read the *Canberra Times* very thoroughly.

Senator HUMPHRIES—That is a very wise decision.

Senator Chris Evans—But I did not actually see the article, so I cannot really comment, and I have not discussed the issue with Mr Swan more broadly, other than in the consideration of budget measures announced in the budget.

Senator HUMPHRIES—Is this department, Dr Harmer, doing any work on means testing beyond what has already been announced?

Dr Harmer—We are doing a lot of work on lots of things and, as you heard yesterday, we are contributing to a major review of the tax transfer system. The terms of reference have

been made available. In that major review there will be lots of things under consideration and it would be very unwise for me to rule in or out anything that we are looking at.

Senator BERNARDI—I thought you may be of help to us, Dr Harmer. I like overly helpful departmental people.

Dr Harmer—I am being—

CHAIR—Consistent, Dr Harmer?

Dr Harmer—helpful.

Senator HUMPHRIES—But once bitten, twice shy. I guess we should not be surprised to see anything like that emerge in future budgets.

Senator Chris Evans—As you know, the previous government applied a range of income tests across a range of measures. The Prime Minister took a decision not to means test—

Senator HUMPHRIES—Have there been broken promises in doing so, though, Minister?

Senator Chris Evans—On any day and in any forum, I am happy to match our record on delivering on promises against yours.

Senator BERNARDI—Can we turn our attention to parenting for a moment. Under the coalition, the administered item 'Parenting' contained four key programs—Responding Early Assisting Children; the National Child Protection Clearinghouse; the Australian Council for Children and Parenting; and the Stronger Families and Communities Strategy. Are they the same programs that are administered under this item or the programs that fall under this administered item now?

Ms Beauchamp—On the whole, yes.

Senator BERNARDI—Are there additional programs or any changes that I need to be advised of?

Mr Andrews—There have not been any new programs announced. The government has, however, renewed a number of funding agreements that were due to expire at the end of this financial year.

Senator BERNARDI—Could you just give me a brief run-down of the budget distribution for those four programs. The REACh program?

Mr Andrews—In the REACh program, there are 43 funding agreements and this financial year that totals \$4.783 million.

Senator BERNARDI—That is for this financial year?

Mr Andrews—Yes.

Senator BERNARDI—What about the subsequent years? What were the budget announcements in this regard?

Ms Beauchamp—There has been an extra \$1 million going into the parenting appropriation. Some of these funding agreements apply for one, two or three years so the mix and match of service providers may be different in 2008-09.

Senator BERNARDI—So that \$1 million is an annual increment over the four years of the cycle?

Ms Beauchamp—There has been an extra \$1 million rephased from 2007-08 to 2008-09, as indicated in the budget papers. That relates to implementation of elements of the expanding playgroups for Indigenous families measure.

Senator BERNARDI—What is the budget for the National Child Protection Clearinghouse? I am going to want the broad sums for these four programs, so you might want to search for them.

Mr Andrews—I can give you that now. The Indigenous children's program has 34 funding agreements; \$5.719 million in 2007-08. The playgroup program has many funding agreements; a total of \$8.981 million. The REACH program, 43 funding agreements; \$4.783 million. The Invest to Grow program, \$16.13 million broken up into three subprograms: 24 established and developing programs, 23 child-care links programs and 28 resource and information products. The Communities for Children program has 45 sites across Australia, totalling \$37.45 million this financial year; and funding for ARACY is \$2 million this year. In total, we have about 228 funding agreements funded under the parenting appropriation.

Senator BERNARDI—Is there a public list of those agreements anywhere?

Ms Beauchamp—I think in the past we have provided much of that information in terms of questions on notice, but we will dig that out again.

Senator BERNARDI—Would you mind, if that is all right; thank you.

Mr Andrews—The funding agreements, once they are announced, have to be listed on the department of finance's website, so we can provide you with that information.

Senator BERNARDI—I would appreciate that. How many clients does the REACH program currently assist?

Mr Andrews—We do not have a figure for the exact number of clients that the program reaches. A number of projects are being implemented across Australia under the program and it is difficult to identify exactly how many clients are accessing each service. It can vary each week.

Senator BERNARDI—How many projects are then being operated or assisted?

Ms Beauchamp—I will just repeat: I think there are 43 funding agreements we have with non-government organisations.

Senator BERNARDI—Yes, that is the figure that was given to me before. So each one of those is classified as a separate project. There are no subfunding agreements within that or anything else?

Mr Andrews—That is correct. There are 43 services being delivered via 41 funding agreements.

Senator BERNARDI—In providing the list of 228 funding agreements, would you be able to give me a geographic locale for those as well, based on the states.

Ms Beauchamp—Based on the states? Yes.

Senator BERNARDI—Is it possible to be more specific without being too onerous?

Mr Andrews—We have information on the location of each funding agreement holder. Some services, however, are national services. For example, we fund the Secretariat of National Aboriginal and Islander Child Care, SNAICC. That service is based in Melbourne but delivers services across Australia. We can give you the location of the service provider but some of the providers deliver services in particular areas—for example, a Communities for Children site in Wyong—and some providers deliver services nationally.

Senator BERNARDI—I understand what you have said. But where you fund a national service, you are not advised where that funding then goes to?

Mr Andrews—We are. However, with playgroups, for example, Playgroups Australia is delivering about 8,000 playgroups around Australia.

Senator BERNARDI—I do not want 8,000 playgroups around Australia. I am wondering how I can get the information that I really want which is, I guess, more specific than simply statewide—you know, ‘This is 10 funding measures for South Australia.’

Ms Beauchamp—We can provide the geographic spread of the contracts we currently have.

Senator BERNARDI—I do not want the 8,000 playgroups.

Ms Beauchamp—No, but we can provide that generally.

Senator BERNARDI—You could provide that on a much broader thing?

Ms Beauchamp—Yes.

Senator BERNARDI—That would be great. Regarding the National Child Protection Clearinghouse, with the development of a national framework for protecting Australia’s children, which is how it is described, is that going to make the National Child Protection Clearinghouse redundant or is it going to enhance its capabilities?

Ms Beauchamp—It will make the clearinghouse probably a lot more important in terms of being a source of research and better practice. It gets good use currently.

Senator BERNARDI—So you think there is going to be an enhanced data collection capability?

Ms Beauchamp—I think that it will become a more focused area of work to support development of the framework.

Senator BERNARDI—What sorts of new measures are going to be implemented to enhance the development of the framework?

Ms Beauchamp—At the moment there is a discussion paper out for public consultation—consultation with state and territory governments, expert groups and a range of other key stakeholders—to look at how we might come up with a national service system framework for child protection. It will depend on the consultation process and the framework to be developed.

Senator BERNARDI—Is the consultation paper a public document or is it an internal document?

Ms Beauchamp—The discussion paper has been made public.

Mr Andrews—It is available on the internet.

Senator BERNARDI—From the FaHCSIA website?

Ms Smart—It is on the FaHCSIA website.

Senator BERNARDI—In a hard-to-find place or an easy-to-find place?

Ms Smart—There is a news item on the left-hand side.

Senator BERNARDI—That is what I like.

Ms Beauchamp—It should be there in front.

Senator BERNARDI—It is funny how many departmental websites just do not exist during estimates. They sort of close down, so I am pleased that FaHCSIA's is still going.

Ms Smart—I should say that the last time I looked, which was probably four or five days ago, there was a news item on the right-hand side.

Senator BERNARDI—Thank you, I appreciate that. When do you expect the consultation process to be completed?

Ms Smart—Consultations were undertaken to develop the discussion paper. Now we are moving into a more targeted consultation around the discussion paper itself. We are aiming to do a lot of consultation between now and mid-July but, by and large, consultations will continue as the year progresses. We will continue to consult with the states and territories as we develop the framework. It is not a matter of, 'We've consulted. Now let's write the framework.' We will need to keep talking with people as the framework is developed through the year.

Senator BERNARDI—When are we going to see some results, some actual implementation and sorts of things?

Ms Smart—The aim is to have the framework developed by the end of 2008 and to then move into an implementation time frame. How it is implemented and what is implemented will depend on what is in the framework.

Senator BERNARDI—So I should ask again in October.

Ms Smart—We should then be in a space where we will sort of know what has come out of the consultations, but that will then also depend on decisions of government—not just the Australian government but also the states and territories, because it is intended to be a national framework across jurisdictions.

Senator BERNARDI—In the next six or seven or eight months are there going to be, via the FaHCSIA website, updates as to the progress and the consultation and suggestions and things in response to the paper?

Ms Beauchamp—We will probably be providing a summary of the consultation process that we undertake. We will be keeping all the stakeholders well informed of progress along the way. I guess we are all in this together with state and territory jurisdictions, service providers, peaks and a range of others. As Ms Smart said, we have been undertaking the consultation process around this since the end of January. It will be relatively transparent.

Senator BERNARDI—Very encouraging words. Thank you, that has helped me out a little bit there. Going onto the Stronger Families and Communities Strategy, which incorporates some of the other things that you mentioned before, am I correct in understanding there was an evaluation which was to be conducted by the Social Policy Research Centre?

Ms Beauchamp—That is correct.

Senator BERNARDI—That is correct? What did this evaluation determine about the strategy?

Mr Andrews—The evaluation results are not in yet. The evaluation will be completed at the end of this year. There are subcomponents of the evaluation that have already been released and those are also available on FaHCSIA's website, for particular components of the Stronger Families and Communities Strategy.

Senator BERNARDI—Can you tell me what those components were that have been released?

Mr Andrews—Yes. I can give you a list of them if you want.

Senator BERNARDI—That would be great.

Mr Andrews—I have not got them all here. There are quite a number of reports indeed that have been published about—

Senator BERNARDI—If you could give us a list and then we can go hunting for the ones that we particularly want to have a look at.

Mr Andrews—The synthesis—

CHAIR—Mr Andrews, I take it that that is a calendar year?

Mr Andrews—I beg your pardon?

CHAIR—When you say there is going to be an evaluation at the end of this year, I take it that it is the calendar year?

Mr Andrews—Yes.

Senator BERNARDI—What a pity.

Mr Andrews—Sorry, just to clarify: the evaluation that comes in at the end of this year is a synthesis report, so it is a report that summarises the evidence across all of the programs and pulls together all of the reports that have already been published.

Ms Beauchamp—Most of those reports are available on our website.

Senator BERNARDI—Which is terrific, but it would be easier if there was a list of them, unless we can just grab that off the website. Is there a list on the website that we could just grab?

Mr Andrews—We are actually updating the website at the moment. We can give you a list. We will give you a list and the list will also have the links to the reports that are on the web.

Senator BERNARDI—That would be terrific, thank you very much for that. Mr Andrews, have you been through these summary reports on aspects of the review?

Mr Andrews—I have been through some but not all of them.

Senator BERNARDI—Are you in a position to provide a comment on some of the findings that have been there?

Mr Andrews—I think it is too early at this stage to comment.

Ms Beauchamp—I think we do have to go through the proper final evaluation process because some of these reports actually contain stories and anecdotal information as well. So there are, obviously, some good news stories, but we want to see the final quantitative data.

Senator BERNARDI—You have confidence in the reports, otherwise they would not be published on your website. Is that fair?

Ms Beauchamp—We have confidence in the quality and robustness of the reports, yes.

Senator BERNARDI—So I can go through them and make my own assessment and we can have a chat about it later in the year.

Dr Harmer—Indeed.

Senator BERNARDI—Perhaps even next year. That is all I have on that, Chair.

CHAIR—Are there any other questions on those areas of families? No? Senator Bernardi, the next issue?

Senator BERNARDI—I think I might have some more.

CHAIR—I am hoping to get through to child support.

Senator BERNARDI—I am leaving that till last. Would you like to do child support?

CHAIR—No. I am encouraging the program.

Senator BERNARDI—Out of courtesy, I am very happy for either Senator Boyce or Senator Siewert to pick up on child support.

CHAIR—We are happy to lead with you, Senator Bernardi, and then we will just follow and tick them off that way, in the families areas.

Dr Harmer—Can I just confirm that we have finished parenting so I can send—

CHAIR—We have finished?

Dr Harmer—Parenting?

CHAIR—Parenting, Senators? My understanding is that we have, but I just want to double-check. Yes, we are done on parenting.

Dr Harmer—Thank you. I can send those officers home.

CHAIR—It is too late for me to make jokes, Dr Harmer. I am not going to.

Senator BERNARDI—Unless the maternity immunisation allowance is under parenting. I do not think it is, is it?

Dr Harmer—No.

Ms Beauchamp—No.

Senator BERNARDI—It is not means-tested, is it, Senator Evans?

Senator Chris Evans—I will think about it!

Senator BERNARDI—Just a question on the maternity immunisation allowance, if that is all right. What is the current rate paid for that?

Dr Harmer—I will just get my two experts.

Senator BERNARDI—Mr Warburton, hello. What is the current rate for the maternity immunisation allowance, please?

Ms Beauchamp—It is \$236.70 for children who meet the immunisation requirements for an 18-month-old, while Mr Warburton is looking for the information. Isn't that correct?

Mr Warburton—I will not repeat it.

Senator BERNARDI—Thank you. Are there any plans to increase the allowance?

Mr Warburton—It is subject to indexation.

Senator BERNARDI—What percentage of children are immunised currently?

Mr Hazlehurst—As at 31 December 2007, around 93 per cent of two-year-olds had been fully immunised, according to the schedule.

Senator BERNARDI—Do you track ongoing changes or immunisation rates for four- and five-year-olds? Do you see a decline in those levels?

Mr Hazlehurst—Yes. The figure for children who have reached the age of six is 88 per cent.

Senator BERNARDI—Has the department conducted any research as to what accounts for that?

Mr Hazlehurst—The responsibility for immunisation as such is a matter for the department of health so, no, we do not conduct research on immunisation per se.

Senator BERNARDI—I will ask them tomorrow. Okay. Can I ask whether the department has considered any measures to further encourage the rate of immunisation above the 93 per cent or the 88 per cent?

Mr Hazlehurst—You certainly can. In fact, such a change was announced in the budget.

Senator BERNARDI—That is good—I think.

Mr Hazlehurst—The payment of maternity immunisation allowance will be made in two equal instalments from 1 January, the first of which is in respect of children who have been fully immunised once they are beyond 18 months old.

Senator BERNARDI—It is 18 to 24 months, the first one; and the second one is at four or five. I will make it easy for you. There it is.

Mr Hazlehurst—Correct. Thank you.

Senator BERNARDI—By breaking it into two instalments, is there a hope that there will be a greater take-up or a greater participation in the older age group in the rounds of immunisations for the four-, five- and six-year-olds? Is that the theory behind it?

Mr Hazlehurst—Yes.

Senator BERNARDI—Is there a risk, and have you considered it at all a risk, that a lower payment in the earlier stages may see a decline in the rate of immunisation there?

Mr Warburton—I think that is unlikely. This is just one of a range of measures that are designed to promote immunisation in under-two-year-olds. Information is provided in hospitals early on in the piece. There is a sense in which the system is geared to ensure that young children get immunisations. The requirement is also reinforced by the childcare benefit arrangements. So I would think it would be unlikely that there would be any deterioration in the immunisation rate for under-two-year-olds associated with the measure.

Senator BERNARDI—Of those children that are immunised—and I will talk about the two-year-olds—how many of them are not immunised due to a conscientious objection, either for religious or personal beliefs, and how many are just not responding to suggestions or requirements?

Mr Warburton—In 2006-07 there were 247,000 children in respect of whom maternity immunisation allowances were paid. It is estimated that 38,500 had a valid immunisation exemption reason and that included 2,500 children of conscientious objectors.

Senator BERNARDI—But 38,500 with a valid—

Mr Warburton—That is right. It is 2,500.

Senator BERNARDI—So they still receive the allowance even though they have got a valid exemption? Is that right?

Mr Warburton—Yes, and the conscientious objectors also receive the allowance.

Senator BERNARDI—Sorry, is that what you are saying: that the seven per cent of children who have not been immunised that are two years old are in that 38,500, or is that another category?

Mr Warburton—Sorry, the 2,000 children of conscientious objectors?

Senator BERNARDI—No, sorry. I will try and express it a bit more clearly. Earlier you said that, on 30 December 2007, 93 per cent of two-year-olds had been immunised. Mr Hazlehurst said that.

Mr Warburton—The two sets of statistics come from different sources. The first set that Mr Hazlehurst gave you was immunisation rates for children as at 31 December 2007. The figures I gave you were for payments of maternity immunisation allowance made during the 2006-07 year.

Senator BERNARDI—For the payments of maternity immunisation allowance, what percentage of children would that cover?

Mr Warburton—A very high proportion.

Senator BERNARDI—What I am trying to find out is how many are slipping through the cracks—they are just not responding to the letters and the suggestions and the government lures.

Mr Warburton—That is a good question. It is difficult for us to ascertain. At various times we have thought of comparing the number of payments of maternity immunisation allowance

with the baby bonus data, but there are quite different sorts of timing effects. Families have six months to claim the baby bonus. There is obviously then a lag before maternity immunisation allowance might be paid. It can be paid anywhere between 18 months and two years, but our assessment is in accord with the finding that Mr Hazlehurst gave you that 93 per cent of children were fully immunised. Of those who we do not pay through maternity immunisation allowance, some may be just families who do not bother to claim. So you could not necessarily draw the conclusion that their children were not immunised.

Senator BERNARDI—Thank you. I have no further questions on immunisation. I have got a few brief questions on some other aspects before we go on to something else.

CHAIR—Are there any further questions on immunisation? No.

Senator BERNARDI—These questions are in relation to specific purpose payments. Mr Warburton and Mr Hazlehurst, are you able to deal with the specific purpose payments, such as the family violence partnership and so on?

Dr Harmer—As we are changing, I have got an answer to a question asked by Senator Boswell on the numbers of people who might lose rent assistance as a result of the means-testing of FTBB.

CHAIR—Thank you.

Senator BERNARDI—Ms Smart, I refer to the family violence partnership specific purpose payment. There is a reduction in funding of \$406,000 evident in the PBS on page 86. Can you explain to me why there is a reduction?

Ms Smart—I cannot explain specifically that amount of money. What I can give you is information about an approval of transfer of funds from the Family Violence Partnership Program to the Family Violence Regional Activities Program, which was approved by the previous minister because of increase in demand for projects under FVRAP. FVPP, the partnership program, is a program that is basically operated with states and territories, whereas the FVRAP is with communities. The demand in the communities program was of such significance that funds were transferred from one program to another.

Senator BERNARDI—So the funding hasn't been lost?

Ms Smart—No, it has been moved from one space—

Senator BERNARDI—It has been moved into another effective area?

Ms Smart—Yes.

Senator BERNARDI—Thank you. I am happy with that answer. To the 'Northern Territory emergency response—supporting families' specific purpose payment, on page 86, the same thing: there is a reduction there of \$4.959 million. Could you give me a similarly brief explanation of that?

Ms Smart—The funding that was made available in 2007-08 included funds for what is called the family support package, which was \$11.3 million in 2007-08. In 2008-09, the \$9.5 million is for the continuation of the family support package, the difference being that in 2007-08 we are doing a lot of work in establishing safe houses with a lot of capital

expenditure, which will not need to be repeated in 2008-09. So it moves from an establishment to an operational level.

Senator BERNARDI—So it is the one-off up-front cost, effectively.

Ms Smart—Yes.

Senator BERNARDI—That is all, Chair, thanks. I am happy to put the rest of it on notice so that everyone can have a chance.

[9.35 pm]

CHAIR—As there are no further questions on the families area, we are moving to child support now, Dr Harmer, output group 3.2.

Dr Harmer—As we change again, I have got—

CHAIR—Another answer, Dr Harmer?

Dr Harmer—another answer to a question by Senator Crossin this morning about the representatives on the Northern Territory housing committees.

CHAIR—Thank you very much. Can I get an indication before we start of how many senators have questions on child support? Senator Humphries, we will start with you on this one.

Senator HUMPHRIES—Thank you. As we all know, there are changes to the child support arrangements which are being rolled out from 1 July, which is the product of the legislation that was introduced in 2006. Can you tell me how the preparations are going for the implementation of the new scheme and how well prepared you feel the agency is, and the public is, to understand what is entailed in the new changes?

Mr Hazlehurst—Yes. I might make a start on that and then I will defer to my colleague, Mr Emerson, at the other end of the table. The process of preparing for the implementation of what is now stage 3 of the reforms has been a very comprehensive one, with the Child Support Agency, Centrelink and FaHCSIA working very closely together, and there has been a mix of publicly observable events occurring in relation to communications directly with customers, and also a lot of activity going on behind the scenes. I might defer to Mr Emerson to provide you with some details of the preparations.

Mr Emerson—All milestones for the child support reforms are on track and ready for successful implementation from 1 July this year. You probably are aware that there has been significant communication activity ongoing that the Child Support Agency and Department of Human Services have been responsible for since January 2006. There has been quite a lot of activity in that area: newsletters; customer letters; as you would be aware, a radio newsletter; advertising; online information. From February this year there was also an online estimator for customers to estimate, as early as possible, their child support and family assistance liabilities, and that assisted them to prepare for the 1 July implementation of stage 3 of the reforms. The CSA have also distributed regular newsletters to customers—and they have been doing so since December 2006—that are primarily focused on the reforms. There are thematic areas within these newsletters to focus customers on the necessary parts of the reforms that they should be focused on. Customers have also received their new child support assessments

between March and mid-May, as Mr Hazlehurst has said. Indeed, they have also received their Family Assistance Office letters about their family tax benefit.

Senator HUMPHRIES—Have they received this book as well?

Mr Emerson—Online information has been provided. That booklet has been provided to customers who do not have access to the internet, as well as to specific targeted groups. In addition to that, customer information sessions have been provided in all capital cities around the country—in fact, they are still under way in a range of different locations, including in remote areas for Indigenous people. We are confident, alongside our colleague agencies, that we are on track for a successful implementation from 1 July.

Senator HUMPHRIES—You mentioned the advertising of the new arrangements. I understand there was originally supposed to be more in the budget for promoting those changes or for educating people about those changes, but that \$4.9 million has been removed as part of the government's cut-down on advertising. Is that correct?

Mr Emerson—The decision was made by government to remove that amount from the budget.

Senator HUMPHRIES—And that was an across-the-board decision to reduce the amount that is being spent on advertising generally by the government?

Mr Hazlehurst—The correct characterisation of the decision here was that Minister Ludwig has and had primary carriage of issues to do with communications. He and his department closely analysed the arrangements that were in place and made the decision to adjust the amount of advertising.

Senator HUMPHRIES—Reduce the amount.

Mr Hazlehurst—The belief was that that would not materially affect the communications effort.

Senator HUMPHRIES—So what was the \$4.9 million meant to pay for?

Mr Hazlehurst—That is really a question that you should direct to CSA or the Department of Human Services. It is not money that we were responsible for.

Senator HUMPHRIES—All right. You mentioned the things that have been sent out to members of the public and you said that this document was mailed out to people who did not have internet access. You have a record of which CSA clients or CSA has a record of which clients have internet access and which ones do not?

Mr Emerson—That again would be a response for the Department of Human Services or CSA. My understanding, however, is that that booklet was provided to those customers who, in some locations, may not be able to access online information.

Senator HUMPHRIES—You do not know how many of these booklets have been sent out?

Mr Emerson—No, I am sorry. That would be a question for the Department of Human Services.

Senator HUMPHRIES—Okay.

Mr Hazlehurst—The booklet was available as something for people who could not access the internet, but it was also something that they could ring up and ask for. So, whilst Mr Emerson is quite right to point out that the responsibility for the booklet rests with the Child Support Agency and Human Services, the simple fact of the matter is that the information is on the internet but available in that printed form should someone ring up and say, 'I don't have access to the internet.'

Senator HUMPHRIES—The information would have changed though, would it not, with the changes made to family tax benefit and other family assistance payments in the budget?

Ms Kinnear—None of the changes that were announced in the budget that related to family tax benefit make a material change to the child support. They are all largely in relation to family tax benefit A. Where they are in relation to family tax benefit B, they are not affected by the child support changes.

Senator HUMPHRIES—They are not what, sorry?

Ms Kinnear—They are not related to the child support. Nothing in the changes to family tax benefit makes any difference to the child support.

Senator HUMPHRIES—Don't the changes in family tax benefit A or B affect the assessment of a party's income for the purposes of calculating their new obligations?

Ms Kinnear—No. The changes in relation to the family tax benefit part of the child support changes are in relation to the levels of care, the thresholds at which you are entitled to family tax benefit or otherwise. That is the principal change. Income, for family tax benefit purposes, is not part of the child support assessment.

Senator HUMPHRIES—So the changes that a parent might experience from the changes in FTB A or B do not affect any of the calculations that are pertinent to these changes?

Ms Kinnear—That is right.

Senator HUMPHRIES—This document as it now stands is still being mailed out to clients who inquire?

Ms Kinnear—That is right.

Mr Emerson—I might add that the CSA has developed and is ready to distribute a new booklet called *A parent's guide to child support*, which will be the updated version of that booklet.

Senator HUMPHRIES—Why is there an updated version of the booklet?

Mr Emerson—That booklet was to assist those customers transitioning to the 1 July, stage 3. The new booklet will be for those customers who might be new to CSA from 1 July.

Senator HUMPHRIES—So you mail different booklets out to people, depending on whether they are new clients or existing clients?

Mr Emerson—That is correct.

Senator HUMPHRIES—You say that the Child Support Agency has now sent out the new child support assessments to each of the affected clients.

Mr Emerson—That is correct.

Senator HUMPHRIES—How are they sent? Are they sent electronically or in the mail?

Mr Emerson—They are sent in the mail.

Senator HUMPHRIES—If they do not receive the assessments or the arrangements in time, are there any penalties that might be applicable to them? Would a parent who was not aware of or not fully cognisant of the changes and did not receive this advice be affected in any adverse way?

Mr Hazlehurst—In the normal way in which the Child Support Agency does its business, people will receive further notification on a month-by-month basis from 1 July, just as they do normally. So if, for example, someone had an increased liability and was not paying it, that would be something that the Child Support Agency would follow up in the normal way. For a great many people, the liability is either a payroll deduction or it is deducted from their income support. In both cases, that is a fairly seamless process of an adjustment being made.

Senator HUMPHRIES—So it is made whether they know about it or not, in other words?

Mr Hazlehurst—They have been informed by receiving the correspondence. But, yes, the process of the adjustment occurring would be that the employer would also be advised of the change.

Senator HUMPHRIES—One of the key performance indicators for child support 3.2 is reduction in family tax benefit as a result of child support obligations being met by the maintenance income test. The target for this coming financial year was \$449 million. Can you outline how the government intends to bring about that reduction exactly? Is it simply through enforcement of the new child support arrangements?

Ms Kinnear—That figure is a calculation of the expected change to FTB that would be collected because the child support reforms have come into place, which means that generally there would be more family tax benefit paid out, which means that there would be a reduction in the clawback as a result.

Senator HUMPHRIES—So is that \$449 million predicated on everybody meeting their obligations, or there being a clawback of all the money that is due to come to government? Presumably some evasion or avoidance of obligations here still occurs?

Ms Kinnear—I might refer to my colleague Mark Warburton to talk about the methodology for calculating that FTB clawback.

Mr Warburton—It is an estimate of the amount of FTB that we will not pay out due to the operation of the maintenance income test. It does not assume 100 per cent compliance, now and in the future—some exceptions in the future. Generally we assess child support when it is received. Within that calculation can be child support payments that were owing in respect of a previous financial year which are paid in that particular year, and some owing in that year might not be paid in that year and would not be included in those figures.

Senator HUMPHRIES—How many individuals—what percentage of the client base—will be affected by those changes and will therefore be contributing to that \$449 million target?

Mr Hazlehurst—I am not sure I understand the question. The amount that is collected through the maintenance income test occurs every year. Is your question: what number of customers are subject to the maintenance income test and therefore contribute to that figure?

Senator HUMPHRIES—You said that \$449 million would be collected. There would be a windfall or a gain to the budget by virtue of support obligations being met by the maintenance income test.

Mr Hazlehurst—Yes.

Senator HUMPHRIES—Presumably that money comes ultimately from the pockets of individual parents who are subject to these arrangements? That is not going to tell me—

Mr Hazlehurst—That is an amount that occurs each year.

Senator HUMPHRIES—A single-year target?

Mr Hazlehurst—It is a single-year target but it is not something connected with the reforms as such. Each year there is an amount that is recovered through the maintenance income test. So if your question is, ‘How many people does that represent?’ I do not know whether we have the answer to that today.

Mr Warburton—I can help you there. As Mr Hazlehurst said, that is calculated for all family tax benefit part A customers who are receiving child support. If we can look at the population on 4 April, there were roughly 542,000 FTBA eligible customers who received child support. Of those, 257,000 roughly had child support above the maintenance income-free area, and so had their payments reduced.

Senator HUMPHRIES—About the process of making these changes happen and where we stand with all of that at the moment, has any modelling been done on the combined impact of welfare changes and the prospect of reduced child support payments on single parents; the interaction between those two systems?

Mr Hazlehurst—The introduction of Welfare to Work?

Senator HUMPHRIES—Welfare to Work would be one of those changes, yes; but the arrangements that have been put in place for child support obviously impact on single parents. A large proportion of those are women and some of those will be affected by things like Welfare to Work. The comment was made during the Senate inquiry into the child support changes that no modelling had been done on the interaction between those welfare reforms and the new changes here. What I am asking is: has any of that modelling been done since then?

Mr Hazlehurst—Yes, we have done scenario based modelling of the impacts of people affected by Welfare to Work and the child support reform changes.

Senator HUMPHRIES—Since the legislation was passed?

Mr Hazlehurst—Yes. Even prior to that time we would have done scenario based modelling because it is straightforward to do—that is, looking at specific customer circumstances, working them through with the new child support formula and undertaking calculations of the impact of Welfare to Work.

Senator HUMPHRIES—Presumably the ones that you have done—

Senator SIEWERT—This is fascinating because when we asked this at the time we were told, ‘No, there’s no modelling.’

Senator HUMPHRIES—No, that is my recollection as well.

Mr Hazlehurst—There is a distinction that needs to be drawn between population distributional effects and scenario based modelling. We have always been clear that, if people want to ask, ‘What is the impact on a particular individual, a particular set of circumstances, of both sets of reforms?’ that is a straightforward matter. That information is available publicly.

Senator HUMPHRIES—But, again, that is not useful from a policy point of view. The broader effect on population cohorts is what this question is addressed to. Have you done modelling of that sort to indicate what effect the child support and the other welfare reform changes have had together?

Mr Hazlehurst—In recent months we have done some further modelling work. We face the same difficulties as we faced previously, knowing the full impacts of the child support reforms, because we do not have all of the relevant information that we need in order to calculate that until we have had the new child support assessments being undertaken. So we have undertaken some modelling but it remains necessarily incomplete because we do not have the full picture yet in relation to the information—for example, on levels of care below 30 per cent in the child support population and payee income below the disregard amount. That information, of course, will be available, as we touched on earlier this evening, now that the assessments have been conducted and sent to our customers. As I mentioned earlier, we expect to receive that information in the next few weeks from the Child Support Agency.

Senator HUMPHRIES—So is any of this modelling available in a form that the committee can receive?

Mr Hazlehurst—That would be something for the minister to make a decision on.

Senator SIEWERT—What about the scenario that you have already—

Mr Hazlehurst—I do not think we have provided those before.

Senator SIEWERT—No, you have not.

Dr Harmer—This is the sort of work we do as part of advice to government. I doubt whether we could—we do a lot of this sort of work.

Mr Hazlehurst—We can certainly provide some examples, but those examples are already out there in the general public domain. But we can do that.

Dr Harmer—We can test.

CHAIR—Can you provide us with anything more than you already have?

Mr Hazlehurst—I beg your pardon?

CHAIR—We received a lot of information along this line when we were going through the process of this legislation being discussed. Is there anything new that you can give us? I think that is what you are after, isn’t it: anything we haven’t already had?

Senator HUMPHRIES—Yes.

Mr Hazlehurst—There was some modelling done originally as part of the task force report itself.

CHAIR—Yes.

Mr Hazlehurst—That modelling is obviously publicly available. There was other advice we provided to the government at the time it was making its decision, which we are not in a position to disclose.

CHAIR—Sure.

Mr Hazlehurst—The more recent work that we have been doing suffers from the same limitations, which I have described already. Release of that information would be a matter for the minister, but we would certainly anticipate providing further advice to the government, as I mentioned earlier this evening, on the actual outcomes, in particular now that we have the information that we simply did not have before in relation to those matters that the Child Support Agency did not collect information on previously.

Dr Harmer—Chair, it is 10 o'clock. Presumably we will finish at 11?

CHAIR—Presumably, Dr Harmer.

Senator Chris Evans—No, we will be.

Dr Harmer—I have got a group of people for 4.2, 4.3, 4.4. Could I get a sense of whether they are going to be needed tonight?

CHAIR—Subject to the number of questions on child support; we are anticipating there are questions in those areas—not many, but there are questions, are there not, Senator Bernardi?

Senator BERNARDI—In 4.2 I do have a few. It depends on how time goes and how much—

Senator Chris Evans—Chair, could we suggest, though, that people have a think about it. I am not going to cut across, but if they are not actually urgent, it is fine if people want to put them on notice. If they do not, that is fine also. But we are at the stage where, if officers wait until 11 and then find they are not called, it is going to be slightly on the rude side.

Senator BERNARDI—And we would not want to be that. I am happy to go through what I have and see if we can accommodate that.

Senator HUMPHRIES—I am happy to, say, go till 10.30 and then allocate 10 minutes for each of the remaining agencies so we get something spent on all of them, if you think that is a good thing.

Senator BERNARDI—Chair, from my perspective, the supporting financial management I believe could be placed on notice if you want the time for this part of the program, which I think is probably much more pressing.

CHAIR—Senator Humphries?

Senator HUMPHRIES—Yes, that sounds all right.

CHAIR—What about partnership and delivery?

Senator HUMPHRIES—Yes, I could put those on notice.

CHAIR—I think we have had a consensus vote here, Dr Harmer, that if people from outcome 4 wish to leave they can—4.3.

Dr Harmer—I am sure they are happy to stay if people want to question them but, as Senator Evans said, if we are not likely to have questions for them we should let them go now.

CHAIR—Dr Harmer, can we go for another quarter hour—

Dr Harmer—Sure.

CHAIR—in terms of child support and see how it is going, and then we will make a decision at that stage. As they have been waiting this long, another quarter hour will not be—

Dr Harmer—No, I agree. That is all right.

CHAIR—Child support.

Senator HUMPHRIES—I want to flag there were concerns raised, particularly by Labor senators, in respect of provisions of the new child support legislation, and they raised the need for there to be:

... modelling to estimate the impact of the new system on existing child support recipients and payers. The lack of analysis is doubly concerning given that the Government has made no provision to protect low income families who may lose income as a result of the Bill.

I want to know whether the government proposes to take any measures to address that lack of modelling that was asserted at the time the bill was passed.

Ms Beauchamp—I think Mr Hazlehurst mentioned earlier the work that is going to be done in terms of the analysis around the actual assessments and combining those with the FTB impacts, and we will be putting that information to government.

Senator Chris Evans—I think I also indicated at the time my ongoing concern about that. That was one of the concerns, I think shared around the parliament—that while the principle sounded reasonable there were going to be losers, and we did not have a good feel for the extent of the losses. I mentioned earlier that whatever work we can do, we ought to do. I know Minister Macklin sees the issue as well, and the chair and I and others have been engaged in this debate for a while.

So there was concern expressed. I think it was rightly expressed. I do not think it was restricted to the Labor Party or the Greens. There was not any partisanship about this issue. Certainly Labor supported the government's bill, but everyone had concerns. It is one of those things where you did not really know what the outcome would be, and this is why that research is important and the more information we can get the better, and the government is very much interested in anything we can get that helps us assess the impact.

Senator HUMPHRIES—It was suggested that we should look at the question of whether there can be more than one principal carer under the legislation. The legislation postulated there can be only one principal carer and the other parent had to necessarily be, therefore, the non-principal carer. The suggestion was that there should be a capacity for two principal carers. Is that going to be examined as part of your assessment of the direction of the legislation?

CHAIR—Mr Hazlehurst, before you answer, I will get Senator Siewert to come in on that point as this is the issue that she raised most strongly. Then you will have the question from both.

Senator Chris Evans—Are you suggesting that the Labor Party argued that as an amendment to the bill or something, Senator Humphries?

CHAIR—No.

Senator HUMPHRIES—No, they argued it as a criticism of the bill.

CHAIR—Yes, we did.

Senator Chris Evans—I do not know who ‘they’ are. I had carriage of the bill in the Senate and I do not recall making that argument.

CHAIR—It was our committee, Minister.

Senator HUMPHRIES—I am quoting from the dissenting report.

Senator Chris Evans—No, I am just making the point that, when you use the generic, I do not recall we advanced any amendments on that issue.

Senator SIEWERT—No, that would have been me.

Senator Chris Evans—I want to be clear because I had carriage of the bill on behalf of the Labor Party in the Senate and I do not recall advancing that proposition. It may well have been one covered in the dissenting senators’ report.

CHAIR—It was in our committee report, Minister.

Senator Chris Evans—I am not saying you were trying to misrepresent, but I do not think that was official Labor Party policy.

Senator HUMPHRIES—No.

Senator SIEWERT—I actually raised this next door yesterday and I am not in the habit of always helping out officers, but I will on this one. DEEWR said yesterday that it was part of the review that was being undertaken for the participation requirements. I would be fascinated to know if you are going to tell us something different.

Mr Hazlehurst—I will not now.

Senator Chris Evans—Certainly will not.

Mr Hazlehurst—I might ask Ms Kinnear to respond, but in broad terms it is actually not a child support issue.

Ms Kinnear—To be very clear, the concept of a principal carer is not one in the child support system.

CHAIR—No, it is not.

Ms Kinnear—It is one in the income support system. My recollection of that issue is that there was some talk that there needed to be some greater alignment there, and the answer that you received from that department is, I understand, the position that they are reviewing that.

Senator SIEWERT—I might just follow up there. While it does not necessarily impact on your legislation per se, it does when you are talking about the FTB table when you go to 50 per cent care. It is very difficult to differentiate between the requirements for principal carers under the different pieces of legislation that are impacting on people at the moment.

Ms Kinnear—Mr Warburton may correct me; I am not sure. The family tax benefit is split fifty-fifty where there is fifty-fifty care, and then there is no concept of a principal carer as such.

Senator SIEWERT—If it is fifty-fifty under FTB, a person may still be getting a lowering of their child support under the new formula. They could still have a lowering of their payment under child support and still be doing the fifty-fifty FTB.

Ms Kinnear—If you have a fifty-fifty care level for FTB purposes, you will also have a fifty-fifty care level for child support purposes.

Senator SIEWERT—That does not mean, when you are in a fifty-fifty care situation, that one partner does not pay the other.

Ms Kinnear—That is right. It depends on their levels of income at that point. There will be some transfer of payment one way or the other unless the incomes are exactly the same, yes, that is right, but that is dependent on income; it is not a matter of care levels.

Senator SIEWERT—Yes, I appreciate that. I want to go back to this issue of the modelling under Welfare to Work. Will the modelling that will be done by mid-July include the Welfare to Work assessments?

Mr Hazlehurst—It is not something that we have explicitly turned our minds to. The primary focus of that work for us is really just to look at the overall distributional impact as a result of the child support reforms.

Senator SIEWERT—Sorry? The overall—

Mr Hazlehurst—The overall distributional impacts of the child support reforms, so family tax benefit changes and the child support formula changes.

Senator SIEWERT—I want to come back to Welfare to Work, but I will do this modelling bit first. I am not asking where individual people are on any sort of scale, but will that then provide an accurate reflection overall of the percentage of people that are better off and the percentage of people that are not?

Mr Hazlehurst—I will let Ms Kinnear answer that.

Ms Kinnear—In relation to the analysis that we will be doing on the actual child support assessments, as we mentioned earlier this evening, the actual FTB impacts will not be known until after that, so what we will be intending to do is take what we know to be the new child support liabilities and model what the FTB impacts would be against those new liabilities.

Senator SIEWERT—And that will be done by mid-July?

Ms Kinnear—Yes, mid-July.

Senator SIEWERT—The Welfare to Work argument is not a new one. We have been having this argument since day one, and I recall that one of our discussions—and I cannot tell

you which one—was a discussion around the Welfare to Work modelling being done about three months afterwards. I distinctly remember having the discussion that that means you are leaving, potentially, a lot of women, largely, in quite desperate situations if they have had an overall decrease under the new formula and they are subjected to Welfare to Work. I distinctly remember having that conversation, so now I am quite interested to hear that the modelling for that is not necessarily on the agenda.

Mr Hazlehurst—I am not entirely sure I follow you and I do not quite recall the details of the conversation that you are referring to. I am not sure precisely what we will be able to do with this next lot of modelling and whether or not that will be able to include the Welfare to Work impacts. Given that it is quite a task to do this analysis and we want to do it as quickly as we can, our initial priority will simply be to, as Ms Kinnear described, take the actual child support assessments and model the FTB results and then put the two things together. We are doing that as quickly as we can and providing that advice. If what you are then asking me is will we also be in a position to add to that the modelling of the Welfare to Work outcomes, that is something we would need to do after that rather than before.

Senator SIEWERT—How soon after?

Ms Kinnear—There is not a particular time. It would be possible to do it within a couple of months. That would take negotiation with the Department of Education, Employment and Workplace Relations.

Senator SIEWERT—Have you factored in the cost of the first modelling that is being done in mid-July? Is that a budget allocation against that?

Ms Kinnear—No. That has been resourced internally.

Senator SIEWERT—So it will not be an extra budget impost if you then decide you are going to do the Welfare to Work stuff?

Ms Kinnear—No.

Senator SIEWERT—Thank you. Have you got an estimate from the agency yet, based on the preliminary assessment, of what proportion of the total cohort have had an increase or a decrease in their assessment for their payments?

Ms Kinnear—As Mr Hazlehurst indicated before, we have not received that data yet from the Child Support Agency. We are due to receive that in the next few weeks, and that would obviously just be the child support side of the assessment.

Senator SIEWERT—I appreciate that, but that is what people are concerned about at the moment, because they are out there getting their letters right now.

Ms Kinnear—I understand, further to that, that the Child Support Agency has in fact received a question on notice in relation to that, and we will be working with the Child Support Agency to answer that question.

Senator SIEWERT—Do you know what that average increase or decrease has been?

Ms Kinnear—No, I am not aware of that at this stage.

Senator SIEWERT—Or the greatest?

Ms Kinnear—No.

Senator SIEWERT—You have none of that information?

Ms Kinnear—No.

Senator SIEWERT—You are the policy unit and you have not got that information?

Ms Kinnear—We have some early indications, but we certainly do not have the full picture.

Senator SIEWERT—What are the early indications then?

Ms Kinnear—I am not sure that I am in a position to describe that at this stage. That is advice that we have received from the Department of Human Services.

Mr Hazlehurst—Release of that information would be a matter for the minister but, as we have canvassed on a number of occasions today, that information does not give you a picture of the impact of the reforms; it only gives you a picture of the impact of one-half of the equation.

Senator SIEWERT—Have you done any scenario planning on the FTB and how much people receiving child support will receive in an increase in FTB?

Mr Hazlehurst—The budget papers at the time—I think it was the 2006-07 budget—provided an estimate of the increased FTB expenditure that would occur as a result of the reforms.

Ms Kinnear—It was \$365 million over four years at the time.

Senator SIEWERT—Thank you. The other issue, of course, that came up during the debate on the legislation was the reduction from 24 to 12 per cent. I am just trying to work it out. If the other parent has 14 per cent of care, the principal parent—and I am using that not in the social security sense of the word—loses 24 per cent of their—

Ms Kinnear—It is not exactly like that. I am happy to explain how it works.

Senator SIEWERT—Yes, if you would.

Ms Kinnear—The concept is in relation to a percentage of the cost of the children, so, if a parent has between 14 and 34 per cent of the care, they will be taken to be meeting 24 per cent of the costs of the children through providing that care.

Senator SIEWERT—Yes.

Ms Kinnear—As a result, the child support payable will be reduced, not by 24 per cent as you suggested; 24 per cent of the cost of the children will be—

Senator SIEWERT—And what does that result in?

Ms Kinnear—What is important to understand is that that is not so much perceived as a reduction to the amount of money that is available for that child. It is an acknowledgement that the non-resident parent will retain some of the assessed costs of children for care of that child within their home.

Senator SIEWERT—What does the 24 per cent reduction in the liability for the cost of the child result in, in actual dollars?

Ms Kinnear—It entirely depends on the circumstances of the case.

Senator SIEWERT—Just an average. What have you modelled?

Ms Kinnear—There is not an average for that particular component. As you can imagine, there are numerous cases where their circumstances will be very different. Some will have relatively high incomes, some will have lower incomes, some will have different care levels, some will have other children in their families et cetera, so the extent to which that amount reduces the liability depends on the circumstances of the case.

Senator SIEWERT—Have you done any modelling around that?

Mr Hazlehurst—No.

Ms Kinnear—Not around that specific aspect of the measure because of the changes, because these things interact.

Mr Hazlehurst—The work that we have done has been on the effects as a whole, not looking at individual, specific measures.

Senator SIEWERT—When people appeal their assessment, are they given a breakdown on how the decision by the agency was made?

Ms Kinnear—The assessment letter itself provides a good explanation of how the assessment has been made. It sets out in specific detail the cost percentage that has been taken into account, the income percentage, whether or not the payer has relevant dependent children and what deductions have been made as a result of those dependent children. You can follow the logic of the formula through the assessment letter.

Senator SIEWERT—So the 24 per cent appears on the assessment letter?

Ms Kinnear—Yes. It will be clear that the non-resident parent has that level of care and as a result there is a reduction. In addition, if somebody does not understand that, there is a large team of people with the Child Support Agency at the ready to explain those details.

Senator SIEWERT—I appreciate that. The reason I am asking that is that there is a lot of concern in the community that what they are expecting is an increase in the number of non-principal carer parents seeking to increase their care so that they can decrease their child support. Have there been any reports of that happening? I am just putting to you the case that has been put strongly to me.

Ms Kinnear—I have been made aware of that concern in the community. The obvious thing to say in cases like that is that, if the parent has care, they will be incurring costs, so the incentive to reduce their child support liability simply shifts the costs to the fact that they are caring for the child.

Senator SIEWERT—I do not want to go into the prolonged discussion that we had before but the point there is that it starts off well but does not end up well, so the principal carer ends up with the bulk of the care that they always had but they receive less and the child support calculations are not as sensitive in terms of recalculating as the personal circumstances are. They often have to go through appeal processes and things like that, so it is not as simple as saying the other parent will be taking on that greater percentage of care.

Ms Kinnear—There are two things to say about that. One is that there is always going to be some kind of threshold where that tension exists. In the child support reforms, that threshold has been set at the 14 per cent mark.

Senator SIEWERT—It is the 24 per cent that people are concerned about.

Ms Kinnear—Yes. At 14 per cent of care, you will get 24 per cent recognition. The 14 per cent, the one night a week care level, gives you that effect.

Senator SIEWERT—Yes, I appreciate that, but that is not what worries people; it is the 24 per cent threshold. The decrease in the 24 per cent of the liability for the child is the issue for people. Does that make sense?

Ms Kinnear—It makes sense. I just want to be clear that the 24 per cent itself is not a threshold. The 14 per cent care at which you get the 24 per cent recognition is the threshold.

Senator SIEWERT—We are playing with semantics here. The issue is, whatever you call it, the 24 per cent of the liability that gets taken off the principal carer—that is the issue.

Ms Kinnear—Yes. The second thing that I was going to say about that is that that is one of the major reasons why the change to splitting of family tax benefit has been introduced—in recognition that when the child is with the other parent the costs do not substantially reduce for the resident parent's household, and therefore they will be entitled to 100 per cent of the family tax benefit instead of sharing it as they do under the current system.

Senator SIEWERT—That is why we need to see the modelling, to see the actual outcome of whether it is replacing it.

Mr Hazlehurst—In the tragic circumstances where families split up and the children are being cared for between the households, it necessarily costs more and there are in effect three parties to those additional costs: the two parents and the taxpayer. In the child support reforms an additional \$365 million of FTB is being paid out, which is in a sense an extra contribution from the taxpayer. In addition to that, an adjustment is being made to the respective responsibilities of the two parents, based on, as we have been through many times, the best available evidence and what is judged to be a more balanced way of assessing the transfers that should occur and where the costs lie.

The 24 per cent discount around costs of care is part of that consideration of how you recognise in a formula the additional costs incurred by the non-resident parent once they reach a threshold: one night a week. It is associated with additional infrastructure costs relating to overnight care.

The way in which the whole thing has been constructed is to attempt to provide a balance with the FTB side of things, but beyond a certain point there is only so much money to go around, even with the additional injection of family tax benefit into the system, so it does mean, as we have commented many times, that some people will perceive themselves to be better off and some worse off. The intention is that the same level of resources is still available to the child, regardless of where they are actually being cared for.

Senator Chris Evans—The concerns you raise are valid and reflect the concerns we had when we passed the legislation. I want to indicate that I will have a conversation with Minister Macklin about how we can provide information to MPs and engage MPs in the

process as the analysis of the department is made available. I know the minister has made the department officials available to brief MPs in recent months et cetera. The reality is that, as the impacts are starting to be assessed through constituent feedback or through the department's analysis, it will be important for parliamentarians to be properly informed, to understand the issues and understand what options are open to them when dealing with constituents. It will be an issue that gets a lot of attention, so people severely affected will be quite anxious about it all. Without wishing to indicate how we might do this—and I know the minister is keen to engage anyway—I will take on notice—

Senator SIEWERT—That would be extremely helpful.

Senator Chris Evans—that we need to have a sort of engagement process for all members of parliament that allows them to be kept up to date with the developments and also engaged on the issues as they arise.

Senator SIEWERT—Thank you.

Senator Chris Evans—So I am sure Ms Macklin, if she has not planned something along those lines, will be happy to do that, and I will make sure that the committee know, but I will take that up with her directly.

Senator SIEWERT—Thank you. I have found the information, the services and the support that have been provided to MPs to date in the information sessions extremely useful, as has my office, but the things we have been talking about are not covered by that sort of material.

Senator Chris Evans—I think the rubber is about to hit the road.

Mr Hazlehurst—May I add one other thing; I apologise for not mentioning it earlier. I think I mentioned previously that the other thing that we are doing is longer term research into the combined impacts of the various reforms.

Senator SIEWERT—Yes, you have.

Mr Hazlehurst—Most particularly the family law reforms and the child support reforms. We are engaged in a number of surveys around that, some of which are additions to existing surveys, like the longitudinal study of Australian children, others of which are additions to surveys that I think in part we touched on earlier in relation to the new family law system evaluation.

Senator SIEWERT—Yes.

Mr Hazlehurst—So we are certainly very keen to look at the combined and longer term impacts of the reforms on families.

Senator SIEWERT—The chair is going to kill me, so very quickly. Is the principal carer issue we were touching on before, which is not part of child support, included in that review, because it is directly linked to the family law reforms?

Mr Hazlehurst—The principal carer issue is not directly related to the family law reforms as such.

Senator SIEWERT—Yes, it is. Sorry, I am going to get in trouble, but family law assumes fifty-fifty care, and I know it is shared parenting.

Mr Hazlehurst—I see what you are getting at.

Senator SIEWERT—But the starting point is 50 per cent; two principal carers. But under the Social Security Act, you can only have one. That is a direct result of family law, and so there is one parent that is missing out, and that is social policy. There is one person that is subject to Welfare to Work, even though they have 50 per cent care of the child and, according to DEEWR yesterday, there are thousands of people that will be caught up under these changes. So, I am sorry, it is directly related to it.

Mr Hazlehurst—I am not sure whether that specific issue is covered in the research that we are undertaking but we can have a look at that.

Senator SIEWERT—Could you please follow that up? It is a very significant issue and even DEEWR is now acknowledging that it is a significant issue.

Mr Hazlehurst—No, I certainly understand the issue.

Senator SIEWERT—Thank you. Sorry. Now I will behave.

CHAIR—That concludes the child support section. Thank you very much to the officers for your patience. Now I call the officers for outcome group 4. They are the same officers, I have been told, so when we get them here we will go to 4.2.

[10.31 pm]

CHAIR—Senator Bernardi, you have some questions?

Senator BERNARDI—I do, Chair, on 4.2, Supporting financial management.

CHAIR—Senator Humphries, you have some questions?

Senator HUMPHRIES—Yes, I do.

CHAIR—Does anyone else? Senator Boyce?

Senator BOYCE—No, not until 4.4.

CHAIR—Senator Bernardi, we will start with you when the officers are ready.

Senator BERNARDI—Thank you.

CHAIR—We do apologise to outcome 4 for being the last set of officers; it is not easy. Senator Bernardi.

Senator BERNARDI—Dr Harmer, I will address the question to you and you can identify where it should be directed.

Dr Harmer—Please do.

Senator BERNARDI—The government is providing \$20 million over four years for increased financial counselling to assist people with managing their finances. The PBS details that these measures of \$5 million per year are equally divided in administrative expense and departmental outputs. Before the doubling of this funding was that always the case—that it was split fifty-fifty?

Ms Stehr—The departmental funding is new funding that has been provided for the first time in 2008-09 to develop some financial literacy practical tools to assist people with understanding financial management matters.

Senator BERNARDI—Are these the books that are described—the little brochures on credit cards and mortgages and various other things that are in those?

Ms Stehr—Yes, it could be those things. The administered funding is provided for financial counselling services, and that administered funding for financial counselling services has always been provided as administered.

Senator BERNARDI—It might be off the topic a little bit, but where was the funding previously for financial information products and materials accounted for historically?

Ms Stehr—These will be new additional products. There have been some products developed in the past for Indigenous communities in Cape York and the Northern Territory and Western Australia.

Senator BERNARDI—But they did not come under this particular program?

Ms Stehr—They came under financial management.

Senator BERNARDI—Yes.

Ms Stehr—But this is new financial products, mainstream products.

Senator BERNARDI—If I went back and looked in previous budgets, how much would be in departmental and how much would be in administrative fund, in a rough percentage? It is fifty-fifty here.

Ms Stehr—I would have to check that for you, but the majority of funding has been through administered funding.

Senator BERNARDI—Thank you. I can check it, so that is fine. How many people does the Commonwealth Financial Counselling Program employ currently?

Ms Stehr—It does not employ as such. We fund 41 community organisations to provide financial counselling services, and those financial counselling services may be provided through a full-time or part-time financial counsellor.

Senator BERNARDI—How do you identify the 41 community organisations, or how have you?

Ms Stehr—They have been 41 community organisations that have been funded for many years.

Senator BERNARDI—So they are not reviewed annually?

Ms Stehr—Their funding is continued, if they continue to meet the terms of their funding requirement, and they are in areas where there is a need for financial counsellors. So they have been continued to be funded each year.

Senator BERNARDI—How do you review whether they are meeting the terms of their contractual requirement?

Ms Stehr—The requirement is set out in the department's funding agreement with the organisation and they are assessed against those performance requirements.

Senator BERNARDI—Could you give me an example of the types of things. Do they have to provide services to X number of people or make themselves available? How does it work?

Ms Stehr—I would have to check the details of it. I do not have one of the agreements with me, but there is not a requirement that they see a certain number of clients.

Senator BERNARDI—In fact, fewer might be better because there would be fewer requiring financial service assistance.

Dr Harmer—We would be interested in quality.

Senator BERNARDI—In quality?

Dr Harmer—Quality in outcomes. So it would not just necessarily be in numbers through.

Senator BERNARDI—Yes. How then do you measure the outputs, given there must be a great deal of confidentiality with regard to people's personal financial affairs? How do you measure the outputs?

Ms Stehr—The financial counsellors do not provide the department with identifiable information about individual clients at all, but they do provide us with information about the proportion of clients whose cases they have been able to close—is what they technically call it, so they have been able to deal with their issue—and also the cases where they have been able to assist the person to make an improvement in their financial management skills.

Senator BERNARDI—Is that the information you rely on to see whether they have fulfilled their contractual obligations to receive further funding assistance for following years?

Ms Stehr—That is part of the information that we gather from them.

Senator BERNARDI—Where else do you gather it from?

Ms Stehr—As I said, I would have to check the funding agreement. We would have to take that on notice.

Senator BERNARDI—I would be genuinely interested in where else you are going to get it from, because it is unlikely someone is going to ring up FaHCSIA and say, 'Dr Harmer, I have been speaking to this financial counsellor and I am still broke.' I would be interested in the level of scrutiny that is applied to this, given that there are continually repeated instances of the same 41 organisations that have been with you for a long time, and whether they are still providing the right level of service. On another question: how does a new organisation seek to join that financial counselling group?

Ms Stehr—For the additional funding that has been provided this year, there will be a process to seek new financial counsellors, but we are still in the planning stage for that.

Senator BERNARDI—Will you declare it as a clean slate and open it up and everyone will have to reapply, or will you maintain existing relationships and maybe enhance the existing relationships?

Ms Stehr—Existing financial counsellors have been funded for continuing services in 2008-09.

Senator BERNARDI—It has been historically typical that they would receive annual agreements and no longer, meaning that they have got funding for 2008-09, which is a further year of funding?

Ms Stehr—Yes.

Senator BERNARDI—Is that typical? Have there previously been three-year contracts or anything like that?

Ms Stehr—There have been one-year contracts and this is the same for this year.

Senator BERNARDI—You must then know how many clients these financial counsellors actually deal with over the course of the year.

Ms Stehr—We do. I do not have the break-up per organisation, but about 13,000 clients were seen in the last financial year.

Senator BERNARDI—You do not have the break-up per organisation but you would be able to provide it?

Ms Stehr—I do not have it with me.

Senator BERNARDI—But you would be able to provide that?

Ms Stehr—Yes, we can.

Dr Harmer—Yes, we can provide that.

Senator BERNARDI—Thank you very much, I would be very interested in that. This may be something for the minister, but I will address it to you, Dr Harmer. Why was the funding for this doubled? Was this a request by the department or was this simply a policy decision of government?

Dr Harmer—It would have been a policy decision by the government.

Senator BERNARDI—Minister, was it an election promise or just something that grew out of deliberations of government?

Senator Chris Evans—This is which measure, sorry?

Senator BERNARDI—It is not a trap. It is the financial counselling. You have given additional money for financial counselling.

Senator Chris Evans—To be honest, I would have to check whether it was an election commitment or not. I am not sure, so I would have to take that on notice. It was clearly a budget decision. Whether or not it was an election commitment, I will have to take on notice.

Senator BERNARDI—Can you let me know?

Senator Chris Evans—Yes.

Senator BERNARDI—Page 104 of the PBS identifies some targets and key performance indicators. Specifically, my question is in regard to the emergency relief services in place. They are broken down by state or geographical location indicators. There is a great deal of difference between the states. What is the rationale for that?

Ms Stehr—That is based on current services, so this reflects the percentage by state of where current emergency relief services are. This is the first year that FaHCSIA has actually

put this level of detail in its performance indicators so this is really a baseline, a starting point that will be able to be compared in future years as to where services are delivered.

Senator BERNARDI—It just seems unusual, I guess—for example, New South Wales, which has a large population, has a smaller percentage than, say, Queensland. Were the placement of services initially or historically based on need or were they based on population?

Ms Stehr—As you can imagine, the program has been running since the late 1970s.

Senator BERNARDI—It predates you. I understand that.

Ms Stehr—Yes.

Senator BERNARDI—The minister—no, he would not know either. Dr Harmer, you would not—

Dr Harmer—It predates me as well.

Senator BERNARDI—Do you have any idea?

Ms Stehr—Many of these services have been providing emergency relief for many years, so the original basis on which they would have been funded is probably lost to all of us, but the funding allocated by state for emergency relief does take into account the numbers of Centrelink clients in states. That is not necessarily directly related to the number of services. For example, in Queensland where you have a vast geographic spread, will have more services because they need to spread across the geographic area.

Dr Harmer—I will be corrected by Ms Stehr if I am wrong about this. But it may be that in New South Wales there are fewer bigger service providers who have more individual clients and in Queensland, because of the geographical distribution of the population, there are more smaller service providers.

Senator BERNARDI—Okay.

Dr Harmer—So this is the number of service providers, not the number of clients.

Senator BERNARDI—Given that one of the roles of the emergency relief services is to find ways to minimise problem gambling, has the department taken an examination of any type in regard to the availability of various types of gambling in the states and how that relates to the need for services; specifically poker machines?

Ms Stehr—Emergency relief services, as such, deal with the results of problem gambling but not with the causes or trying to deal with that. They are sort of dealing with the financial hardship that people are under.

Senator BERNARDI—I understand that, but has the department sought to correlate, ‘Okay, we have got these people that are in some sort of crisis management. They have been identified as having a gambling problem. Do they come from a state where there is a great many poker machines?’ such as New South Wales or South Australia or something, versus, ‘Gee, in Western Australia there is not.’ They might have a bigger racing industry rather than other forms of gambling. Have you taken any research like that?

Ms Stehr—The responsibility for both regulation and for gambling treatment services is with the states and territories, not with the Commonwealth government.

Senator BERNARDI—No, I understand that, but we are providing support for services to alleviate some of the problems and help solve some of them. I am just asking whether you have conducted any research in this department. It would help the Commonwealth with planning. It is not a trick question.

Dr Harmer—I am not sure we have got the right people here. I am not sure that Ms Stehr knows about it, but certainly it has been an interest of Minister Macklin in looking at problem gambling and I think—and I will stand to be corrected by someone—that she has taken the initiative to rekindle a ministerial meeting on gambling with her state counterparts and that ministerial meeting, which has not met for some couple of years now, I think, had access to some research funding, and I think Minister Macklin plans to rekindle that interest in research into problem gambling.

Senator BERNARDI—Thank you, Dr Harmer. That concludes my questions.

Dr Harmer—I have gone out on a bit of a limb there but I think that is—

Senator BERNARDI—I understand.

Dr Harmer—I know Minister Macklin has an interest in this and I think that there is a renewed interest in getting together with the state ministers and expanding the research in this area.

Senator BERNARDI—I accept and I recognise that various ministers have expressed interest in this regard, and it was not meant to be a trap. I just wanted to establish whether there had been any action, historically or currently under way, and it is something that we can continue to follow up. Chair, that is the end of my questions, but can I thank the department for the goodwill and humour in which they have treated our questioning.

CHAIR—Yes. Just before I give the call to Senator Humphries: Dr Harmer, in terms of that process, which part of your organisation would be linked into that?

Mr Lewis—It is us.

Dr Harmer—Mr Lewis is sitting right next to me.

Mr Lewis—We can talk about it, if you wish.

CHAIR—No. When you raised that, I was just looking to—

Dr Harmer—They were nodding while I was speaking. I assume I got most of that—

Mr Lewis—We have a story there for you.

Senator Chris Evans—Their good humour was disappearing quickly.

CHAIR—I am now moving to Senator Humphries, Minister.

Senator HUMPHRIES—Is there a connection between those two things?

Senator Chris Evans—Any question at a quarter to 11 at night on the second day is going to test anyone's humour.

Senator HUMPHRIES—I see. Sorry, are we on 4.2?

CHAIR—We are across the board on 4.

Senator HUMPHRIES—All right. I just had a question about the pandemic influenza preparedness. This is 4.3, Community recovery. The PBS shows that \$791,000 was allocated last year for influenza preparedness, but this year only \$220,000. Is there less likelihood of a flu pandemic this year than there was last year?

Dr Harmer—What page are you on?

Senator HUMPHRIES—I think it is page 98.

Ms Janz—In relation to pandemic influenza, there was significant funding issued in April 2007 and a lot of that funding is carried forward. In relation to the \$791,000, that was around—

Senator HUMPHRIES—Sorry, where is \$791,000?

Ms Janz—\$791,000 was what you were talking about from last year.

Senator HUMPHRIES—Right, yes.

Ms Janz—That was in relation to doing some workshops for non-government organisations in terms of improving their preparedness and also around preparation of a national volunteering database. This year there is additional funding and some of the previous money that was not spent was carried forward to finish up that work, so this year we have done business continuity workshops for NGOs across Australia. There are 41 of those across the country that we have been running and we have been building on that and doing work on volunteering, and a volunteering database as well. The \$220,000 for 2008-09 was a next instalment that was allocated for the development of this national volunteering database.

Senator HUMPHRIES—That is in 4.2.

Ms Janz—4.3.

Senator HUMPHRIES—4.3, yes. Is there a similar explanation as to why there was \$47 million on disaster recovery payments in this financial year but \$22 million in next financial year?

Ms Janz—The Australian government disaster recovery payment is a special appropriation and as such is topped up as needed in relation to demand, so they are demand-driven programs. There was originally, I think, \$34,000 allocated for 2007-08.

Senator HUMPHRIES—\$34 million.

Ms Janz—\$34 million, sorry—and that money was increased because there had been two major disasters this year that had been activated, in relation to floods in Queensland. The out year was slightly increased over what was previously budgeted, too, because some of the funding for those two current disasters that are still being funded will carry over into next financial year, as those payments are open for six months from the date on which they are activated.

Dr Harmer—It is a special approach in the estimates and, as Ms Janz said, if we happen to have more than one or two disasters—floods, cyclones or whatever—the funding will come through to the department, so that will be topped up. That is an estimate.

Senator HUMPHRIES—Okay. Are any of the outcomes in 4.2, 4.3 or 4.4 affected by the efficiency dividend?

Dr Harmer—As I answered yesterday, I have applied the efficiency dividend equally across the department. The budget allocation for 2008-09 has taken into account the efficiency dividend, and I have asked Mr Lewis to manage his proportion of it in the same way I have asked the people running disability programs, the people running Families and the people running Housing to do so.

Senator HUMPHRIES—I just get the impression that this particular area is principally delivering grants or payments to the community. What is the staffing establishment across the whole of output 4?

Mr Lewis—As Dr Harmer has said, there is no additional efficiency dividend been applied to the work that we are doing.

Senator HUMPHRIES—Sorry, ‘no additional’? So it is not applied?

Dr Harmer—I have applied the efficiency dividend to Mr Lewis’s area in the same way I have to all of the other parts of the department as I have allocated the 2008-09 budget.

Senator HUMPHRIES—So there is an efficiency dividend for you?

Mr Lewis—An operating cost which, as we are saying, is across the department.

Dr Harmer—The one per cent that has been in place for some time.

Senator HUMPHRIES—One and a quarter per cent, isn’t it?

Dr Harmer—One per cent initially, then 0.25 per cent, which was originally intended for three years but was extended in last year’s budget for a further three years. So there is 1.25 per cent; then the additional two per cent by the new government.

Senator HUMPHRIES—Yes, but what I am saying is that this area appears to be principally concerned with delivery of payments to the community for disaster recovery, for volunteer grants et cetera.

Dr Harmer—Yes.

Senator HUMPHRIES—And I assume that a relatively small proportion of your budget is actually administrative costs. Presumably, there is no cut applying to any of those community grants. Is there any less in any of those community pots by virtue of the efficiency dividend?

Dr Harmer—No. The efficiency dividend applies to departmental administration costs.

Senator HUMPHRIES—Okay, but you have a relatively small proportion of budget to do with administration, so a cut of 3¼ per cent is not going to be easy for you to sustain, is it?

Mr Lewis—We obviously, like everyone else, look at how we do work and have to manage our work within that.

Senator HUMPHRIES—That is very stoic of you. The Volunteer Small Equipment Grants, I see, are being rolled in with the sporting volunteer grants to create a new single package, and you are now including petrol vouchers in that as funds that can be provided. Between the time when this proposal was developed in the bowels of the department and now,

has any re-evaluation been made of how much will need to be provided for realistic petrol grants in order to cover the higher cost of fuel?

Ms Farrelly—As you are aware, the provision of petrol money to support volunteers in their volunteering work is \$5 million each year for the next three years.

Senator HUMPHRIES—Sorry—as petrol money, did you say?

Ms Farrelly—Money to reimburse volunteers for their fuel costs.

Senator Boyce interjecting—

Senator HUMPHRIES—Yes, but that money is not just for fuel. Volunteer grants are for all sorts of things, aren't they?

Ms Farrelly—The Volunteer Grants Program itself is \$21 million annually and, of that, \$5 million—

Dr Harmer—There are two components: the volunteer grants, which have always been part of the program, and then there is the new election commitment.

Senator HUMPHRIES—I see. That \$5 million is just for petrol.

Dr Harmer—Yes.

Senator HUMPHRIES—All right. It will go a little less far than it did when it was first conceived, no doubt, unless the petrol price falls, which we can all await happening. 'Community recovery', departmental outputs item 4, indicates that last year or in the current financial year \$3.072 million was allocated to program management and \$7.4 million for service delivery. In the budget statement for this coming year, only \$3.06 million has been put aside for program management and \$2.1 million for service delivery. That is a much bigger reduction than the—

Mr Lewis—What page are you on?

Senator HUMPHRIES—This is at page 141. I think I am comparing pages 98 and 141. I think that is how I get to those figures.

Dr Harmer—I cannot find those numbers.

Senator HUMPHRIES—I beg your pardon. It is the FaHCSIA budget statement outcomes, page 141.

Dr Harmer—You are looking at Budget Paper No. 1, are you?

Senator HUMPHRIES—FaHCSIA budget outcomes; FaHCSIA portfolio budget statement 2008-09.

Dr Harmer—Is it table 1?

Senator HUMPHRIES—No, I am sorry. What I am looking at is last year's FaHCSIA budget. I beg your pardon.

Senator Chris Evans—We are not prepared to do last year!

Senator HUMPHRIES—That was my last question.

CHAIR—Senator Boyce.

Senator BOYCE—I have a couple of questions regarding community engagement under 4.4. As I understood it, community engagement is about developing community support groups, encouraging volunteering, generally building stronger communities—although I think that is a term that might have been used by another government. Is that the case?

Senator Chris Evans—Whether it was used by another government or—

Senator BOYCE—No. What is ‘community engagement’, please?

Ms Stehr—Those are the elements, and one other that is funded under the community engagement program is the national peak organisations.

Senator BOYCE—Across the—

Dr Harmer—ACOSS—

Senator BOYCE—NCID?

Dr Harmer—disability organisations—those ones, yes.

Ms Stehr—Volunteering Australia. All those.

Senator BOYCE—That is a big group to bring in there, isn’t it? Their funding has dropped by \$4.3 million. Can you tell me about that? Sorry, that is under ‘estimates’.

Ms Stehr—\$2.8 million of that funding was implementing the government’s election commitment to cease the activities of the Prime Minister’s Community Business Partnership, so that \$2.8 million that appeared last year is not in the funding for this year. There was also \$2.6 million in the 2007-08 allocation which related to the funding of the former government’s election commitments to fund Foodbank SA and the Daughters of Charity, so another \$2.6 million was in 2007-08 that is not in 2008-09.

Senator BOYCE—we are really counting down here.

Ms Stehr—They are the issues.

Senator BOYCE—There is the Social Inclusion Unit within PM&C that has a minister—that is, the Deputy Prime Minister—that has a parliamentary secretary in the Senate and appears to function out of DEEWR to a large extent. Given the purpose of the community engagement, how are you interacting with the Social Inclusion Unit et cetera?

Dr Harmer—We have quite a lot of interaction with them. I will let Mr Lewis detail it.

CHAIR—Dr Harmer, is it possible to give this answer in a note. It would be wrong to actually keep talking about social inclusion beyond 11 o’clock! I think it would be wrong.

Dr Harmer—It would have been a good story.

CHAIR—If we could get that response—

Senator BOYCE—I think we should talk about social inclusion right up until about midday tomorrow!

CHAIR—If we could actually get that in a note about how it interacts, that would be useful.

Dr Harmer—Yes, certainly.

CHAIR—It being 11 o'clock, I am going to suspend this session of the estimates. Can we put that on notice. Thank you.

Senator Chris Evans—Madam Chair, can I say to—

CHAIR—Certainly, Minister.

Senator Chris Evans—Senator Bernardi that the financial counselling was not an election commitment; it was just a decision taken in the budget, I am advised.

Senator BERNARDI—Thank you.

CHAIR—I would like to thank Dr Harmer and his officers, again, also the minister and his staff, and Hansard in particular. Thank you very much and good evening.

Committee adjourned at 11.00 pm