



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

THURSDAY, 5 JUNE 2003

CANBERRA

BY AUTHORITY OF THE SENATE



## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:  
**<http://search.aph.gov.au>**



---

**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 5 June 2003**

**Members:** Senator Knowles (*Chair*), Senator Greig (*Deputy Chair*), Senators Denman, Heffernan, Humphries and Hutchins

**Senators in attendance:** Senators Allison, Bartlett, Bishop, Collins, Crossin, Forshaw, Heffernan, Humphries, Knowles, McLucas, Moore, and Webber

**Committee met at 9.03 a.m.**

**FAMILY AND COMMUNITY SERVICES PORTFOLIO**

Consideration resumed from 4 June 2003.

**In Attendance**

Senator Amanda Vanstone, Minister for Family and Community Services

**Executive**

Mr Mark Sullivan, Secretary  
Ms Glenys Beauchamp, Acting Deputy Secretary  
Mr Wayne Jackson, Deputy Secretary

**Executive Directors and General Management**

Mr David Kalisch, Executive Director, Family and Children Cluster  
Ms Linda Powell, Acting Executive Director, Community Development and Support Cluster  
Ms Kerry Flanagan, Executive Director, Strategic and Ageing Cluster  
Ms Peta Winzar, Executive Director, Economic and Social Participation Cluster  
Ms Serena Wilson, Executive Director, Welfare Reform Cluster  
Ms Virginia Mudie, Executive Director, People and Business Cluster  
Ms Cate McKenzie, Executive Director, Cluster  
Ms Cathy Argall, General Manager, Child Support Agency

**Family Assistance**

Ms Fiona Dempster, Assistant Secretary, Family and Children's Policy  
Ms Lynne Curran, Assistant Secretary, Family Payments and Child Support Policy  
Mr Tony Carmichael, Assistant Secretary, Family and Children's Services

**Youth and Student Support**

Mr Jeff Pople, Assistant Secretary, Youth Bureau Programs  
Mr Matt Davies, Assistant Secretary, Youth Bureau Policy and Promotions

**Child Support**

Ms Sheila Bird, Assistant General Manager, Client Relations and Quality Outcomes, CSA  
Mr Trevor Sutton, Assistant General Manager, CSA

**Child Care Support**

Ms Dawn Casey, Assistant Secretary, Child Care Services  
Ms Donna Griffin, Acting Assistant Secretary, Child Care Benefits

**2.1 Housing Support**

Ms Fiona Smart, Assistant Secretary, Housing Support Branch

**2.2 Community Support**

Mr John Higgins, Acting Assistant Secretary, Community Branch

Mr Barry Smith, Assistant Secretary, Indigenous Policy and North Australia Office

**3.1 Labour Market Assistance**

Mr Evan Lewis, Assistant Secretary, Labour Market and Parenting

Ms Donna Phillips, Director, Working Credit Implementation Team, Labour Market and Parenting Branch

**3.2 Disabilities**

Ms Jackie Wilson, Assistant Secretary, Office of Disability

Mr Glen Halloran, State Manager, Queensland State Office

Ms Frances Davies, Assistant Secretary, Disability Service Reforms

**3.3 Carer Support**

Ms Jackie Wilson, Assistant Secretary, Office of Disability

**3.4 Aged Support**

Mr Alex Dolan, Assistant Secretary, Seniors and Means Test Branch

Mr Barry Sandison, Assistant Secretary, Participation Strategies

**Cross all outcomes**

Mr Brendan Jacomb, Assistant Secretary, Legal Services Branch

Mr Tim Youngberry, Chief Financial Officer, Chief Financial Officer Group

Ms Liza Carroll, Assistant Secretary, People Branch

Mr Steve Jennaway, Assistant Secretary, Business Improvement and Governance Branch

Mr Tony Mee, Assistant Secretary, Business Information Solutions

Ms Kim Loveday, Assistant Secretary, Service Delivery and Assurance

Mr Phil Lindenmayer, Chief Internal Auditor, Service Delivery and Assurance

Ms Jenny Bourne, Assistant Secretary, Relationships Branch

Mr Gary Dunn, Assistant Secretary, Budget Development Branch

Mr Roger Barson, Assistant Secretary, International Branch

Mr Bruce Smith, Assistant Secretary, Welfare Reform Taskforce

Ms Alison Smith, Assistant Secretary, Working Age Taskforce

Mr Andrew Herscovitch, Assistant Secretary, Ministerial and Communications

Mr Evan Mann, Assistant Secretary, Service Delivery and Assurance

Mr Nick Hartland, Relationships Branch

Mr David Hazlehurst, Assistant Secretary, Strategic Policy and Knowledge

Mr Jeremy Nott, Assistant Secretary, Strategic Policy and Knowledge

**Australian Institute of Family Studies**

Dr Ann Sanson, Acting Director

Dr Adam Tomison, Acting Principal Research Fellow

**CHAIR**—The committee reconvenes. I call on Senator Moore.

**Senator MOORE**—Mr Sullivan, firstly I would like to go back to the areas of newstart allowance and youth allowance, particularly for incapacitated people in that area. There are a number of questions that relate to Centrelink; it is one of those crossover ones. There will be

questions asked about Centrelink data but we will take those on notice if the people are not here.

**Mr Sullivan**—We will answer on behalf of Centrelink. There is a Centrelink officer here who is not in that particular area, but we will have a go and otherwise take it on notice.

**Senator MOORE**—In some of the questions and answers yesterday on the new review processes that came through the budget we did talk about this area of newstart allowance and youth allowance incapacitated—that particular group. There is a series of questions here about how that particular section runs and how things are done in that area. It is under the heading ‘non-budget measure, youth allowance and AWT’, but I think there is a great impact here from Centrelink, so I will just run through the questions and see how they go. Are there figures on the number of individuals whose medical certificates have been rejected by Centrelink in the last year and the last two years?

**Mr Sandison**—I do not know. I will have to take it on notice.

**Mr Sullivan**—By ‘rejected’ do you mean where Centrelink refused to accept a doctor’s medical certificate?

**Senator MOORE**—Yes.

**Mr Sullivan**—I think that will be an easy question to answer, but we will take it on notice.

**Senator MOORE**—I would imagine that the recommendations in the medical certificate have been rejected.

**Mr Sullivan**—If you get a medical certificate from a doctor you are newstart incapacitated.

**Senator MOORE**—Can we have the figures for the last four years of recipient numbers and payment types with a full or partial exemption from the activity test?

**Ms Winzar**—We will have to take that one on notice.

**Senator MOORE**—This is needed for writing the guidelines for the whole program. They want to know for the Centrelink e-reference guidelines for staff when dealing with people in this particular area—the kinds of support that are given to the staff. Are there any other forms of information on procedures for Centrelink staff to work through the process of medical certificates with people in this particular area?

**Ms Winzar**—There are essentially two sets of documentary guidelines for Centrelink staff. One is the guide to the social security legislation and the second, which you mentioned, is Centrelink’s own e-reference guide for its staff.

**Senator MOORE**—There are some concerns that there is targeting to ensure that numbers of people are on or off programs. Is there any target for this particular payment?

**Ms Winzar**—In respect of newstart or in respect of the incapacity?

**Senator MOORE**—In respect of people in the incapacity component—trying to move them from the incapacity place into the work ready stream.

**Ms Winzar**—Yes, there is. As I mentioned yesterday, we had about 80,000 newstart recipients on an incapacity exemption from job search requirements. We have looked at groups within that to see if there are some types of condition or some people with, say, very

long durations of medical exemption for whom we need to do more. As I mentioned yesterday, perhaps rather than just a straight exemption, effectively marginalising those people, a referral to a rehabilitation program or a disability employment assistance program would be more appropriate. In the sense that we are trying to find out what servicing strategy would best support those people in getting back to work, yes, we are targeting.

**Senator MOORE**—But there is not numerical targeting in particular?

**Ms Winzar**—No.

**Senator MOORE**—You are focusing on moving the group as opposed to individual numbers.

**Ms Winzar**—That is correct.

**Senator MOORE**—How many reviews have there been of people receiving newstart incapacitated over the last 12 months?

**Ms Winzar**—I will have to take that on notice too.

**Senator MOORE**—That cuts over to the questions we were asking yesterday about the different types of reviews in that area.

**Ms Winzar**—Perhaps it is worth explaining a little about the process to you. As the secretary mentioned, a doctor's medical certificate is accepted when someone presents to Centrelink. Those will have varying durations from a couple of days through to two or three months perhaps. The standard practice is that once the end date on the certificate comes up the person's eligibility is reviewed again. So the numbers would depend pretty much on what period the doctor had specified on the medical certificate.

**Senator MOORE**—Is there no questioning at all of the veracity of the medical certificate?

**Ms Winzar**—No, not of the medical certificate's veracity. The only question for Centrelink staff is, given this medical certificate, what is it now appropriate for the person to do. For example, some people may not be able to look for full-time work or would not be able to hold down full-time work, but perhaps part-time activity might be appropriate. It is about tailoring the activity test requirements to the person's capacity. The other part of the process that I need to explain to you is that for those on very long periods of medical exemption there is a standard review at nine months, at which their ongoing eligibility as a jobseeker who is able to take up work at some point is considered.

**Senator MOORE**—In previous years we have had discussions about the way that medical certificates are filled out and on giving advice to doctors on what to say on a medical certificate, not just saying 'medical condition', or something of that nature. In this particular claim for payment, is there an expectation that there is an identification of the kind of condition, or the impact of the condition, on someone's fitness for work?

**Ms Winzar**—Part of this reform around the Australians Working Together measure was to try to get a little more information about how the person's incapacity did affect their ability to participate. So, in that sense, we are not so much worried about if they have the flu or a broken leg but we are trying to get a bit more sophisticated in the information we are seeking about the impact of that condition on the person's capacity for work.



**Senator MOORE**—When people have been reviewed through the newstart process as incapacitated and then are looking at going onto the disability support pension, or the various payments in the disability support area, have we any idea of how many of those people have been rejected for the disability support pension?

**Ms Winzar**—I do not have to hand the information about which of the newstart incapacitated group go on to apply for DSP and which get accepted or rejected. Overall, the rejection rate for DSP claimants is about 37.5 per cent.

**Senator MOORE**—And is that is just the standard rate of rejection?

**Ms Winzar**—That is across all claimants, yes.

**Senator MOORE**—Is there no way of tracing people who have attempted going through the system from one form of payment to another and whether they have a higher rate—

**Mr Sullivan**—There is no easy way. Newstart incapacitated has been a traditional high source of disability support pension applicants.

**Senator MOORE**—It would be a step for people going into the system first, wouldn't it?

**Mr Sullivan**—Yes. A lot of people who apply for the disability support pension are on newstart incapacitated. So I think the rejection rates that we have talked about would probably be quite similar for that group.

**Senator MOORE**—They actually translate to this group as much as to any other group of people making a claim for disability support pension. There would be no difference.

**Mr Sullivan**—A person not on benefit applying for disability support pension is probably someone who has been involved in trauma and gone from the work force onto sick pay, or something like that, and then has gone straight onto benefit. There could even be a higher acceptance rate of that than someone who has been on disability.

**Senator MOORE**—For migration through the system, yes it would be.

**Mr Sullivan**—It would be reasonable to assume that the rate for that group would also be around 37 per cent.

**Senator MOORE**—Is there any evidence that people on this form of payment—in the NSA incapacitated area or people who have been going through that process—are more likely to be going through the breaching process than any other form of payment?

**Mr Sandison**—No, there is no evidence.

**Senator MOORE**—Have no comparisons been done of breaching rates in different forms of the NSA payment?

**Mr Sullivan**—Because they are on incapacitated, they do not have a participation requirement, so it would be difficult to breach them.

**Senator MOORE**—What about the ones who have been rejected or moved off the incapacitated into the mainstream NSA? What is their potential for breaching?

**Mr Sandison**—We have nothing specific on that. As we work through some of the breaching data, we may be able to drill in further but it will take time to ensure that we have the clarity of the data organised.

**Senator MOORE**—So you can make a genuine assessment of it rather than playing with it?

**Mr Sandison**—That is coming from the breaching side that we are starting to work through how we can actually analyse more of the breaching information. I am not sure yet about the extent to which we can use the information from Centrelink to get to that point.

**Ms Wilson**—With that group, they might be on newstart incapacitated and test themselves for DSP or continue to produce medical certificates. Your concern sounded like you are worried about those who move back into the newstart mainstream.

**Senator MOORE**—Yes.

**Ms Wilson**—Part of the measure that was announced was also a more flexible response to that group through more responsive preparation of work agreements that reflected where those people were at that point in time. For example, if they have had an injury and been on a medical certificate for three months, it is highly unlikely they will be able to move straight to a full-time activity test requirement. So part of the process was actually about structuring a more flexible response to that individual's needs and preparing for work agreements so we can transition them back into whatever things they need to be participating in.

**Senator MOORE**—It is accepting that they may have some difficulty in that transition?

**Ms Wilson**—Yes.

**Senator MOORE**—Particularly if they have been in the part of the payment that has been excluded from the participation arrangements. So, if they move off that into the mainstream, there is an acceptance that there needs to be some more flexible support for them.

**Ms Wilson**—That is right.

**Senator MOORE**—So that is part of the ongoing review about how that is going?

**Ms Wilson**—Yes.

**Senator MOORE**—I think that is enough for that one. We asked the other questions yesterday in the policy areas so that is fine, thank you.

I have some questions now on the child-care benefit. Good morning, Ms Casey. This starts out as per usual with a whole lot of requests for statistics. I will read them out for you to handle the ones you can, and could we please have answers to the others as soon as possible. I think they follow the same kind of process as in the last few estimates. We are wanting to know the details of child-care benefit expenditure under each of the percentage levels set by the government, and how many families and children are assisted at each of these levels. Ms Griffin, is that an easily available schematic?

**Ms Griffin**—I am not sure I understand what you mean by the percentage levels. Do you mean maximum rate, minimum rate and in between?

**Senator MOORE**—Yes.

**Ms Griffin**—I have those percentage break-ups now. I am not sure about expenditure at each of those levels. For approved care, 36 per cent receive maximum rate, 14 per cent

receive minimum rate and 46 per cent receive in between, a part rate. Just over three per cent claim as a lump sum.

**Senator MOORE**—Is it easy to translate those percentages into expenditure rates?

**Ms Griffin**—I am not sure. Could we take that on notice?

**Senator MOORE**—Yes. With regard to the expenditure rates, you have given us the percentages so under each of the headings we now want the expenditure. We also want the flat numbers of families and children who are receiving payment, under each of those headings.

**Mr Kalisch**—Certainly the numbers of children and families are quite easy, but for the expenditure we would have to interrogate the whole system, in effect. People are paying quite different fees, so the percentages are on quite different amounts.

**Senator MOORE**—As per normal, would you can give what you can. Then, if there is an explanation of what you cannot give, we will follow up with that. That is okay. Can you also advise the proportion of child-care benefit that goes to each of the different types of care—family day care, long day care, outside school-aged care?

**Ms Griffin**—The expenditure levels?

**Senator MOORE**—Yes.

**Ms Griffin**—Again I am not sure that we can do that, but we will take it on notice.

**Senator MOORE**—Okay. Can you advise of the level of child-care benefit entitlements to parents and children using FDC and LDC—family day care and long day care? That is, do lower income groups or higher income groups dominate in particular service types?

**Mr Kalisch**—Our broad understanding is that across the income ranges there is a fairly equal share across different types of child care. That is, there are just as many higher income people in long day care as in family day care, and similarly there are similar proportions of low income families in long day care and family day care.

**Senator MOORE**—How do you get that information? Is that through claims?

**Mr Kalisch**—It is based on the CCB data; I understand that is what we use to draw that conclusion.

**Senator MOORE**—Can the CCB data, as you now collect it, be interrogated to get that information?

**Mr Kalisch**—That is the information that we have put together. We could give you some further information on that.

**Senator MOORE**—That would be useful. Then we will see in terms of what it throws up and also how difficult it is to get it, because that is the other point. These things are all exercises in getting information and trying to trace patterns.

**Mr Kalisch**—What this information tells you is actual usage. It does not tell you anything about demand for child care or other dimensions.

**Senator MOORE**—This is only the people who are actually using and receiving it?

**Mr Kalisch**—These are people who are using it at the moment.

**Ms Griffin**—I understand that the average income level is the same, or similar, for long day care and family day care.

**Senator MOORE**—I am trying to think what would actually cause the average, in terms of the amount of usage and what would determine that average figure.

**Mr Kalisch**—I think the figure that Ms Griffin talked about was really the income of the family. It did surprise me a little bit, because there is this presumption that a lot more lower income people use family day care than would use the far more highly priced long day care, but that is certainly not shown up in our figures.

**Senator MOORE**—If we can get the figures, we can have a look at them and then come back and have a more reasonable discussion, maybe outside this place, about what the figures show and whether presumptions have been knocked around, which is a good thing. How much of the child-care benefit goes to children between birth and the age of two?

**Ms Griffin**—We will take that on notice and see if we can provide that.

**Senator MOORE**—Is it easy to find out what proportion of the child-care benefit budget is paid to corporate child care providers that are listed on the Stock Exchange?

**Mr Sullivan**—That would not be very easy at all. We would not necessarily know the ownership structure of every child-care centre.

**Mr Kalisch**—We have different systems. We have quality assurance that gives us a bit of a sense of who the owners are and who the centres are, but child-care benefit is just on those that are within the formally recognised child-care sector. I am not sure that we have necessarily any indicators of who the owners are in particular sectors.

**Senator MOORE**—That data is not kept in terms of where the payment is made?

**Mr Sullivan**—We will have a look.

**Mr Kalisch**—It is hard to know whether we would be able provide a particular flag in our management information.

**Mr Sullivan**—Some of these corporate structures are quite complex and even the provider name may not look like that of the banner corporation.

**Senator MOORE**—We have had discussion here, and I know it is in the community and the industry, about the child-care sector now going into not for profit for the private sector, the smaller companies, and what are now known as the corporate areas. There will be a series of questions about that later. We can have a look at that and see whether in fact that is something that can be seen, as Mr Sullivan has said, and whether those names do pop up. You can easily identify the ABCs and the Peppercorns and the others.

**Ms Griffin**—We may be able to track them if they are identified that way in our system, as Mr Sullivan was saying. I have concerns about how accurate the data would be, but we can look at it.

**Mr Kalisch**—I suppose the other dimension is that, despite a lot of the media attention on the corporates, they still are a relatively small proportion of the total market.

**Senator MOORE**—Yes, but growing.

**Mr Kalisch**—But growing.

**Mr Sullivan**—Or hiccupping now.

**Senator MOORE**—I think the hiccup could be referred to later in these questions.

**Mr Kalisch**—I think it is also fair to say that other privates are also growing, so it is not the only area of growth in the child-care sector.

**Senator MOORE**—No. It is one that causes a great deal of discussion in any meetings regarding child care, though. It is a topic.

**Mr Kalisch**—I think a lot of these things do.

**Senator MOORE**—Yes. Do you have any idea what the current proportion of the corporates are? Is that something that is available?

**Ms Casey**—About 90 per cent of private child-care centre operators are small operators with only one centre. Less than three per cent are actually corporates.

**Senator MOORE**—At this stage.

**Ms Casey**—At this stage, yes. There are about 4,070 private and community based long day care centres in Australia, of which 89.8 per cent run one child-care centre.

**Mr Kalisch**—The figures that Ms Casey has just given you also indicate that there are a number of private operators who are not corporates who also run more than one centre.

**Senator MOORE**—So you have the privates who are very small, with the one, and then you have the ones that have a cluster—

**Mr Kalisch**—That perhaps have a couple or three or more. Then there are those that have corporate structures—

**Senator MOORE**—That have identified quite clearly that they are into that different range of production.

**Mr Kalisch**—Yes.

**Senator MOORE**—Those figures are kept, and it is fair to say that we will be asking for those kind of figures on a regular basis now.

**Mr Kalisch**—I think we would expect that.

**Senator MOORE**—With all the other things that we ask you, that is going to be a regular question from now on.

**Mr Sullivan**—That is useful, and we will try and get some data sources so that we can get this.

**Senator MOORE**—That would be good. Can we have the details of the new income assessment processes implemented for assessing the child-care benefit eligibility in January this year?

**Mr Sullivan**—We will take it on notice.

**Ms Griffin**—To my knowledge, we did not change the income assessment process, unless you are referring to the More Choice for Families options which were implemented for

families. That is a joint initiative with the family tax benefit. That provides families with the option of adjusting the rate of their CCB percentage to take account of potential overpayments—that is, to adjust their rate for the rest of the year to account for overpayments already incurred if they have had a change in their circumstances.

**Senator MOORE**—So that is part of the overall package in that scheme?

**Ms Griffin**—Yes, if they have had a change of circumstances they can opt to reduce their percentage. We have quite a bit of flexibility in that arrangement so that child care remains affordable for families. Of course, as you know, the scheme is voluntary. Part of that package was also about offering families the option to round down their percentage. Child-care benefit percentages go to two decimal places, which is quite complex for families to understand and services to administer—

**Senator MOORE**—Absolutely.

**Ms Griffin**—So it is a small thing but it yields quite some gains for the services. Those are the only changes. They do not essentially affect our income assessment regime but they do implement More Choice for Families options so that families can reduce or eliminate their overpayments if they have changed circumstances.

**Senator MOORE**—Yesterday we were told about the uptake of the various options under that package. I will ask you to take this on notice as well: have that particular child-care benefit and the way that people access the child-care payment been popular options in the various suite of things that families can do proactively in terms of assessing their position?

**Ms Griffin**—Some families have elected to take up the choice to adjust their entitlement to account for overpayments. Far and away the majority, though, have chosen to round down the CCB percentage, which has a marginal impact but is still helpful, as I said, for the industry. Over 45,000 families have made a choice under the More Choice for Families options. Seventy-five per cent—or 34,000—have chosen the rounding down option, and a further 6,300 chose to reduce their CCB percentage to either reduce or eliminate a debt.

**Senator MOORE**—6,300 is still a lot.

**Ms Griffin**—4,884 chose a combination of rounding down and reducing their percentage, which has been quite successful at this stage, because it has been a part year.

**Senator MOORE**—This is a subjective question, but it is about the level of understanding that families have in making these choices. Are people in the departments finding that people are understanding the choices they are making?

**Ms Griffin**—I believe so; that is the information we have had back from Centrelink. Obviously, though, most of our customers are also family tax benefit recipients, so they have had the multiple FTB choices explained to them before the Centrelink officers move to explanation of the CCB choices. But I understand that customers do understand the position and that where they are choosing not to take up a choice it is for personal reasons.

**Senator MOORE**—The choices they take up are flexible as well, aren't they? If they are not working they can come back and change that?

**Ms Griffin**—Absolutely, yes.

**Senator MOORE**—I think it is way too early to actually assess the program yet, but it will be interesting, after the program has been settled in for a while, to see just what kind of movement there is as families make a choice, see how it goes and then keep going—that is, to see what becomes more popular. It is always very difficult to make any assessment in the first year.

**Mr Kalisch**—I suppose it is fair to say that our broad assessment is that we are quite happy with the large number that have taken up the choice in the CCB area.

**Senator MOORE**—That is what you said yesterday. You said that you are quite happy with that in the whole program as well, but you are particularly happy with the CCB area.

**Mr Kalisch**—Yes.

**Senator MOORE**—We will see at the end of the year.

**Mr Kalisch**—It is showing some early signs that there are significant numbers taking up choices, which is more, perhaps, than we would have expected and more than in the FTB area—there is still much more potential there.

**Senator MOORE**—We will be able to see at the end of the year exactly what the impact has been, because that is going to be the first-round test of whether the overall planning has been successful, isn't it?

**Mr Kalisch**—Yes.

**Senator MOORE**—Has there been any noticeable change in monthly child-care benefit expenditure or claims in the last six months?

**Ms Griffin**—Our customer number levels are still rising. We have not done any analysis of claim numbers, but the presumption is that they are still increasing as well. The trouble is that people move in and out of child care but, overall, our customer levels are still increasing.

**Senator MOORE**—So one person could be counted as a claim two or three times within a period?

**Ms Griffin**—That is right. But they are counted only once as a customer but customer levels are still increasing.

**Senator MOORE**—Do we have the numbers of families getting child-care benefit debt notices?

**Ms Griffin**—We can tell you how many customers have received overpayments in each of the two financial years so far reconciled.

**Senator MOORE**—That would be good, and also could you tell us the size of the debt. Mr Kalisch, I think you gave us some figures yesterday.

**Mr Kalisch**—I think we did give that information yesterday.

**Senator MOORE**—Amongst other things, you gave us those overall figures. If we can get them again, that would be good.

**Mr Kalisch**—It was part of the discussion around FTB.

**Senator MOORE**—Yes, it was one of the options you gave us. I have not read the transcript yet, so I am not sure.

**Mr Kalisch**—The CCB results for the 2001-02 financial year, as at the end of March 2003, show that 159,494 families received a top-up and 147,027 families were notified of an overpayment. The total top-up amount was \$28 million and the average amount was \$173 per family. The total overpayment amount was \$42 million and the average amount was \$283 per family. There was nil adjustment for 340,568 families and the total number of families reconciled was 647,089.

**Senator MOORE**—That does show a decrease in the debt levels, doesn't it?

**Mr Kalisch**—At the comparable time last year, there were more top-ups and about the same numbers of overpayments. But the proportion of families has also reduced because we have reconciled more families at this time this year than at this time last year.

**Senator MOORE**—So it is a bit early to make any direct comparisons of the figures?

**Mr Kalisch**—Yes. But, as we noted yesterday, the level of variation that families are seeing on their CCB is much lower than in FTB. We were looking at around the \$200 to \$300 mark, whereas with FTB the changes are much more substantial.

**Senator MOORE**—It will be interesting to see how it is affected by people's choice options in the last six months.

**Mr Kalisch**—Hopefully, we will see even less variation.

**Senator MOORE**—And more control.

**Mr Kalisch**—The desire is certainly to have fewer families receiving overpayments. The signs are good, with a large number of families having taken up some of the CCB choice options. We will wait and see what happens.

**Ms Griffin**—Could I advise a correction to the record from yesterday, when we were discussing numbers of CCB debts over \$1,050?

**Senator MOORE**—Sure.

**Ms Griffin**—I incorrectly read the data table in front of me. I advised that for 2000-01 it was around 18,000, but it was actually 9,758. For 2001-02, instead of 16,000, it was 8,549.

**Senator MOORE**—They are much smaller figures.

**Ms Griffin**—They are half.

**Senator JACINTA COLLINS**—Did a press release go out overnight?

**Mr Kalisch**—No, not that I am aware of.

**Senator JACINTA COLLINS**—That is good.

**Senator MOORE**—You must feel much better having given us those figures, Ms Griffin.

**Ms Griffin**—Yes. It was just an addition error.

**Mr Kalisch**—They are still low numbers.



**Senator MOORE**—Mr Kalisch, I have just one more question on the numbers of corporates from the figures you gave me. At what date were the figures of the percentage of people in the industry that you gave me earlier?

**Ms Casey**—The date I have is at 2 May 2003.

**Senator MOORE**—That was where you said ‘less than three per cent’?

**Ms Casey**—Yes. One other thing to note is that quite a number of large for-profits have not actually floated on the stock exchange. Hutchison’s, for example, have 41 centres but they have not floated. They are another service that we keep an eye on.

**Senator MOORE**—So they are another little slither?

**Ms Casey**—Yes.

**Senator MOORE**—You are just watching how they move. I have some general information about the child-care service system. I know it is the same people but just to let you know that there is a change now in the focus on child-care benefit. When is the report of the May 2003 child-care census going to be a public document?

**Ms Griffin**—It is going to be published in early July—next month.

**Senator MOORE**—And how will that be published?

**Ms Griffin**—I do not have the detail here.

**Senator MOORE**—I know it is in a hard copy.

**Ms Griffin**—Yes, it is at the publishers at the moment.

**Senator MOORE**—And on the web site?

**Ms Griffin**—On the web site.

**Senator MOORE**—I am interested because we mention the web site a lot. Is there any data kept about people’s access to these documents, whether there is a preferred option for people to get them in printed form, or to ring and get the information, or whether people are genuinely accessing kind of data on the web site?

**Mr Sullivan**—We can get you some figures on access to our web site. It is quite high.

**Senator MOORE**—Does that actually go down, Mr Sullivan? I know people go to the web site because it is a good web site. Do you have any idea then—

**Mr Sullivan**—I will have to ask whether we can get down to what pages are being accessed and where they are going from and to. We do a little bit of an analysis of where they jump in our web site—whatever we can get. I will get the Internet people—

**Senator MOORE**—There is this trend—and of course it is happening everywhere—that all this kind of information is on the web site and it is very useful to get it that way. But I am always interested about people’s usage of that and particularly when it is things like the census with all the data that people are throwing around in their various studies. I would whether you can tell me what they get and how they use it and also, maybe in terms of some of those industry meetings that you have, which I am sure there are questions about, whether people are using the web site for that information. What data from this census is available

now, and have there been any preliminary reports or processes put in place as a result of that census?

**Ms Griffin**—Minister Anthony has only recently authorised release of the data from the census. It has taken this long to do all of the analysis and the cleansing of data and the presentation of it for release. We have only taken requests as an as come basis. So people who are keen to know what is in it are approaching the department, and we are making it available as requested but we have also made it known publicly that it will be released completely in July.

**Senator MOORE**—Okay.

**Mr Kalisch**—I suppose it is fair to say that we have been using some of the data for our own internal policy purposes. Really, because of the quality of the information, we do get a fairly good snapshot of the child-care sector from that data, so we have been using it internally. But I cannot recall that we have been releasing a lot of that information externally.

**Ms Griffin**—Just as people come forward and request it.

**Ms Casey**—I should add that we did release some of that data to the people who attended the redevelopment exercise of the child-care broadband. That was made available to all participants and in the papers that were circulated with the redevelopment.

**Mr Kalisch**—And that was put up on the web site. That is my recollection as well, so it would have been broadly accessible.

**Senator MOORE**—When will the data be a public document?

**Ms Griffin**—Early July.

**Senator MOORE**—There is about a month and a bit from the time—May 2002. So you are allowing for the 12 months to June 2003. There is really about a month and a bit before it is generally public?

**Ms Griffin**—Yes.

**Senator MOORE**—Can you provide the most recently available data and information in the following areas, broken down by state and territory for all Commonwealth funded child-care related activities? I will read them out, and no doubt you will take them on notice: numbers of approved and registered services by service type; breakdown by service type by ownership community based private multi-owned private, as we said earlier; places allocated by service type; utilisation rates by service type; children assisted by service type; families assisted by service type and the number of staff and carers by service type; the number of openings and closures by services; type by electorate and/or by state; number of places and services run by corporate child-care providers there are listed on the Stock Exchange. They are standard questions and I know that you will be taking them on notice.

**Mr Kalisch**—And we will just have to see with a couple of them whether we can get quite the level of detail or breakdown that you are looking for, but we will give you as much as we can.

**Senator MOORE**—The opening and closures by service type by electorate or by state, is that something that is available by federal electorate?

**Mr Kalisch**—We may be able to find out a postcode and convert it to electorate. But the issue in some of the areas—

**Ms Griffin**—Yes, we can.

**Senator JACINTA COLLINS**—Can you break that down into local government area?

**Mr Sullivan**—I think we can probably do that too. Use a geocoding. Geocoding gives us wonderful flexibility in presenting the data.

**Senator JACINTA COLLINS**—In relation to all of those, can we have the layer of the onion that gets the closest to the centre?

**Mr Kalisch**—We will give you each layer, as much as the data will permit.

**Senator MOORE**—Is that a new system?

**Mr Kalisch**—It is a new classification.

**Senator MOORE**—How many of the child-care services are also registered training organisations across the country?

**Ms Casey**—I would not have thought too many at all were at all. Registered training organisations are quite separate.

**Senator MOORE**—I think there were some, so can we actually find out whether they are registered in their own right? It says, ‘Can they be named?’. I am sure there are some that are. We would just like to know where they are.

**Ms Casey**—The Lady Gowrie springs to mind as providing child-care services but also being a registered service—

**Mr Sullivan**—We would have no knowledge. We do not register them.

**Ms Casey**—We would probably need to look at the list we have of registered training agencies and identify whether any of those—

**Senator MOORE**—And blend them.

**Ms Casey**—But it would be different people and personalities that would run the different arms of that.

**Senator MOORE**—It is the kind of thing you would watch, though, is it not?

**Mr Kalisch**—The accreditation council may well know some of that information as well in their dealings. I cannot guarantee that we will be able to give you a complete list but what we can draw together from a number of sources—

**Senator MOORE**—But it is the kind of thing you would be interested in, is it not?

**Ms Casey**—It is interesting, the one that springs to mind is in South Australia where Lady Gowrie run a very high quality child-care centre, but next to them they have a resource and advisory in-service training arm. So it is a separate arm but it is part of Lady Gowrie child care. They are the main ones that spring to mind but we would have to go through our records to find that.

**Senator MOORE**—That would be good. We are really wanting to see the organisations that actually have that clear registration as a training organisation and are operating as child-care centres.

**Ms Casey**—It will be difficult to some extent because I know that many of the corporates, like the ABC child-care centres, run their own training centres, but they would not be registered with us because they do not receive any funding from us to run their training arms.

**Senator MOORE**—But they advise you that they are registered training organisations?

**Ms Casey**—I would need to check that. They may advise the NCAC that they are a registered training organisation or they may advise the state government. They would not advise FaCS because we do not give them funds for that training.

**Senator MOORE**—Let us see what you can do and what data you have. It is really the people who you are funding as child-care organisations in your network and what other services they provide.

**Mr Sullivan**—I think that discussion is just highlighting the fact that you be careful in what conclusions you would draw from our knowledge of who are registered training—

**Senator MOORE**—We take your knowledge and then see who else has other knowledge and see whether we can build up a good base.

**Mr Sullivan**—That is fine.

**Mr Kalisch**—I think it is probably also fair to say that in providing you with that information we would put caveats around it that would help you understand how it should properly be interpreted and used.

**Senator MOORE**—I would expect that, Mr Kalisch. We just want the caveat to be a bit smaller than the actual information, that would be good.

**Mr Kalisch**—I will keep a balance in mind.

**Senator MOORE**—Is it possible that such a service that would be getting that would be getting assistance through child-care benefit and training assistance through other parts? Could they be getting funding from other parts of Commonwealth funding?

**Mr Kalisch**—Yes.

**Senator MOORE**—Or state funding for that matter.

**Ms Casey**—They could be getting that, yes.

**Senator MOORE**—The next heading is ‘unmet demand’ and there is a whole bunch of standard place requirements. We will see what you have in your folder; otherwise take them on notice. Can we get the most recent data available from planning advisory committees or other sources and identifying where that came from—whether it was from the planning advisory or whatever—on, firstly, unmet demand for family day care by state and territory; places requested for family day care by state and territory—

**Mr Kalisch**—Do you want us to answer them as you go?

**Senator MOORE**—Sure.

**Ms Casey**—Unmet demand for family day care by state and territory: New South Wales, 690; Victoria, 100; Queensland, 1,293; Western Australia, 150; South Australia, 317; Tasmania, 105; and the Northern Territory and ACT have no demand at the moment.

**Senator MOORE**—At what date are those figures Ms Casey?

**Ms Casey**—I think they were pretty much the latest figures; they were done for estimates. I just cannot get a date.

**Senator MOORE**—Was that data from the planning advisory committee?

**Ms Casey**—That is from our state and territory offices and our national office.

**Senator MOORE**—Okay.

**Ms Casey**—The planning advisory committees provide advice to our state and territory offices so we then bring that data.

**Senator MOORE**—So that is from internal departmental figures?

**Senator JACINTA COLLINS**—Have you got that broken down to local government area?

**Ms Casey**—No, but we might be able to pull that out.

**Senator JACINTA COLLINS**—If you could.

**Ms Casey**—The unused capacity, I might add, is that we have actually therefore a current demand of \$2,655 but we actually know that there are 14,000 unused places out there at the moment that we are working with the family day care sector to get the services to hand those places back.

**Senator JACINTA COLLINS**—Which particular states are they in this time?

**Ms Casey**—Where the unutilised places are?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—I cannot give you that information right now but we have been working with the Family Day Care Association and they have just recently written out, I think it is this week, to all the services encouraging them quite strongly to hand back their unused places but allowing them to keep a buffer and so you can see with 14,000 places and a demand of just under 3,000 that even if services keep a buffer we should be able to meet the demand for family day care.

**Senator JACINTA COLLINS**—Are you still contemplating whether to require the places be relinquished?

**Mr Sullivan**—I think we are waiting to see how successful this process is. There certainly seems to be cooperation, certainly at the peak level in the process and we think the numbers suggest that there is room to get the sorts of numbers we need. In the end, it does not make sense to have 14,000 unused places out there and unmet demand of 2,500 places out there.

**Senator JACINTA COLLINS**—When will you be reviewing how well the voluntary process has been working?

**Mr Kalisch**—Probably by the time of our next hearings we will have a reasonable sense of the success of this process.

**Senator JACINTA COLLINS**—I should keep a to-do list.

**Mr Kalisch**—We do.

**Senator MOORE**—And it gets bigger and bigger.

**Ms Casey**—The Family Day Care Association have been really quite supportive. We have given them the data of where the unutilised places are. We have agreed that they would send that letter out to all their schemes this week and that our state and territory officers will follow up individually with the services that we have identified have unutilised places once that letter has gone out from the national peak body. We anticipate that the strength of the letter that has gone out this week and the additional encouragement from our state and territory officers should elicit quite a number of places being handed back.

**Senator JACINTA COLLINS**—In relation to unmet demand, in terms of family day care is that still linked to places being moved to existing services?

**Mr Kalisch**—I think that is what we are talking about in terms of largely moving extra places into existing services but there may also, as Ms Casey may explain, some new services that may need to be set up.

**Senator JACINTA COLLINS**—But again new services could be set up to take places currently allocated from elsewhere but, as I understand it, for instance, from information discussed earlier in relation to the outside school hour care program that is not happening there. My question is what is happening in relation to family day care?

**Ms Casey**—The planning advisory committees would assess the priorities of where the places would need to be reallocated and if it were a new service, was on that priority list, they would get the reallocated places but they would not get up the set-up and establishment grant that would go with that because they were reallocated places. They would get the operational subsidy though.

**Mr Kalisch**—The other information that we have got is that there have been some relinquished places already and some reallocated places of the order of around 2,500 but that still then leaves current demand of just over 2,500. So we are looking for about an equivalent number again to go through this process.

**Senator JACINTA COLLINS**—But also that leaves some issues about how unmet demand is calculated. Again, harking back to the example of outside school hours care, the planning advisory committees seem to be relying solely on current providers, which is not necessarily capturing demand where there is not a current service.

**Mr Kalisch**—I would have to say, as Ms Casey mentioned, the cooperation and understanding of the family day care peak is something that we certainly welcome in this area and they provide us with quite valuable information.

**Senator MOORE**—And that is longstanding too, isn't it? Their peak body is very cooperative.

**Mr Kalisch**—It is a longstanding association with that peak group.

**Senator JACINTA COLLINS**—That is why I am also interested in the comment we discussed yesterday about what sort of mapping might be occurring as an alternative measure of what demand may or should be.

**Mr Kalisch**—And certainly with child-care services, as Mr Sullivan mentioned, this is one area where we do extensive geomapping.

**Ms Casey**—In relation to demand, one of the things that we do when we have places to reallocate is we check with the service not only that they still need the places that are to be reallocated but also that they have the carers available to take on those children. In family day care in particular, it is an issue where they do not have the carers. So it is another issue and a concern to the peak body that we have been working with to talk about how they might encourage more people to go into it.

**Senator JACINTA COLLINS**—Is FaCS making a submission to the wage case?

**Ms Casey**—Yes.

**Mr Kalisch**—The government is making a submission—

**Senator JACINTA COLLINS**—A whole of government submission.

**Mr Kalisch**—and it is being coordinated by the Department of Employment and Workplace Relations.

**Senator JACINTA COLLINS**—But FaCS has had input into that.

**Mr Kalisch**—FaCS has had some input into that—I think it is a statement of contentions at this stage—and we continue to have ongoing discussions with the Department of Employment and Workplace Relations.

**Senator JACINTA COLLINS**—Is any of that material publicly available?

**Mr Kalisch**—I think the statement of contentions is certainly publicly available. It would be my understanding that the wage case would be.

**Senator JACINTA COLLINS**—Would it be on the web site?

**Mr Kalisch**—It is not on our web site.

**Senator JACINTA COLLINS**—Could we have a copy?

**Mr Kalisch**—I will check with DEWR whether it is publicly available first. If it is, we will make it available.

**Senator JACINTA COLLINS**—It is much easier for me to get it from you than to get it from the commission.

**Mr Kalisch**—I understand that.

**Senator MOORE**—And you are getting those figures across the states where they can. Can we get a copy of the letter that the Family Day Care Association is sending out with the strong encouragement?

**Ms Casey**—We need to clear that with them, but I am sure we can get that.

**Senator MOORE**—That would be good.

**Ms Casey**—They took the time to show us their letter before it went out, which we agreed with. I understood it was going out this week, but I can get in touch with the peak body to get agreement to that.

**Senator MOORE**—The places requested for family day care by state and territory—is that standard places?

**Ms Casey**—That would be the demand I have just given you—the breakdown.

**Senator MOORE**—And places requested for occasional care by state and territory.

**Ms Casey**—We only have a very small component of the occasional care demand. Most of that is managed by the state and territory governments and we do not have that available at the moment.

**Mr Kalisch**—As Ms Casey mentioned, that is mainly funded by state and territory governments. So if you were looking for detailed information about that, you might need to go to your state and territory colleagues.

**Senator MOORE**—It is to get the full snapshot of what is available in the community.

**Ms Casey**—My understanding is that occasional care is not capped. The government has only capped family day care and outside school hours care. So those demand figures and the availability of places would depend on the state and territory licensing and the state requirements and their funding.

**Senator MOORE**—Unmet demand information for outside school age care—is that actually kept in the various types of outside school age care whether it is before or after and vacation care?

**Ms Casey**—That information is kept, but I would have to take that on notice.

**Senator MOORE**—So it is actually kept in the databases depending on when those hours are available and asked for.

**Ms Casey**—We would have requests for places from outside school hours care broken down by before, after and vacation care by state.

**Ms Casey**—By state and territory. Do you want that by local government, Senator Collins?

**Senator JACINTA COLLINS**—Yes, in up-to-date figures. The department has been so cooperative in the past that I think we should keep this level of communication going. Whilst we are on this point, you gave me a response to questions on the *Notice Paper* and there was one issue in relation to those answers that I wanted to clarify. We talked about what recent reallocations had occurred. It was in three, maybe four, states. The implication from the department's answer seemed to be that in other states, such as New South Wales, no recent reallocations had occurred. Would I be correct in reaching that inference?

**Ms Casey**—No. The distribution of 5,850 outside school hours care places since July 2002 shows New South Wales got 1,222; Queensland got 140; South Australia, 1,012; Victoria, 2,791; Western Australia, 372; Tasmania, 126; the ACT, 187.; and the Northern Territory did not receive any.



**Senator JACINTA COLLINS**—I am seeking to understand why it was only in some states and you are able to provide data in relation to local government area reallocations, whereas in some of the other states there was no material at all in those answers.

**Ms Casey**—The answers we gave you did not provide local government area. It may be that the local government areas did not hand back any places. Our first priority in reallocating places is to reallocate within the state, so a local government area may hand back places that are moved either within that local government area to another service or to other services within the state. I need to look at the data we provided you to see—

**Senator JACINTA COLLINS**—Do you have that?

**Ms Casey**—I do not know—I might have that.

**Mr Kalisch**—While Ms Casey is looking for that, there is also one other piece of information that we have. Nearly 1,400 places are also available for reallocation and that will be ongoing. The state-by-state break up of that 1,398 places is 1,087 in New South Wales; 189 in Queensland; four in Western Australia; 18 in South Australia; and 100 in the ACT. So that is on top of the 585 places—another nearly 1,400 places also to be reallocated.

**Senator JACINTA COLLINS**—Do you have a table, or something, which describes all of this which would be useful for us to have?

**Mr Kalisch**—We probably do have.

**Senator MOORE**—What are you reading off Mr Kalisch?

**Mr Kalisch**—I am reading off some paragraphs at the moment which isn't probably very easy for you to read, but we will put together a table.

**Senator JACINTA COLLINS**—I am just interested in what material you have available now for us to receive in a sensible format.

**Mr Kalisch**—I suppose I have mentioned that so it is in the *Hansard*.

**Mr Sullivan**—We do not have it in a form to give you now, other than reading it.

**Senator JACINTA COLLINS**—I should have done this one yesterday. I could have asked for it overnight.

**Mr Kalisch**—We were here late last night, so I am not sure that we really had much time last night either.

**Senator JACINTA COLLINS**—No.

**Ms Casey**—The question on notice that you had last estimates was—

**Senator JACINTA COLLINS**—This was a question on the *Notice Paper*, if I recall correctly.

**Mr Sullivan**—It is a question in the Senate?

**Senator JACINTA COLLINS**—I think so.

**Ms Casey**—I do not have that one available. I have just got the information we provided you last time was by break-up of state and territory.

**Mr Sullivan**—Do you have the notice number?

**Senator JACINTA COLLINS**—No, not on me. Again, it was a fairly simple question that remained in my mind which was that I got data for some states but not all, and it was not clear in my mind whether any reallocations had occurred in those other states and, if so, why that data was not available or whether that was not the case within the time period we were discussing.

**Mr Kalisch**—Can we perhaps take that on notice and we will look at the response that we provided to you and double-check against the data sources we have got and provide you with an answer.

**Senator JACINTA COLLINS**—Yes. I will continue looking in my system for it now if we get to it while we are still on this area.

**Senator MOORE**—And if we can get the clear unmet demand figures you have got for out of school age care by state, territory and local government, that would be good. I don't have any formal questions after that. That was the basic question. Also the places requested for other types of child care by state and territory—the MACS multi-function centres in home care—do you keep that data?

**Ms Casey**—MACS are provided with block funded places when they are established and set up, so we would have the data on how many places—and I can probably give you that—are available within our MACS. But they would only receive additional places when a new service was established. At the moment we are not setting up any new MACS services.

**Senator MOORE**—There are no claims about people asking for these things?

**Ms Casey**—No. There are 36 MACS at the moment—

**Senator MOORE**—Across the board, across each state?

**Ms Casey**—Yes. There are 12 in New South Wales, six in Victoria, three in Queensland, five in South Australia, five in Western Australia, one in Tasmania and four in the Northern Territory. In 1996, there were 1,100 MACS child-care places and in 2002 there are 1,224 places, which is an increase of 11.3 per cent in the places that MACS have received.

**Senator JACINTA COLLINS**—I have found this answer. It was answer to question on notice No. 1055, which was provided to me on about 7 May. My question (5) was: if there has been any recent reallocation of outside school hour care places to vacation care in states other than Victoria for each state please list? The only other states I think data was provided for was Western Australia and Northern Territory, which left me wondering what had been the circumstance, for instance, in New South Wales, where the implication seemed to be that there had been no recent reallocations in New South Wales.

**Ms Casey**—As I said, we can come back to you with the reallocation by state and territory and by local government if we can, and that would be the most up to date. But as I said, New South Wales did receive 1,222.

**Senator JACINTA COLLINS**—This is reallocation of outside school hour care places to vacation care?

**Ms Casey**—To vacation care. So that would be the movement of places from—

**Senator JACINTA COLLINS**—Other outside school hour programs.

**Ms Casey**—before or after school hours care into vacation. That would probably be the information you are talking about.

**Senator JACINTA COLLINS**—Yes, and the answer only told me of such reallocations occurring in Western Australia, Queensland and the Northern Territory.

**Mr Kalisch**—I think the answers we have given you this morning are not quite to that fine level of gradation.

**Senator JACINTA COLLINS**—I realise that but I am just using this as the opportunity to clarify that query. Am I correct in inferring that there were no such reallocations in New South Wales, South Australia, mostly, from the ACT?

**Mr Kalisch**—Perhaps leave that one with us and we will try and check that out.

**Senator JACINTA COLLINS**—Thank you.

**Senator MOORE**—The demographic material that we have been asking about—and this is all linked in together so we have not moved from figures yet; this is just in terms of some general questions—and Senator Collins has been particularly interested in the local government figures, what level of demographic material is provided to the planning advisory committees?

**Ms Casey**—There is quite a lot of information that does go to our planning advisory committees. In fact, we are currently revising our planning system to identify more the need of the areas and prioritise areas for allocations. Our revised model will be based on comparative supply, which will be supplemented by demand figures and utilisation data. We have tried to keep up with the information that is required to make some good judgments around where the priorities are.

For example, the comparative data that we are now working on would rank each planning area according to the number of places per 100 of the target population, and we would get that information from the ABS. So you would be able to see the percentage of the target population of children in that area, and it would be local government area—how many services are currently being provided—and therefore we would match that up with the demand and the utilisation. We also work with local government who are represented on our planning advisory committees to look at are there new services being set up and what is available and that would assist in ranking where the priority needs were for the reallocations.

**Senator MOORE**—And that is a review, that is a new system you are bringing in?

**Ms Casey**—It is an enhancement of the current system where we identified that we needed to provide more solid information in order to make the decisions. So we are continually revising that.

**Mr Kalisch**—I suppose the other dimension is that the planning advisory councils have a number of people with different perspectives, so it is not just the statistical information that we expect them to consider but also their understanding of changes in different locations. The local government people should know about building development and the types of demographics of people that are moving into those new housing areas or if there are declines in housing areas. We would expect that almost anecdotal information to also come into their understanding.

**Senator MOORE**—So they are the other kinds of things that you feed into the process when you are looking at it?

**Mr Kalisch**—Yes, people's broad understanding, knowledge and awareness. We expect them to come to the planning advisory council to actually contribute that sort of information.

**Senator MOORE**—Can we get something from you that spells out what you take into account in the general reviewing process? I know that the things you just mentioned were people's local knowledge and awareness, but I am interested in it in terms of the kinds of things that are used to assess need, and what is used to provide advice for those decisions that the planning advisory councils make about what the needs are. It would be useful to have something from the department to tell us that, so we are speaking the same language.

**Mr Kalisch**—Certainly.

**Ms Casey**—We could document that.

**Senator MOORE**—In the past, we have asked for information about long day care and have not been able to get data about unmet demands in that area. Is that possible now or not?

**Ms Casey**—As I mentioned before, the government does not place any restrictions on allocation of child-care places, so it is not data that we have consistently monitored across Australia. However, with the revisions that we are doing and the comparative data now, we are looking at the supply issues around long day care. The revised system will come into place on 1 July, and that will provide our state and territory offices and our planning and advisory committees with that information about the target percentage of the population and how many long day care services are currently in the area so that you could see that there was either a shortage or an oversupply if that were the case. That information would also be available to prospective operators of child-care centres.

**Senator MOORE**—So that would be a kind of mapping process to find out about each area. Would some indicative figures be available after 1 July?

**Ms Casey**—Yes. It may not be publicly available—we are still looking at how public that information can be made. But it would be provided to our planning advisory committees on a confidential basis.

**Senator MOORE**—Sure.

**Ms Casey**—We would anticipate that if a service provider wanted to set up in a local government area we would be able to say, per percentage of the population of children in that area, that there were already six or only three and so say whether there is an undersupply or oversupply. So that useful information will be available from 1 July.

**Senator MOORE**—Can we find out whether that is going to be made public? We have had this discussion previously.

**Ms Casey**—At the moment we are still seeking legal advice about that—

**Senator MOORE**—Yes.

**Ms Casey**—because we have been enhancing the system and are still looking to see what the restrictions are about making any information publicly available.

**Senator MOORE**—What is the specific objection to making that information publicly available when so many other figures are available, as are indications about what is available and how many businesses are moving in and all that sort of information? What is the particular objection to this information in particular?

**Ms Casey**—Some of the information we provide to the planning advisory committees is derived from ABS data, so we would need to seek release information from them to release some of that. I think that would be the main issue around it. We come together with a whole lot of information from a variety of sources, and we then need to be able to ensure that there are no legal liabilities in how we give that information out, particularly to a prospective operator.

**Senator MOORE**—So there is concern about people making decisions based on that data that could be financially unsuccessful or something like that?

**Mr Kalisch**—We would certainly need to be careful about the financial liability we place on the Commonwealth.

**Senator MOORE**—Surely you would be able to put a whole lot of caveats in it before you released the information?

**Mr Kalisch**—I would need to speak to lawyers about that.

**Senator MOORE**—I was just trying to clarify exactly what the issue was, because there are so many figures around and so much data bandied back and forth—and people do not always agree on it—that when there is a particular area where you cannot get the data it is always nice to know why.

**Mr Kalisch**—I think this is a little bit different from just providing source information, in that what we are looking for the planning advisory committees to do and, I think, the sort of information you are looking for are really judgments and interpretations about how that blanchmange of information should be interpreted.

**Senator MOORE**—I like that term, the ‘blanchmange’ of information; we have come up with a few recently. It is the whole idea about the various needs for child care, what is available, what is provided by whom and what your wait is going to be if you have got a particular need, against any of those subheadings that we have mentioned. We are working within that blanchmange, trying to find which is the best outcome for people.

**Ms Casey**—There is quantitative and qualitative data provided to the planning committees. In a particular area, for example, a lot of parents may work in the city and therefore their preference around child care may be that their children are cared for in the city area rather than near their homes. A lot of that anecdotal evidence is brought into play when the planning advisory committees meet. Identifying parents’ preferences around where they place their children, sometimes they want them near their child’s potential future school; sometimes it is where they work.

**Senator MOORE**—If we can find out after 1 July what legal advice you have had and whether we can have access to that, it will be good. I have got some specific questions on the ABS. We have talked about using ABS statistics in various advisory ways, and how they can and cannot be used. There has been a degree of publicity around the Australian Bureau of

Statistics child-care survey data published in June 2002. Public data has been released against each state—it does not go down to local government in the data that I have received—and against each of those headings that I have asked questions about. There are significant differences between the survey figures and those we received from the department. You have got the figures. The total figure, which is a bit scary, is 174,500—a huge number—and then there are figures in each of the ones we have talked about. In particular, the figure in the family day care area is 29, whereas you provided a significantly different figure. What is the department's view on the ABS data? It has received significant public process.

**Ms Casey**—I can give you the information around that. The ABS survey is unrelated to the data that we collect around demand. It is not used as a planning and policy development tool by the department, because its focus is quite different. To begin with, it surveys all types of care: informal care, preschool and occasional care. When the media information was released we sought clarification from the ABS and they advised that the data indicates preference rather than immediate need. They collect preferences because there are limits on how much of the respondent's time in their surveys they can take up, and if they were to collect actual need it would be a much more complex survey that they would need to go through. An analogy, for example, would be if you asked all adults whether they would like to have gone out to dinner in the last two weeks. A yes answer does not actually mean that everyone would have actually taken up that option and progressed.

I understand the question that the ABS asked in the survey was, 'Was there any time in the last four weeks when you wanted to use any more formal child-care service for your child but didn't?' It is very much based on preferences rather than need and whether the parents would have taken up that option to actually meet the child-care need. It is very hard to transfer that preference into demand and need.

The other thing is that our demand figures—

**Senator MOORE**—Is the concern that they may not have actually taken it up, or that you cannot quantify exactly what they would have taken up?

**Ms Casey**—Yes.

**Mr Kalisch**—There is also no indication that they took active steps to get more child care. Perhaps another analogy is in the labour market area, where the ABS ask people, 'Would you like a job?' and then the second question they generally ask is, 'Have you taken active steps to look for work?' In this survey, essentially, they asked the first question but not the second. In that way we have got some serious qualifications about the extent to which the data can be interpreted as unmet demand.

**Senator MOORE**—So the fact that people responded and said they were seeking and they may have used long day care, family day care or occasional day care—they went to that level in terms of the kind of care they would have—

**Mr Kalisch**—As Ms Casey mentioned, the question was not 'Were you seeking extra care?' but 'Would you like extra care?' It didn't even ask 'Were you seeking extra care?' If it had asked that, perhaps the question would be a bit more robust around the sorts of issues that we are looking for. I suppose it just amplifies—

**Senator MOORE**—So it is the verb that is in question?

**Mr Kalisch**—Yes, and the way in which it may have been interpreted by the respondents. I think this is one of the difficulties the ABS has with its range of survey instruments. It is trying to reduce respondent burden and ask a fairly simple question, but that may not meet all of the needs of the users of that information. I suspect that that information may meet some needs in parts of the sector, but we do not think it is robust enough to be used as a definitive source of the sort of information we are seeking for our planning advisory council.

**Senator MOORE**—Does it have any role, from the department's perspective, in indicating that parents had these possible usages?

**Ms Casey**—It is a good guide for us to some of the trends in how parents access child care, and their requirements. We do not discount the work that is there, but we have to take account of its scope. It covers informal care, preschool and occasional care, and many parents choose to have multiple care arrangements for their children. They may be in informal care for a couple of days and then the parents may choose for them to go to preschool and they may go after that to child care. It varies quite considerably and it is not quantifiable. It comes from parents' preferences, whereas our demand figures are based on what services have actually identified as the needs they have, and their capability to find carers in family day care to fill that need.

**Mr Kalisch**—The other dimension that needs to be understood is that this is a sample survey of a number of households and, once you start breaking it into the different care areas—including preschool, which is a large care area funded by the states—you start to get fairly large sampling errors, I suspect, on the data.

**Senator MOORE**—The focus of this survey was parental need: 'Did you want this?'

**Ms Casey**—'Would you have liked child care?'—in the last four weeks, at any time. The attitude could have been, 'My mother was sick and I would like to have put the child in care for a couple of days, or a day, while I went up to her,' or 'I wanted a holiday, and it would have been nice to have child care.' A lot of those are anecdotal. Whether they would actually have picked up that option, had the child-care place been available, is unknown. But the good news about that survey is that it indicated that 94 per cent of all those surveyed had their child-care needs being met, and only six per cent were requiring more. Then it is the quantum of that.

**Senator MOORE**—In the department's own research and the data you take into account, is there anywhere where the parental need is assessed? Is there a way of working with the parent groups across the country to ask what their needs are for child care?

**Ms Casey**—We do not monitor waiting lists, but that would be something that services would use. They would have an indication of how many parents in their areas were putting their names on their waiting lists but, as we said, that is not a very good measure of demand. From their waiting lists, they would have an idea of the number of places they need to request from us. I have mentioned this in estimates before: when we recently went out to reallocate some of the outside school hours care places in Victoria, services had almost doubled their requests for places. But, when we offered the places, they were not able to utilise all the places that they had initially requested. It could have been that they had based it on their

waiting lists but then when they actually had the places they did not need as many as we went out to reallocate.

**Senator MOORE**—When that happens, do you actually have an examination of why that happened? Do decisions like that come back to the planning advisory group? You have mentioned that one before: in a particular care need, in a state, there had been an increase in offered places and people saw that, but it was not fulfilled. To me that is a fairly unusual situation. The answers to most of the questions we ask indicate that there is an unmet need. That was a clear case where, from your point of view, on the data that you have had, that did not eventuate. Was there any examination of why that was so?

**Ms Casey**—I guess it comes down to the degree of difficulty in identifying demand. A service may be looking at the number of parents who come in to us for places in their outside school hours care or their family day care service, and they may have a waiting list. They make a very good judgment, ‘We’ve got this number of carers and this number of people on our waiting list. We therefore need X number of places.’ We would revalidate their requests before we allocated the places to them. We would go back and say, ‘We’ve now got the 10 places that you requested. Do you still need them?’ They would then probably ring the parents, who might say, ‘No, I’ve already found another place,’ or, ‘I don’t need it,’ and then they would come back and say, ‘We only need five of those places.’ I guess that highlights the difficulty with waiting lists. Parents will put their names on a number of waiting lists and may not take their name off a waiting list when they get care, or they may be in a care service and just trying to see if they could get one closer to home. We do not actually feel the services are being unfair or unjust when they put their requests in; I think they do them quite up front, making their best judgment as to the need for those care places.

**Senator MOORE**—Certainly the issue has been raised on a number of occasions that parents do put their names down in a number of care areas, but the indications we have are that that is formed by desperation—that it is like the way they try so hard to get a school place by putting their names down at different schools.

**Ms Casey**—That is the case in some areas, where they find they cannot get into the one closest to home and they might try a few services in order to have their name on a waiting list. But it is quite a complex issue. We do know that there are pockets of areas where there is unmet demand for long day care, and our planning advisory committees are trying to assist in that area as well. However, we also have had representations from one of the peak bodies about the fact of other services being set up when they have unused capacity in long day care. In some areas we have some of the peak bodies saying, ‘We’ve got available capacity that is not being met yet, but there’s another service setting up in my area. I’m unhappy about it.’ In other areas, we know that parents are not able to have their child-care needs met through long day care.

**Senator MOORE**—It does seem that a lot of time and a lot of confusion is created by people not knowing exactly what is available and when it could be available. It seems that data is the thing that is argued about: what is available, how it is formed, how it is going to be funded into the future, those kinds of things. If everybody had all the information, maybe some of the confusion would be lessened.



**Ms Casey**—We do have the child-care access hotline. That is publicised and available for parents to ring to find out what child-care services are available in their area.

**Mr Kalisch**—Certainly Centrelink are collecting more information about local services that are around that region. We are perhaps getting into two different aspects here: the broader understanding of unmet demand and how you might measure it and estimate it, and then the other aspect, a more localised issue of whether parents are aware of what services are there and what is available.

**Senator MOORE**—They are linked.

**Senator JACINTA COLLINS**—I think there is a different issue here. I have in the past explored this by asking whether there had been any contemplation, at a policy level, of a central register.

**Ms Casey**—For?

**Senator JACINTA COLLINS**—It would be a bit like what is done for kindergartens. In Victoria you have to register centrally your desire to place your child in a kindergarten. You list your priorities, but there will only be one listing of your demand.

**Mr Kalisch**—Where there is essentially one provider, the education department in that state, that is more feasible.

**Senator JACINTA COLLINS**—There is not one provider.

**Mr Kalisch**—Isn't it dealt with in that state as a state funded process?

**Senator JACINTA COLLINS**—No. It is a contracted-out service that is imposed upon parents by the sector. There is a mixture of service providers, many of them local, such as church kindergartens. Actually, I am not sure that there are state government provided ones. There are local government kindergartens. It is not a state education level initiative.

**Mr Kalisch**—I was just thinking about the South Australian kindergarten sector, which is essentially their preschool.

**Senator JACINTA COLLINS**—What I am saying is that the arrangement in Victoria in relation to kindergartens is an example of a model that prevents any of these confusions in data about what the actual demand is. You register centrally, some lucky person has the job of contracting this service—they probably sit at home, do it there and then go out to a post office box, and that is all they need to do—then parents have to pay \$10 or \$15 for the privilege and there is one unique record of what your demand is. But your response seems to be, 'No, we have not contemplated going down that path in relation to child-care demand.'

**Ms Casey**—I think the issue is that we have looked at how we might be able to work with waiting lists, to find whether there is a way that we could possibly collect waiting lists and be able to assess demand from that. So that is some of the work that we have considered and been working through. But you have got a number of private operators there, whereas a lot of the kindergartens are state government operated. So I guess we are working with some more complexities in that respect and also in the number of services. There are over 4,000 services here and metropolitan areas, particularly, may have quite a number of services in close

proximity. A parent may want to put their name down with the whole lot as number one priority, whereas there might not be two kindergartens in the one area.

**Senator JACINTA COLLINS**—We have about five, and the parents simply prioritise. If they cannot get into their first priority, they are directed to their second priority and then, if necessary, to their third priority. It is done independently of the providers so that no-one, other than this lucky person who has contracted this job, need know what an individual parent's priorities are.

**Senator MOORE**—For me, the most difficult thing is actually trying to get a handle on what the unmet demand is. I am sure it is there. But you have questioned the robust nature of the ABS data in their current form. Has there been any consideration of working with ABS to make the data more robust? The concern you raised, Ms Casey and Mr Kalisch, was that the survey used was too general a question, 'Would you like?' instead of going on to the second question, 'Have you made any effort?' Is there any consideration of actually developing a specific child-care survey, using the ABS? With your planning advisory groups you already use ABS data in other ways.

**Mr Kalisch**—They already do a child-care survey, so there is probably not much point in doing yet another survey.

**Senator MOORE**—You do not accept that?

**Mr Kalisch**—We regularly have discussions with the ABS around their survey program, but they are trying to meet a number of needs, not just ours.

**Mr Sullivan**—When we made the valid point that the question asked of people in this survey was, 'Have you ever needed child care?' that was not at all to criticise the survey. We regard the child-care survey as a robust survey. It is an important survey and is basically the best barometer we have. Even when it disclosed that six per cent of people had a need for child care which was not met in that survey period, that compared with some 16 per cent of two surveys ago and continued the downward trend. It showed that 94 per cent of people did have their needs met and it showed continuing upward trend data, which confirms the fact that the additional resource and money that goes into this from the Commonwealth is being well received.

**Mr Kalisch**—We said that against the six per cent question people could have said, 'Yes, this week I could have used child care.'

**Senator Vanstone**—While we are talking about robustness of figures: as the secretary says, the money we have put in has obviously gone to good purpose. What is terribly robust is that in real dollar terms this government has spent 70 per cent more in the first six or seven years of government than the previous government spent in its last six or seven years. I can get you the exact figures if you want them. That is an indication of a real commitment to child care, but also there is a real need out there and as soon as you put the money in it is taken up. I have not heard you suggest the government is not trying to do the right thing here, but compared with some of the savings we have had to make to meet the \$10 billion—and I do not have to go further down that story; I am sure you know what I would say and I could take half an hour on it—and compared with some of the difficult decisions that have had to be

made, for us to have spent that 70 per cent more in real terms is a tremendous achievement. So I mention that, and how robust those figures are.

**Senator MOORE**—It is just that we spend a lot of time talking about figures, and the child-care survey from last year produced figures that said that there were these needs. You have questioned whether they are accurate and your own figures internally show more focused figures. The figure that shows that people did have their needs met has been accepted by the department, so that bit has come out. The trend data shows that unmet demand for long day care and family day care has gone up. Does the department agree with the ABS trend data showing that rise?

**Ms Casey**—I think we accept that the trend for long day care is increasing.

**Senator MOORE**—And family day care?

**Mr Kalisch**—I suppose in family day care it comes back to the complication we talked about earlier, where there are unused places out there but the ABS is obviously not picking that up.

**Senator MOORE**—It is how to reallocate the unused places?

**Mr Kalisch**—Yes. There is considerable potential in the family day care to meet that demand.

**Ms Casey**—And the services' ability to provide the carers. The trend may be showing that more parents want family day care, but even if a place is available they often cannot provide the carers.

**Senator JACINTA COLLINS**—That is why I am looking forward to your statement of intention.

**Senator MOORE**—I have some specific questions on family day care which I think you have addressed in some ways but which I will ask for the record. Have the department and the government received any correspondence regarding concerns from the family day care sector that operational subsidies could be cut?

**Ms Casey**—Yes, several thousand.

**Senator MOORE**—Do you have any idea how many you have got?

**Ms Casey**—Over 4,000.

**Senator MOORE**—How have you been able to respond to those?

**Ms Casey**—We have responded to every one of them.

**Senator MOORE**—Is there any plan to cut the operational subsidies?

**Ms Casey**—As we have responded in all of our letters, the minister announced the redevelopment of the child-care broadband last year, we are going through an extensive consultation process at the moment and no decisions have been made as yet. But everything that is in the child-care broadband will be reviewed and looked at in light of the information that is provided through the consultative approach and through the task force that the minister has set up in the department. No decisions have been made at all yet.

**Senator MOORE**—Has any work been done on the impact of cutting them, if that is one of the options? If there are a whole lot of things being considered as possible, which is what happens, has there been any work done on what the impact would be if operational subsidies were cut?

**Mr Kalisch**—Certainly that was one aspect that they highlighted in their submission, so we would largely rely on that information and do our own analysis of that.

**Ms Casey**—The sector have provided their feedback now. That report went up on the web site on Monday, as feedback from all of the consultations, the response documents and the individual submissions that were provided across the sector. The next step was that Community Link have now provided a comprehensive report on the feedback they received; that feedback is now readily available and all participants at the establishments and in the consultations have been advised that it is available. So I guess that is the impact. A lot of people across the sector have talked about the various programs and the impact of changing the arrangements, and that is now being taken into consideration.

**Mr Kalisch**—With the broadband redevelopment, we have a program that funds multiple different supports for child care. The program costs government about \$190 million next year and we are looking at ways in which we can get better value from that money. The operational subsidy is but one part of the broadband.

**Senator MOORE**—But it is the one that the family day care sector is lobbying around?

**Mr Kalisch**—It is the one that that sector is most concerned. Similarly, the resource and advisory and information services are the part that another group are also most concerned about. I can go on and on about the MACS and the other—

**Senator MOORE**—All this feedback is now available on the web site as of Monday?

**Mr Kalisch**—Yes.

**Senator MOORE**—That highlights those issues in terms of the kinds of things the sector has fed in. Certainly one of the things would be happens if it goes and whether there are any alternative proposals being considered to support areas and so on. So that would be the next step?

**Mr Kalisch**—The next step is to have a deliberative forum and that is what Community Link are arranging in early July and then consideration will be taken of the outcomes of that meeting and options provided to government to consider.

**Senator MOORE**—The standard line is: ‘No decisions have been made yet. We are in the consultative phase. We are going there.’

**Mr Kalisch**—It is still in the consultation phase.

**Senator MOORE**—So the family day care is a really big chunk of the broadband money?

**Mr Kalisch**—It is a fair bit.

**Senator MOORE**—What kind of percentage?

**Mr Kalisch**—About \$70 million out of \$190 million.

**Senator MOORE**—What percentage is that?

**Ms Casey**—It is about 33 per cent.

**Senator MOORE**—It is a big chunk, so in any review that is a considerable thing to look at. So the broadband review just goes straight on in terms of the process so the standard response is that it is still part of the review and no decisions have been made. So the current process is exactly where the broadband review is up to. You are going into the deliberative process now?

**Mr Kalisch**—Just what we have explained to you: the consultation report is up on the web site and the deliberative forum will be taking place in early July.

**Senator MOORE**—Have we received the data that we have asked for in terms of how many forums have been held and who has been consulted?

**Ms Casey**—I can give you that data.

**Senator MOORE**—And do you have any indication of how the deliberative process is going to operate? Can we get the data on the process up till now?

**Ms Casey**—I will give you that first. There were three opportunities to contribute through public meetings at which 1,200 individuals and representatives attended.

**Senator MOORE**—Across the country, yes.

**Ms Casey**—There was an online response document of which we received 450 and written submissions we received 114. That has all been brought together now into the report that was made available on Monday.

**Senator MOORE**—Does the web site indicate what kinds of people turned up to the public meetings?

**Ms Casey**—It should give a breakdown, my understanding is, of the participation. I was looking at the figures of the services types: on completion of the 450 response documents, 40 per cent were family day care, 20 per cent were long day care, six per cent were outside school hours care and two per cent were occasional care.

**Senator MOORE**—The web site indicates where the meetings were held and that kind of data?

**Ms Casey**—And gives a break up of the number.

**Senator MOORE**—If there is any further information that is not on the web site we will come back to you. We are quite interested in the process. We are going into the deliberative phase. How do you foresee that operating?

**Ms Casey**—All of the participants who attended the establishments phase, which is the first stage where we brought the peak groups together to consider—

**Senator MOORE**—And that was by invitation?

**Ms Casey**—That was where we had all the representatives of the child-care reference group plus some additional representatives. They have all been invited along to the deliberative forum. We have got 40 people coming to that and we have expanded to include particular groups such as rural and remote, special needs groups and the corporate child-care

sector so that we have got quite a comprehensive group coming together on 9 and 10 July in Melbourne.

**Senator MOORE**—They will have copies as of the web site of all of the feedback that you have had and that kind of thing.

**Ms Casey**—They have all been advised of the report that is now available on the web site and we will be providing papers to them for discussion and consideration a week before the deliberative forum so that gives them an opportunity to talk to within their sectors about the issues that will be considered at the deliberative forum.

**Senator MOORE**—When are you hoping for a final report to be ready?

**Ms Casey**—After the deliberative forum we move into a confirmatory phase and we—

**Senator MOORE**—I like the terms, ‘confirmatory stage’.

**Ms Casey**—All that information then goes to the task force that the minister has set up within the department who would make recommendations to the minister for final consideration. We anticipate that would be around August.

**Senator MOORE**—August this year?

**Ms Casey**—Yes.

**Senator MOORE**—So the task force would then be making recommendations for formal decision at that stage?

**Ms Casey**—Yes.

**Senator MOORE**—That would be, hopefully, around August. That is not in time for the next round of funding, is it? Any implementation that would flow from decisions that are made around August-September would be—

**Ms Casey**—The implementation of any decisions would depend on the complexity and the nature of the decisions that are made—

**Senator MOORE**—And the immediacy.

**Ms Casey**—And transition arrangements would all need to be considered.

**Senator MOORE**—Do you have a breakdown of how much the actual broadband process has cost, including consultants’ fees, meeting fees et cetera?

**Ms Casey**—Community Link, as I advised, were contracted to undertake the process and their contract is for \$333,696.

**Senator MOORE**—Were they linked to the child-care area? Have they had experience in child care before?

**Ms Casey**—They do have quite a strong background in consultation in the social welfare area, so they have done quite a lot of work. One of reasons they were selected was their expertise in doing consultations with community sectors, and they have been very well received by the sector.

**Senator MOORE**—You have been getting good feedback from people?

**Ms Casey**—Very good feedback.

**Senator MOORE**—So their contract is \$300,000 and something.

**Ms Casey**—It is \$333,696, and there is an additional allowance of \$71,117, which was allocated to cover claims for travel and associated costs. We believe the maximum cost, however, of the whole contract will be about \$404,000—it will come in under our allocated amount.

**Senator MOORE**—Their role ceases when?

**Ms Casey**—Their role finishes after the confirmatory phase.

**Senator MOORE**—So they are there until it goes to the task force?

**Ms Casey**—They will do a final report with some models and ideas which will go to the task force then for consideration.

**Senator MOORE**—Do you seek feedback from the people who attend the consultations about how they find the process and whether they are happy with it? Is that a formal process?

**Ms Casey**—That is part of it, and we have had some feedback. Some areas have criticised the forum, saying that they did not feel there was an opportunity to put views forward or express their concerns. The difficulty that we have had was the balance between giving information and receiving feedback. A lot of the forums that were held there was very scant knowledge of the complexities of the broadband and what it was made up of and so Community Link took some time to make sure that people understood the issues. But there was always the opportunity for participants to feed back and any feedback that was given was documented and recorded. It has been a balance between using the forums to provide further information and to grow the understanding about the issues—

**Senator MOORE**—How long did the forums last? It seems to me it is an opportunity complaint?

**Ms Casey**—They went from 27 February to 30 April.

**Senator MOORE**—You said there was some feedback about not having enough chance to be involved?

**Ms Casey**—If they had concerns and they did not get the opportunity they were encouraged to fill in the online response document or a hard copy of the response document—they did not have to fill out the whole document, just the areas that were particularly of interest to them—or they could make a submission. So people, on all of the communications that they received, were encouraged not to just feel they had to go to the forums but that they could fill out either of the other individual ones.

**Senator MOORE**—So the feedback that you had was from all the people who were given the opportunity to make comment themselves about the issues and also about how they thought the process was going, and that was all documented.

**Mr Kalisch**—The other sense I would give you is that some of the potential disgruntlement of some groups was either because they misunderstood the process or misunderstood the scope of the process. Some had views around broader child-care support and issues around government funding for child care that was way beyond the scope of the

broadband and sought to use this process to air those views. So there was a difficult management issue in trying to contain this process to the broadband redevelopment.

**Senator MOORE**—Was part of the task of the consultant to try and focus the understanding and keep it going.

**Mr Kalisch**—That I think is some of the frustration that perhaps has come out from some of the groups that they had sought deliberately to widen the reference from what it was.

**Senator MOORE**—From the department's point of view you are satisfied that the process has been effective?

**Mr Kalisch**—Quite satisfied with the consultant; they have done a very good job.

**Ms Casey**—Overall the feedback has been positive. There have been pockets, as I said, of criticism but the general feel has been welcomed.

**Senator MOORE**—So when you have had the criticism—and it is an important part about people feeling engaged—have you then been able to go back to those people who have criticised it to try and engage them more?

**Ms Casey**—Those who have written to us we have responded.

**Senator MOORE**—So you have taken the opportunity to say and then work through the issues with them.

**Ms Casey**—Yes and offered other opportunities for them to participate.

**Mr Kalisch**—We have many ways in which we deal with them so we keep talking.

**Senator MOORE**—Is that kind of feedback on the web site or is that more personal.

**Mr Sullivan**—More personal. We do not publish that sort of feedback; it goes to individuals.

**Senator MOORE**—In relation to the two decisions that have been taken about child care in the last four months, I am interested in whether you see them as actually pre-empting anything out of broadband. One was the Queensland training issue which we discussed at the last Senate estimates. At that stage there had not been decisions on other states and my understanding is that decisions have not been to cut the training in other states. That was the in-house training component that we talked about in the last estimates. The decision was not to refund that particular component in Queensland. Then some of the feedback was that part of the whole broadband consultation would look at the ongoing issues of training and in-house training and all of those things.

**Mr Kalisch**—That decision was purely about us managing within the existing resources of the broadband for this financial year.

**Senator MOORE**—So there are still opening for perspective changes in that in the future?

**Mr Kalisch**—Those issues are still under review.

**Senator MOORE**—Is Queensland still the only place where the funding for that training has not been renewed?



**Ms Casey**—Each state and territory operates and they make their own assessments of the needs of RNAs and ISTs, and there is a risk assessment done around each of those services. As I mentioned at last estimates, it was identified that there were additional resources available within Queensland, but there have been other hard decisions made in other states and territories around the various aspects of funding from the broadband.

**Senator MOORE**—Those decisions will keep being made as required pending the broadband review?

**Ms Casey**—While we live within an appropriated budget, so yes we need to live within the confines of that.

**Senator MOORE**—Is there any impact on the broadband process by the specific funding that was given to the SNSS program in the budget? That was the only place that got special funding in this year's budget allocation.

**Mr Kalisch**—Yes.

**Mr Sullivan**—SNSS is part of the broadband, so the additional funding goes to the broadband.

**Senator MOORE**—One blessing is that it was the only one. That is still part of the whole broadband process.

**Mr Sullivan**—It relieved a specific pressure.

**Mr Kalisch**—The broadband is indexed as well.

**Senator MOORE**—I have got a couple of questions on staffing issues. Was there any consideration leading up to the budget of looking at measures to address staffing shortages in the child-care area with special funding. Nothing came out in the budget but was that an issue that was considered?

**Mr Kalisch**—Minister Anthony convened a child-care work force think tank some months before the budget but, as was recognised at the think tank, this is not just a Commonwealth government issue; it is an issue that involves the state governments, it involves other employers as well as workers.

**Senator MOORE**—Has the think tank actually put anything into practice in terms of recruiting and working with the other stakeholders as identified to look at addressing the issues of staffing?

**Mr Kalisch**—The think tank came up with a number of areas where participants viewed that there would be some benefits in making progress in particular areas, and further discussions are taking place with a number of different players.

**Senator MOORE**—Is there any time frame on that?

**Mr Kalisch**—How long is a piece of string? It is something that is an ongoing issue that we keep under review and look at appropriate responses where necessary.

**Ms Casey**—However, as I mentioned at the last estimates, we are as a member of the children's services subcommittee—which is a subcommittee of the community and disabilities ministers' advisory council—we are working with the state and territory

governments to look at the work force planning issues. We met in Adelaide on 30 April to consider actions that would focus in on the child-care work force issues. We are continuing to meet and develop a work plan, with the state and territory governments, around those issues.

**Senator MOORE**—Does that also involve the education sector to look at places?

**Mr Sullivan**—No, that is the state and Commonwealth ministers' forum.

**Mr Kalisch**—It is the community services ministers.

**Senator MOORE**—What feeds on from that?

**Mr Sullivan**—We participate as the Commonwealth in reminding the states of their responsibilities in this area and working with them to attempt to address the issue.

**Senator MOORE**—The states also remind the Commonwealth of their responsibilities.

**Mr Sullivan**—There is always that part of it, but generally the states accept that our view is the right one.

**Mr Kalisch**—We expect that our state and territory government colleagues will speak to their other education department colleagues, given the states' responsibility in that area.

**Senator MOORE**—We were concerned about the access to the places in this year's uptake of tertiary education in child care. It is our understanding that a large number of students were turned away from early childhood training this year.

**Mr Sullivan**—We are not aware of that.

**Senator MOORE**—Those kinds of concerns about the staffing in the child-care industry do not feed through to the advisory bodies?

**Mr Kalisch**—There are broad discussions around work force planning in the different sectors but I am certainly not aware of that aspect. We can certainly raise that with the state and territory governments.

**Senator MOORE**—I know that the advisory planning and so on is a confidential process, but this issue is being raised everywhere in the industry about being able to recruit, train and maintain staff. I thought it might have been an issue that came up.

**Mr Kalisch**—We can certainly look into that.

**Senator MOORE**—We are also looking at the whole idea of the wages structures in child-care areas. Do you keep records of those?

**Mr Kalisch**—If you want to get into the workplace relations area I think you would need to speak to DEWR.

**Senator MOORE**—So it is a DEWR issue. You do not consider that to be one of the core issues of your area?

**Mr Kalisch**—There are so many wage structures that people are employed under; there is not one.

**Senator MOORE**—We are very much aware of the equity issues with wage case issues there and it has come before the federal AIRC.

**Mr Kalisch**—Yes.

**Senator MOORE**—Staffing is still the think tank. The think tank continues to operate and they are aware of the issues.

**Mr Kalisch**—The work is ongoing.

**Senator MOORE**—Is Jobs, Education and Training program in your area?

**Ms Casey**—Yes.

**Senator MOORE**—What are the number of places available under the scheme this year?

**Ms Casey**—This financial year over 12,000 JET eligible parents will receive assistance.

**Senator MOORE**—Do you know how many places are actually being used? Are they identified?

**Ms Casey**—I understand that it is in the vicinity of 1,600.

**Senator MOORE**—Is there a special waiting list kept for JET places?

**Ms Casey**—There is not at the moment, but again it is an appropriated budget and it is a very popular measure. At the moment we do not have a waiting list but should the demand increase beyond our appropriation we would implement waiting lists, but none at the moment.

**Senator MOORE**—So it is something the department is keeping an eye on if there is that need.

**Mr Kalisch**—We are managing within our appropriation at the moment.

**Senator MOORE**—Do you know how many jobseekers there are each year looking for work in education opportunities? Is that something you keep a record of?

**Mr Kalisch**—That is something that you would best ask the people who are coming later for the program in outcome 3.

**Senator MOORE**—So JET would be something that you would have inter-program discussions about because it does link into that area. They would have those people, and the other program would know how many of those jobseekers do have children?

**Mr Kalisch**—They may. We certainly work with them.

**Senator MOORE**—Are the department and the government looking really clearly at this particular program to see that the scheme is operating effectively?

**Mr Kalisch**—Yes.

**Senator MOORE**—Is the approval process for JET places done at the state level and then at the national level?

**Ms Casey**—It is done at the state level, and information is provided—

**Senator MOORE**—Is there a JET team at the state level?

**Ms Casey**—Yes.

**Senator MOORE**—So it is approved at the state level and then sent to a national level? Is there a national input into it?

**Ms Casey**—No. There is a national monitoring role. We keep in touch with our state and territory offices, but they live within their allocations and approvals.

**Senator MOORE**—So there is no delegation role at the national level? A decision is made about a JET place at the state level—

**Ms Casey**—Yes.

**Senator MOORE**—and then it just happens. Does it operate quickly? Are there any particular delays in that?

**Ms Casey**—They have been some delays in a couple of states, because we did experience some unprecedented demand when processing those applications at the beginning of the calendar year, I understand, in February, when a lot of people went back to university or school. But I understand that that backlog has now been addressed and all the people who have applied and been approved have received benefits.

**Senator MOORE**—By the nature of the word ‘unprecedented’, does that mean that you were surprised by the demand? Have you worked it out now? Those numbers you gave me earlier are not massive in terms of a scheme that is really important and has been around for a while. There was that unprecedented demand, and have you now in hindsight worked out why that demand occurred and whether you can avoid it being unprecedented in the future?

**Ms Casey**—We have a JET crew, which is comprised of staff that actually assisted in brokering places. I understand that one of the issues in one of the states in particular was around the availability of family day care places.

**Senator MOORE**—Which state was that?

**Ms Casey**—I think it was Queensland.

**Senator MOORE**—Was that part of the other issue we talked about—the general family day care situation? Was JET caught up in a bigger issue?

**Ms Casey**—They still need to have places available to put those children in. While JET child care families do receive priority access to child care we still need to have the places available.

**Senator MOORE**—Absolutely. As of this moment, are all the people placed? There is no JET waiting list as such?

**Ms Casey**—There is no waiting list. Applications may be in and being processed but there is no waiting list.

**Senator MOORE**—With all the other figures we have got, can we get an idea of what the current numbers of JET placements are across the state?

**Ms Casey**—I will have to take that on notice.

**Senator MOORE**—I have some questions on advisory bodies and corporate child care. I have flagged corporate child care and I will just throw some questions in, but I will do the standard questions on advisory bodies—you would be disappointed if I did not, I am sure, and so be it. You told me earlier about the whole process involved in the think tank on work force issues. Are there going to be any kinds of public statements made out of the think tank?

**Ms Casey**—We are still finalising our report to the minister, which should go up fairly soon, and it would be a decision for the minister after that.

**Senator MOORE**—Because it is a ministerial body, I understand that is where the situation is—

**Ms Casey**—The think tank was not a ministerial body.

**Mr Kalisch**—It was really an informal collection of people who were interested in those issues. The report that we put together has no status—

**Senator MOORE**—It was called together by the minister, wasn't it?

**Ms Casey**—Yes.

**Senator MOORE**—I am sorry, my understanding was that it was called together by the minister, so I felt that in that case it was under the auspices of the minister.

**Mr Kalisch**—Yes, but not on an ongoing basis.

**Senator MOORE**—Did we ask you who was in attendance at that?

**Ms Casey**—Yes.

**Senator MOORE**—Good.

**Mr Sullivan**—You have got that list.

**Senator MOORE**—Could you refresh my memory with some more advice about who was at that particular meeting?

**Mr Sullivan**—Yes.

**Senator MOORE**—That would be good. Apart from the planning advisory committees, are there any other kinds of bodies or committees operating in the sector through the department at the moment which are looking at changes and processes there?

**Ms Casey**—We advised you of the child-care reference group and the broadband task force at the last estimates—

**Senator MOORE**—Yes, the broadband task force is quite specific.

**Ms Casey**—and the broadband redevelopment consultative process and deliberative process where we are bringing the peak groups together. Those are the main ones.

**Mr Kalisch**—Some of the broader committees that deal with, say, children and parenting, like ACCAP, may get into some aspects of child care on occasion but it is not their sole purpose.

**Senator MOORE**—But through your specific program nothing new has happened between now and then?

**Mr Kalisch**—Only the ones that we have told you about.

**Senator JACINTA COLLINS**—Going back to the child-care planning advisory committee, am I correct in understanding from past discussions that the minutes are not available?

**Ms Casey**—Yes, I think we advised that before. There are confidentiality issues around the minutes being available.

**Senator JACINTA COLLINS**—Are members of those committees on fixed terms?

**Ms Casey**—Yes, they are. They are reviewed—I am not sure if it is every two years or every year.

**Senator JACINTA COLLINS**—Reviewed by whom?

**Ms Casey**—By the department.

**Senator JACINTA COLLINS**—By the Commonwealth department?

**Ms Casey**—Yes.

**Mr Kalisch**—We will take that on notice and get you a precise answer.

**Senator JACINTA COLLINS**—Are there any parent representatives?

**Mr Sullivan**—There are likely to be parents on it.

**Ms Casey**—There are not actually parents but there are representatives of the various peaks and local government associations.

**Senator JACINTA COLLINS**—But all of those peaks are providers rather than users, aren't they?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Maybe I should recharacterise it. Are there any user representatives?

**Ms Casey**—Not to my knowledge, no.

**Mr Kalisch**—Although some of those providers would also be users. Some of the government representatives would also be users.

**Senator JACINTA COLLINS**—We could be here all day if we took that tack.

**Mr Sullivan**—No.

**Senator JACINTA COLLINS**—Have there ever been?

**Ms Casey**—I would have to take that on notice, but to my knowledge, no.

**Senator JACINTA COLLINS**—Has there ever been consideration of involving users? I assume that you will have to take that on notice as well. Does the child-care benefit reference group still exist?

**Ms Griffin**—No, it does not. It was disbanded, and in September last year Minister Anthony announced the formation of the child-care reference group. That took over where the child-care benefit reference group finished. They were two separate groups with different membership but there is some overlap. The child-care benefit reference group was to look at administration issues for the sector around the new child-care benefit. The current child-care reference group is to discuss strategic directions for child care in Australia.

**Senator JACINTA COLLINS**—There is a bit of confusion on this point on your web site, which is one of the reasons why I am asking these questions now. The page on the web site is titled 'Child Care Benefit Reference Group'. However, it also includes minutes of meetings of the child-care reference group, the most recent meeting being 25 May 2001.

**Mr Kalisch**—The child-care reference group has met since then but it sounds like the web site need some updating.

**Senator JACINTA COLLINS**—That is two years?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—In that case the minutes for the child-care reference group meetings were publicly available. Are they still publicly available?

**Mr Kalisch**—I am not sure whether that would have been the child-care reference group at that stage. It would have been the child-care benefit reference group.

**Senator JACINTA COLLINS**—I will open the minutes for you and tell you what they say.

**Mr Sullivan**—If it was a meeting of May 2001 then the new reference group did not exist. So it could not be the minutes of the meeting of the new reference group.

**Senator JACINTA COLLINS**—So the title on this page is incorrect?

**Mr Sullivan**—The top title is correct and the mid-title would appear to be incorrect.

**Senator JACINTA COLLINS**—Is there another page in relation to the child-care reference group and does that includes minutes that are more current?

**Mr Kalisch**—We will get back to you on those.

**Ms Griffin**—We will sort it out, Senator.

**Senator JACINTA COLLINS**—Thank you. That is all from me on that.

**Senator MOORE**—We talked earlier about the different make-up of child-care providers. I raised the media concern with the corporate area. You gave me figures about the still relatively low numbers within the high corporate ownership on the stock. The stock market listed high corporate ownership of child-care centres. Does the department monitor that activity and also the interest in the financial newspapers about dropping share prices and things like that? Is that of interest to the department?

**Ms Casey**—That was something that the minister asked us to monitor. We continually do that. We provide advice to the minister on that, and we do monitor the media reports.

**Senator MOORE**—Is there any analysis being done by the department on growth or possible growth in this area?

**Ms Casey**—We mentioned the growth that has taken place. We have indicators, mainly from what is publicly available, of where there is planned growth—but that changes daily.

**Senator MOORE**—Yes, it changes all the time. Is there any document you can give us with your analysis of your expectation of how this sector will grow or impact on other sectors?

**Mr Sullivan**—There is no document we can give you. We have to be careful here in that there is no legislative restriction on the ownership of child-care centres. In the end, if it got to the point where there was a competition issue, the competition commission may become involved.

**Senator JACINTA COLLINS**—Is child care one of their targeted areas?

**Mr Sullivan**—Not yet.

**Mr Kalisch**—It is within their scope.

**Mr Sullivan**—It is not outside their domain. Certainly this sort of ownership level would not even yet trigger an interest by them.

**Senator MOORE**—Not yet.

**Mr Sullivan**—But that is something for them. You used the word ‘monitor’. I preferred when you used the words, ‘Is this of interest to you?’ We are interested in the shape of this industry and in emerging developments in the industry, including the fact that corporates now obviously believe that the child-care industry is a target for large corporations.

**Senator JACINTA COLLINS**—Do you have a view as to the optimal structure of the industry?

**Mr Kalisch**—We have a view that we need quality, affordable, available child care.

**Ms Casey**—I think that is the main issue.

**Senator JACINTA COLLINS**—Yes, Mr Kalisch, I think you understand my question: do you have a view about what structure in the market would best deliver that?

**Mr Kalisch**—I do not think we would have a view about that. It is whatever would deliver that end outcome.

**Senator JACINTA COLLINS**—Do you have a view that a purely competitive market would deliver that?

**Mr Kalisch**—I do not have a view about that. It is really the outcome that we want to seek. We have seen large growth in private centres. As long as they keep delivering quality child care, that does not concern us.

**Mr Sullivan**—And we are seeing private providers at all levels sell their centres. We assume that many of those have a financial interest as well as an interest in the delivery of quality child care. Clearly, in a decision to sell, I would hope that there is a view that quality and service will continue to be provided.

**Senator JACINTA COLLINS**—What are the quality measures across the different types of care?

**Mr Sullivan**—That goes to the quality assurance package. We can give you the whole details of what we regard as the requirement in terms of quality assurance.

**Senator JACINTA COLLINS**—I realise that in the terms of the quality assurance process. I am asking whether there are any differential outcomes between wholly commercially provided care and the other types of care.

**Ms Casey**—Our indications from the NCAC are that there are no indicators yet that the corporates are providing any less quality than private-for-profit or community based child care. In some cases they are providing a higher level of quality.



**Senator JACINTA COLLINS**—I deliberately asked that question very neutrally. I am asking what information is available.

**Mr Kalisch**—That is an issue that we keep monitoring.

**Ms Casey**—We do monitor that.

**Mr Kalisch**—I am not sure to what degree we are aware of the extent to which different players in the market meet the state and territory licensing requirements. But certainly the indications from the NCAC are what we would largely go on.

**Senator JACINTA COLLINS**—If I understood your answer in part, it was that you do not really have indicators at this stage that allow you to fully comprehend that question.

**Mr Kalisch**—There are the full requirements of the accreditation process. Based on the understanding of how the NCAC operates that accreditation process across the full range of long day care providers, they have provided the advice that Ms Casey has just provided to you.

**Senator JACINTA COLLINS**—Which was that some of them operate—

**Mr Kalisch**—On balance, there does not seem to be any difference in quality. Of course, as with all of the other major providers in terms of the privates or the community based, there is a little bit of variability. But on balance it is about the same.

**Senator JACINTA COLLINS**—But the additional comment was that some of the corporate providers provide significantly better. Do we have any complaint data?

**Ms Casey**—Yes, the NCAC monitors complaints. To date, there have only been four formal written complaints and 45 telephone complaints against corporates, but in total the NCAC received a total of 33 written complaints and 233 telephone complaints for the period July 2002 to 2003. So comparatively the corporates have had no significant number of complaints.

**Senator JACINTA COLLINS**—Is that about representative of their section of the market?

**Ms Casey**—Yes. It is not something that we would record as being a worry at this stage.

**Senator JACINTA COLLINS**—It is difficult to understand it in terms of the accreditation process, though, because most of the community based services that existed historically are grappling with older facilities and newer standards whereas most of the corporate centres are purpose-built new facilities.

**Ms Casey**—Yes, but the quality assurance system does look at the quality of care that is provided, so it is not just about the equipment and facilities. That is more of a licensing issue.

**Senator JACINTA COLLINS**—Maybe I should have given you or the accreditation agency some of my reports. We will never know the number of parents that simply do not make that choice because their visits to centres are never reported to the Accreditation Council.

**Senator MOORE**—Has there been any specific correspondence from or have there been approaches by members of the corporate area to the department in terms of future directions, support and advice?

**Mr Kalisch**—We have discussions with a number of the players in the child-care sector across the range of different types of providers. But in terms of the specifics, that is really their own business decision.

**Senator MOORE**—When the department reads in the media about things that happen in child-care centres, such as the allegation of child abuse in the Melbourne child-care chain—but not particularly that one—what does the department do? Is it just a monitoring arrangement? The media puts through something about allegations of behaviours in a child-care centre, and most of them are funded through your area. Is there any role for the department at that stage?

**Mr Kalisch**—The specific case you talked about, from what we understand, was mainly a state licensing issue where the state government was dealing with the centre around them not fulfilling some of their state licensing requirements. My understanding is that we do have a protocol where they are meant to advise the NCAC as well when there is an issue, and that may not have taken place in that specific case. If the NCAC is advised that is the main way in which that quality aspect would be considered. The other thing that we do is monitor the financial press, but we do not expect to get information before the market.

**Senator MOORE**—So once again it is seeing what is happening and looking at whether due process has been followed. What happens if the NCAC is not advised? Is it just a matter of getting correspondence back to the organisation?

**Mr Kalisch**—We would remind the different state governments of the protocols that apply.

**Senator MOORE**—You then get into the process of making sure it does not happen again.

**Mr Kalisch**—Yes.

**Senator MOORE**—These are rules and this is what you have to do.

**Mr Kalisch**—These are rules that we have all agreed to.

**Senator MOORE**—Is there a generally wide understanding of those rules? It is not a common thing to have this breakdown?

**Mr Kalisch**—It is not.

**Ms Casey**—The only area of difficulty is around child abuse where it is alleged rather than substantiated. We have very good relations with the state and territory governments. Should they go into a service to do a licensing visit and identify issues, they would notify the NCAC immediately, or within the protocol requirement, which I think is 24 or 48 hours. Similarly, if we are going to do a validation visit and notice licensing issues we would notify the state and territory governments and that works very well.

**Senator MOORE**—It is an exception for something not to work?

**Mr Kalisch**—Yes.

**Senator MOORE**—Thank you very much. With regard to the data that you give us we will come back to you if there is anything we do not understand or if we need some further information.

**Ms Casey**—I will just clarify one issue about the JET. We said that there was actually no waiting list, but we could have people waiting for places. They may have had their application processed and approved but we may not have a place.

**Senator MOORE**—Would you know that? Would that be something that would be kept? If you had someone who has been approved as a JET placement and that does have that little flag priority, is that clearly identified somewhere? Can we find out whether there is anyone in that situation across the country? Would you take it on notice and get back to us?

**Mr Kalisch**—We will take that on notice.

**Senator ALLISON**—I have some questions on the national homelessness strategy. I understand that in 2001 \$6 million was made available to develop that strategy, but a search of the web site would indicate that it is hard to get information about it. Can you advise how much of the allocation has been spent to date on the launch of this strategy?

**Ms Smart**—There has been no funding spent on a launch of the strategy.

**Senator ALLISON**—What has the funding been spent on?

**Ms Smart**—The strategy consists of four key areas. One was to establish a policy coordination point on homelessness within FaCS. That was to enable the staffing of an area that then coordinates homelessness issues across FaCS and also across other government agencies.

**Senator ALLISON**—How many staff are there?

**Ms Smart**—I believe there are two staff funded under the homelessness strategy, but I will have to confirm that.

**Senator ALLISON**—And they have been employed since when?

**Ms Smart**—I would have to confirm the exact date. The strategy also consists of a range of what we call demonstration projects which are looking at various aspects of delivery of services for homelessness and investigating alternative means of delivering services or looking at issues relating to homelessness. To date there have been 17 projects concluded. They have cut across six key areas for the homelessness strategy.

**Senator ALLISON**—What does the project look like? It is not a house presumably.

**Ms Smart**—No, it is not a house. Some of the projects have been research projects investigating issues, say, relating to the identification by Centrelink of homeless people. Some of the projects have taken opportunities to link Centrelink and homelessness services to find ways of improving Centrelink services. Other aspects have been providing support to two conferences: the national homelessness conference, which was held in April in Brisbane, and the first national Indigenous homelessness forum, which was held in Melbourne in March. There has been a range of pilots undertaken and there are a number of projects still ongoing. The outcomes and evaluations from those projects are being fed into policy development or ongoing service delivery arrangements.

**Senator ALLISON**—Are the outcomes available in any form of analysis or document that could be made public?

**Ms Smart**—Some of the reports for the completed projects have been placed on the web site—where we have received the reports to date. The reports are being released progressively. Over the coming months we will be doing further analysis on a more global basis across all of those projects.

**Senator ALLISON**—Will that analysis include where recommendations have been provided, for Centrelink, for instance, and/or taken up?

**Ms Smart**—Yes, it will.

**Senator ALLISON**—When can we expect that?

**Ms Smart**—The strategy itself runs until the end of the next financial year. So that work will be undertaken across the next year because there are still a number of projects that have not yet concluded.

**Senator ALLISON**—Of the \$6 million in budget, how much has been expended? Take that on notice—it is not critical. Presumably there is money left to finish the task.

**Ms Smart**—Yes, there is an allocation in 2003-04.

**Senator ALLISON**—The Commonwealth Advisory Committee on Homelessness consultation paper of 2001 talks about working towards a national homelessness strategy and says that people with disabilities are perhaps the most vulnerable group experiencing homelessness in Australia, recognising in particular psychiatric disability, intellectual disability and acquired brain injury. In what way are the support needs of homeless people with acquired brain injuries and the training and support needs of SAP workers in disability reflected in the current homelessness strategy?

**Ms Smart**—The support needs and activities of SAP workers are managed directly by the relevant state or territory government. SAP is a joint Commonwealth-state program and the day-to-day management of that program rests with the state or territory governments.

**Senator ALLISON**—It is my understanding that the federal SAP policy development process and those people involved in it have never recognised the support needs of homeless people with an acquired brain injury and that there is lack of interest in SAP workers and their capacity to deal with some of the issues that arise from brain injured people.

**Ms Smart**—I could not comment on whether it has never been an area of interest for the states or territory governments.

**Senator ALLISON**—I am asking about federally. As part of the national strategy, surely the federal government has a little more interest in the subject than just to say that the states and territories are the ones who deliver. I am told that, on a regular basis, homeless people with acquired brain injuries are misdiagnosed and that they end up with inappropriate, inadequate and ineffective interventions. This would appear to be a really critical issue in homelessness.

**Ms Smart**—It is an issue within homelessness, but I think what is being referred to in that paper from the CACH is a much broader issue than just how people with acquired brain injuries are diagnosed or misdiagnosed, and their access to a much broader range of services than just those for homelessness.

**Senator ALLISON**—I will ask again: what are we doing nationally, as part of this advisory committee's work and our national homelessness strategy, on this issue?

**Ms Smart**—There are not any specific projects to my knowledge—but I would need to check that—that focus on acquired brain injury.

**Senator ALLISON**—Minister, do you have any comments to make about what appears to be a major gap in our strategy?

**Senator Vanstone**—Sorry, Senator, you have caught me out—I was signing correspondence. I try and take the attitude here that I will not block senators unless they start to be rude—which is why I wish I was here last night—and generally let you get all the information you want. I know you are talking about the national homelessness strategy and issues, but I was not focusing on the detail. Can you ask me again?

**Senator ALLISON**—What I was focusing on was people with acquired brain injury. It is recognised, as part of the national strategy, that these are a highly vulnerable group. My questions went to why it is—and Ms Smart has just indicated that this is because supported accommodation and the training of people who work with such individuals is a state and territory matter—this issue is not given a higher priority, in fact given any priority, in the work the federal government does on its national strategy. Let me just finish that by indicating that it is my understanding that homeless people with acquired brain injury—and we already know there are large numbers of them—are being misdiagnosed: they are mistaken for having a psychiatric illness or intellectual disability, and they end up with inappropriate, inadequate and ineffective interventions. And this is partly because SAP workers are not trained in the business of identifying or dealing with such people.

**Senator Vanstone**—I have a couple of things to say. As I heard either Fiona or Linda say, we will check the detail, because there might be some aspect of something we are involved in that touches on it, but I think it will only be some aspect. What they have said to you is right, that accommodation is the responsibility of the states. We, of course, put SAP money in—it is one of those big, special purpose payments. We put increases in last time which the states were not required to match and, as usual, when they are not required to, they do not—so we have lifted our funding in this area. But they are responsible for the management and that includes the staffing and recognition.

As to people with acquired brain injury, I understand the problem that they face. I have met with them in Adelaide. I have not been able to meet with many of the other states, but I am doing something for the Melbourne crowd soon. They do face the problems that you mention, in that people can mistake their difficulties for a psychiatric difficulty or whatever. But what I would say to you is that I am not sure you will not find other assessments of other people who are vulnerable—which is part of the reason that people can end up homeless—who are not also misdiagnosed with their problem and given inappropriate interventions. The whole aspect of being vulnerable is not that you have a badge that says, 'This is my key problem,' because people could then fix it, or at least everyone could do their best—state and federal. I am quite clearly saying I do recognise their problems, but I am asking you to recognise that, within the category of vulnerable people, there will be significant other groups who will have the same problems: that is, misdiagnosis of their initial issue and inappropriate interventions. Largely

of course these will all be at the state level—as you know the states are the major direct service providers—but I do not know that there is a specific aspect of any research we are doing that is focusing on acquired brain injury alone. Homelessness covers that.

**Senator ALLISON**—Minister, I am not saying this is the only area where there is a problem, but it is—

**Senator Vanstone**—No, I know you are not saying that. I suppose what I am saying is that I am not sure that their problems are that different from those of a range of other groups that come into the homelessness category.

**Senator ALLISON**—It would be good to see some analysis of the problem or the level of problem for this group in particular. If, as you say, it is no more or less than others—then, fine.

**Senator Vanstone**—If you were to ask me to give you a list of the things that it would be good to see a well-done analysis of so that the parliament and everyone else—the service providers, the charities that want to give money and all the good hearts—could have reliable information, if all the good hearts could have reliable information, this world would be a much better place.

**Senator ALLISON**—Indeed.

**Senator Vanstone**—It is a very long list.

**Senator Allison**—Nonetheless, will you take on notice the question of what specifics there are in the strategy for dealing with the states? There is a national strategy, and presumably the states have signed up to be part of it.

**Ms Smart**—No. It is not a strategy in the sense of having the states and territories signed up. It is a strategy for investigating and finding ways to improve service delivery to both inform the Commonwealth and provide information back to the states and territories on what is available to them.

**Senator ALLISON**—I am interested in whatever you can tell me about this group in particular.

**Senator Vanstone**—Do you mean homelessness or acquired brain injury?

**Senator ALLISON**—Acquired brain injury.

**Senator Vanstone**—If you are interested, just ring my office. I know Centrelink do quite a lot with homelessness. The vulnerable group is the most at risk group for being in this category. I do not think Centrelink have anything particularly targeted to acquired brain injury but, if you are interested in what they do for people who fit into that category, we can get you an answer on that as well.

**Senator ALLISON**—Thanks. I understand that a large number of people who have acquired brain injury land in prison for whatever reason.

**Senator Vanstone**—You usually do not land in prison unless you have done something wrong and been judged by a court to have done so.

**Senator ALLISON**—I make no judgment about why they are there. I am just indicating that it is my understanding that there are significant numbers in this category, although I do not have the figures. As part of this strategy, is any work being done to look at this question and to attempt to prevent these people, in particular, from ending up homeless?

**Ms Smart**—There is research being done, not just as part of the national homelessness strategy but more broadly, into issues to do with ex-prisoners and homelessness, but it is not looking at the minute level of people with acquired brain injury.

**Senator ALLISON**—The strategy does say that it is developing strategies to prevent people exiting institutional care from becoming homeless. That would presumably mean prisons.

**Mr Sullivan**—It certainly does. That is what I think Ms Smart was saying. While we have a strategy which looks at exiting institutions, including prisons, we cannot then drive down below ex-prisoners into ex-prisoners with acquired brain injury.

**Ms Powell**—I might just add to that. We have some other programs that also support those outcomes, such as the Stronger Families and Communities Strategy, which has a few projects targeting people who are exiting prison with varying degrees of mental illness—although I do not think they specifically target acquired brain injury—to improve their chances of staying out of prison.

**Senator ALLISON**—Do you know whether any of the states are focusing on this question?

**Mr Sullivan**—I don't.

**Senator ALLISON**—I have heard it suggested that it would be useful to screen people, coming into prison and perhaps even going out, for acquired brain injury. Are you aware of that?

**Mr Sullivan**—We are not aware of any of the states doing that.

**Senator ALLISON**—It is my understanding, too, that there are a lot of people in this category of brain injury through abuse—that is, so-called domestic abuse or abuse of children. Is this something the Commonwealth is interested in following up through this strategy?

**Senator Vanstone**—The general answer to your question, as I have tried to indicate before, is that there are number of groups who would have similar problems. Those problems are occasioned because the cause of their difficulty, which might relate to their homelessness, is not immediately apparent—especially to junior officers, whom people might first come into contact with. Acquired brain injury is just one of those groups. It may be particularly helpful if the states in the health areas or where they are targeting some of their services do targeted research to break up this group into smaller constituent groups. But it does not immediately occur to me that that is anything that would be helpful for the Commonwealth to do in the application of its funding.

**Senator ALLISON**—Let us go to the area of Job Network and Centrelink. This is often a first port of call for such people. What strategies have been put in place to ensure that people with acquired brain injury, for example, have increased access to Job Network and Centrelink? That was priority No. 3 in the first phase of the strategy.

**Ms Smart**—There are two things. Firstly, the document that was developed by the Commonwealth Advisory Committee on Homelessness was a discussion paper for consultation; it is not per se the strategy. One of the priority areas under the strategy, though, is improving access by homeless people to the Job Network and Centrelink. There have been a range of projects undertaken there, one of them undertaken by Hanover in Melbourne. One of the outcomes of that project was that Centrelink staff were not necessarily able to identify people who were homeless, and two questions were added to the Job Search classification index so that when people had completed that index as part of their claiming of payment it became easier for staff to recognise that people may be either homeless or at risk of homelessness. There has also been improved training of customer service officers. We are looking to repeat the Hanover study to see what changes have happened over time. Other aspects have included a project on outservicing, because homeless people quite often find it much easier to deal with Centrelink not in the Centrelink office but in an environment where they are more comfortable. So there has been a project on testing out some different ways of outservicing by Centrelink community officers.

**Senator ALLISON**—Is this still very much in the developmental stage or would you be confident now that Centrelink and Job Network workers would be as skilled as we would like them to be?

**Ms Smart**—This is ongoing work. We had a project, which has finished, and this is ongoing work and development work.

**Senator ALLISON**—But could you hazard a guess as to how successful it is—for example, 20 per cent of workers are now better informed and more effective?

**Senator Vanstone**—I do not think it is helpful for anyone to hazard guesses on the parliamentary record.

**Senator ALLISON**—Can you tell us precisely?

**Ms Smart**—I would have to take that on notice for Centrelink to talk about the extent—

**Senator ALLISON**—I am just trying to understand what stage we are at in this process. If it is just the beginning, that is good. If we have finished it and you would say that the work has been done, it would be interesting to know that as well.

**Ms Smart**—I would suggest that, because it is an evolving process, the outcomes of projects are becoming available on an ongoing basis and they are feeding into ongoing work. Centrelink are currently working on and looking at service delivery in relation to homeless customers. That is work that will be ongoing over time.

**Ms Winzar**—I think, as Ms Smart has indicated, there are a lot of crossover programs and issues that address the needs of people with acquired brain injury. You may be interested in some information that Mr Halloran has about a research project that we have commissioned into acquired brain injury.

**Mr Halloran**—In December of 2000 we entered into an agreement with the Head Injury Council of Australia, now Brain Injury Australia. They undertook to develop a research project to investigate the underrepresentation of people with acquired brain injury within the Commonwealth funded disability employment services. We have received a draft of that



report and have been working to finalise that with Brain Injury Australia. We have sent a copy back to Brain Injury Australia and we are working to finalise that with them. That should be with the minister shortly.

**Senator ALLISON**—That is good. Is that expected to be released shortly too?

**Mr Halloran**—After the minister has had the opportunity to review the recommendations.

**Senator ALLISON**—The way she is getting through those green files on the table in front of her, it could be any day!

**Senator Vanstone**—Of course, with regard to the business of disability employment, you will be pleased to note—and you can advise your contacts with acquired brain injury and other such persons who are interested in disability employment—that we have put a truckload of extra money into that area, not only in the last budget but in this one again. There have been very significant improvements under this government in that area.

**Senator ALLISON**—Indeed. If we are talking phases, can it be said that phase 1 of this strategy is now complete or are we now moving from one phase to another without any kind of cut-off?

**Ms Smart**—There is not a delineating cut-off as such. As I said, there are a number of projects at varying points of progress. As they come to conclusion, reports are released after we have had an opportunity to consider them. What we would refer to as the learnings from those projects are then made available to, and we have discussions with, other parts of the FaCS portfolio, Centrelink or other agencies or state or territory governments to influence the ongoing policy development and service delivery arrangements.

**Senator ALLISON**—Does that put us into phase 2?

**Ms Smart**—As I said, it is not like there is phase 1 and phase 2. It is work across a number of years to develop learnings and new understandings about ways to improve service delivery.

**Senator ALLISON**—So there will not be a phase 2 per se?

**Ms Smart**—Not as such, no.

**Senator ALLISON**—At some stage will the priorities for phase 1 be revisited or will they remain the same throughout?

**Ms Smart**—As I said, it is not like there is phase 1 or phase 2. There are six priority areas where we have a range of projects. Over the coming year, as those projects all start to come to culmination, all of that will be drawn together into an evaluation of the strategy as a whole, to inform future policy development.

**Senator ALLISON**—I will put it another way: are you confident that the goals and priorities that were set are being delivered upon? Is the strategy keeping faith, as it were, with the priorities set in the discussion paper or the consultation paper, or whatever it was described as?

**Ms Smart**—The discussion paper identified a whole set of priorities in relation to different areas, and to some degree focused on different types of people—older people, younger people. The priority areas within the broader strategy focus on particular aspects, such as improving access for homeless people to the Job Network and Centrelink, supporting families

in housing stress, developing a strategic direction for Indigenous housing, developing information and education tools for young people, developing strategies to prevent people exiting institutional care—

**Senator ALLISON**—I have all the priorities and strategies. All I am asking you is: are we on track to be delivering them all in line with those priorities?

**Ms Smart**—Yes, we are.

**Senator ALLISON**—When do you expect the strategy to be finalised, as it were, or is this just ongoing?

**Ms Smart**—The national homelessness strategy continues in the coming financial year. During that period of time, as I said, we will be evaluating across all those projects. It would then need to be considered by government what future directions will be.

**Senator ALLISON**—Does the budget have funds beyond the next financial year or not?

**Ms Smart**—No, it does not.

**Senator ALLISON**—I want to go to the housing outputs. Outcome 2 was to assist low and moderate income households, as opposed to individuals, to access appropriate affordable housing. Are there any figures with regard to the numbers of households who were able to access affordable housing?

**Ms Smart**—I am not certain I understand your question.

**Senator ALLISON**—You say that an outcome is assisting low and moderate income households to access appropriate affordable housing. How many were assisted to access appropriate affordable housing?

**Ms Smart**—The estimated average number of customers who received rent assistance in 2002-03 is 982,000.

**Senator ALLISON**—That was not quite my question. I understand outcome 2 not to be about rent assistance but about—

**Senator JACINTA COLLINS**—It is been converted to rent assistance.

**Senator ALLISON**—Okay. Has there been any work done on outcomes that are related to affordable housing as opposed to affordable rent?

**Mr Sullivan**—Affordable housing is about rent and purchase.

**Senator JACINTA COLLINS**—No, other forms of housing.

**Mr Sullivan**—I really cannot understand the distinction between affordable rent and affordable housing.

**Senator ALLISON**—Low-cost housing has affordable rents. We are talking here about rent assistance on top of what is unaffordable rent.

**Senator JACINTA COLLINS**—I am sorry, I thought you might have been leading towards other housing options other than rental housing.

**Senator ALLISON**—Indeed I was. But there are no other housing options as part of this program. This is all about rent assistance and not about—

**Ms Smart**—There is also the Commonwealth-State Housing Agreement.

**Mr Sullivan**—The Commonwealth-State Housing Agreement is the primary way that the Commonwealth contributes to the states Commonwealth housing outcomes, including affordable housing—and that is \$1 billion per year.

**Senator Vanstone**—The last I heard—and the officers can correct this if it has subsequently changed—is that if you take into account the dollars that the Commonwealth spends on the Commonwealth-State Housing Agreement which go into public housing and the dollars that the Commonwealth spends on rent assistance to assist people for whom public housing is not appropriate—for example, a whole lot of things are wrong with public housing, but let us not start that button—

**Senator JACINTA COLLINS**—Not appropriate or not available.

**Senator Vanstone**—I am talking about not appropriate. For example, if someone is looking for work and they find a job on the other side of town, they just cannot ring up the state housing authority and say, ‘Can I swap my state housing on this side of town for state housing on the other side of town?’ The answer is no. They are terribly inflexible. But, if you add together the money we put into state public housing with the money we provide by way of rent assistance to assist low-income people in rental housing, I think it is true to say that, for every dollar we spend, the states spend 14c. So I know where the pressure needs to be directed in that context.

**Senator ALLISON**—Would the figure of 982,000 people who receive rent assistance be equivalent to the numbers of households which cannot access affordable housing, or is there another estimate for that?

**Senator Vanstone**—What do you mean by ‘cannot access affordable housing’? That might help us.

**Senator ALLISON**—Queues of people who are on public housing waiting lists?

**Senator Vanstone**—You mean people who cannot get state housing?

**Mr Sullivan**—That is a different question to affordable housing. No, I do not think the 980,000 people who are in receipt of rent assistance are on state housing waiting lists. Some of them are.

**Senator ALLISON**—Do we have figures on that?

**Mr Sullivan**—No, that is a state housing waiting list issue. We can tell you who gets rent assistance. Rent assistance is paid to a range of people in receipt of Commonwealth income support payments who are in private rentals and not in state housing—that is, 980,000 people.

**Senator Vanstone**—It is a pool of people we expanded early in our term of government to include a number of students who previously could not get it.

**Mr Sullivan**—We propose to provide \$4.75 billion to the states over the next five years to support state housing. Between those two initiatives, it is the Commonwealth’s contribution to making housing more affordable.

**Senator Vanstone**—Before we go on, a recent assessment was done—I am not sure by whom; Ms Smart might be able to help me—that indicated the price of housing was going down.

**Ms Smart**—The affordability?

**Senator Vanstone**—Yes.

**Ms Smart**—It was in the autumn updates by Treasury, which indicated that housing affordability at the moment is 23 per cent higher than in 1989 because of low interest rates and higher disposable incomes.

**Senator Vanstone**—It is confusing—the affordability being higher means it is actually more affordable. We talk about homelessness, which is a real problem and we are focusing on that.

**Senator ALLISON**—Does that take into account the cost of housing and the level of debt? It is not just a measure that says interest rates are lower now and therefore housing is more affordable?

**Senator Vanstone**—I am not familiar with the Treasury methodology.

**Mr Sullivan**—It is a measure of housing prices averaged against interest rates and disposable income. It is a calculation which basically gives you an affordability index across the board.

**Senator ALLISON**—That is probably affordability for those on low incomes.

**Senator Vanstone**—There are real problems. I do not want what I am about to say to be misconstrued. I am not suggesting that you would, but someone reading it might if I did not clarify it. There are people with genuine and real problems in relation to housing and access to the appropriate services as a result of misdiagnosis—even direct diagnosis of their problem makes it hard—and we need to point out that homelessness is not a function of there not being enough homes. There are more houses, more homes, per person in Australia now than before—not a lot more per person.

**Senator ALLISON**—We do not have families of seven children any more; that is one of the reasons.

**Senator Vanstone**—We have a lot more houses per person, but we still have people who are homeless. It is not a problem of capital; it is other issues that are causing this concern. Part of it might be smaller families—as you say, not having seven kids, although I do not know many people who have had seven kids anyway—but we are building bigger houses with fewer people in them.

**Senator JACINTA COLLINS**—Do not continue on that theme.

**Senator Vanstone**—I have got my instructions; I will not say any more!

**Senator JACINTA COLLINS**—It was just a request. Can you explain why the Northern Territory's share of housing assistance for Indigenous people declined from \$25 million to \$22.9 million between 2002-03 and 2003-04?

**Mr Barry Smith**—Can you indicate what evidence you are referring to that the level of housing funds for the Northern Territory has decreased?

**Senator JACINTA COLLINS**—I am assuming that it relates to the PBS; is that not the case?

**Mr Barry Smith**—In the PBS it is not broken up according to state and territory. It actually comes under the Commonwealth-State Housing Agreement as one block amount.

**Senator JACINTA COLLINS**—Then can you explain why Commonwealth-State Housing Agreement spending in the Northern Territory declined from \$266.7 million in the year 2002-03 to \$240.1 million in 2003-04? Is that data incorrect. Has there been a decline or not?

**Mr Barry Smith**—There has not been a decline.

**Senator JACINTA COLLINS**—You tell me what you believe the situation to be.

**Ms Smart**—I do not have the figures available that indicate the specific amount for the Northern Territory. Between the 1999 CSHA, which concludes in June this year, and the 2003 CSHA, which starts from 1 July, as indicated, across the board there is a change. That is due to the ending of GST compensation which was agreed between premiers and territory chief ministers in 2000 to run for the three years only of the 1999 agreement, and the application of the efficiency dividend.

**Mr Barry Smith**—Indigenous housing have funds that come from the Family and Community Services portfolio under the Aboriginal Renting Housing Program and the Northern Territory's share of that \$91 million is \$19.458 million. They have been receiving that amount—it is a non-indexed program at the moment; it will be indexed under the CSHA—consistently for the life of the last CSHA. In 2002-03, the Northern Territory got an increase of Aboriginal rental housing money of \$4.334 million and there is an offer on the table this financial year of an increase of around \$4.75 million. There has not been a decrease in the Aboriginal Rental Housing Program; there has in fact been an increase with additional funds which were part of the 2001-02 budget initiative where the Commonwealth provided \$29 million additional funds over three years to the Aboriginal housing program.

**Senator JACINTA COLLINS**—I might review the basis of this question and if there is anything further to what you have put that I cannot understand in relation to the evidence for these assertions I will put it on notice.

**Mr Sullivan**—The other element of Commonwealth funding of housing in particular that relates to the Northern Territory is money provided by ATSIC. ATSIC have significant housing investments in the Northern Territory.

**Mr Barry Smith**—The figures around that are that in 2002-03 the Community Housing and Infrastructure Program component was \$34 million and the National Aboriginal Health Strategy contribution to the Northern Territory was \$30 million. Commonwealth effort in the Northern Territory in 2002-03 was of the magnitude of \$85 million plus.

**Mr Sullivan**—In Indigenous housing alone.

**Mr Barry Smith**—In Indigenous housing specifically.

**Senator JACINTA COLLINS**—Has the department conducted any research to determine what percentage of income recipients of rent assistance payments are paying in rent?

**Ms Smart**—The proportion of income recipients who pay more than 30 per cent of their income in rent after receiving rent assistance is 35 per cent and the proportion of income units paying more than 50 per cent of income on rent after rent assistance is nine per cent, and that is reduced from 28 per cent as a result of rent assistance.

**Senator JACINTA COLLINS**—Do you have any trend data for that?

**Ms Smart**—Yes, I have it on those paying more than 30 per cent of income; I do not have the trend data on those paying more than 50 per cent of income.

**Senator JACINTA COLLINS**—But the more than 30 per cent includes the more than 50 per cent group?

**Ms Smart**—Yes. In June 2000 it was 42 per cent; in December 2000 it was 33 per cent; in June 2001, 34 per cent; in December 2001, 33 per cent; and in June 2002, 35 per cent.

**Senator JACINTA COLLINS**—What was the highest figure there?

**Ms Smart**—June 2000, which was 42 per cent. It has come down and more or less stabilised.

**Senator JACINTA COLLINS**—When did it come down from 40 per cent?

**Ms Smart**—It went from 42 per cent to 33 per cent between June and December 2000.

**Senator JACINTA COLLINS**—Was that because of the First Home Owner Scheme? What happened at that point in time?

**Ms Smart**—The increase in rent assistance as a result of the tax changes in 2000.

**Senator JACINTA COLLINS**—That is interesting. Can you provide, by location, average rents paid by rent assistance recipients by payment type?

**Ms Smart**—I do not have the information by payment type, I have it by location, but I am sure that we can do the crossmatching and provide that. We would need to do a bit more work to give you that level of breakdown—

**Senator JACINTA COLLINS**—Give me what you can now, and take on notice the additional breakdown, if that is not going to exhaust the resources of the department to too great a degree.

**Ms Smart**—I have this information of average fortnightly rent paid by rent assistance recipients as of December 2000. In Sydney the average rent was \$310.11 and in the rest of New South Wales it was \$241.25. In Melbourne it was \$263.65 and in the rest of Victoria it was \$227.72. In Brisbane it was \$259.42 and in the rest of Queensland it was \$257.32. In Adelaide it was \$241.36 and in the rest of South Australia it was \$224.66. In Perth it was \$243.13 and in the rest of WA it was \$233.18. In Hobart it was \$221.82 and in the rest of Tasmania it was \$210.27. In Darwin it was \$269.18 and in the rest of NT it was \$263.93. In Canberra it was \$275.22. The national average was \$260.21.

**Senator JACINTA COLLINS**—When you say welfare recipients—

**Ms Smart**—Rent assistance recipients.

**Senator JACINTA COLLINS**—So it is all types of rent assistance recipients, including those that might only be receiving the family tax benefit?

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—Is any consideration being given to modifying rent assistance rules to improve affordability for private renters or to contain costs?

**Mr Sullivan**—To contain the costs of rent assistance?

**Senator JACINTA COLLINS**—No, the cost of rents.

**Mr Sullivan**—Certainly rent assistance keeps increasing. We monitor the sorts of information that Ms Smart has given you. There is nothing being contemplated in respect of rent assistance as indexed.

**Ms Smart**—Rent assistance is an indexed payment.

**Mr Sullivan**—But, other than indexation, there is no consideration of changes other than the fact that in this year's budget it was announced that rent assistance would be a discrete program within our portfolio.

**Senator JACINTA COLLINS**—Now is probably a good time for me to go back to my earlier rent assistance questions in relation to the family tax benefit. I will start with what I think was outstanding from yesterday. Prior to the recent More Choice for Families initiative, was it possible to receive rent assistance separately to the family tax benefit?

**Ms Smart**—Prior to the introduction?

**Senator JACINTA COLLINS**—Yes.

**Ms Smart**—No.

**Senator JACINTA COLLINS**—So if at that stage I chose—

**Mr Sullivan**—You must have been in receipt of the family tax benefit to receive rent assistance.

**Senator JACINTA COLLINS**—So at that point, if I had chosen to defer my family tax benefit to my tax process, there was no means for me to receive rent assistance. Is that correct?

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—Were there any misunderstandings by people who may have been eligible for rent assistance on that score?

**Ms Smart**—I would not know if there were misunderstandings.

**Senator JACINTA COLLINS**—Would we need Centrelink to advise on that?

**Mr Sullivan**—We can certainly look and see whether there has been anything in our complaints, ministerials or departmental correspondence which indicated the existence of such misunderstandings.

**Senator JACINTA COLLINS**—Was that pointed out to people in the information about family tax?

**Mr Sullivan**—It is pointed out that rent assistance is paid when you receive your family tax benefit through Centrelink.

**Senator JACINTA COLLINS**—Yes, but in the information provided to families.

**Mr Sullivan**—Whether it is pointed out in the application for family tax benefit, I would need to check.

**Senator JACINTA COLLINS**—I am curious about this.

**Mr Sullivan**—I understand what you want to know is whether or not a person choosing the tax system clearly understood that they were disqualifying themselves, by entering that scheme, from rent assistance through Centrelink.

**Senator JACINTA COLLINS**—That is no longer the case now, is it?

**Ms Smart**—It is still the case that if you are taking family tax benefits through the tax system then you are not entitled to rent assistance.

**Senator JACINTA COLLINS**—So, if under the More Choice for Families initiative I choose to defer my family tax benefit payment, a consequence would be that I could not receive rent assistance; is that right?

**Ms Smart**—I think we are talking about two different things. If you choose to defer and receive a payment through the Family Assistance Office, then you can still receive rent assistance.

**Mr Sullivan**—If you have chosen the tax option, there is no rent assistance.

**Senator JACINTA COLLINS**—That was my misunderstanding about the two options for deferral. So whether those that choose the tax option comprehend that they are precluding their eligibility for rent assistance is an ongoing issue.

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—But the new arrangements for people who defer through the family assistance system will still be eligible to receive rent assistance.

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—When they receive rent assistance, can they choose to defer that as well or must they receive that as a fortnightly payment?

**Ms Smart**—They can choose either option.

**Senator JACINTA COLLINS**—How does that work with, for instance, somebody who moves from being a low-income earner to being a recipient of a fortnightly benefit?

**Ms Smart**—I do not quite understand the question.

**Senator JACINTA COLLINS**—Let me backtrack a bit so you understand why I am thinking through what is happening here. In the past when we have had concerns about what happens to families in need, when their income circumstances are annualised one of the responses has been, 'That is okay because if their circumstances decline to the degree that they go on benefits then their income assessment is no longer annualised; it is assessed under the normal benefit arrangements.' Rent assistance, as I understand it, can be different. If they



have received rent assistance as a low-income earner and they then move onto a benefit and receive rent assistance, it is unclear in my mind whether at the end of the financial year, when there is a reconciliation, they end up with a debt in relation to their rent assistance for that whole period or only for the period that they were not a beneficiary. Do you understand my concern?

**Mr Sullivan**—So you are talking about a person who is not on benefits but is a low-income earner, who then accesses rent assistance as a family tax beneficiary?

**Senator JACINTA COLLINS**—Yes. That person then has a change in their circumstances and becomes a beneficiary. So they go onto benefits and are then receiving rent assistance as well. When there is a reconciliation for the financial year, what happens to that person's rent assistance? Is there a potential debt because of their changed circumstances, including the period that they have received rent assistance as a beneficiary?

**Ms Smart**—If I understand your description, the person is going, for argument's sake, from being employed to being unemployed. Their income will have gone down, so the likelihood of them incurring a debt would be reduced because—

**Senator JACINTA COLLINS**—Let us do the example the other way then.

**Ms Smart**—If the person went from—

**Mr Sullivan**—So a person who is in receipt of family tax benefits has a change of circumstances to an income level which would possibly cause a reconciliation debt. If that person had been in receipt of rent assistance because of being on family tax benefit and if, at one level, that reconciliation was absolute and that person was told, 'You should not have got any family tax benefits,' would that result in a rent assistance debt? I think the answer is yes. If that was a reconciliation that resulted in the person still being in receipt of family tax benefit—

**Ms Smart**—Depending on the rate of family tax benefit and whether they still had an entitlement to rent assistance, because they have to receive—

**Mr Sullivan**—Rent assistance is an entitlement. It is worked on a fortnightly basis. That entitlement is linked to other entitlements. If your other entitlement is reduced or removed, it would mean that the payment of rent assistance was erroneous and would be subject to recovery.

**Senator JACINTA COLLINS**—Can you understand my concern if that applies to a period during which somebody is a full beneficiary rather than in the new family tax regime? These are people who are on the cusp between two different types of payment methods.

**Mr Sullivan**—I do not see the likelihood of a person moving on to benefits receiving a negative result out of a reconciliation, which is where this circumstance would—

**Senator JACINTA COLLINS**—We were going back the other way a moment ago. We were looking at someone who was on a benefit but then got employment, for instance.

**Mr Sullivan**—If their rent assistance is tied to their family tax benefit, which is what we are talking about as a problem area, or if their rent assistance is tied to another benefit or

pension, there is certainty about the eligibility for that rent assistance at that time, unless there were other circumstances which said they should not have been paid that benefit.

**Senator JACINTA COLLINS**—There is certainty, but the problem, I suspect, is that when someone's circumstances are being assessed for a benefit which is not an annualised assessment and, as part of that situation, they also receive rent assistance, if that person then goes into employment and moves on to, say, family tax assistance and rent assistance as part of that, once they come to the stage of the reconciliation—

**Mr Sullivan**—Any rent assistance debt would be limited to the period of the family tax benefit, wouldn't it?

**Ms Smart**—We are talking about someone with children. If they are on a payment—newstart or a pension—and they have children, then their rent assistance is paid as part of their family tax benefit throughout the year.

**Senator JACINTA COLLINS**—That is my concern. I see Mr Kalisch nodding, because he gave me the assurance in the past that people who had significant changes in their circumstances were not as great a concern as I had thought, because they would still be covered by basic income support.

**Mr Sullivan**—I think we capture your concern. In response to this discussion, we will set out some scenarios and outline what happens. I think that is a better basis. I must say that my mind is starting to overheat here as I am trying to catch this.

**Senator JACINTA COLLINS**—I understand. I am raising this issue for two reasons. At a policy level I have a concern that rent assistance is not regarded as part of someone's minimum support circumstances, that it potentially falls into this basket of annualised arrangements as to how much support is actually reaching people at their moments of need, and if the Prime Minister is actually reviewing some of these things, as he announced, I would like this to be one of the issues that is up there. Maybe the issue of whether it is a method of payment that should be annualised is one of the areas that we should be reviewing.

**Mr Sullivan**—We will go through these scenarios. The principle is that rent assistance is a fortnightly payment generally connected to the receipt of other payments.

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—Where that entitlement to rent assistance can be upset is if it is determined that in fact you are not eligible for the receipt of the payment that generated access to rent assistance. If you had been accessing rent assistance, then you would incur an overpayment of rent assistance.

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—I think the scenario will show that there is a series of circumstances where this may have an impact or it does not have an impact. We are going to include here people on benefits other than family tax benefit in receipt of rent assessment for part year and then we will work through the scenarios, which should allow us to have an informed conversation about it.

**Senator JACINTA COLLINS**—Good. It might even be more beneficial once you have gone through that process that we simply have a briefing on the issue.

**Mr Sullivan**—Yes, I am happy to do that.

**Senator JACINTA COLLINS**—But can you respond to me on notice, and I will take it from there, depending upon the information at that stage? When someone receives rent assistance as a beneficiary, how is their eligibility calculated?

**Ms Smart**—Rent assistance is calculated as the amount of rent paid by an individual less the initial rent threshold—so there is a rent threshold—and then 75c in every dollar, up to a maximum—

**Senator JACINTA COLLINS**—I am asking in terms of how their income is assessed as to whether they are eligible—or are they all eligible?

**Ms Smart**—They are assessed on the base payment that they are receiving. That is how their income is assessed. Once a person has eligibility for a benefit, a pension or family tax benefit, then the eligibility criteria for rent assistance are around whether they rent privately; it is not separately income tested.

**Senator JACINTA COLLINS**—So the income test is the benefit test, and that is a test of their current income, not their annual income?

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—Mr Kalisch, in our discussion yesterday we were talking about the arrangements for annualised income assessments in relation to family income support. Was there not in the past a 10 per cent buffer, which no longer exists?

**Mr Kalisch**—A buffer did exist in the 1990s, which was around—

**Senator JACINTA COLLINS**—When was that removed?

**Mr Kalisch**—It was removed with the change to the new tax system in July 2000.

**Mr Sullivan**—That buffer, as I understand it, applied to possible overpayments of family income supplement. There was no capacity to pay top-ups where people underestimated their income. We should put the full picture.

**Senator JACINTA COLLINS**—Yes. I think Senator Vanstone has made that point before, but I was hoping to clarify precisely when we lost the 10 per cent buffer—and that was in 2000. I have some questions on housing affordability. Has any study been done by the department on housing affordability for older students on Austudy?

**Ms Smart**—We have not.

**Mr Sullivan**—Not to my knowledge.

**Senator JACINTA COLLINS**—Can you take that on notice?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—If it is the case, could you detail work that is being conducted and provide us with any results there too?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—Is it the case that Austudy recipients are not eligible for rent assistance whereas youth allowance students are?

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—Is it true that the only exception to this may be when an Austudy recipient or their partner also receives family tax benefit or another income support payment that may entitle them to rent assistance?

**Ms Smart**—That is correct.

**Senator JACINTA COLLINS**—Do we know how many Austudy students fall into this category?

**Ms Smart**—I do not have those figures with me.

**Senator JACINTA COLLINS**—Can you take that on notice?

**Ms Smart**—Yes.

**Senator JACINTA COLLINS**—Has any work been done on how the Austudy recipients are paying private rent and may be eligible for rent assistance if it were available?

**Ms Smart**—I am not aware of any work, but I can check.

**Senator JACINTA COLLINS**—That is the potentially eligible group.

**Ms Smart**—Yes.

**Senator JACINTA COLLINS**—Has the extension of rent assistance been costed by the department? If so, what would be the cost?

**Mr Sullivan**—We will have a look at what costings we have done. Nothing is being actively looked at in respect of the extension to rent assistance, so I doubt that costings are there. But we will look.

**Senator JACINTA COLLINS**—If you could easily cost it—

**Mr Sullivan**—We do not do costings.

**Senator JACINTA COLLINS**—It was worth a try.

**Mr Sullivan**—You can do costings.

**Senator JACINTA COLLINS**—Can I have a briefing on how to do costings?

**Mr Sullivan**—We are often asked to check your costings.

**Senator JACINTA COLLINS**—What proportion and number of youth allowance students are eligible for rent assistance?

**Ms Smart**—I do not have it as a percentage of the total YA population, but I can take that on notice.

**Senator JACINTA COLLINS**—Thank you. What is their average rate of rent assistance payment? Do you need to take that on notice too?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—Can such a breakdown be provided for youth allowance students over the age of 24? Would Austudy students be more or less likely to be paying private rent than older youth allowance students?

**Ms Smart**—We would have to take that on notice.

**Senator JACINTA COLLINS**—Would the fact that they are generally older mean that more own or are purchasing their home?

**Mr Sullivan**—I don't know.

**Ms Smart**—We would have to take that—

**Mr Sullivan**—You are taking us to an analysis of the Austudy population, and I doubt we will be able to help you. You are asking us about Austudy recipients and home ownership trends and saying that just because a person is older they are more likely to own a house. That is possible, but it is not the sort of data we collect. We look at eligibility. If a person needs to assert to us that they are eligible for rent assistance, and we assess that they are, we pay them.

**Senator JACINTA COLLINS**—Yes. But we are obviously also interested in what other data is captured in that process.

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—My final question in this section refers to an Access Economics report prepared for the Department of Family and Community Services on transparency of state and territory budgets. Are you familiar with that report?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—Where will I find it on the FaCS web site?

**Mr Sullivan**—I do not think you will find it on the FaCS web site.

**Senator JACINTA COLLINS**—No. I was curious that I found it on the minister's web site but not actually on the FaCS web site. Why would that be?

**Mr Sullivan**—It was a report commissioned by the department. The report was provided by the department to the minister. The minister made a number of releases around the report and released it on her web site.

**Senator JACINTA COLLINS**—In one sense, Mr Sullivan, we are back to that politicisation issue we discussed yesterday. It is concerning to me to discover that a report which is described as having been prepared for the Department of Family and Community Services and which, in its content, is a fairly obvious stab in the eye to state and territory governments is now found on the minister's web site. If it had said that this report was prepared for the minister, I could perhaps understand that. But I would have thought that if it has been prepared for FaCS it should be part of the information available through FaCS.

**Mr Sullivan**—Firstly, I do not see any connections between the politicisation issue raised yesterday and this.

**Senator JACINTA COLLINS**—No; it is a different type of politicisation.

**Mr Sullivan**—You made a connection. Secondly, the department, in terms of being engaged with the states in negotiating both the Commonwealth-State-Territory Disability

Agreement and the Commonwealth-State Housing Agreement, were directed to promote a number of things, including transparency and forward commitment. It was in that context that we sought to understand and to be able to provide, for use in our negotiations with the states and territories on those issues, independent analysis of that.

That is what we use that research for—that is what it was commissioned for and that is what its primary purpose was. That report is provided to the minister as a matter of course. The minister may use the materials provided, and ministers use materials provided by departments all the time, to pursue political purposes. So in many, many instances where a minister is engaged politically you will find the source material is research conducted by the department. So the department conducted the research. It is a major plank in our negotiations with the states and territories on two major agreements—amounting to about \$10 billion of Commonwealth expenditure—which is basically our evidence to the states and territories about why transparency must be improved. That was the purpose of the research. It was then provided to the minister, and what you are quoting from now leads you to say that the minister has used that report, as you describe it, politically.

**Senator JACINTA COLLINS**—Yes, but you will recall that the gist of my first question to you was why this was not on the FaCS web site.

**Mr Sullivan**—Because we used the research for a negotiation which is still continuing with the states. The states know what we have found from Access. We have not chosen to put that research on our Internet site.

**Senator JACINTA COLLINS**—So the department has not chosen to make this material publicly accessible, but the minister has chosen, within a certain political framework, to do so herself. All I am suggesting to you is that the minister, in choosing to do that, is politicising the department. I would expect that work described as having been prepared for the department would, if it is going to become publicly available, be available on the department's web site.

**Mr Sullivan**—No. We cover off at every estimates a lot of discussion about a lot of reports and a lot of research commissioned by the department which is not on web sites and which often, in the end, we say is not publicly releasable by the department.

**Senator JACINTA COLLINS**—That is not my point at all. This was released by the minister, and I am saying to you that in my view the minister is politicising the department.

**Mr Sullivan**—This is the department's estimates. I think what you are talking about is an issue between you and the minister. I thought you were suggesting that there was a connection with the department being involved—

**Senator JACINTA COLLINS**—No, I have sought a clarification from you as to why this is not on the department's web site, which you have now answered. Unfortunately, the minister is not present, but my view is that using material like this and making it public through the minister's own web site is politicising the department. We had the same issue in DEWRSB in the past under Dr Shergold, where material ended up ultimately being withdrawn because it was released in an inappropriate way. If this work is being prepared for FaCS and if it is to become public, it should be available through the FaCS web site.

**Ms Flanagan**—The Access Economics report is public now. Admittedly I did not realise it had not been published on our web site, but when we have been approached by state governments and others we have been happy to release it. We have also given permission to Access Economics to release it publicly. So it is in the public domain. But I will take up the issue as to why it has not been released on our web site.

**Senator JACINTA COLLINS**—Thank you.

**Senator ALLISON**—I want to ask about the Commonwealth-State Housing Agreement. What stage of the negotiations are we up to with this agreement?

**Ms Smart**—Housing ministers met in Brisbane on 11 April and state and territory housing ministers agreed to take the multilateral agreement to their cabinets for approval. Thus far, both Victorian and Western Australian ministers have announced that they will be signing the agreement. The indication from other states is that we will hear in the near future on their position.

**Senator ALLISON**—There is not much time, is there? Don't they need to be dealt with by 30 June?

**Ms Smart**—The current agreement concludes on 30 June. That is correct.

**Senator ALLISON**—Do you expect the other states to have reached some agreement by then?

**Ms Smart**—We remain hopeful that they will.

**Senator ALLISON**—Are they still saying that they have been duped?

**Mr Sullivan**—Who is saying what, Senator?

**Ms Smart**—The states saying they have been duped.

**Mr Sullivan**—At the moment we are cautiously optimistic that the states will come to the party with the Commonwealth and you do not come to the party if you believe you are duped.

**Senator ALLISON**—You may do. What is the process of negotiating the bilateral agreements in the CSHTA?

**Ms Smart**—We have commenced having discussions at officer level.

**Senator ALLISON**—I am not asking what the status is but what the process is. Do you start with discussions at officer level?

**Ms Smart**—And states and territories. We have commenced the process of discussions at officer level with each jurisdiction. The first round of discussions will be concluded in the next month. States and territories, as part of those discussions, are being asked to develop a draft bilateral agreement for consideration by the Commonwealth.

**Senator ALLISON**—So each state will do its own separate drafting.

**Ms Smart**—That is correct.

**Senator ALLISON**—Is there public input at any stage in this process?

**Ms Smart**—Not in a formal sense. States and territories can consult in the developing of their position as they see fit. In putting together the Commonwealth-State Housing

Agreement, the Commonwealth commissioned AHURI to undertake some consultations on the directions for the CSHA in the future. We will be taking account of that in our negotiations with the states and territories.

**Senator ALLISON**—Are there any bottom line requirements or conditions that the states have been told about in these drafts that must be included?

**Ms Smart**—As part of the multilateral agreement and as part of the Commonwealth's offer, there is a requirement on the states and territories to focus on a range of areas, but in particular there are two areas for which five per cent of funding would be contingent on performance in relation to attracting investment from outside the social housing system and reducing work force disincentives. So there are two key areas that the Commonwealth is asking the states and territories to focus on. And, as part of the draft multilateral agreement, there is a range of possible options for the states or territories—not an exclusive list but a list of possible options—to take up as part of their bilateral agreement and performance over the life of the agreement.

**Senator ALLISON**—How will that work? How will you in fact assess whether there has been underperformance or not?

**Ms Smart**—The performance indicators and measures will form part of that bilateral agreement. In establishing and as part of the agreement, we will also be establishing the performance measures are. States and territories are required to report for six months after the end of each financial year against those performance measures.

**Senator ALLISON**—Will the Commonwealth just tick off whatever the states say? Do you attempt an independent assessment of what the states have said about themselves?

**Ms Smart**—We will seek information. We will not necessarily just accept the report from the state or territory government; we will be seeking information to validate what they are telling us where necessary or appropriate.

**Senator ALLISON**—What are you expecting to see by way of that first point, the first of the two areas, the removing of work force disincentives? What do you expect there to be in that package or is it entirely up to the states to think of something?

**Ms Smart**—In relation to work force disincentives, the fundamental position is that the states and territories are being asked to look at the introduction of rent policies that reduce the work force disincentives associated with the current link between earned income and rent. But there is a range of other areas that we are also asking them to look at: improving the location of social housing in relation to employment markets, access to services and public transport, renewal of public housing estates, looking at tenant transfer policies where these have an impact or a potential impact on people's ability to take up employment, and improving the efficiency and effectiveness of any existing work force incentives that the states or territories already have in place.

**Senator ALLISON**—That is a long list. How will you weight them? What do you seriously expect the states to be able to achieve?

**Ms Smart**—The Commonwealth is not looking for an achievement of everything on day one of the agreement. The Commonwealth is looking for a package of measures across the



life of the agreement that will improve access for people who are able to access the work force who are in public housing, taking into account the circumstances in each jurisdiction, which is why it is being dealt with at a bilateral level.

**Mr Sullivan**—What we are encouraging the states about is that they should not see state housing as a stand-alone issue. There are a number of policies around state housing which interact with participation issues in particular. The states are showing a willingness to work with us there. If we get a first significant shift to saying that state housing policies—including rentals, transfers, location et cetera—are part of a bigger picture and contribute to improved participation rates, that will be a great improvement. Certainly at one level at the moment, if you are in state housing, the chances of good participation outcomes are much lower.

**Senator ALLISON**—At what stage will you start deducting the five per cent? Is it a staged affair or will you wait until 2008 then say, ‘You have not achieved this; give us the money back?’ How does it work?

**Ms Smart**—It applies in each year under the draft agreement.

**Senator ALLISON**—So every year will have a set of objectives under work force disincentives, for instance?

**Ms Smart**—As part of the bilateral agreement, the states and territories will have indicated what they are looking to achieve within each year. When they report, the five per cent will be deducted within the reporting year if that was to be the case.

**Senator ALLISON**—Do you think it is enough disincentive to deliver on outcomes? Some of them sound a bit expensive.

**Mr Sullivan**—It is a significant incentive to the states. A state that is able to comply with this area sees growth in funding in the Commonwealth-State Housing Agreement. If you were not able to comply in this area, you would see a decrease in funding.

**Senator ALLISON**—I understand that.

**Mr Sullivan**—That is critically significant.

**Senator ALLISON**—What would five per cent a year be for Victoria, for instance?

**Ms Smart**—I will have to calculate that. In rough figures, it is about \$10 million.

**Senator ALLISON**—And what would you expect the investment of the states to be in achieving that long list? Would you expect it to be commensurate? Would you expect the states to spend \$10 million in return for \$10 million or is it more than that?

**Mr Sullivan**—We believe that some of these initiatives will not cost the states much money. It is not, ‘You get these resources if you input these resources.’ We see a lot of it being around policy direction and flexibility in their policies. For instance, at the moment we believe that one of the impediments to participation is the income testing of state housing residents if they earn income above and beyond what is generally benefits. The result of that at the moment is that there are, we believe, practical disincentives to earning income; therefore, the states which have a rental policy that creates a disincentive are not seeing additional rents. We are saying that if you made your additional rent policies friendly to

participation—particularly to casual earnings and things like that—by reducing your thresholds, you will see more rent revenue.

**Senator ALLISON**—Reducing thresholds for?

**Mr Sullivan**—At the moment, in some states, if you earn \$100 above your benefits you may pay up to, I believe, 50 per cent of that additional income in additional rent.

**Senator ALLISON**—Why would you not increase the threshold rather than reduce it?

**Mr Sullivan**—That means that a lot of people are faced with saying, ‘Well, if I go and earn \$100, I immediately lose that in rent. I may lose another part of it in payments and it may not be worth very much to me at all.’ If you said, ‘No, you do not lose 50 per cent of it, you lose 20 per cent of it, and in fact the return from \$100 additional income for you is the significant proportion of it,’ we believe that we would see greater earnings by state housing residents and would actually see greater revenue to the state housing authorities in respect of additional rent, even though the share of additional income that they may be seeking is lower.

You could see that the policy basis of some of their rent policies was, ‘State housing is for people on low incomes. Where a person on low income gets additional or bonus income, we should take a fair slice of it.’ What they did not see was that that then provides quite major disincentives to actually go and achieve income. We do not see a lot of resourcing required to satisfy us. As regards this balancing, ‘Well, why bother about their \$10 million if it is going to cost me \$15 million to get it,’ we do not believe that it is going to be a resource intensive exercise for the state to comply.

**Senator ALLISON**—And is that the only rent-setting mechanism that you see may be useful?

**Mr Sullivan**—No, that is purely an example of an issue which is in the states domain, which we think goes into this.

**Senator ALLISON**—What work has been done on research or modelling into the relationship between income based rents and work disincentives?

**Ms Smart**—AHURI, the Australian Housing and Urban Research Institute, has undertaken some research which has indicated that, for sole parents who are in public housing, they are less likely to engage in the work force, and some of that is as a result of the work force disincentive related to rent. There is a survey of housing tenants which is undertaken periodically by the states and territories, and the next survey is looking at what tenants see as some of the disincentives for them to take up work.

**Senator ALLISON**—So the Commonwealth is relying on that research, largely?

**Ms Smart**—Some of that research, yes.

**Senator ALLISON**—Which demographic groups have been identified as experiencing work disincentives as a result of income based rents?

**Ms Smart**—The work force disincentive that applies to public housing, in our discussions with the states and territories, is focusing on those people who are of work force age. In relation to people who are on income support payments, that is clearly people who are on newstart allowance, but we are also asking the states and territories to consider how their

policies affect other people who may want to take up employment, who may be on other payments.

**Senator ALLISON**—The effective marginal tax rates are what you are referring to in that group. Isn't it the case that some of those are from the social security payment taper rates as well as income tax?

**Ms Smart**—With the effective marginal tax rates, it is about in effect the stacking of the rent policies in states and territories on other withdrawal rates for people who earn income. Some of that work is being looked at as part of the broader—

**Mr Sullivan**—For the best discussion on that, you could look at the discussion paper the government has released on the single working age payment.

**Senator ALLISON**—Has any been work done on the non-rent components of high effective marginal tax rates?

**Senator Vanstone**—I am not sure what you mean by the 'non-rent components'. Do you mean other withdrawals?

**Senator ALLISON**—Presumably, yes.

**Senator Vanstone**—You were asking the question. I am just asking you what you want to know.

**Senator ALLISON**—I have agreed with you.

**Senator Vanstone**—I think that has already been answered by the officer. Your effective marginal tax rate—which, incidentally, I think is a very misleading term, but that is another matter—is simply a stacking of the withdrawal rates of the cumulative range of benefits that you might be on. If you are on more than one benefit, you are likely—maybe at differing points, one for each of the benefits you are on—to hit a point at which you start no longer receiving welfare at the same rate as you did before. In other words, you substitute your own hard-earned dollars for someone else's. Of course, once you then hit the tax zone as well and start paying 17c, they then just accumulate. It would vary, depending on which benefits people were on.

**Mr Sullivan**—Again, I think the best discussion of this is in the government's discussion paper on the single working age payment. I think the consultations are on now around that, which will result in a discussion paper some time later in the year. That will give a fair amount of insight into the withdrawal rates.

**Senator ALLISON**—What research has been done on the capacity of the state housing authorities to access private sector finance? Has any work been done in that area?

**Ms Smart**—The states and territories have done quite a bit of work at the jurisdictional level, which they have shared. Because of the differing circumstances between jurisdictions, different models have been developed in different states. Some have been implemented, and they are continuing to research that.

**Senator ALLISON**—But this is not federal research?

**Ms Smart**—Not as such, no.

**Senator ALLISON**—Has the department had a look at the Affordable Housing National Research Consortium's work? If so, what conclusions do you draw from it?

**Ms Smart**—The department has looked at the Affordable Housing National Research Consortium's work. That work put forward a proposal for a Commonwealth bond scheme issue. We have provided advice to the government about that. I understand that Treasury has also looked at the report.

**Senator ALLISON**—Minister, is that due to come up with some change to government policy?

**Senator Vanstone**—As I said to you earlier, I take the attitude that the officers can answer the question unless there is something I want to answer.

**Senator ALLISON**—I am just talking about the Affordable Housing National Research Consortium's suggestion put to you, I think, that there be a Commonwealth bond system set up for housing funding.

**Mr Sullivan**—As Ms Smart has said, we have provided some advice, and Treasury and others have provided some advice, to government about that. It is an expensive scheme for government.

**Senator ALLISON**—So you will not be recommending it?

**Mr Sullivan**—I did not say that; I said that if you analysed the proposal you would see that basically it is dependent upon the underwriting and major investment of the Commonwealth and that the Commonwealth would need to look at it in comparison with the way it currently has its major investment tied up in housing.

**Senator Vanstone**—Senator, I will try to remember to send you a copy of the Menzies Research Centre report, which will be released tomorrow night.

**Mr Sullivan**—The Commonwealth-State Housing Agreement did not see the government move deliberately to that, but it certainly did require that the states continue to pursue private investment opportunities in state housing, and the states have agreed to continue that pursuit.

**Senator ALLISON**—What are they telling you about the hurdles to doing that?

**Mr Sullivan**—They are saying that there are substantial hurdles to doing that, but they continue to agree that there is value in continuing to pursue private investment moneys. There is no problem in pursuing private investment moneys if governments are willing to underwrite and accept the risk, but that is not private investment.

**Senator ALLISON**—Like they do freeways.

**Senator Vanstone**—Anyway, I will send you this report, Senator, because you are obviously interested in affordability of housing, and the Menzies Research Centre document will be very interesting.

**Senator ALLISON**—Does that touch on this question of private sector finance?

**Senator Vanstone**—Private sector involvement in availability of home ownership.

**Senator ALLISON**—Not finance, not what we have just been talking about?

**Senator Vanstone**—No, not specifically that. There are a number of different suggestions people put forward as to how you could get the private sector involved, most of which, as the secretary has indicated, really rely on the government being the underwriter of risk.

**Senator ALLISON**—I think Mr Sullivan has already put the mockers on the Commonwealth bond system, but is that likely to be considered by the government in the next short while?

**Senator Vanstone**—I think the government is going to consider the things they do and then when they are ready to tell people they have done that they tell them.

**Senator ALLISON**—Thanks for that. I understand, Minister, that you committed to a national process some time this year to talk with state and territory housing ministers about broader issues that impact on the Commonwealth-State Housing Agreement.

**Senator Vanstone**—I think you might be referring to what happened at the last Commonwealth-state housing ministers meeting. The Queensland minister, in particular, has frequently wanted to have a summit on affordable housing. I have made it clear to them that I think affordable housing is a substantive issue that deserves much better treatment than a politically staged summit so that the states can all claim that the Commonwealth should put more money in and that would solve the problem. There is a significant range of issues that should be addressed, on which the Commonwealth is of course interested in talking to the states, but in a substantive way, where everybody has got something to put in and to give. Other than that, I am not interested in participating in what would be a turkey shoot by the states.

**Senator ALLISON**—So we are not having—

**Senator Vanstone**—You asked the question; I am giving you the answer. So we agreed that we would set aside a meeting that would specifically address these issues. It is not limited to this, but the sort of thing I would be interested in the states doing is making much more significant concessions on stamp duty for housing—not necessary at all levels; perhaps just for the lowest quartile or the lowest decile. They do make some concessions but nowhere near enough. If you took into account the time period over which the concessions have not been changed and how housing prices have increased, you would see that they are neither making any contribution there whatsoever nor significantly increasing their funds into state housing when they are reaping the rewards in stamp duty from the jump in house prices, for which they expend no extra effort and put out no extra services. The prices go up and the stamp duty levels stay the same. Lower and lower income people move up into the higher levels and pay a greater amount of money to buy the lowest priced house possible. Unless the states are prepared to talk turkey about what they are prepared to do, I think it is a folly for them to have a meeting where they will do their usual bleat. That is the general tenor of my views.

**Senator ALLISON**—I suggest that instead of a summit there be some sort of process, but are you saying—

**Senator Vanstone**—If you want to do something, do it; don't just sit around in a meeting talking about it and blaming the Commonwealth. You should realise that the states have very significant levers in relation to housing in their own hands. For example, they have the planning levers. Ask yourself why so much state housing is so far away from the CBD and yet

very poorly serviced by another state provided service—namely, urban transport. People who want to get around for jobs and single mums who want to take the kids to school, go to the doctor and take another kid to some other service that they require during the day, if they are relying on public transport, are really battling. So the states have a lot of levers to affect the cost housing. They do not use them—nowhere near enough.

**Senator ALLISON**—That is why this is on the list of the work force disincentives.

**Senator Vanstone**—Yes, that is why some of the things are there, because they just don't do it. We are trying to encourage them to do some of them, but there is a very long list of what they could do.

**Senator ALLISON**—What we have is not so much a process but an argument that the federal government is not doing enough and you should be.

**Senator Vanstone**—I would not say that it is an argument; I am just pointing out the sorts of levers that the states could use. I do not notice you disagreeing and saying: 'Hell no! They should keep the stamp duty at the level it is at.' If you want to say that I would be very pleased. I would be whizzing up to the press gallery fairly quickly. I am sure you do not, although I cannot infer what you think.

**Senator ALLISON**—I do not disagree with you; I am just trying to work out what the process is.

**Senator Vanstone**—We are happy to have a sensible discussion with the states that is not, as I say, a media circus, which I think is what they were planning.

**Senator ALLISON**—So you will agree to a meeting where these things can be put on the table?

**Senator Vanstone**—We have done that. We have not set the date, but we have agreed.

**Senator ALLISON**—So a meeting of some sort is coming?

**Senator Vanstone**—Yes.

**Senator ALLISON**—Is there anything beyond that? Are you asking them to come up with ideas to put on the table at the meeting?

**Senator Vanstone**—We will go along to the meeting and see what happens.

**Senator ALLISON**—Of the savings expected to be made from the reduction in funding from 2002-03 and 2003-04, what cuts are the state housing authorities expected to make?

**Mr Sullivan**—What savings are they—in the Commonwealth-State Housing Agreement?

**Senator ALLISON**—Yes.

**Mr Sullivan**—For the first time, the Commonwealth-State Housing Agreement is indexed, so there is more funding each year.

**Senator ALLISON**—So there are no cuts?

**Mr Sullivan**—There are no cuts.

**Senator ALLISON**—Can you indicate what housing and homelessness related research consultancies and other work was commissioned for 2002-03 and is planned for 2003-04?

**Mr Sullivan**—We can give you a list of that and as much as we can for what is planned.

**Senator ALLISON**—Several funding items are identified under output 2.1. Can you indicate what they actually fund? There is the \$358,000 for national housing priorities?

**Ms Smart**—That funds the Community Housing Federation of Australia, which is the peak body, and also the Forum, which is the community housing group.

**Senator ALLISON**—The \$420,000 for national housing research on page 100?

**Ms Smart**—That provides part of the funding from the Commonwealth to the Australian Housing and Urban Research Institute.

**Senator ALLISON**—The \$808,000 for SAAP national priorities.

**Ms Smart**—That is part of the funding for the national homelessness strategy.

**Senator ALLISON**—Rent assistance expenditure increases by \$83.7 million in 2003-04. Could you advise what the reason is for that increase?

**Ms Smart**—That would partly be due to indexation, and also because an increasing proportion of families are receiving rent assistance; so they have a high rate of rent assistance.

**Senator ALLISON**—Is there an unemployment factor in there?

**Ms Smart**—No, there is not.

**Senator ALLISON**—So the assumption about unemployment is that it remains much the same as the previous year?

**Mr Sullivan**—We just use the Treasury parameters in the budget, which I think are stable or show a slight reduction.

**Ms Smart**—It is a slight reduction.

**Mr Sullivan**—It is in Budget Paper No. 1.

**Senator ALLISON**—Can you provide the total expenditure on the first home owner grant last year?

**Mr Sullivan**—That is for Treasury.

**Senator ALLISON**—Budget Paper No. 3 is Treasury, isn't it?

**Ms Smart**—Yes.

**Senator ALLISON**—What was the expenditure on the Commonwealth- State Housing Agreement last year?

**Mr Sullivan**—We will take that on notice.

**Senator ALLISON**—I have no more questions.

**CHAIR**—Thank you, Senator Allison.

**Proceedings suspended from 1.01 p.m. to 2.10 p.m.**

**Australian Institute of Family Studies**

**Senator MOORE**—My first question is straightforward on financials, if financials can ever be seen as straightforward. In the budget description, it lists the sum of \$6.6 million in

sale of goods and services in the 2003-04 budget, and that is significantly larger than in other years. Can you give us some idea about why that is so significant—and I have read the budget notes—and also some idea about the other sources of funding for the institute.

**Ms Smart**—It is mostly significant because the institute is highly successful.

**Senator MOORE**—This is a good chance to tell us about it.

**Dr Sanson**—The main reason for the increase since last year is due to success in attracting contracts. The most major one of those is the longitudinal study of Australian children. We also have been awarded a number of contracts over the last financial year, which account for the great bulk of that \$6.7 million. The rest is accounted for really by things like the sale of publications and conference earnings—that is about it.

**Senator MOORE**—The budget statement lists revenue from governments, sale of goods and services, which is that significant one and you have explained is your research grants that come in.

**Dr Sanson**—That is research contracts, yes.

**Senator MOORE**—Interest, which is significant.

**Dr Sanson**—Interest, yes.

**Senator MOORE**—Proceeds from sale of assets—what is an asset in your area?

**Dr Sanson**—Mostly publications. Probably under that also might fall some of the work that we do under contract in doing computer assisted telephone interviewing for other organisations.

**Senator MOORE**—When they contract you to do that form of work, that would be listed under assets.

**Dr Sanson**—Yes.

**Senator MOORE**—What is 'Other'? It stays the same all the way through, so I am sure it is something which is really obvious.

**Dr Sanson**—Sorry, which—

**Senator MOORE**—It is on page 293 of the portfolio budget statement, the AIFS budget statement of financial performance for the period ended 30 June, and I am running through the 2003-04 column.

**Dr Sanson**—I have found it, thank you. I am afraid I am going to have to take that on notice. I am not quite sure what that is referring to.

**Senator MOORE**—We would be able to get from you a list of all the current projects you are working on and how much they are worth. Is that possible?

**Dr Sanson**—Certainly.

**Senator MOORE**—When we get that we can come back and talk with you, if we have any further questions. The next series of questions are very much about management and some of the things that have taken place. I apologise because I am asking you about the position you are acting in and that is not the way I like to operate.



**Mr Sullivan**—I will answer that.

**Senator MOORE**—Thank you, Mr Sullivan. When was the resignation of the previous director of the AIFS finalised?

**Mr Sullivan**—David's appointment as the director of the AIFS expired some time in November. He continued on as the acting director of the AIFS until 14 January when he retired.

**Senator MOORE**—Has there been a new appointment yet?

**Mr Sullivan**—No. Dr Sanson was appointed as the acting director from the day after David Stanton retired and an appointment has not yet been made.

**Senator MOORE**—Has there been a process put in place with interviews?

**Mr Sullivan**—A process is in course.

**Senator MOORE**—And as yet there has been no recommendation.

**Mr Sullivan**—As yet there has been no decision. This issue is an appointment which is made by the minister but is required to be referred to cabinet, after which the decision will be made.

**Senator MOORE**—Is there a time frame for that?

**Mr Sullivan**—I would not expect it to take very long.

**Senator MOORE**—By the end of the calendar year.

**Mr Sullivan**—If we have not got a director of AIFS by the end of the calendar year—

**Senator MOORE**—I was being extremely generous.

**Mr Sullivan**—I expect a decision will be made on an appointment in a short time.

**Senator MOORE**—Has this gap had any particular effect on the operations of the institute?

**Mr Sullivan**—I do not believe so. Ann Sanson has filled that gap commendably. She was the assistant director before David Stanton and this is not a long period of time—it is January—to fill a senior appointment.

**Senator MOORE**—It is not a long time from January to June.

**Mr Sullivan**—No, it is not a particularly long time for an appointment that is a statutory appointment which needs to go through the process of government.

**Senator MOORE**—That is the end of that small section. I want to ask some questions about the new Australian Centre for the Study of Sexual Assault. There are some quite detailed questions about this one, Dr Sanson. Has there been a formal announcement of this new centre? I know it is in the papers. Has there been a public announcement that the centre is now in existence?

**Dr Sanson**—I do not believe there has been major publicity to this stage. We are in the process of recruiting staff to the centre.

**Senator MOORE**—How was the AIFS chosen to become the successful contractor for this agency? Was there a tendering process? Did you have to put yourselves forward and justify the selection?

**Dr Sanson**—We were approached by the Office of the Status of Women about interest. We engaged in discussion with them and felt that we were well situated to provide the sort of centre that they were looking for.

**Senator MOORE**—When the Office of the Status of Women approached the institute, did you have to justify your selection, or was there more a discussion of when you could start? Did you have to then say, ‘We can do this because ...’

**Dr Sanson**—We certainly outlined for them what our capacity was and how well we felt that we could fulfil their goals and needs, but it was not through a competitive process.

**Senator MOORE**—Do you know how much funding has been allocated to the centre?

**Dr Sanson**—My understanding is \$1.3 million.

**Senator MOORE**—Over a period of time.

**Dr Sanson**—It is \$1.318 million. The contract expires on 30 June 2005.

**Senator MOORE**—At this stage. Are you aware of the source of the funding?

**Dr Sanson**—The funding is through the Office of the Status of Women.

**Senator MOORE**—They are the contracting agency, so you are contracted to them.

**Dr Sanson**—That is right.

**Senator MOORE**—The term of the contract is until 2005.

**Dr Sanson**—Yes.

**Senator MOORE**—You said earlier you are going through the process of selecting staff for this. Do you have any idea what the structure is going to be and what kind of team it is going to operate?

**Dr Sanson**—I will ask my colleague Adam Tomison, who is directly responsible for the centre, to answer that question.

**Dr Tomison**—One of my roles is to manage that development of this new unit, and I have therefore been intimately acquainted with the staffing of the unit and its structure. The first point is that it is relatively similar to the National Child Protection Clearinghouse, which the institute has now been running since 1995. At the moment the structure of the unit is as follows. I am the manager overall, and we have Family Information Centre staff who are attached to the unit to develop a collection and help with web site development, administration and those sorts of things, and we are also hiring two research staff—a senior research fellow and a research officer—who will be the main drivers of the unit in terms of providing advice and research support and conducting projects as part of the unit.

**Senator MOORE**—So that is two people in a research capacity?

**Dr Tomison**—Two in research and, overall, three extra positions going more to the Family Information Centre side of the operation.

**Senator MOORE**—Are they positions which are contracted for a period of time?

**Dr Tomison**—They are contracted until the end of the unit, which, at the moment, is 30 June 2005.

**Senator MOORE**—Is there any flexibility within the structure to bring people on and off as required after that?

**Dr Tomison**—During the life of the contract—

**Senator MOORE**—Yes.

**Dr Tomison**—if OSW or another external body seek to employ us on a research contract then obviously we will potentially have to hire extra staff to cover that, in which case we could actually undertake to do so.

**Senator MOORE**—Based on work demand.

**Dr Tomison**—Absolutely.

**Senator MOORE**—Are you expecting that there will be a separate steering committee or board to oversee the work you are doing?

**Dr Tomison**—A reference group has been approved by Minister Vanstone—

**Senator MOORE**—Are you going to tell me that is on the web site?

**Dr Tomison**—No, I am not.

**Senator MOORE**—I am very thankful for that. I couldn't find it—I tried desperately to find it before. Has the reference group been appointed?

**Dr Tomison**—We are about to send out invitations. The minister has approved the people that were put forward by us and OSW.

**Senator MOORE**—When that reference group is determined, can you let us know who they are? It would be very useful.

**Dr Tomison**—Certainly.

**Senator MOORE**—I am sure there will be processes in place for that, but it would be good to keep the communication running when that has actually been determined.

**Dr Tomison**—Yes.

**Senator MOORE**—Do you know how big that group is going to be?

**Dr Tomison**—The aim is to set up an initial group and then expand as needed—for example, to make sure it has good representation across different sectors. I may need to take it on notice, because I can only give you an estimate, which would be of around six or seven people. But I would need to confirm that.

**Senator MOORE**—And the process to fill those positions is now in train?

**Dr Tomison**—Yes.

**Senator MOORE**—Do you have any idea what research projects and work the centre will be undertaking? At this early stage, have you got any idea of the kind of work plan you will be putting in place?

**Dr Tomison**—The aim has been to wait until our research staff start and then try and negotiate and discuss it with OSW. The senior researcher is not starting for another month, and until that point we will be in a sort of development phase. I can certainly say that the aim is to give a life span perspective on sexual assault. We have the National Child Protection Clearinghouse, which obviously covers child sexual assault, and the aim is to build on that and address adult sexual assault and the adult survivors of childhood assault. The aim is to get an overall perspective to consider abuse across the life span. That will be one of the main areas of interest. Another one will probably be Indigenous sexual assault—Indigenous populations and the sexual assault rate there.

**Senator MOORE**—I do accept that this is very early in its life span but, at this early stage, do you have any idea about the balance between a research facility and a type of clearing house facility? Are you intending this centre to have a role as a clearing house which is in some way similar to the one that the AIFS runs?

**Dr Sanson**—Yes.

**Dr Tomison**—Yes, and I think there will be a number of research projects that will be done over time once the unit is fully developed. Obviously our initial task is to focus on developing the centre and then get it all running smoothly, get the first publications out and sit down, set a research plan and start developing projects.

**Senator MOORE**—How does this particular centre fit within the overall structure of the AIFS? Is it independent? Does it fit into a management team that covers the whole operations of the area, Dr Sanson?

**Dr Sanson**—To explain our structure briefly, in the research area we have three research programs called, very creatively, programs A, B, and C.

**Senator MOORE**—That is good! You can always remember that!

**Dr Sanson**—Children and Parenting, Family and Marriage, and Family and Society respectively are their full names. We have the other projects, the clearing houses, which are the National Child Protection Clearinghouse, the Stronger Families Learning Exchange and now the Centre for the Study of Sexual Assault. In terms of management structure, all of the clearing houses, from a research perspective, come under the management of Dr Tomison. Judy Adams, who is the manager of our library services, is in charge of the information arm.

**Senator MOORE**—So there is going to be integration to an extent?

**Dr Sanson**—Yes. In fact, the dissemination and data collection activities of the clearing house and the research arms in all our clearing houses work very closely together. They are very much intermeshed.

**Senator MOORE**—Is that a good model?

**Dr Sanson**—It has been working for us very effectively. We think it is a good model. It allows us to be engaged in primary and secondary research in the acquisition of new knowledge at the same time as pulling together other information, both from research and from practice as well as policy development, and have those feeding into each other in a very coherent way.

**Senator MOORE**—Is it working well for the staff involved, in terms of having that cross-knowledge rather than being too focused?

**Dr Sanson**—From my perspective, I think it works very well. There are also, as Adam noted, very strong synergies between the different clearing houses. The way in which they are located physically, as well as structurally, facilitates that interchange as well.

**Senator MOORE**—Does your research centre have links with other research centres? How does that work? Is it a professional relationship? Is it a network? How does it go?

**Dr Sanson**—We have been very much focused in recent years on developing our links with other research institutes—universities and other research agencies. That mostly works on a project level. For example, with the longitudinal study of Australian children we are the lead agency in a consortium with eight other agencies—universities and research centres—around Australia. We have a number of other projects. We are in collaboration with other institutions. We also run our biennial conference and ensure that we attract people from other research institutions to present and participate in those conferences.

**Senator MOORE**—So that exchange process operates.

**Dr Sanson**—The only other formal linkage, I would say, is that we do have a form of linkage with the University of Melbourne, which facilitates our access to library resources and so on.

**Senator MOORE**—You feed into their larger resources there at the library?

**Dr Sanson**—To some extent, yes.

**Senator MOORE**—With the Centre for the Study of Sexual Assault, are you aware of how long the initiative has been in the planning stages? When did you get the green light to kick it off?

**Dr Tomison**—In approximately June 2002 we were approached by OSW. That was when the initial discussion took place. From that period on, a proposal was put forward, as Ann Sanson has indicated. That was safely signed off in early January this year, so it has been about six months all up.

**Senator MOORE**—It actually started in the financial year 2002-03?

**Dr Tomison**—Yes.

**Senator MOORE**—And now it is being funded up until the end of 2005?

**Dr Tomison**—Until the middle of 2005.

**Senator MOORE**—Until the end of the 2004-05 financial year?

**Dr Sanson**—Precisely.

**Senator MOORE**—Are you confident in the progression? Is this meeting the time scales that you would hope for the process of set-up?

**Dr Tomison**—At this point I think it is fair to say that our recruitment of staff has taken longer than we expected and that has then had impact on some of our deadlines. We are renegotiating those with OSW to provide the same number of publications that they required within the current financial year, but the deadlines have been pushed back a little bit.

**Senator MOORE**—In terms of your set-up, are you actually reporting through to the OSW?

**Dr Tomison**—Yes.

**Senator MOORE**—Is there anyone else, or is it just them who is your auspicing body?

**Dr Tomison**—It is just them.

**Senator MOORE**—There is a community of research around sexual assault. It may be not as big as we would like, but there is a large group of people involved in that. What is the linkage with the other people in this area?

**Dr Tomison**—Networking and outreach, as part of the contracts we have been involved with, is a very important part of any unit like this if we are going to have credibility in the field and have the field use us for information and research purposes. I have already conducted meetings with some of the key players in the non-government sector such as the CASA organisations. I am also building on my experience in working in the sexual assault, family violence and child abuse field for the last 10 years. For example, a lot of these players are stakeholders in the Child Protection Clearinghouse as well. It is a matter of expanding on our current network and making sure we are covering all the players who are focusing on adult sexual assault, not just child sexual assault. So it is important, and we are under way with doing that.

**Dr Sanson**—We are also hoping that our reference group will have good coverage of these other stakeholders.

**Senator MOORE**—And hopefully across all states and territories. That is always an issue with the remoteness.

**Dr Tomison**—It is a national unit. Certainly our experience of the Child Protection Clearinghouse bears out the importance of accessing all states and all parts of the country, including rural and remote areas, which it is difficult to do at times.

**Senator MOORE**—Is it possible—I am not quite sure whom I should ask—to get a briefing note on those kinds of linkages, about the kinds of organisations you are wanting to set up that kind of linkage with and the processes that you are using? In this very early stage of setting up, people need to know that you are there and know what you are hoping to do.

**Dr Tomison**—Certainly.

**Senator MOORE**—Are you aware that in October last year there was an underspend of \$2.6 million in the OSW funds around the national approach to combat sexual assault? Are you aware whether any of that money—

**Mr Sullivan**—They would not be aware of any of that. That is only for the Prime Minister and Cabinet to answer.

**Senator MOORE**—We are just wondering whether in terms of the discussion of setting your organisation up—

**Mr Sullivan**—They are a contract deliverer service.

**Senator MOORE**—So all you know as a contractor is that the money came from OSW, not how it got there?

**Dr Sanson**—Precisely.

**Senator MOORE**—In terms of requests for funding on sexual assault research by the AIFS before the centre really got up during 2002-03, did you have any requests through to the AIFS to do research of that nature?

**Dr Sanson**—For OSW?

**Senator MOORE**—No, for anyone on any kind of research through AIFS for sexual assault issues.

**Dr Sanson**—Are you aware of any, Adam?

**Dr Tomison**—I am not aware of any specifically on sexual assault. We had some requests for a range of research projects, but not specifically for sexual assault.

**Dr Sanson**—To my knowledge, there are none that have come through specifically on that topic.

**Senator MOORE**—Right. We will wait with interest and see how it goes. So at this stage we are waiting to have the ministerial group confirmed—the reference group—and for you to confirm your staffing and be able to set up your work plan more effectively. I know we do not always call you at estimates, but we may well see you at the next round to get an update on how it is going. Would that be okay?

**Dr Sanson**—Certainly.

**Senator MOORE**—Do you have any costings on how much the AIFS conference of February 2003 cost?

**Dr Sanson**—Yes, I do.

**Senator MOORE**—They are quite specific questions about the costing of the conference. I am sure you have something there. Dr Tomison, when you get your staffing in place, can we get something from you to say that that has been concluded and who the successful researchers are and a little about their background? That will be public. You have mentioned your own experience in this area. Could we get a little information about the people when they are appointed?

**Dr Tomison**—That is fine. We are waiting for them to join us now. They have been selected. A research officer starts next week and the senior research fellow starts 10 July. I am happy to provide those notes.

**Senator MOORE**—That would be useful. You told me the kinds of things you are wanting to achieve. It would be useful if we could find out what the backgrounds of people are in relation to the focus of those aims.

**Dr Sanson**—They certainly do have a strong background in sexual assault research and sometimes counselling work.

**Senator MOORE**—Good. Do you have the conference page, Dr Sanson?

**Dr Sanson**—Yes, I do.

**Senator MOORE**—What was the total cost of the conference?

**Dr Sanson**—In terms of profit versus loss, we made a small profit on the conference.

**Senator MOORE**—Good. Maybe more detail will come out with further questions. What was the total income generated from registrations and sponsorships, if any?

**Dr Sanson**—The income was \$207,940 from registrations.

**Senator MOORE**—How many people does that reflect?

**Dr Sanson**—We had 446 delegates at the conference.

**Senator MOORE**—So there were 446 delegates and registrations were over \$200,000. What about sponsorships? Did you actually achieve any sponsorship for the event?

**Dr Sanson**—We did not actually seek much in the way of sponsorship. We invited publishers—

**Senator MOORE**—Was it thrown on you, if you did not seek it?

**Dr Sanson**—We really see the conference not so much as a money-earning thing. We are keen to come out square. If we can make a profit, that is very nice, but that is not our prime concern. We really see it as a central part of our dissemination function. So we were happy to have other organisations displaying their wares there, but we were not particularly interested in earning income from them.

**Senator MOORE**—So the actual cost of the conference was then covered by the AIFS budget? There was no supplemented budget from the government to fund that?

**Dr Sanson**—No—as I said, we made a small profit.

**Senator MOORE**—Did people pay to have their wares there, even a nominal amount?

**Dr Sanson**—I do not believe that they did, but I can check that—the figures that I have in front of me indicate that that did not occur at all.

**Senator MOORE**—Were you able to have any members of parliament there to speak, provide keynote sessions and things like that?

**Dr Sanson**—The conference was opened by Senator Vanstone by video, because I think estimates were occurring at the time.

**Senator MOORE**—She must have been devastated to miss that period of estimates to go out there!

**Dr Sanson**—She did indicate that she would have preferred to have been with us.

**Senator MOORE**—How long did the conference go for?

**Dr Sanson**—The conference went for three days. We also were pleased to have Minister Larry Anthony to present in the opening session. Nicola Roxon also attended one session.

**Senator MOORE**—Were the sessions presented? Where they chaired or open sessions? Was it a 'speaking at' conference or a 'speaking to' conference?

**Dr Sanson**—It was mainly presentations. We had a large number of papers—I think 140 papers were presented, mainly clustered in symposia, and there were two keynote



presentations and a panel discussion. We arranged it so that there was room for dialogue—there was always time, after papers were presented, to have a question-and-answer session with the audience. We also ensured that people had plenty of time to network and discuss papers during the usual breaks for morning and afternoon tea and lunch.

**Senator MOORE**—There were only three federal politicians who actually presented?

**Dr Sanson**—There were only two who presented—Senator Vanstone and Minister Anthony.

**Senator MOORE**—And we know of only Ms Roxon who attended—we do not know whether anybody else attended?

**Dr Sanson**—I am not aware of any other members of parliament attending.

**Senator MOORE**—Do you have any idea how much it cost for the involvement of the keynote speaker, Dr Catherine Hakim, at the conference? Were her fares and things part of any kind of fee to attend the conference?

**Dr Sanson**—I can give you some ballpark figures on that, but some of the final details of our costings for the conference are not yet in. There are some particular bits of costs for Catherine Hakim that we do not yet have.

**Senator MOORE**—Was Dr Hakim's major focus to attend your conference or did she attend your conference as part of a wider visit?

**Dr Sanson**—The invitation was specifically to attend our conference. We believed that she would be a very interesting speaker for the sort of audience that we were wanting to attract—that is, people with a real interest in policy as well as in research. There was a great deal of interest in her visit, so we coordinated a range of other visits and engagements for her around the conference.

**Senator MOORE**—Are you able to give us a list of those?

**Dr Sanson**—I am able to.

**Senator MOORE**—Can you just include the range of activities that Dr Hakim was involved in when she was here?

**Dr Sanson**—Would you like me to go through that now?

**Senator MOORE**—No, I think it is easier to take it on notice, then we can just get an idea. You may well have the full list of costings then, as well, and what that involved. Are you aware of whether Dr Hakim had a chance to meet with the Prime Minister or cabinet ministers while she was here? Was that part of her schedule?

**Dr Sanson**—It certainly was. She met with a number of ministers. I believe that, as it turned out, she did not meet with the Prime Minister during this visit, but she did meet with a number of other ministers.

**Senator MOORE**—Are there many papers available from the conference—printed documents that are now available as a result of the conference?

**Dr Sanson**—Yes, I hate to tell you, there are many of them on the Web.

**Senator MOORE**—I will read them with interest.

**Dr Sanson**—A large number of the presentations from the conference are on the Web. There are also a number which we have turned into papers for our latest issue of *Family Matters*, and that is also available.

**Senator MOORE**—And you are hoping to get them printed? Is that kind of thing that you would make money out of? That question is from your previous comment, that you actually do sell publications. Would you be selling any of the valuable research you gained out of the conference?

**Dr Sanson**—We do charge a subscription for *Family Matters*. There is a substantial free list as well, which includes all members of parliament, but we do have subscriptions for *Family Matters*, especially for libraries and so on, to help cover the costs of publication. But we really see the dissemination of research such as that from the conference as being part of our role—part of what we are set up to do—so we do not seek to charge for most of our research outputs. Some of our major publications, as in monographs or research reports, we might try to do some cost recovery with, but nothing from the conference.

**Senator MOORE**—Are you hoping at some stage, from the conference, to present them in some kind of individual form? They are on the web site, there will be publications in *Family Matters*, but would it be likely that a particular printed form would be available?

**Dr Sanson**—Some of the papers presented by institute staff—and I think we presented about 40 papers at the conference—will be printed as research papers or research reports, or will be incorporated into research papers and research reports, but none of the papers presented by other non-AIFS staff do we have any plans to publish—

**Senator MOORE**—At this stage.

**Dr Sanson**—other than as articles in *Family Matters* and on the Web.

**Senator MOORE**—And if people are interested, we can refer them to the web site—

**Dr Sanson**—Precisely.

**Senator MOORE**—and say, ‘You can get them,’ and go through that process.

**Dr Sanson**—That is the most comprehensive.

**Senator MOORE**—When you do finalise those costs—because we still do not have the total costs of the conference—can we get that information? Can you put that on notice as well?

**Dr Sanson**—Certainly, Senator.

**Senator MOORE**—There is a question here about whether Dr Hakim was interviewed in relation to the director’s position. I know that you would not know that, Dr Sanson. Would you be able to give us information on that, Mr Sullivan?

**Mr Sullivan**—The process involved did not involve an interview of Dr Hakim.

**Senator MOORE**—We have already mentioned the National Child Protection Clearinghouse; now we have some specific questions on it. I know that you have been asked to do quite a bit in this area, so the question is: what research and policy advice has the clearing house being asked to provide in the past two years? That could be an on-notice

question—if you could give us a list of that, rather than run through it? I would expect that is quite a significant amount of research.

**Dr Sanson**—I will pass this over to Dr Tomison.

**Dr Tomison**—Just requests by government departments, or across the whole board?

**Senator MOORE**—Across the board: what has your clearinghouse been used to clear?

**Dr Tomison**—We can certainly give you the numbers on notice and we can also give you the themes that are coming out.

**Senator MOORE**—That would be good.

**Dr Tomison**—We could not do it individually, because there are just too many.

**Senator MOORE**—Sure, it would just be the kinds of themes, the kinds of things that people are using the clearing house for. It has been in the industry now for two years. People know about it; we are trying to see what the usage is.

**Dr Sanson**—Since 1994.

**Dr Tomison**—It has actually been around for 8½ years, roughly.

**Senator MOORE**—Yes.

**Dr Sanson**—I ought to say too that the clearing house, of its nature—because it is a collection and dissemination vehicle, as well as one doing primary research—gets a huge number of requests for information through the Web.

**Senator MOORE**—That is the preferred method of communication, through the Web?

**Dr Sanson**—That is certainly the predominant method of communication. We get vast numbers of hits on the web site and numbers of downloaded pages from the web site, so it will not be possible for us to itemise all of those for you.

**Senator MOORE**—No, it is the thematic nature—and the usage—of what happens. We know with web sites it is very difficult to track—as Mr Sullivan told us about the department one—but it is to get some idea of just how popular an activity it is. What is the annual budget of the clearing house?

**Dr Tomison**—It is approximately \$298,000 per financial year.

**Dr Sanson**—To be exact, for 2003-04 it is \$293,811.

**Senator MOORE**—Did you request any extra funds for the National Child Protection Clearinghouse or related research projects on child abuse prevention during the year 2002-03?

**Dr Tomison**—We have not requested any extra funds.

**Senator MOORE**—What are the key current projects and activities of the clearing house?

**Dr Tomison**—The clearing house is organised around four major activities: one as a repository, in other words, making a collection and ensuring it meets the needs of our stakeholders; secondly, developing publications, so we have outputs such as two newsletters and two issue papers each year; thirdly, research, where we undertake projects of either primary or secondary data analyses; and, fourthly, networking and outreach, so presenting

papers and workshops not just to academic audiences but also to community or professional audiences around the country. The money would be used up in those four main areas.

**Senator MOORE**—How is the money spread across those four activities? I am sure it is not just divided by four.

**Dr Tomison**—No, a lot of the money goes towards maintaining the library collection and the administration around that. We also develop mail lists so we can disseminate the materials, and some money goes towards web site development. In terms of staffing, we have a research staff budget. At present, part of my time is allocated to the National Child Protection Clearinghouse. We also have an acting research fellow at executive level 1 who is full-time at present and we have a research officer at APS 4 who is also full-time. Those staff, including me, are involved in the advisory role, writing for the publications and also undertaking research.

**Senator MOORE**—One of the key goals is to provide research and information to government. Are you able to tell us what kinds of requests you have had from government in terms of research?

**Dr Tomison**—Do you mean recently? What sort of time are you interested in?

**Senator MOORE**—The last two years.

**Dr Tomison**—Two years I would have to take on notice. We get a lot of requests for giving briefs and analyses et cetera.

**Senator MOORE**—Can you take the last two years on notice? Can you tell me about the last six months now?

**Dr Tomison**—Yes, I can tell you about some of the key ones in the last six months. I will just refer to my papers.

**Dr Sanson**—While Adam is looking for that it is probably worth noting that we do not see our role as providing policy advice as such; we see our role as providing the evidence base and trying to pull together what data is out there to guide policy makers and provide support for them in their role.

**Dr Tomison**—In terms of the major contacts we have had this year with government, from the Department of the Prime Minister and Cabinet we had a request for information and discussion in March around family violence in Indigenous communities, which involved a face-to-face meeting and also the provision of literature which we had already produced ourselves to inform their own work. We had another query from Joe Hedger, from the Department of the Prime Minister and Cabinet, who was looking at the link between the increase in incarceration rates of women and any increase in child protection orders—in other words, what happens to the children of woman put into prison. We had another query about police checks and the screening of people working with children. These queries were all in the period from March through to May.

We had a number of requests from the Department of Family and Community Services in the last couple of months in particular. Two main ones were in May. They focused on a range of issues, including: who are the perpetrators of child abuse and neglect; what is institutional or systems abuse—in other words, the abuse of children already in the care system—out-of-

home care statistics; the long-term effects of sexual abuse; early intervention approaches and how that impacts on preventing child abuse; and ways to improve the current system to prevent child abuse. We also provided broader information like background reading around child protection statistics, the psychology of child abuse and the cost-benefits of particular programs. Those are the sorts of matters we have covered.

**Senator MOORE**—In the research are there any recommendations about priority areas or key areas that need activity?

**Mr Sullivan**—I do not think the Australian Institute of Family Studies goes to that in the request of policy inputs from departments seeking to develop policy. AIFS are an extraordinarily valuable resource in that, rather than commissioning work, the clearing house is very often able to point to sources of material, collect them and put them together for departments. They do not tend to move towards making recommendations as to what policy or priorities there should be.

**Senator MOORE**—So you provide the information and allow the government departments to decide the action?

**Dr Tomison**—Yes.

**Senator MOORE**—Would it be right to say that you mainly work with FaCS?

**Dr Tomison**—That is the department we would get most of our queries from. It also varies in the state and territory departments as well, as you would expect.

**Senator MOORE**—You are available to provide information to the state governments and departments?

**Dr Tomison**—Yes.

**Senator MOORE**—So the different roles of the state and federal governments in relation to child abuse and the areas of prevention and education are something you deal with all the time.

**Dr Tomison**—Yes.

**Senator MOORE**—Is there great clarity in that working relationship?

**Dr Sullivan**—I do not think the sorts of research that AIFS does, that differing role, is clouded. We are interested in very similar material. It is the agencies and the state and the Commonwealth who then pursue that material in their respective roles. Part of the Commonwealth's contribution in respect of child protection is the provision of resourcing to AIFS to service anyone who is interested in the issue. There is no lockout. This is not a private research service for the Department of Family and Community Services or the Commonwealth government; it is available to governments at all levels and to community and interested organisations. AIFS is part of the Commonwealth's contribution to understanding and dealing with child protection issues in this country.

**Senator MOORE**—If I contacted the clearing house and said I wanted information about the various responsibilities of government levels for issues of child abuse, would that be something that the clearing house would be able to direct me towards?

**Dr Tomison**—Yes.

**Senator MOORE**—So I could do that?

**Dr Tomison**—Yes. I think we have notice of a request coming.

**Senator MOORE**—It will be coming soon. I am aware that recently the clearing house undertook a small exploratory study into issues surrounding access to child abuse prevention services. I think it was one of the ones you mentioned in the list you gave us, Dr Tomison. Are you aware of any plans to extend or further develop that particular project? Have you had any further requests along this line?

**Dr Tomison**—We have not had requests along that line. Internally, we are certainly considering where we want to go with the project next, if anywhere. At present, a publication is being developed from that study so we can disseminate it publicly.

**Senator MOORE**—Right. Then you actually feed those things through to the department. You do the study, say what the issues are and pass it on to the department for determination of further action. Is that right?

**Dr Sanson**—It is broader than that. The results of the study will again be on the web. They will come out as a printed paper as well and will be widely disseminated to all of our stakeholders. All of those people who access the web, and who are involved in the networking that Adam has been describing, would have access to that information.

**Senator MOORE**—So that is a very busy web site.

**Dr Sanson**—Yes, it is a very busy web site. It also includes email discussion lists, so there is a possibility of actual communication.

**Senator MOORE**—Are the email discussion groups that you auspice particularly well used?

**Dr Tomison**—At the moment there are between 400 and 420 members of the child protection list, including international members but mainly Australian members, as you would expect. At the moment the list is actually quite active. It comes and goes in cycles, as most lists do, but overall it is well used.

**Senator MOORE**—Do people pay to be on that list?

**Dr Tomison**—No, it is a free list.

**Senator MOORE**—So anyone who is interested in this particular issue—with normal provisions about what they are doing there—can engage with other people through your area?

**Dr Tomison**—Yes. All they have to do is go to the web site and sign on. Once they are signed on, they receive the emails that are being sent and can then contribute if they wish—provided the messages are appropriate, obviously.

**Senator MOORE**—Do you ever have any problems with people misusing that process?

**Dr Tomison**—The process, no; the actual emails, the contributions, yes. That is why the list is actually moderated by me or by my research staff.

**Senator MOORE**—It is part of your function to moderate that?

**Dr Tomison**—Yes.

**Senator MOORE**—I imagine it would be a very important role to ensure that it is working well.

**Dr Tomison**—It is. We have, obviously, engaged with our stakeholders, the members, to make sure they are aware of why we are moderating. Basically, what happens if it is not a moderated list is that inappropriate emails are sent. Some are off the topic and have nothing to do with child abuse and some, basically, start fights. It is a matter of making sure we have a constructive list rather than a destructive list.

**Senator MOORE**—So fights start in the child abuse emails?

**Dr Sanson**—Yes.

**Senator MOORE**—Because people have strongly held opinions about how things should operate?

**Dr Sanson**—That is right.

**Senator MOORE**—Thank you. I will get back to you with that request about the various levels. I have questions about two more subheadings and then I will put the other questions on notice. The two subheadings cover information about the non-parental child-care workshop that was held earlier in the year and the ABS child-care studies. In March this year Minister Anthony hosted a closed workshop in Canberra on non-parental child care. Was that through the AIFS?

**Dr Sanson**—No, it was not. Members of the institute were invited to take part in that workshop.

**Senator MOORE**—Are you aware whether any papers were presented at that workshop? Did they come back through your clearing house?

**Dr Sanson**—No, they have not come through us at all.

**Senator MOORE**—You are not the owners of the presentation of that work, so we would have to ask somewhere else for those?

**Dr Sanson**—Indeed.

**Senator MOORE**—I know that you monitor these things closely, but does your institute do any evaluation of things like the ABS study on child care in 2002? It received a great deal of media comment. I just wondered whether as an institute you look at those things.

**Dr Sanson**—We certainly pay attention to that, but we are also engaged in our own primary research on child care. We have three major undertakings at present. One is a study looking at the match between the child's home setting and child-care setting and how that impacts on children's development. The second is a collaborative project with Charles Sturt University, Macquarie University and the New South Wales Department of Community Services, through an ARC linkage grant, looking at multiple child-care arrangements and how they impact on children over time, following children over time, to look at long-term outcomes. The third is the longitudinal study of Australian children where child care is one of the four foci that we are attending to very closely. We use the ABS data as a resource to form part of our background information about what the patterns of child care are, to inform the research that we are doing.

**Senator MOORE**—Is the AIFS work plan looking at any research on the issues of unmet child-care demand in Australia? Is that one of the research topics that you may be considering?

**Dr Sanson**—Through the longitudinal study of Australian children we are asking parents—this will involve parents of 5,000 babies and 5,000 four-year-olds—about their patterns of use and their reasons for those patterns of use of child care and also for the reasons why they are not using child care. So that will probably shed some light on that.

**Senator MOORE**—Specific areas of demand and so on are not things that you are looking at?

**Dr Sanson**—Not explicitly, but parents will be given an opportunity to tell us the reasons—accessibility, affordability or whatever—why they are not using child care. So it will indeed provide information.

**Senator MOORE**—It is part of your other studies. It actually links in with the very clearly defined longitudinal study of children.

**Dr Sanson**—That is right. That is a very broadly focused study and this will be one of the many questions that it will be able to address.

**Senator MOORE**—Thank you. The questions that we will be putting on notice relate to future areas of research—there are a number of questions about that—the child wellbeing and family stress issue, the fertility and decision making project, and the longitudinal study of Australian children.

**CHAIR**—Thank you to the officers from AIFS.

[2.59 p.m.]

**CHAIR**—Are there any comments on outcome 2.2, Community support?

**Senator ALLISON**—I understand that under this program we can discuss the Ministerial Council on Gambling. Is that your understanding?

**Senator Vanstone**—No. It is all with PM&C!

**Senator ALLISON**—That is not my understanding. We did call PM&C.

**Senator Vanstone**—I am joking because you went through that and the last comment you made was, ‘So long as you don’t tell me it is all with PM&C.’ So I thought I would try that on.

**Senator ALLISON**—You have a better memory than I.

**Senator Vanstone**—Yes.

**Senator ALLISON**—Can I ask why it has landed in housing?

**Senator Vanstone**—It is not in housing; it is in community services.

**Senator ALLISON**—So the fact that it is in the housing program here—

**Mr Sullivan**—It is quite a long program. It includes homelessness, gambling—

**Ms Smart**—It is in 2.2.

**Mr Sullivan**—It is in community.



**Senator ALLISON**—When did the council last meet?

**Senator Vanstone**—It has not met for a while—I think in 2001.

**Ms Smart**—It was 11 September 2001.

**Senator ABETZ**—That was the third meeting?

**Ms Smart**—That is correct.

**Senator ALLISON**—Are they not supposed to be every six months?

**Senator Vanstone**—We were planning to have much more regular meetings than we have had. We have been trying at a Commonwealth level to get a national strategy on gambling. We set up a national advisory body on gambling in the optimistic belief that the interested parties—who are basically the community sector representatives and the industry representatives—would of course recognise that this was a sensible thing to do. It is an issue in each of the states, to a lesser degree in some than in others. It is to a lesser degree in Western Australia, for example, where they do not have pokies outside casinos.

**Senator ALLISON**—Are you saying that you have abandoned the idea of the ministerial council?

**Senator Vanstone**—No. There is a bit of a story.

**Senator ALLISON**—It is nearly two years since it has met.

**Senator Vanstone**—Yes. I thought we were making very good progress in that respect. You understand these people are diametrically opposed in their views.

**Senator ALLISON**—By ‘these people’ do you mean state governments?

**Senator Vanstone**—No, I mean the advisory group that I am referring to. I think it is fair to say that at some point the goodwill between them was lost and the meetings became less and less effective. I did hear from various sources that some members of the group had a brief to simply stall off the national strategy. It is not for me to make judgments, but it is fair to say—looking at it from the outside, trying not to interfere and to let them work together—that there have been problems on all sides. I can understand how industry people feel that some community representatives want too much in the way of regulation and adjustment and I can understand how some of those community people feel that the industry is not prepared to accept sufficient responsibility. It got to the point last year where I thought, ‘Clearly they have had plenty of time to do this. What we will do is put to them a document that embodies all of the suggestions that have been put forward and we’ll ask each of them to mark on it what their specific problems are.’ We have done that and there is a way to go in bringing them together. I spoke to the Hotels Association in the last couple of weeks—I can get the date for you if you wish, although I do not know that that is relevant—and they expressed a willingness to work together to try to resolve this and form a national strategy.

Obviously—in my view, anyway—a national strategy should not go into the detail that each of the states might want to go into. They have responsibility in the area and it should set broader guidelines than that. Certainly, it is not worth having a national strategy if you are proposing less effort than the states are prepared to put in. We are in the process of bringing that together and resolving which pieces of advice are the best ones to take. I would have

hoped that you could get the community groups and the industry together and they could agree, but it is apparent to me that that is not going to happen. It is going to require the Commonwealth to make a decision about what it thinks is best and argue that case. That is the point at which I will call the ministers back together. I will probably send them something in advance of that—you know how pointless it is to have meetings when you get the papers the day before—and invite them to comment on what they think.

But of course there are research funds associated with this and activities which are under way as well, which I think the officers can give you some advice on. But I think, for the council to meet, it needs something to do, and the next thing, in my view, it needs to do is to settle on a strategy. We have had real trouble; it was harder than I ever imagined to be between the industry groups and the community groups in this event. The chairman of that committee is Tony Ayers, the former Secretary of the Department of Defence. He has done a number of tasks in a chairman-like, review-like role since he finished being Secretary to the Department of Defence, and I think he has done very well. I have never had any complaints about him as a chairman, nor have I had any complaints from any of the participants; I simply mention that to indicate that I do not think that has not come together because there has been inadequate chairing. I am sure that is not the case. I think Tony is a very good chairman. I think the problem is that parties have, in one way or another, fallen into respective corners and are unwilling to come back together.

**Senator ALLISON**—In the September meeting of the Ministerial Council on Gambling, did the states agree to this process where the advisory body would essentially be handed the job and told to come back with a solution?

**Senator Vanstone**—That is not quite how it worked. They actually did not want a national strategy, as I remember. The officers can correct me if I am wrong, but that is my recollection of it.

**Ms Smart**—I was not at the meeting, so I am not aware of the states' position.

**Senator VANSTONE**—I will take that on notice, but it is my recollection that that was not an issue. It might have been discussed at that meeting, but in the preliminaries to us setting up this group there were a number of states that though it was not necessary. The states, as I say, have nearly all the legislative levers here. I am pleased to see that some of them have made some changes in the last year—not all of them have done so at the same level as others. It is the same old story. Let me put it this way: the states want the Commonwealth to take a lead role if that means giving them money, and they do not want the Commonwealth to take a lead role if it means the Commonwealth trying to bang heads together and get a sensible social outcome.

**Mr Sullivan**—I think state ministers did agree with the need for national definitions. They could agree that—

**Senator ALLISON**—Definitions? You want definitions?

**Mr Sullivan**—Yes—for example, a definition of what a 'problem gambler' is. And they wanted to see some consistent data collection. They agreed that there was a national role there. They certainly saw that there was—

**Senator ALLISON**—Mr Sullivan, I will interrupt you there, if I may, because I will come to that in a moment. I am interested in this process where we shift from every six months having a meeting of the Ministerial Council on Gambling—which seemed to be going okay, from what I could gather from the announcements after those meetings on the web site—to then—

**Senator Vanstone**—Some meetings were better than others.

**Senator ALLISON**—I am sure they were. If I were to ask the states, would they tell the committee that they saw no point in meeting any more with you? What would be the view? I am just interested. It is almost two years since there was a meeting.

**Senator Vanstone**—I do not have a view that any of the states are unwilling to meet. If they are, they certainly have not told me. In fact, quite the opposite—

**Senator ALLISON**—So you decided to go through this other process before you have another meeting? Is that right?

**Senator Vanstone**—No. Let me finish answering your earlier question. We did decide that it would be ideal to have a national gambling strategy and that it would be best to have that in place to discuss at the next meeting. We did not envisage how long that would take. I have had a couple of letters—they might have been from the same minister or, otherwise, from a couple of ministers—asking to have another meeting, but I do not recall, and I will check for you, whether they had any matters of substance they wanted to discuss. The officers might be able to help there. We will take on notice whether any of them did have specific issues they wanted to raise.

**Senator ALLISON**—So you are suggesting that there were no issues remaining from either the objectives that brought the council together or the previous agenda?

**Senator Vanstone**—No, I am not going that far. I am simply saying that the key thing I perceived that needed to be done was the development of this strategy. You cannot draw further inferences from that.

**Senator ALLISON**—I think it was a Commonwealth initiative to set up a program managed through the Australian Gambling Research Secretariat in Victoria. Is the research still going?

**Senator Vanstone**—The officers might have some information on what is happening there.

**Ms Smart**—The ministers agreed, in September 2001, to establish a research program—

**Senator ALLISON**—Yes, I know that.

**Ms Smart**—The Commonwealth has been working with the states and territories to develop a memorandum of understanding for the commitment of funds and the progress of that research. It has taken quite some time to get agreement from all parties. We think that we are pretty close to getting that agreement.

**Senator ALLISON**—Does the MOU spell out what research will be done or just the way will be done?

**Ms Smart**—The MOU spells out the conditions around which specific projects will be set up and agreed under the five key priority areas agreed by the ministerial council.

**Senator ALLISON**—So that has taken three years and it is still not sorted?

**Ms Smart**—No, that came out of the September 2001 meeting.

**Senator ALLISON**—Two years, then?

**Ms Smart**—Yes.

**Senator ALLISON**—Does it still just have the one employee?

**Ms Smart**—The research secretariat has not actually been established, because the MOU has not been finalised.

**Senator ALLISON**—So it does not have any employees?

**Ms Smart**—However, in terms of resourcing from the Victorian government, we would have to find out about that from them. Because of the delays in getting that MOU sorted, the Commonwealth did commit its funds last financial year in a bilateral agreement with the Victorian government. We were showing our commitment and trying to get some of the research progressed.

**Senator ALLISON**—But that funding was not spent and it is now in the budget for the next financial year—is that correct?

**Ms Smart**—The funds that we committed—

**Mr Sullivan**—The funds were spent—they were committed by the Commonwealth.

**Senator ALLISON**—I suppose it took a lot of money to write the MOU, did it?

**Mr Sullivan**—No, there is a separate process. An MOU was required between each of the states and the Commonwealth to implement it. The Commonwealth, realising that the commitment from the states that was required to get to the point of setting up a Commonwealth-state secretariat was not going to happen, committed its funds to research in conjunction with the Victorian government through a bilateral agreement with the Victorian government. Those funds were committed to research.

**Senator ALLISON**—So what was the money spent on?

**Senator Vanstone**—Research.

**Ms Smart**—The funds have been committed to the research secretariat. Because of the absence of the MOU and the ongoing discussions about specific research projects, and in light of the fact that the MOU has not been finalised, none of those projects have commenced. But the Commonwealth has committed and provided the funding to Victoria, which is in the trust fund, as I understand. So that the funds will still be available.

**Senator ALLISON**—So the money has been committed but not spent? It is in a trust fund somewhere?

**Ms Smart**—That is correct, as far as I understand it.

**Senator ALLISON**—Is there further money in next year's budget for this research or not?

**Ms Smart**—The Commonwealth committed \$2 million to research over four years or \$300,000 in four years commencing last financial year. So, for the next two financial years after this year, there are funds committed to research on gambling of \$500,000 per year.

**Senator ALLISON**—Has a decision been made, or is it part of the MOU, on who does the research? Will it be contracted out?

**Ms Smart**—It is most likely that the research will be contracted out.

**Senator ALLISON**—Once the secretariat is established, how many employees do you expect it to have?

**Ms Smart**—I am not aware that we have entered into any agreement on the number of employees, but I will take that on notice.

**Senator ALLISON**—In July 2001, Minister Kemp announced that there would be a task force to develop effective education strategies for schoolchildren to prevent problem gambling. Can you advise what the status of that is, or is that one I have to ask Dr Kemp about?

**Ms Smart**—That project is being dealt with through the Ministerial Council on Education, Employment, Training and Youth Affairs.

**Senator ALLISON**—And what is its status?

**Ms Smart**—I am not aware of its status, but I can take that on notice.

**Mr Sullivan**—It would be Dr Nelson's—

**Senator ALLISON**—In April 2001, the council agreed to a National Strategic Framework on Problem Gambling. We have already talked about that. I presume the framework has not yet been developed?

**Mr Sullivan**—I am not what sure the framework is. The council did agree to five priority areas for the effort. Is that a framework?

**Senator ALLISON**—That is what it was called, according to the web site.

**Mr Sullivan**—What is the framework? I do not think there is any record of an agreed framework.

**Senator ALLISON**—Council agreed to a national strategic framework on problem gambling and they agreed to a number of priorities which I will run through:

Feasibility and consequences of changes to gaming machine operation such as pre-commitment—

**Senator Vanstone**—If that is a framework, they are the research priorities.

**Senator ALLISON**—They are the research priorities. I see, but none of those have been started as yet because of MOUs and the rest. Is that right? In terms of those priorities, I was just looking at the original COAG communique, which included all of those, but it also included:

... the disclosure of the chances of winning the major prize in all forms of gambling; the payment of casino gaming machine winnings over a certain limit by cheque ... and reviewing the impact of ... machine linked jackpots on problem gambling ...

Why were these not identified as priorities? Or it is the case that they do not need research, because we already know what to do?

**Senator Vanstone**—Where did you get that list from?

**Senator ALLISON**—This is the communique of November 2000. It must be the first COAG meeting on this matter.

**Ms Smart**—A number of the things that you referred to from the COAG communique are in fact state and territory regulatory requirements—

**Senator ALLISON**—I am aware of that.

**Ms Smart**—and they are being focused on. There is a quarterly meeting of the state and territory regulators which FaCS also attends and they are working on sharing of information and progressing a range of issues.

**Senator ALLISON**—So how much progress has been made on those three points?

**Ms Smart**—Could you repeat them.

**Senator ALLISON**—Do you want me to go through them again?

**Ms Smart**—Yes, please.

**Senator ALLISON**—They are:

... disclosure of the chances of winning the major prize in all forms of gambling; the payment of casino gaming machine winnings over a certain limit by cheque ... and reviewing the impact of ... machine linked jackpots on problem gambling ...

I would have thought that that last point is one that the Commonwealth does have some jurisdiction over, being linked to telecommunications. I do not know whether any work has been done on that with the minister for telecommunications.

**Senator Vanstone**—I will speak to the minister. There were some issues associated with that some time ago. I would have to refresh my memory, Senator, to make sure I give you the proper answer.

**Ms Smart**—In terms of information regarding chances of winning, all jurisdictions have introduced some key measures relating to informed choice, requiring venues to provide information to enable reasonable understanding of the odds, and to address false preconceptions of how games work. Warnings about gambling are compulsory in New South Wales and various warnings are required in clubs and hotels in the ACT. Other jurisdictions have voluntary codes of practice in place that pick up on some of those things. Information about pricing—

**Senator ALLISON**—So how many states would actually have that disclosure—the chances of winning a major prize—as opposed to whatever the states are doing? I am aware that there is some level of disclosure of some of the odds, but on that point in particular.

**Ms Smart**—I would have to take that specific question on notice.

**Senator ALLISON**—The payment by cheque of casino machine winnings over a certain limit?

**Ms Smart**—Again, different jurisdictions have different requirements. We would have to give you the specific details for each jurisdiction on notice.

**Senator ALLISON**—As far as you know, do any require payment by cheque?

**Ms Smart**—I believe that most jurisdictions have in place a requirement that winnings over a certain amount are paid by cheque. Some of those may be voluntary requirements and others may be compulsory.

**Senator ALLISON**—It would be good to get a schedule of what has been agreed to. Minister, you will take on board that last point. Is it on the agenda for the states as well—the machine linked jackpots?

**Ms Smart**—I am not aware of any regulatory arrangements around machine linked jackpots, but we can investigate that through the regulators.

**Senator ALLISON**—I think that the proposal was that they be banned.

**Ms Smart**—As far as I am aware, they are not banned.

**Senator ALLISON**—I realise they are not banned. But has it been discussed and agreed that they will not be banned?

**Mr Sullivan**—I am not aware of any agreement either way.

**Ms Smart**—No, I am not aware of any agreement either.

**Senator ALLISON**—It would be useful if that could be advised as well. According to the web site, the Commonwealth is taking the lead in consulting financial institutions on best practice restrictions on ATMs and credit in gambling venues. Can you advise the outcomes of discussions with financial institutions, Minister?

**Ms Smart**—Commonwealth officers undertook some discussions with financial institutions. Following those discussions, it was decided to undertake independent research into ATM and EFTPOS machine capabilities. This was contracted to KPMG Australia. That work commenced in June 2002 and the final report was received towards the end of last year. The recommendations and outcomes of that report are under consideration.

**Senator ALLISON**—Minister, can you enlighten us on the progress there in government?

**Senator Vanstone**—No. I would have to have a look at it and see if I can give you, on notice, a date.

**Senator ALLISON**—Your web site might need adjusting. It says that this will be available by 1 December 2001. That is already 18 months out of date, so you might need to fix that.

**Senator Vanstone**—I am sure someone listening will attend to that promptly.

**Senator ALLISON**—According to the minutes, the council asked officials to examine the provision of gaming machine generated information for players and the feasibility of a national approach to training of gaming venue staff in responsible gambling. What was the outcome of that examination?

**Ms Smart**—They are some of the issues that have been looked at in the national strategy. As the minister has already indicated, they were some of the things that there was not total agreement on between the people involved.

**Senator ALLISON**—This does not suggest we are looking for agreement. It is asking for an examination. Is that one of the things that was given to the advisory body?

**Senator Vanstone**—They were looking at a whole range of things. Part of what we thought would be a better approach—and I still think it would be, if only it had worked—was that the community sector representatives sit down with industry and work out what their common interest is. I know some people just want all gambling stopped and some industry people want to be able to do whatever they like. But the realistic ones understand that there is some interest there, and that is where we, if you like, have temporarily come asunder, because they just—

**Senator ALLISON**—Some might say that was inevitable.

**Senator Vanstone**—I think we took some hope from one of the Prime Minister's business and community partnerships, a most extraordinary partnership, which won an award. It was between a group of churches in South Australia—not the South Australian Council of Churches—and the Hotels Association, which of course has the main interest because it is the pokies outside of casinos that many people perceive to be the problem. They got together and worked together very well to advise the South Australian government on what to do, recognising that they could war with each other as long as they liked but that to get something they could all live with would require them to sit down together. We gave them an award for the tremendous job they did.

**Senator ALLISON**—Why didn't you ask the two groups to come up with their recommendations and then decide?

**Senator Vanstone**—In effect, that is what they were asked to do.

**Senator ALLISON**—I do not mean for them to sort it out amongst themselves. I mean for you to decide, based upon separate groups of recommendations.

**Senator Vanstone**—Yes. That is the position we are now in. They have had the opportunity to work it out together—

**Senator ALLISON**—And that has failed.

**Senator Vanstone**—like the churches and the Hotels Association did in South Australia. They have had that opportunity. Let me make this clear: I do not regard that opportunity as having passed. But the time for leaving it up to them—

**Senator ALLISON**—is over.

**Senator Vanstone**—and the time for saying 'You can have a bit more time' is over. I will be taking a very close interest in it. If they want to get back in on it, we would welcome that. It is not a case of saying 'You've had your chance, and you're out'—not at all. We very much want them to still have input, but it looks like it is not going to be by agreement.

**Senator ALLISON**—Who are the members of that body now? Are they still meeting on a regular basis?

**Senator Vanstone**—No. They had a delay in some meetings. There was a meeting late last year and the chairman was not well. That is the point at which I said there was no point in them meeting again until I have a good look at this and resolve to go back to them with something they have to argue for or against.

**Senator ALLISON**—Could we have a list of the members and who they represent?



**Ms Smart**—Tony Ayers is the chair. The members are Tim Costello—

**Senator ALLISON**—I understand he resigned last year.

**Ms Smart**—No, he did not.

**Senator Vanstone**—No, he just intermittently threatens to resign, before or after meeting, whether he has been at the full meeting or not.

**Senator ALLISON**—What do you have to do to resign?

**Senator Vanstone**—You actually have to resign and lose your opportunity to comment on the fact that you are going to resign.

**Ms Smart**—Other members are Chris Jones from Tasmania—

**Senator ALLISON**—Representing?

**Ms Smart**—The members of the body do not represent individual groups.

**Senator ALLISON**—Who does Chris Jones work for or is associated with that leads him or her to be an expert in gambling?

**Ms Smart**—Chris Jones works with Anglicare in Tasmania. Dianne Gibson works with Relationships Australia and AFS. Peter Grabosky is an academic representative—I understand he is at the ANU.

**Senator ALLISON**—In what field?

**Ms Smart**—He is involved in various research but he has a particular interest in research into gambling.

**Senator Vanstone**—It is the Grabosky that used to be at the Institute of Criminology.

**Ms Smart**—Richard Mulcahy, from the Australian Hotels Association. Mary Marquass, who I believe she is associated with Clubs Australia.

**Senator ALLISON**—She works for Jupiters, doesn't she?

**Ms Smart**—She did. I think she may have resigned from there recently but I would have to confirm that.

**Senator Vanstone**—There was a point at which some people on the committee wanted one of the members, I think it was her, scrubbed out because she had accepted employment with a casino. But the skills she had that encouraged her to be on there as a community representative she did not lose simply because she went to work with the industry. And at that point the committee was so far down the track that I did not think it was appropriate to change the membership. I think that when someone has put in quite a bit of work at meetings that have been very difficult, to say to them: 'We no longer want your advice and assistance simply because you have changed employment,' is neither gracious nor sensible.

**Ms Smart**—The three other members are Grant Bowie, Warren Wilson and Vicki Flannery, who are all associated with the gambling industry. Their specific employers or associations I would have to take on notice.

**Senator ALLISON**—In terms of the 'fors' and 'againsts', if that is how it has come down, the industry would have the numbers, would they not?

**Mr Sullivan**—I think it was created with four community, four industry and one academic, and one community turned into an industry.

**Senator ALLISON**—Yes, and stuffed up the numbers.

**Mr Sullivan**—These things seem to happen in these numbers games!

**Senator Vanstone**—It is ‘turned into an industry’ in the sense of ‘had industry employment’.

**Senator ALLISON**—Do they tend to vote on issues? Is the question of numbers significant?

**Ms Smart**—To my knowledge they have not have a vote as such within the meetings.

**Senator ALLISON**—Mr Costello said the body was stacked with gambling industry appointees and did little more than foreshadow more research. He said there is ‘little point in my being there—every time I bring up an issue the gaming sector members just raise their eyebrows’.

**Senator Vanstone**—You are telling me what Mr Costello said and I am not sure what you are asking me.

**Senator ALLISON**—I am telling you what he was reported as saying. I am just wondering whether that gave you any concern in terms of the membership, whether subsequently there was a decision to alter it at all. Are you still quite happy with the make-up of it?

**Senator Vanstone**—Mr Costello said a few other things. He said it was inappropriate that I was the minister responsible for this area because I was very keen on horseracing and went to the races regularly.

**Senator ALLISON**—That is not what I asked you.

**Senator Vanstone**—I know, but you have asked me to comment on some remarks of Mr Costello.

**Senator ALLISON**—No, I haven’t; I have asked you to comment on the make-up of the committee in light of those comments.

**Senator Vanstone**—Yes, in light of his comments. If you will bear with me, I am answering your question. What I am saying is relevant. I go to the races once a year maybe, and I made this clear to Mr Costello subsequent to these remarks—I think he even quoted me as saying, ‘I love going to the races,’ or something—which he happily had on the front page of the paper and did lots of interviews on. He subsequently rang and apologised and said he must have got it wrong.

**Senator ALLISON**—About you only going to one race and not going to lots?

**Senator Vanstone**—No. That he must have got it wrong—perhaps I am not someone who is terribly interested in horseracing and therefore maybe he was wrong to say that it was inappropriate for me to be handling this manner. I raise that because I note Mr Costello did not put out a release indicating that he subsequently realised his remarks were incorrect. Having told you that, you will understand that Mr Costello is very committed to antigambling. I expect him to make strong remarks that are opposed to the views of industry being listened

to. However, I want to make it very clear that we are very concerned about problem gambling but we are not opposed to all gambling. It is not a sensible thing to try and work out a strategy on problem gambling and not listen to the industry.

**Senator ALLISON**—Since you have raised the question of priorities and deep commitments, how would you characterise your commitment to the gambling problems of this country?

**Senator Vanstone**—I do not think that is relevant.

**Senator ALLISON**—You have raised it.

**Senator Vanstone**—No, I haven't; I have raised Mr Costello's depth of passion in this area and the degree to which it might lead him on occasions to make misstatements, which he does not correct.

**Senator ALLISON**—The reason you raised it was that he questioned your commitment to—

**Senator Vanstone**—No, you have misunderstood why I raised it. He made those remarks, but I raised this because he made some statements that were incorrect and subsequently did not bother to correct them. That was the point I was making.

**Senator ALLISON**—What was not correct—that you had been to the races much? As I understand it, the point was your commitment. So was that correct?

**Senator Vanstone**—About what he said?

**Senator ALLISON**—What he said.

**Senator Vanstone**—No.

**Senator ALLISON**—So you are very committed, a bit committed, to problem gambling—

**Senator Vanstone**—We can engage in a game. I feel very strongly about problem gambling; I see a whole variety of consequences from it that the Commonwealth is trying to deal with, particularly in how it relates to children. But I do recognise that this is largely an area of state legislative responsibility. Believe me, I realise with crystal clarity the degree to which there are widely differing views on this.

**Senator ALLISON**—But you would have to at least agree that since the Productivity Commission findings in December 1999, about which the Prime Minister expressed great concern, really nothing much has happened.

**Senator Vanstone**—You can phrase it that way if you like. I think people have been in good faith trying to come together but have not been able to. I do not attribute bad faith to these people. I think they are just very committed to their own views and have not been able to get over that to come to agreement. Those people, who have had some very difficult meetings but still come to them and worked at things—

**Senator ALLISON**—Some would say that you set them an impossible task, but we will not go down that path again.

**Senator Vanstone**—Can I just finish my sentence. They would find your remarks about nothing much having happened a bit dismissive. What has happened is that a lot of people

have tried very hard over a long period of time to come to agreement. I do not dismiss their effort at all. I think they have worked very hard. It is sometimes the case that, try as they may, people in a whole variety of areas can work very hard and not come to agreement. I do not dismiss their effort at all. A lot of effort has been put in by these people. It is just that they have not been able to come to agreement.

**Senator ALLISON**—I do not diminish their effort, but a lot of these people have a vested interest in seeing no change. It is hard to imagine that overall, given the makeup of the committee, there is a lot of commitment to problem gambling. You obviously disagree.

**Senator FORSHAW**—In terms of the broad group of people and organisations that you have been referring to, does it extend to including people from the state and federal treasuries, because of the ultimate impact on state and federal finances? You can have all the groups from social welfare and the industry and churches and so on, but I am interested in knowing if treasury-type officials and so on are involved at some point in time or take an interest.

**Senator Vanstone**—The degree to which they are involved behind the community services ministers is a matter which you would have to ask the states about. If you are interested—or you might be able to get it off a web site anyway—I would be happy to send around some information that we prepared on state taxes and charges and how they impact on people. In particular, you will see in there a tremendous rise in revenues to each of the states, much more from some states than others. It is not a political statement—

**Senator FORSHAW**—That is why I asked the question, Minister—

**Senator Vanstone**—I thought you asked it because you were generally interested, not simply because it was political.

**Senator FORSHAW**—No, not at all.

**Senator Vanstone**—I am just making the point that it is a question of the states becoming more and more dependent on this sort of revenue. You are quite right. If you are expressing the view that the state treasuries are not keen to see a clamping down in this area, then I am prepared to agree with that view.

**Senator FORSHAW**—I was not expressing a view, but obviously I was looking at the—

**Senator Vanstone**—You were wondering whether that was the case.

**Senator FORSHAW**—I was looking at the point that you can have industry and groups such as churches and other groups that, as we all know, are interested in trying to do something about the problem of gambling. I was then thinking that at the end of the day we also know that there is this whole impact on finances—

**Senator Vanstone**—Absolutely.

**Senator FORSHAW**—and if they are not at some point in time engaged in the debate then—

**Mr Sullivan**—There are several groups working on it. There is the ministerial council, which is made up of community services ministers. There is an officials group behind them of community services officials. There is another officials group which involves gambling regulatory authorities, including treasuries, from the states.

**Senator ALLISON**—How often do they meet?

**Ms Smart**—I would like to correct something. The Ministerial Council on Gambling involves the various ministers for racing and gaming from the states and territories and also the chair of the Community Services Ministers Council. The regulators' group meets each quarter to discuss issues regarding the regulatory frameworks in the states and territories. The advisory committee to the Community Services Ministers Council has also established a problem gambling working party.

**Senator ALLISON**—How often does that meet?

**Ms Smart**—I would have to check, but I think that group meets close to quarterly as well. Some of the work that they are doing relates to standards for problem gambling, counselling services and data collection on problem gambling counselling services. Those groups have continued to meet over the past year in which I have been involved in this.

**Senator ALLISON**—When the Productivity Commission report came out, Minister, the Prime Minister said, I think, that gambling in this country had gone far enough, with \$3 billion in losses annually at that time. Over three years, from 1997-98 to 2001, we have had an increase in gambling of 21 per cent over three years; in just the two years after the Productivity Commission report we have had an extra 10,000 gaming machines—poker machines—installed; income from poker machines in pubs increased by 64 per cent in that time; takings from poker machines increased 39 per cent; the number of poker machines increased overall by 19 per cent; net takings increased by 26 per cent; and government revenue from gambling increased in the two years to 1999-2000, in real terms, from \$3.9 billion to \$4.3 billion. The scene since the Productivity Commission report has not even been maintained at the level that the Prime Minister was concerned about. Are you concerned about those statistics?

**Senator Vanstone**—Of course I am. I would hope the states are concerned too. As I am sure you would understand, saving and except for the one area that you referred to—and possibly another one—this is a matter for the states. The Commonwealth does not run poker machines. The Commonwealth does not agree when states put more in. The Commonwealth does not run the state budgets. The Commonwealth does not settle how much comes out of poker machines. This is fundamentally a state problem.

**Senator ALLISON**—So why is it not on the table? Why aren't you calling meetings of the Ministerial Council on Gambling and putting these matters on the table?

**Senator Vanstone**—Senator, you have asked that question. I think we will have a meeting soon because, as I indicated to you, we concluded late last year that the method we had chosen was not going to be effective; they were not going to come back together—even if they do come back together, they are not going to be able to bring themselves to agree—and the Commonwealth would have to make a decision, probably in consultation with the states, and argue the case with both of these groups.

**Senator ALLISON**—Has the Prime Minister asked you to report to him on the progress of his initiative?

**Senator Vanstone**—No. I have spoken to the Prime Minister about this, quite recently, actually, but I would not expect other than that.

**Senator ALLISON**—So it does not regularly come up in cabinet meetings?

**Senator Vanstone**—No. I should not have answered that, should I? What comes up in cabinet meetings is none of your business. I am not giving any detail, am I?

**Senator ALLISON**—There is no progress to report, anyway, to the Prime Minister, so I guess it did not happen. Thanks, Chair.

**Senator Vanstone**—What I would like to know—I hope you can find it out for me—is whether it comes up at state cabinet meetings. Does it come up in the governments that have responsibility for this?

**Senator ALLISON**—Minister, I wish I knew. If I were at your Ministerial Council on Gambling meetings, I would be asking that question.

[3.43 p.m.]

**CHAIR**—Thank you to the officers for housing, gambling and everything else. We move to output group 2.2. Senator Allison, do you have something on this?

**Senator ALLISON**—Yes. Do we have someone able to speak about the Prime Minister's Community Business Partnership? In 2000-01, according to the annual report, \$2.868 million was spent. Could we have some idea what was actually done with that money?

**Ms Powell**—Most of that money, I think, would have been paid to the secretariat that was providing the services to that council at the time. It would have been used to pay for a range of the activities that they were undertaking. There would also have been funds spent on the Prime Minister's awards for community business partnership; it would have formed part of that. They would be roughly the main areas of expenditure.

**Senator ALLISON**—What was the fund set up for, in the first place, other than what you have just indicated—the secretariat and the awards?

**Ms Powell**—The Prime Minister's Community Business Partnership is engaged in a range of things including developing a triple bottom line framework for Australia. There is quite a significant amount of work going on at the moment in developing guidelines for reporting social indicators in that area. They are looking at a range of communication and education activities, for all sorts of organisations, to increase their awareness of issues around corporate social responsibility. Educational materials are produced. There are the Prime Minister's annual awards for community business partnership, and a range of tax reforms has been undertaken.

**Senator ALLISON**—Then it has plenty of jobs to do.

**Ms Powell**—Yes.

**Senator ALLISON**—Why was it then, according to the 2001-02 annual report, only \$1.8 million was spent out of the projected \$5.7 million? In other words, why was \$4 million not spent?

**Mr Sullivan**—As I remember it, when the Prime Minister's Community Business Partnership was created, an external secretariat was created to support the partnership.

**Senator ALLISON**—We have already heard about that.

**Ms Powell**—Those secretariat services were transferred to the department around July last year.

**Senator ALLISON**—No, I am talking about 2001-02, not last year.

**Mr Sullivan**—So we are going back three years are we? We are talking about 2003-04 estimates here, but you want to go back two years ago.

**Senator ALLISON**—It is not urgent, so maybe you can take that on notice. I notice that in this budget, if this is more familiar to you, that only \$1.36 million was forward allocated for the program.

**Ms Powell**—For the 2002-03 year or 2003-04?

**Senator ALLISON**—For 2002-03. Is that correct?

**Mr Higgins**—Yes, that is correct. That is simply the way the money was profiled in the budget.

**Senator ALLISON**—Is there some reason for it being at such a low level?

**Ms Powell**—There are significantly more funds in 2003-04 .

**Senator ALLISON**—Are we going to have the same situation—will you have trouble spending that as well?

**Ms Powell**—The partnership has actually been working very actively over the last 12 months in developing its work plan. At its last meeting it reached a range of agreements around the sorts of activities that I have just outlined; they will be beginning to roll from now.

**Senator ALLISON**—Will the money that was not spent be brought forward and dealt with under the current financial year?

**Ms Powell**—The money that was not spent in 2000-01?

**Senator ALLISON**—In 2000-01, 2001-02 and 2002-03.

**Ms Powell**—I could not tell you whether that was rolled over, but it could well have gone back to the budget; that would be my expectation.

**Senator ALLISON**—Perhaps you could let us know about that. I would like to go to the question of concession cards. Money is made available in the budget for extension of concession cards. I understand these go to people as part of the policy to keep people out of the poverty trap—if they start employment or their situation changes, their concession card eligibility continues. Can you just explain what precisely the concession cards entitle the cardholders to?

**Mr Dolan**—There are three types of Commonwealth concession cards. The first is a pensioner concession card. It is provided to pensioners mainly—for example, age pensioners and people on disability support pension.

**Senator ALLISON**—I am not asking who; I am asking what concessions.

**Mr Dolan**—Yes, I was about to get onto that, but I thought I would give you an indication of the sorts of people entitled to each card and the concessions that those cards entitle them to. Holders of the pensioner concession card are able to access subsidised pharmaceuticals through the Pharmaceutical Benefits Scheme. They are able to access some core state concessions—for example, concessions on transport, utilities, rates and car registration. They are also entitled to some discounts on hearing and subsidised concessional travel on the Great Southern Rail. State governments and private providers also provide some discounts to holders of a pensioner concession card.

The other type of Commonwealth card that is provided to people is called a health care card, which is provided primarily to people on allowances, such as the newstart allowance. It provides people access to the Pharmaceutical Benefits Scheme. That is the basic concession, and those on sickness allowance have access to subsidised hearing. But people on the health care card do not have access to the core state concessions of subsidised utilities and subsidised car registration.

The third card is a Commonwealth seniors health card, which is provided to people of age pension age who are not in receipt of the age pension but have income of less than \$50,000 a year for a single and \$80,000 a year for a couple—the self-funded retiree group. Holders of Commonwealth seniors health cards have access to subsidised pharmaceuticals under the Pharmaceutical Benefits Scheme, to subsidised rail travel on the Great Southern Rail and to a telephone allowance. As you would be aware, there was a budget measure a couple of years ago to extend some of the core concessions to this group, and those negotiations are continuing on that, as the budget papers indicate.

**Senator ALLISON**—Would those negotiations include a reimbursement of some—

**Mr Dolan**—In respect of the Commonwealth seniors health card, those negotiations are about extending to those cardholders the core state concessions that are available to holders of pensioner concession cards, which currently include utility discounts, such as discounts on electricity.

**Senator ALLISON**—I understand that, but does the Commonwealth subsidise the states for providing that concession?

**Mr Dolan**—Yes. The Commonwealth through a specific purpose payment provides the states with some funding for the cost of those core concessions.

**Senator ALLISON**—But not all of them?

**Mr Dolan**—No, not all of them.

**Senator ALLISON**—What is the split?

**Mr Dolan**—The Commonwealth provides a \$180 million specific purpose payment, which is shown under outcome 2 in the budget statement under 'Compensation for extension of fringe benefits to pensioners and older long-term allowees'. It is actually \$178 million, to be more precise. The cost to the states is about—

**Ms Flanagan**—It is very hard to calculate the state contribution because it depends on each state and what they are willing to provide under the agreement.



**Senator ALLISON**—I understand. Mr Dolan, is it possible to provide a list of how many people are on each of those cards—you can take this question on notice—and what the cost to the Commonwealth of those cards is in relation to the reimbursement to the states where there is a state subsidy involved?

**Mr Dolan**—Yes, that is possible.

**Ms Flanagan**—We have already given some of this information at the last Senate estimates hearing. We can give you an estimate of the costs saved, for example, of reimbursement of concessional pharmaceuticals because it is a Commonwealth expense and we know how to calculate that. The only other thing I would add is that there is a fourth card which is very similar to the health care card, which is called the low-income health care card. It goes to people who might not be on income support payments but have very low incomes. We will also give you an estimate of that population—the number of people who receive those cards.

**Senator ALLISON**—Will the group on that fourth card be included in the health care concession cards that are going to relate to the new Medicare proposals?

**Mr Dolan**—Yes. It is a health care card but it is accessed by people who have a low income.

**Senator ALLISON**—It would be good to get a schedule of all of that, with the numbers of persons who are on each one. It would be really useful.

**Mr Dolan**—Yes.

**Senator ALLISON**—Do you get any feedback from the states? For instance, some states might be offering concessions on those cards for public transport and some might not. What is the general acknowledgement that these are persons deserving of state concessions?

**Mr Dolan**—Could you clarify your question a little bit, please?

**Ms Flanagan**—I think we can give you an indication of the range of concessions that are provided by each state. Is that the question that you asked?

**Senator ALLISON**—No. My question is which states acknowledge the various cards by way of providing concessions on public transport and other charges. There must be some variety in the states' responses to these different cards. Do you have an overall picture? For instance, New South Wales might or might not agree to provide concessional public transport—I keep going back to that—for those people holding the low-income health concession card. That is the question.

**Mr Dolan**—In respect of the holders of pensioner concession cards, there are the core concessions provided to people, so there is a direct recognition by the states that holding the pensioner concession card entitles the holder to those concessions. Private providers too, at their own discretion, can provide benefits to holders of cards, and that can vary across the states. Are you interested in that?

**Senator ALLISON**—Yes. If you have a picture of that, it would be good to know.

**Mr Dolan**—We will see what we can provide you with.

**Senator ALLISON**—Thank you very much.

**CHAIR**—We come to output 3.2.

**Senator FORSHAW**—I would like to commence with an update of the negotiations regarding the Commonwealth, state and territory disability agreement. At the estimates in February and on earlier occasions we canvassed what was happening with the disability agreement. Can you give us an update on what you told us on those occasions?

**Senator VANSTONE**—There has been significant progress. We have signed an agreement in principle with Victoria. We have got agreement from Western Australia, South Australia and the Northern Territory. Is that it?

**Ms J. Wilson**—The Western Australian and Victorian ministers have actually signed and we are expecting South Australia to be not too far behind.

**Senator Vanstone**—But they have agreed to do so.

**Ms J. Wilson**—Yes.

**Senator Vanstone**—Queensland and New South Wales?

**Ms J. Wilson**—The Queensland budget has come down only in the last few days and I understand they are in the process of writing to you, Minister, with updated figures on growth for the agreement which would meet the criteria we have specified.

**Senator Vanstone**—Just to recap briefly, Senator, I think I indicated to you last time that the Commonwealth had no intention of budging from its view that the states should be required to outline forward agreements. We understood that on those forward estimates a letter from the Premier would do. I am very pleased that they have done that. We have got significant increases in a number of states from what they otherwise might have done. The ministers have done a great job in getting extra money, and that now means certainty, unless of course a Premier wants to back off on a letter that they have signed, which I do not think they would want to, because they know there would be a full-page ad in the paper the next day. So I feel confident that there is security of funding in this area in those states. I do not know what is happening with the Queensland area. I should mention that I am very disappointed with the offer that I understand we have got from New South Wales. I keep hearing that we are probably going to get another one. We haven't got it yet, have we?

**Ms J. Wilson**—No.

**Senator Vanstone**—The offer from New South Wales was an increase of just over one per cent. Perhaps, Ms Wilson, you would outline the problem with the New South Wales offer. It is just not anywhere near the mark of the percentage increase that the Commonwealth is making. I will put it another way: it is nowhere near the mark of the increase that the other states are putting in as well.

**Ms J. Wilson**—In terms of the most recent offer, as the minister explained this negotiating process has been going on for over 12 months. Not only did we ask jurisdictions to provide five years worth of funding figures or a letter from them providing certainty that they could match the Commonwealth growth rate of six per cent but also we have had to work on states who have offered low growth figures trying to improve their growth figures. In the case of New South Wales, the minister has just mentioned that their most recent offer is somewhere

around four per cent. They started off much lower and we are working towards improving that.

**Senator Vanstone**—So we have got the offer after the 1½ per cent offer?

**Ms J. Wilson**—Yes, just recently.

**Senator Vanstone**—How recently?

**Ms J. Wilson**—In the last week.

**Senator Vanstone**—I feel a sense of achievement that they have moved from 1.5 per cent to four per cent, but we might not even consider that enough. So it is worth holding your ground. The Commonwealth is not getting any more money. This is not less money that the Commonwealth is putting in because we are putting in more if they have to put in more.

**Senator FORSHAW**—Thank you for that update. On the last occasion we also had some discussion about the measurement of the level of unmet need. As you indicated, the Institute of Health and Welfare have done some work on this and released a report. I think from recollection the position taken by the department was that you rely generally on their findings. Within the Commonwealth's offer, there was an amount of \$125 million in new funding for the unmet need component and we had a discussion about that as well.

**Senator Vanstone**—Which included the fact that the Commonwealth's offer was to maintain the additional moneys they put into the previous agreement.

**Senator FORSHAW**—Yes. If the institute's figures and projections are correct, do you think that amount of money is sufficient to cover the anticipated unmet need over the five-year period?

**Ms J. Wilson**—When we last discussed this, we outlined that \$125 million which the minister offered at the June disability ministers meeting last year was on top of maintaining the unmet need in the previous two years.

**Senator FORSHAW**—That is right; I understand that.

**Ms J. Wilson**—So the total growth in actual money to the states over the life of this agreement will be \$890 million.

**Senator FORSHAW**—But the question I am still asking is: is it sufficient?

**Senator Vanstone**—I will answer that because I do not think it is fair to expect the officers to answer it. I do not think anyone knows, including the Institute of Health and Welfare. We do value the information they provide, but if I recall correctly this issue was raised last time as well. Huge amounts of money were put in by the Commonwealth in the last two years of the last agreement which were not matched at the same levels as on other occasions by the states. We looked to the institute for guidance as to what that had achieved because we were particularly looking to get an increase in respite care. Forget what we said last time; I will just cover these points. I think they were raised last time, but just in case they were not I will put them on the record now. I think in at least one state there showed a decline with all that extra money having gone in. When you speak to the carers themselves, there is an incredible degree of frustration because they do not feel that there is more respite, and that is part of the reason we asked Access Economics to do an assessment of the transparency in the budgets to see

where the money is going. If we put extra money in in the expectation of relieving this problem and that did not happen, what has happened to the money?

That was an unsuccessful exercise in that, I think it is fair to say, Access cannot tell us, although some states again are far better than others in their transparency and accountability in this reporting area. Sometimes, people who need respite take up full-time accommodation beds, so they are not available. To put it the other way around, respite beds are taken up by people who need full-time accommodation but it is not available, and that shortens the respite availability. There are differing levels of care required for respite, because there are such vastly differing levels of disability. If you calculate out, as I know some people do, the suggested number of unmet need places by the highest cost, you will come to a tremendous amount of money. I think that is very simplistic and not a very sensible way to do it. I do not think it gives you a proper measure of how much is needed. I do not think that we can say that this will; I do not think you can say it won't. What we can say is that it is as much as we can afford, and frankly we have had a battle convincing all the states to put in the same level of increase.

**Senator FORSHAW**—In its report the institute made some recommendations for further work to be done, including that further data developments build on the investment already made in the CSDA minimum dataset, and there are a number of other recommendations. Can you tell me what work has been done in picking up on those recommendations?

**Ms J. Wilson**—As part of the second disability agreement, we have moved to implement the minimum dataset for both state and Commonwealth services, which captures patterns of usage more than just a snapshot day, which is what we currently have. Extensive work and funding were put towards that purpose as part of the current agreement. We expect the first whole of year data to become available towards the end of this year, so that will be a significant improvement. The Commonwealth has whole of year data for employment for over three years now, but this will be the first time we can pull it together from both sides of the agreement.

**Senator Vanstone**—I have just been given some figures that compare over the life of the next agreement, which we are pretty close to signing with the states. I can break it down for you into states, territories and the Commonwealth and the additional moneys we put into the budget just a few weeks ago. The additional amount over and above the last five-year agreement we have just finished is \$2.695 billion. I cannot honestly say to you that, yes, that will fix it, but I think you can say to me that it won't. I refer you to the answer I gave earlier: it is a very difficult area in which to classify effectively how much money you need. You might want to ask us some questions later about business services and the way in which we are trying to get to a better way of funding them, because in the past they were funded by block grant. We are trying to work out something that recognises the different levels, and that is not easy.

**Senator FORSHAW**—That is case based funding?

**Senator Vanstone**—Yes.

**Senator FORSHAW**—I am going to come to that.

**Senator Vanstone**—Okay. I am just highlighting that, wherever you go in this area, the difficulty you strike is that the differing types of disability and the differing levels within each time mean that a different cost will be attached. You cannot just take the number of places that are required and assume either the lesser cost or the larger one. It is terribly difficult.

**Senator FORSHAW**—The report states that the AIHW was also asked to make ‘recommendations regarding appropriate costing models/approaches to assist in determining the costs of any remaining unmet need for disability services’. It goes on to state:

In order to cost the remaining unmet need in 2001, a ‘building block’ or unit cost approach is suggested. This approach is based on the numbers of people estimated to need services, and a suggested approach to distribute their needs across a spectrum ...

Is there anything happening in regard to those recommendations?

**Ms J. Wilson**—As part of the new multilateral and bilateral agreements there will be a much more specific reporting of the number of people helped and the types of services provided. There have been a whole of definitions agreed on how that reporting will take place to ensure a greater consistency across states and territories when we pull together a national picture. The comments made by AIHW were trying to make comparisons across states which was difficult when people counted things differently in different places. What all ministers signed up to in June last year was a consistent way of reporting on how the funds get spent.

**Senator FORSHAW**—Do you have a time line on when you might see some first estimates coming through?

**Ms J. Wilson**—The agreement has been that there will be an annual report provided every year of the agreement, so once we get all signatures on the agreement we will be moving towards implementing that.

**Senator FORSHAW**—So it would be reasonable to assume that you would be looking to the annual report at the end of the next financial year, which is due to start shortly. I would like to take up the comments the minister made at the last estimates regarding the \$15 million that had not flowed because of the delay in signing the agreement. You said:

You raise an interesting point that I will now turn my mind to.

I am assuming that it will be paid. Will it?

**Senator Vanstone**—With respect to New South Wales and Queensland, you cannot really say, can you, because we do not know where we are with them? With respect to the other states, they will be back-paid, and it is an interesting point as to what they will do with that money. They have obviously had the basic amount paid over this year. They will get the top up of the increase money, and then they will get, for the remaining four years, all of it in a row. That top-up money for the year we are just about to finish has not been spent now. It cannot be committed to recurrent funding for the last four years, and I just know that what happens to it is not going to be transparent. It is going to go into the back pocket of some state department; that is what is going to happen. If the states had agreed earlier on, that money should have been able to have been spent in that year. That is a standard tactic by the states: to delay any increase they get given at the end of the year and take that as back-pocket money. We will be watching very closely to see what happens with that money, if we can possibly

detect it. As I think I probably raised with you last time, New South Wales at one point had \$90 million that, sort of, disappeared. They spent so much one year, so much the next and said that they would put in a big increase and, when you added it all up, you found that \$90 million had gone. It is just disgraceful. It should not happen in any event, but it certainly should not happen in this area.

**Senator FORSHAW**—I am not here to debate that.

**Senator Vanstone**—I am not raising it because you are from New South Wales, but I might say that there are other states—for example, Victoria—which have a much better record in the transparency of the spending of its money.

**Senator FORSHAW**—I could comment that the New South Wales government has just been re-elected with a thumping increased majority, but I will not go beyond that.

**Senator VANSTONE**—You can say that. What I will say in response to that is that that does not excuse losing \$90 million that should be spent on disabled people.

**Senator FORSHAW**—Last time you said:

... there comes a point in time at which a windfall back payment is not appropriate.

**Senator VANSTONE**—That is right.

**Senator FORSHAW**—You also said:

You raise an interesting point that I will now turn my mind to.

So that point in time has not been reached yet. Those that have signed up or are about to sign will get it, and you are still turning your mind to what happens to the remaining states. I assume that is what your position is.

**Senator Vanstone**—Presumably you will come to a point where you will say, ‘Look, if you guys are not prepared to sign up, if you are not prepared to put in the increase that you should, if you are not prepared to commit for five years ahead to disabled people, you shouldn’t get back-paid for things you have not done.’

**Senator FORSHAW**—Minister, you are obviously entitled to answer it the way you wish to, and you no doubt will. I take it that the answer is yes. In the budget papers it states that the government will provide an additional \$135.3 million over four years for the implementation of the new outcome focused funding model. There is also a note that improved employment outcomes achieved under the case based funding model are expected to reduce social welfare payments by \$23.5 million over four years. That leaves you the net funding of \$111.8 million, which is what the figures add up to in the table. Can you give us a breakdown of the \$135.3 million as to how it is going to be spent in particular areas and so on?

**Ms Davies**—That \$135 million is broken down into \$67.3 million for funding the fee structure itself. The additional fees for rural and remote are \$15.4 million; incentives for New Apprenticeships, \$3.5 million; work based personal assistance fees, \$9.4 million; continued funding for existing high-cost workers, \$15.4 million; assistance for transition, training and assessments, \$21.7 million; and communication and consultation, \$2.5 million.

**Senator FORSHAW**—And that is over the four-year period?

**Ms Davies**—That is right.

**Senator FORSHAW**—Does it proportion it year by year? Do you have that sort of data?

**Ms Davies**—I do.

**Senator FORSHAW**—If you are able to provide us with that in a table form rather than reading the figures out now, that would be appropriate.

**Ms Davies**—Okay.

**Senator FORSHAW**—How many comments did the department receive during the consultation phase of the case based funding trial? In other words, how many indications of concern or support or other representations did the department receive? Do you have that?

**Ms Davies**—I do have that. It was a pretty broad consultation process involving a very high proportion of providers and about 200 or so consumers and their families.

**Senator FORSHAW**—Who is going to undertake the evaluation of case based funding which is due to be finalised by October 2006?

**Ms Davies**—We have not gone to tender or arranged any consultants for the evaluation as yet.

**Senator FORSHAW**—Can you indicate to me how the evaluation will take place? Will it be done over the next three to four years?

**Ms Davies**—We have arranged to have a post-implementation review midway through that period followed by the full-scale evaluation in 2006-07.

**Senator FORSHAW**—So when would you be going to tender or looking to engage somebody—

**Ms Winzar**—I think it is worth bearing in mind that, while business services can move to case based funding from July next year, most of the case based funding will not actually begin until 2005. So, in terms of timing around the evaluation, we have a couple of issues. One is that we already have our growth places each year being progressively moved to case based funding, but to do a large-scale evaluation we would want to have a significant block of providers receiving case based funding. I think that would suggest that we really would not be wanting to look at data around case based funding until the 2005 calendar year. I would expect that it would not be until the middle of or late in 2004 that we would actually go through a tender process to engage a consultant to do that evaluation.

**Senator FORSHAW**—You mentioned those figures before, and I took them down as best as I could. Is the actual cost of the evaluation built into the \$135 million or will that be a separate allocation?

**Ms Davies**—No, it is in the department allocation.

**Senator FORSHAW**—Is it in there now for that forward year?

**Ms Davies**—It is.

**Senator FORSHAW**—How much?

**Ms Davies**—Of the \$16.3 million over the four years for departmental, one of the elements would be for that evaluation.

**Senator FORSHAW**—But you do not have an estimate at this point in time?

**Ms Davies**—No.

**Senator FORSHAW**—Can I turn to the efficiency dividend. We have been informed on previous occasions that the one per cent efficiency dividend has been offset by an extra grant to assist those services which were struggling. I go back to your comments, Ms Winzar. You said:

... the efficiency dividend remains on the employment services appropriation but it has not been applied to services in 2002-03. What we have basically done is redirect funds from underused programs to cover the one per cent efficiency dividend ...

Is it still being applied, and what is intended to happen in the next financial year?

**Ms Winzar**—The efficiency dividend is continuing to apply to the employment services appropriation but only to the block grant element of employment services funding. It will not apply to case based funding because case based funding is a price, if you like. So it will progressively phase out as case based funding is phased in across the whole network.

**Senator FORSHAW**—So, whilst over the course of the next couple of years when the block grants are still applying, the efficiency dividend will still be there. Can you tell me how it is going to be treated over the next couple of years as case based funding eventually comes in?

**Ms Winzar**—In the same way that we did in 2002-03, we will look at areas of the appropriation—it is a large appropriation; I think it is about \$300-odd million at the moment—and we will look at areas where we are underspending and where we can absorb the impact of the efficiency dividend so we do not pass it on to providers who have block grant funding. Does that answer your question?

**Senator FORSHAW**—It does. That is what you said last time, and that is what you have been doing for a number of years. So that is going to continue?

**Ms Winzar**—Yes.

**Senator FORSHAW**—Are you confident that you will have areas of underspending to cover it?

**Ms Winzar**—It is—

**Senator FORSHAW**—I would not want to suggest that you are like the states, but we will not reopen that debate.

**Ms Winzar**—It is always difficult to manage demand against a capped appropriation for services, because there are often lags in service providers starting up or lags in them taking up the new places that are rolled out, so there often is a little bit of fluctuation in the actual spend against the project spends. I certainly would not be able to predict what might happen by the end of next financial year, but certainly with the way we have done our costings for this forthcoming financial year we believe we can manage to continue to absorb that dividend.

**Senator FORSHAW**—Can you tell me how much it is in dollar terms? What was it this year?

**Ms Winzar**—Ms Davies has just advised me that it is only \$2.7 million this coming financial year, 2003-04.



**Senator FORSHAW**—How much is it expected to be for the current year?

**Ms Winzar**—It would be very similar, because the size of the appropriation has not changed that dramatically. I think it has shifted from about \$289 million to about \$311 million or something of that order, next financial year, in terms of the whole appropriation.

**Senator Vanstone**—Senator, while you are digging, can I just say, while we are getting some figures, that there is now some question about whether they are as good as they could be. I like to say in the Senate that this is not as good as it gets—and maybe those figures were not. So we would like to say at least \$2.695 billion, we are just checking to see who is comparing which figures with what. Just put on record that we will give you the exact figures.

**Senator FORSHAW**—In respect of the business services, arising from the last occasion when we had a discussion about this, an answer to a question on notice stated:

Some services may not make it through the transition—

that is, certification under the new quality assurance scheme—

however, with assistance and support from within the industry these numbers will be minimal.

That was repeated again in the last estimates. In the budget this time, the government is intending to provide \$25.4 million over three years for the improvement of quality assurance of businesses. Can you give us some more detail on this? The budget papers state:

Assistance to these services will include advice, training and support in business and change management, marketing and production processes. Some funds will also be provided to promote the use of new technologies across the sector.

Can you expand on that?

**Ms Davies**—The \$25 million over four years is intended to look at funding for business experts to come into services, to look at how they might better organise the way they do business, to think about things like whether they are in the right business; and it is going to be organised so that we have business experts as well as business service experts. It is that sort of thing—testing market reach, all sorts of things.

**Senator FORSHAW**—Can you tell us what are the predicted numbers of business services that will successfully achieve certification by the end of 2004?

**Ms Davies**—At the moment, business services need to indicate when they wish to go through the quality assurance certification process. Our figures indicate that about 80 per cent intend go through that process by the end of this year, and the remainder have flagged that they will do it early the following year.

**Senator FORSHAW**—Yes, but the question was, what other numbers that will successfully achieve certification? You are saying all of them?

**Ms Winzar**—It is probably a little early for us to make that sort of prediction. So far the latest information I have is that nine business services organisations have been certified plus, I think, there are 17 additional organisations that provide both open and supported employment which have also been certified. That is not quite 15 per cent of our total business services organisations, but we are pretty confident at the moment that people are sticking to their projected certification dates. In terms of the standards that are proving difficult for people to

meet, the one that seems to be causing a bit of an issue at the moment is standard 8, which is about service management. Again, at this stage, it is a little early for us to make a clear prediction about the number of services which are likely not to have achieved certification in December 2004. But our view is that if services proceed as far as they can through the certification processes as early as they can then they have a little bit of room to make sure they correct any deficiencies by the end of December 2004.

**Senator FORSHAW**—Do you have any contingencies or plans if some do not?

**Ms Winzar**—Yes. That is something that we have been examining. There are a few issues wrapped up in this, I guess. One of the issues is that every year we have services that merge with other services, are re-auspiced or are closed for one reason or another. That is just the normal ebbs and flows of the sector. We also believe that there are some services which, perhaps, when the original Commonwealth-State Disability Agreement was signed up, were allocated to, let me put it this way, the wrong side of the fence—that in the strict sense they are probably not employment services. We also have some services which are not really employment services in the sense that they do not involve a standard contract of employment. I guess the clearest example might be some of the art co-ops run by some Indigenous communities for people with disabilities. It is certainly a productive activity, but it does not involve an employment contract. So there are a range of issues that need to be addressed through this reform process. We are preparing a consultation paper to go out to consumers, providers and consumers' families later on this year so that we can get a sense of what are some of the best options to ensure continuous service for people.

**Senator FORSHAW**—Do you have any expectation that some services might close?

**Ms Winzar**—Yes, I do believe some services will close.

**Senator FORSHAW**—Do you know how many?

**Ms Winzar**—I have not made any predictions about numbers, but I do think many will be re-auspiced—taken over by other organisations—or merged.

**Senator FORSHAW**—If you are expecting some to close, how will you approach that situation given that there will be employees who clearly will be affected?

**Ms Winzar**—I think it really does depend on what the other service options are for those particular consumers. If a service closes and if it is in a rural area where it may be the only disability service—not just a supported employment service, but the only disability service in that area—the response that we might suggest would be quite different from the response to a metropolitan service where we could place people in other business services.

**Senator FORSHAW**—But you would accept—and I take it you do—that you have a responsibility to endeavour to find an alternative service for such people rather than just rely upon the sector?

**Ms Winzar**—Yes. I think it is quite important that we approach this task very sensitively and particularly that we consult with consumers and their families about what they see as appropriate. Some of these options sound quite straightforward: 'Could we place workers in another service if there was one nearby?' We may well want to, and there may be a place in

that service, but that may be quite disruptive to the person and their family. So there are a whole lot of factors we have to take into account.

**Senator FORSHAW**—Just remind me: how many services are we talking about in total?

**Ms Winzar**—In total, at the moment, we have around 436 supported employment services plus there are another 51 services that run both supported and open employment. That data is from the end of 2002, which was the last census collection.

**Senator FORSHAW**—I think you said earlier that you expect about 80 per cent to have gone through the certification process by—

**Ms Winzar**—The end of this year.

**Senator FORSHAW**—The end of this calendar year?

**Ms Winzar**—Yes.

**Senator FORSHAW**—So when we get to the next round of estimates you would hope to have some indication of what number of services might not be going to get through?

**Ms Winzar**—Yes, we should have a picture by then.

**Senator FORSHAW**—And the number of employees?

**Ms Winzar**—The number of services and the number of employees. I should say that it will be an emerging picture until at least the end of this year or even early next year.

**Senator FORSHAW**—That is something you can take on notice for later.

**Ms Winzar**—Yes.

**Senator FORSHAW**—If business services close as a result of the certification process, does that mean the Commonwealth will actually make some savings?

**Ms Winzar**—No, it does not. As I mentioned, we have services closing periodically as a matter of course for many reasons. The places are, effectively, reallocated to other providers. The Commonwealth does not make any savings out of that. In fact, if you have a look at the forecast of expenditure for this appropriation, I think we are projected to go from something like \$289 million in the current financial year to around \$500 million in four or five years time. We are projecting significant growth in the sector, both in open employment and in supported employment services.

**Senator FORSHAW**—Given that you at least acknowledged—it has been indicated—that there are likely to be some closures, are you are discussing this with the industry and with state governments so as to be prepared to confront the issue when it arises?

**Ms Winzar**—Yes. One of the elements of this next Commonwealth State Territory Disability Agreement is to work collectively with the Commonwealth and the states around more flexible servicing options for people. That will be something we will turn our attention to with the bilateral agreements that we are negotiating with each state. In terms of individual services, I think they have to be treated one by one because the solutions for each will be quite different. For example, it may be that people in a closing service can be placed in another service. It may well be that a service that is at risk of closing can be merged with another larger service. Other options that we are exploring through some of the \$25 million

that Ms Davies talked about before involved whether or not there are more efficient ways for a group of services to operate. That might include, for example, whether they can share some overheads in terms of office support or whether they can operate a bit like a conglomerate in terms of purchasing electricity and so on to drive their costs down. They are the sorts of things that we have running in trials in some areas at the moment, and that process is proving to be quite successful but, again, if a service is in trouble, I think before we talk about closure we have to look at that particular service and its particular problems and see whether or not any expert advice from the business people might get that service out of difficulty.

**Senator FORSHAW**—Are you looking for this come to light in the course of the certification process?

**Ms Winzar**—We are hoping it will come to light much earlier than in the certification process. You may be interested to know that we only sent letters out to business services in about the middle of last week regarding the opportunity for them to get some free business advice. We have had a significant number of phone calls already. We are running that as a pilot exercise in, I think, nine business services as we speak. We will then be working with the other services as quickly as we can so that we can get them the sort of advice they need to make themselves profitable.

**Senator FORSHAW**—Is it possible for us to have a copy of that letter?

**Ms Winzar**—Yes, we can certainly get you a copy of the invitation.

**Senator FORSHAW**—Thank you. Clearly in a number of cases some of these businesses are in premises that need upgrading.

**Ms Winzar**—Yes.

**Senator FORSHAW**—What assessment or survey has been done of the infrastructure of business services?

**Ms Winzar**—We have not conducted a survey of the infrastructure of individual services per se. Some dimensions would be picked up in the advice from the business experts, which might suggest that premises are either not suitable for the work that is being done there or need to be upgraded to meet OH&S standards et cetera. That is where we expect a lot of that to be picked up.

**Senator FORSHAW**—Is support funding available to assist with infrastructure or capital improvement in such situations?

**Ms Winzar**—The guidelines that we are operating under at the moment state that we will not make capital available for the purchase of land or buildings but that we will consider whether or not there is the capacity to assist with the refit of buildings or perhaps the costs of getting out of a current lease and leasing somewhere else.

**Senator Vanstone**—While you are looking for your next question, we have done those checks. We have a newsflash: that was not as good as it gets. It might even get better again, but not today. On the current figures that we have, having checked the agreement we are about to wrap up in most of the states, it will put an extra \$3.4 billion over the last agreement. That has to make a difference. I understand the arguments. People say, 'It is just unmet need. The last two years have been rolled on, plus a bit more here and there.' But it is a significant

amount more, making the states put out—under the cover of their premiers—how much they are spending. We might even get the remaining two states to cough up a bit more and get it over \$3.5 billion. I will still say the same to you: I cannot guarantee that that is going to fix it. But if it does not make a difference it comes back to my favourite hobbyhorse and that is: what are the states doing with this money? I thought I would just give you that newsflash. I am very pleased. I think that is a great achievement.

**Senator FORSHAW**—Thank you, Minister.

**Senator Vanstone**—I might even go and buy a lotto ticket, having looked at that.

**Senator FORSHAW**—Mr Tim Costello will probably read that comment and get back to you.

**Senator Vanstone**—Yes. I am probably now a committed gambler who buys lotto tickets every second minute. I probably use Comcars to go out to wherever you get them in Canberra and buy them every 20 minutes. I will have *60 Minutes* following me. It will all be a disaster.

**Senator FORSHAW**—ACROD published details regarding the \$25.4 million budget measure that we were talking about earlier. I understand their newsletter came out on the same day that the budget was handed down. Are you aware of that? Did you see the ACROD newsletter regarding the budget initiatives?

**Ms Davies**—Yes, I have seen it.

**Senator FORSHAW**—Would you agree that it was reasonably detailed?

**Ms Davies**—Yes.

**Senator FORSHAW**—How did they get the information? Was it provided to them in the normal course of events?

**Ms Davies**—ACROD were present at the budget lock-up briefing on the evening of the budget.

**Senator FORSHAW**—Is there any particular reason why the details that they provided were not in the actual budget papers?

**Ms Winzar**—The details that ACROD provided?

**Senator FORSHAW**—Yes. Why was that sort of information not in the budget papers?

**Senator Vanstone**—Do you mean the budget kits?

**Ms Winzar**—The material that the FaCS portfolio provided included not only what was in the portfolio budget statement but also media releases, short outlines of what is new and different and then some specific fact sheets on each element of the disability reform package. That material was circulated to providers and peak bodies.

**Senator Vanstone**—That is standard for each portfolio. They have their own budget kit that goes into more detail on what is necessarily shorter information in the formal budget papers.

**Ms Winzar**—That material was also available on the FaCS web site, but not the day after the budget. I believe it took another day to get up there.

**Senator FORSHAW**—How did the department come to the figure that \$25.4 million over three years for the business planning is what was needed to improve the viability?

**Ms Winzar**—To some degree this is a matter of making some best guesses about the numbers of those 436 business services who we think might have some difficulty in meeting the QA requirements without this sort of intervention. At the stage that we were looking at doing the costings for the budget our best predictions were that perhaps one-third of business services would need some assistance to improve their profitability or lower their overheads or restructure their organisation in some way to get through. We had a look at what would be a reasonable investment. We were particularly conscious of the need not to be giving money to organisations which clearly were not going to make it and where the money would essentially evaporate. We were looking to where we could get a substantial return on the government's investment in that area. Out of this \$25 million we are looking at—I am not sure what is reasonable—perhaps a 2 for 1 return or perhaps a 3 for 1 return in terms of increased turnover or increased profitability to the sector.

**Senator FORSHAW**—Can you give me a break up of the \$25.4 million and how it will be used?

**Ms Davies**—The \$25 million will be allocated on a 80:20 basis so that 20 per cent of that or roughly \$5 million would be for the business analysts to do the assessments. The remainder of the \$20 million, the bulk of it, will be to look at the recommendations that the provider and the analysts come up with, and to fund the sorts of ideas that they might promote.

**Senator FORSHAW**—The business analysts and the consultants will get the 20 per cent? That is what you are estimating?

**Ms Davies**—That is right, Senator.

**Senator FORSHAW**—How do you intend to measure its effectiveness?

**Ms Davies**—Ms Winzar mentioned that we have about nine business services which are interested in testing how it might work. They will provide a sort of benchmark, if you like, about how we will allocate the money and what the process might be. We have developed a set of guidelines and we intend to review those over time to see how it is going, remembering that \$14 million will be spent in that first year. That is a pretty up-front investment.

**Senator FORSHAW**—Let us go to the wage assessment tool, which is included in standard 9 of the disability services standards. Can you give us the current status of the development of the new wage assessment tool?

**Ms Davies**—We employed a consultant, Health Outcomes International, to develop a wage assessment tool and to develop the training, the guidelines and the administrative arrangements around that. The consultant has reported to the department, and the department's wage assessment tool reference group has met four times. The last meeting was in April. The consultant brought forward the results of the trial up to that point. The trial has been going for a little while, so the tool itself has been emerging. Following that meeting, one of the members of the group raised some concerns. Following the raising of the concerns, some experts have been appointed to look at those concerns and they will be preparing a report very shortly to go to the minister.

**Senator FORSHAW**—Will the revised wage assessment tool go back to the community for them to comment again before it is implemented?

**Ms Davies**—We have not finalised those sorts of arrangements but we are looking at reconvening the group.

**Senator FORSHAW**—This is the reference group?

**Ms Davies**—That is right, Senator.

**Senator FORSHAW**—Have they collectively endorsed it?

**Ms Davies**—When the group met on 10 April, there was a discussion about how the tool might be tweaked. Subsequently the minutes went out to confirm whether people were happy with that. I am not altogether sure that all of the parties at that meeting did actually endorse the minutes.

**Senator FORSHAW**—When you say you are not sure, do you mean that you need to go back and check or do you mean that some did not?

**Ms Davies**—I am not absolutely sure, but I am fairly sure that ACROD did not endorse the minutes.

**Senator FORSHAW**—Could you confirm the situation?

**Ms Davies**—Yes.

**Senator FORSHAW**—What is the current status of the tendering process for the agency that will administer it?

**Ms Davies**—We went to tender; a large number of organisations asked for the material. In the event, there was only one tenderer and they were evaluated by a panel. The panel found that tenderer to be not successful. We then subsequently sought advice and, as a result of that advice, decided to invite CRS to undertake the administration and implementation of the tool.

**Senator FORSHAW**—What were the costs of the tendering process?

**Ms Davies**—I do not have that. I will have to take it on notice.

**Senator FORSHAW**—I understand—and I invite your comments—that there are concerns in relation to the wage assessment tool and that ACROD is saying that it should not be released in its current form. Others are saying that they want it released quickly so they can incorporate it into their service in readiness for the certification process—is that correct?

**Ms Winzar**—That is correct.

**Senator FORSHAW**—That is what you are hoping to try to resolve, is it?

**Ms Davies**—That is right.

**Senator FORSHAW**—Can you give me any indication as to how long that might take?

**Ms Davies**—The consultants have virtually finalised the report. That brief will go to the minister probably early next week.

**Senator FORSHAW**—That is what you said a moment ago. Potentially, there will still be concerns out there in the sector.

**Ms Davies**—It is important to remember that, while it is desirable to have a tool that all the stakeholders are comfortable with, the tool is not mandated so no-one is required to take it.

**Senator FORSHAW**—I realise that they will still have the choice.

**Ms Davies**—Yes.

**Senator FORSHAW**—That is not always necessarily a satisfactory solution.

**Ms Davies**—No, but I suppose it is important to remember that the issue of wages in business services has been contentious since the act came in. While it would be ideal that everybody loved the tool, it is very difficult thing to achieve.

**Senator FORSHAW**—We understand that.

**Senator Vanstone**—We take your questions to be in the spirit of wishing us well in this endeavour.

**Senator FORSHAW**—I would do nothing else but wish you well in that endeavour, when it comes to assisting people with disabilities—obviously. The Australian Association of the Deaf—and there are probably others well—have made two requests: one is for funding to conduct a research project relating to interpreting services for the deaf, and the other is for some interim funding pending the research project being completed, if it is funded. Can you advise me on what is happening with those requests, Minister?

**Senator Vanstone**—All I can say is that they wrote to me in February and there have been negotiations with officers of the department and the association since then. We have either advertised or are about to advertise the tender for a scoping study to do the research. There was not money in the budget to supplement them; as I understand it, this is something they have been doing for about seven years. A number say they cannot continue to do it. We have to find a sensible solution and the scoping study should give us a much better picture of the problem. We know what the problem is in general but we do not know enough about the supply and demand and funding for interpreters. I think the study should clarify all that. It is not a study that will take three years to figure it out.

**Senator FORSHAW**—What about the request for interim funding?

**Senator Vanstone**—As I was saying, there was not money in the budget.

**Senator FORSHAW**—Have you advised the association that you cannot agree to that request?

**Senator Vanstone**—I think they understand that.

**Ms Wilson**—The Prime Minister wrote to the Association of the Deaf last week about the study the minister talked about, and officers of the department have met with the Association of the Deaf in the last three or four days to talk about ongoing activity, and it was raised again in those discussions.

**Senator FORSHAW**—So you have advised them?

**Ms Wilson**—Yes.



**Senator FORSHAW**—I acknowledge that the matter was raised with me before you wrote that letter. I am sure that they will be pleased at least to have got the letter, but that is not necessarily the answer. Thank you, Minister.

**Senator Vanstone**—I would add—and I do not say this is a criticism—that when we are dealing with the national body it is not always certain that the state bodies understand. I know this because the executive officer in my state wrote to me and I replied. Then there was a radio interview in which it was said that I had been written to but had not replied, and that we had not communicated with them at all. We had in fact been communicating with the national people. It is not always the case that when there is a problem that is national, in geographic sense, that everybody knows what everyone else is saying.

**Senator FORSHAW**—This matter was raised with me by the national association, which I understood was the body that wrote to you about it.

**Senator Vanstone**—I would not be surprised if the state association raises it with you as well at some point.

**Senator FORSHAW**—I am sure they will. In fact they have drawn it to my attention, and I am sure they have drawn it to yours, that some of the state associations are saying that they have had to withdraw services because they have run out of their own funding to do it.

**Senator MOORE**—I have a couple of questions on carers allowance, a question on reciprocal transport concessions, a standard question on the pension bonus scheme and a standard question about data on the assets and income test. Are they all in your area, Ms Winzar? Are any of them in your area?

**Ms Winzar**—Either that or the two officers behind me will answer those questions.

**Senator MOORE**—These are the last ones, so that will wrap it up.

**Senator Vanstone**—Can we do carers first, because there are a lot of people going?

**Senator MOORE**—Yes. Has there been any review of the cohabitation requirements for carers allowance?

**Ms Wilson**—The carers allowance co-residency issue has been raised by a number of people over recent times and we are exploring alternatives to it. If you recall, when carers allowance was established back in 1998, it came together from the domiciliary nursing care benefit and the child disability allowance. The DNCB actually had a co-residence requirement and that transferred across in the forming of the new arrangements. It is clear from the correspondence that the department and minister have received that it is an area we need to look at. It is a matter about which we are consulting actively with organisations such as Carers Australia.

**Senator Vanstone**—Can I give you an idea just how difficult that is. The department have been looking at this, and among the letters I signed today there was at least one on this issue—there might have been two. That letter was from somebody's sister asking if her sister could get the payment that you need to be a co-resident in order to get, because her sister has been looking after her 90-year-old mother who is as frail as I do not know what, but she lives next door. It is very hard. This portfolio can give you lots of things like that. You look at it and think, 'What can we do?' Instead of looking at residency as the tick, you could look at a level

of care. You could argue about what the level of care should be but you might pick the nursing home hours of care—I think that is 20 hours. But what that means is that a whole lot of people who are now getting the payment who will have to justify the hours. These people do it largely for love; they do not keep a time book of what they do, so that would be an enormous dislocation to that very well-motivated community. And, however well motivated and justified, you would then have some people losing the payment, unless you add further complexity to the system and say you will quarantine all the existing ones. Then you would have a category of people who say, ‘The lady up the road lives next door to her mother and she can get it, but the lady five doors down was on the payment before and she can’t.’ It is literally three-dimensional chess, this portfolio.

**Senator MOORE**—Yes, it is.

**Senator Vanstone**—If you ever have any suggestions on how to fix this without creating the sort of dislocation that I suspect you need to create, please let us know. We are genuinely interested in finding a way to do it.

**Senator MOORE**—Your answers reflect the questions we have—exactly that. We know there has been a large amount of correspondence about it and we know people have been asking. And it is not recent; this has been going on for a long time.

**Senator Vanstone**—Yes, I know. It is constant since I have had this job, and I was told when I got it that it has been constant since this change. But, like a lot of things, it is not always difficult to identify the problem, but in cases like this one—

**Senator MOORE**—I have a feeling the questions were in place in the previous payment as well, so you just brought the questions over from the previous payments.

**Senator Vanstone**—Yes. It is just critically difficult to find a solution. It is a real belt in the face with reality. A lot of problems do not have a simple solution. If they had, the previous government might have found it, and we would have found it by now too.

**Senator MOORE**—Are you keeping statistics on the number of cases that claim and miss out because of the residency requirement?

**Senator Vanstone**—I do not know if could sort the letters to me that way.

**Ms J. Wilson**—I think in the past we have had a look at the proportion of letters we get on the issues.

**Senator MOORE**—In terms of the balancing act you have to do, how many claims have been received and knocked back for that reason, like the case you mentioned, Minister, where someone lives next door or someone actually has an adjoining flat—that they are that close—and they miss out.

**Senator Vanstone**—I think if they are adjoining they can knock a door through and they will be okay.

**Senator MOORE**—I have heard about the door solution.

**Ms J. Wilson**—Joining doors and granny flats are okay.

**Senator Vanstone**—Covered walkways.

**Senator MOORE**—Covered walkways are okay, but you have got to get that door.

**Senator Vanstone**—This dear old lady today is one of the worst I have heard of. She is looking after her 92-year-old mother, so it is a fair bet she is in her sixties at least, maybe in her seventies—the one who is doing the caring.

**Senator MOORE**—That is probable.

**Senator Vanstone**—It is a fair bit. There was the case of a father looking after his daughter—I forget what particular disability she had. They both lived in permanent homes in a caravan park. They could not get sites next to each other; they were four away from each other. It is just terrible.

**Senator MOORE**—No matter what you do you cannot make that right—there is no flexibility you can put in for that.

**Senator Vanstone**—It is not easy. But we are aware of the problem and, as I say, if you have a bright idea rush around.

**Senator MOORE**—Well, you have answered the next question: is the minister aware of this issue? Tick. The costing is an issue, but it is more just how you fix it as opposed to a simple costing exercise, isn't it?

**Senator Vanstone**—Before you even get to the costing, if you shift it to level of care what level of care do you say is fair?

**Ms J. Wilson**—You assume that by living together people are there for around-the-clock care. As the minister pointed out, getting another measure of level of care without that living together arrangement which does not disadvantage people who already get it who live together—because we do not measure their level of care because they live together—is a tricky system to build.

**Senator MOORE**—So that is the kind of issue where you go back to the community and ask, 'How can we fix it?'

**Ms J. Wilson**—And that is what we are having conversations about.

**Senator Vanstone**—You can't say to a daughter, a son, a niece or whoever who gets it and lives with someone but works, 'Well, you shouldn't get it because you work.' They might work, come home, prepare the next three meals for the next day and do a hell of a lot of work in the time that other people, excluding ministers and most politicians, put their feet up.

**Senator MOORE**—That would be the client group affected by the hours preclusion if you put that in.

**Senator Vanstone**—I am saying that if you are in full-time work you can't get it—well, you probably can't if you are working full-time because of the income you would get anyway. You just cannot make assumptions. It is terribly hard. I can guarantee that if you come up with any assumption under which we can do it, I can find someone who could be on the radio the next day saying, 'This isn't fair; I miss out.'

**Senator MOORE**—Yes, I am sure of that.

**Senator Vanstone**—It would not be hard.

**Senator MOORE**—The other group we are asking about relates to the accommodation aspect of the payment and the permanent disability assessment part of the payment. There are concerns about the permanent disability requirement for carers' assistants in addition to achieving the maximum DAT score. It is the other requirement. Have you received correspondence from people concerned about that?

**Ms J. Wilson**—That issue has not been raised with us.

**Senator MOORE**—The concerns go to the point about the requirement that the care receiver have a permanent disability, considered to be 12 months or more in the guidelines, as well as meet a minimum adult disability assessment tool. It says that people could be quite severely disabled but not meet that score.

**Ms J. Wilson**—The adult disability assessment tool is about the level of care those people require. It measures and it is meant to be independent of disability type. It is meant more to reflect the care that the person is required to provide for the individual being cared for.

**Senator MOORE**—The concerns raised were that the criteria vary from the formal domiciliary nursing care benefit which could be paid to carers looking after high-need care receivers even if the disability were not to last for 12 months.

**Ms J. Wilson**—There were changes when the new care allowance was set up.

**Senator MOORE**—So it is that threshold. It is another one that actually precludes some people from payment.

**Ms J. Wilson**—At the same time, the growth in carer allowance and carer payment has been phenomenal over the last few years. There has been a 20 per cent per annum growth in numbers. Under the old rules we had DNCB and child disability allowance and it was about 150,000 across both back in 1998. There are something like 360,000 people now across carer allowance and carer payment in receipt of payment so the growth in both payments—

**Senator MOORE**—I knew that there had been a large growth, but that is very large. Has that been growing at a steady level or has there been a big jump?

**Ms J. Wilson**—When they both came together in 1998-99 there was a huge promotion. One of the concerns was that carers did not know that it was there for them. We worked really actively with Centrelink to get the message out there. We worked with carers associations around Australia. Part of the growth has been because of that. It has started to plateau this financial year but it has been growing fairly strongly since its introduction.

**Senator MOORE**—So people are claiming the payment?

**Ms J. Wilson**—Yes.

**Senator MOORE**—In terms of our line of questioning, the minister and the department are fully aware of the issues around the payment. You are keeping it under review and if there can be reasonable suggestions for change, they will be considered.

**Ms J. Wilson**—That is correct, Senator.

**Senator MOORE**—Could we just have the statistics to show how many people are claiming? If you can give us the statistics about the number of cases that are rejected, that would be good.

**Ms J. Wilson**—Yes.

**Senator MOORE**—I have a question on reciprocal transport concessions which I am sure you will take on notice. I will throw that one in. I also have a question which I am sure the minister will be interested in. It relates to what is happening with the negotiations with the states. How are they going?

**Mr Dolan**—The budget papers indicate that negotiations around the national transport reciprocal program are still continuing with the states.

**Senator MOORE**—Can you give me any idea of whether they are positive negotiations?

**Mr Dolan**—At this stage I can indicate that negotiations are still continuing. Money is provided in the forward estimates as shown in the budget papers.

**Senator MOORE**—In terms of your research, and there has been a lot of research in this area around concessions, is the money in the budget papers considered to be effective to meet the needs of this particular program?

**Mr Dolan**—The program was announced in last year's budget as \$25 million over the forward estimates period. It was based on an estimate of the cost of extending the transport concessions for holders of state seniors cards who travel interstate.

**Senator MOORE**—So at the time you did the estimates you thought it would cover the number of people who are currently in receipt of state based seniors cards?

**Ms Flanagan**—We did an estimate expecting that it would meet that, but until we actually complete negotiations with the states and work out with them the level of concession to be provided it is very difficult to know what that estimate will be like.

**Senator MOORE**—Have you got a time frame for when you are hoping the continuing negotiations will end?

**Mr Dolan**—Obviously we hope the negotiations will be concluded as quickly as possible, but it is an issue of continuing those negotiations.

**Senator MOORE**—Is there a date in mind that it would have to be done by? Is there something in your project plans that says the negotiations need to have reached a certain stage?

**Mr Dolan**—The budget assumed an implementation date, and that has now passed because we have reduced the estimates for this year and so obviously senators' negotiations have not been concluded as quickly as anticipated, but negotiations are continuing.

**Senator MOORE**—Minister, perhaps you can tack those on to the other negotiations and as you knock one lot over you can continue on.

**Ms Flanagan**—I think you will see that from discussions we had earlier today on disabilities and housing and the rest of it it is very hard to negotiate agreements with the states. It takes a long time.

**Senator MOORE**—It is a difficult area on which to get them all to agree. But I made the note that negotiations are continuing. We will continue with hope and we will probably be here at the next estimates meeting to ask the same question. That is it on that one. There was

an exchange at the last Senate estimates about research that had been done on the pension bonus scheme, and we were wondering whether the review of the pension bonus scheme had now been completed and whether it is a public document yet.

**Mr Dolan**—As we indicated back in February, we have done an evaluation of the pension bonus scheme, and it is still the case that the pension bonus scheme is under review, so the position has not changed since February.

**Senator MOORE**—Can you tell us how many appeals or requests for retrospective grants there have been under the pension bonus scheme?

**Mr Dolan**—I will have to take that question on notice.

**Senator MOORE**—That is my only question on that issue. My next question is a general one about the assets and income test data. I feel sure you will take this one on notice. Can you provide details of the number of people, by pension type and family situation, who receive a reduced pension under the assets test? For each pension type and family situation, can you provide a distribution of recipients in bands of \$25,000 and the relevant assets test threshold for the assets test cut-out? Do you have any information on the number of pensioners who do not qualify due to the assets test but would qualify if their income alone would allow a pension to be granted? When you do the assessment for the pension you often do it on both—that is, the assets test is brought in and they miss out on the pension because of that but would be eligible if they were not assessed using the assets test.

**Mr Dolan**—That last question may be a little bit more difficult to answer, because those people do not show up on our system—

**Senator MOORE**—They do not?

**Mr Dolan**—If they are asset tested out they would not be in receipt of a pension and therefore they would not be on our system. We might see what we can find out.

**Senator MOORE**—We will get back in contact with you and see where we can go on that one.

**Mr Dolan**—We will provide answers to the other questions too.

**Senator MOORE**—We will give you those questions in writing so you can see that we are asking for a kind of schematic we have seen before which is just to see how the assets test flows. That is the end of my questioning.

**CHAIR**—Well done, Senator Moore, top of the class!

**Senator MOORE**—Thank you, Chair.

**CHAIR**—Thank you all very much. I would like to thank the minister and, in his absence, Mr Sullivan, and all of the officers of the department for their attendance today and yesterday.

**Senator Vanstone**—I would like to thank you for your cooperation and the committee members for their usual civil and polite behaviour. I understand that last night in my absence a non-committee member came and there was not a slight detraction from that civility but a wholesale gallop off into areas of rudeness and indiscretion, but I do not blame the committee for that because it was not committee members who did it. I am only sorry it happened and that you were called a fish wife.

---

**CHAIR**—I have been trying to get out to the fish shop today to buy Senator Faulkner a fish but I have not had the time! It is disappointing for me.

**CHAIR**—It is disappointing for me.

**Senator Vanstone**—I am not too worried about it because I just think it reflects on the Senate and not on the other committee members at all. I would like to thank them for their usual courtesy and, just in case their colleagues think that that means they will be regarded as wusses, I remind them of Kennedy's exhortation that civility is not a sign of weakness. Thank you very much.

**CHAIR**—I declare this part of the meeting closed and the committee will reconvene in five minutes or so with the Department of Health and Ageing.

**Proceedings suspended from 5.15 p.m. to 5.24 p.m.**

**HEALTH AND AGEING PORTFOLIO**

Consideration resumed from 3 June 2003.

**In Attendance**

Senator Patterson, Minister for Health and Ageing

**Department of Health and Ageing****Whole of Portfolio****Executive**

Ms Jane Halton, Secretary  
Mr Philip Davies, Deputy Secretary  
Ms Mary Murnane, Deputy Secretary  
Professor John Mathews, Deputy Chief Medical Officer

**Business Group**

Mr Alan Law, Chief Operating Officer  
Mr Stephen Sheehan, Chief Financial Officer  
Ms Wynne Hannon, Head Legal Services

**Portfolio Strategies Division**

Mr David Webster, First Assistant Secretary  
Ms Karen Bentley, Assistant Secretary, Budget Branch  
Mr Nhan Vo-Van, Assistant Secretary, Parliamentary and Portfolio Agencies Branch  
Ms Shirley Browne, Director, Parliamentary and Corporate Sector Support Section  
Ms Carolyn Smith, Acting Assistant Secretary, Aust-US Free Trade Agreement Health Liaison

**Audit and Fraud Control**

Mr Stephen Dellar, Assistant Secretary, Audit and Fraud Control

**Information and Communications Division**

Dr Rob Wooding, Chief Information Officer  
Ms Gail Finlay, Assistant Secretary, Communication Branch  
Ms Laurie Van Veen, Director, Social Marketing Unit, Communications Branch  
Ms Virginia Dove, Director, Public Affairs Unit, Communication Branch

**Outcome 3—Enhanced Quality of Life for Older Australians****Ageing and Aged Care Division**

Mr Nick Mersiades, First Assistant Secretary  
Ms Jane Bailey, Assistant Secretary, Quality Outcomes Branch  
Mr Warwick Bruen, Assistant Secretary, Community Care Branch  
Ms Virginia Hart, Assistant Secretary, Policy and Evaluation Branch  
Ms Lesley Podesta, Assistant Secretary, Residential Program Management Branch  
Mr Mark Thomann, Assistant Secretary, Office for an Ageing Australia  
Dr David Cullen, Executive Director, Aged Care Price Review Taskforce

**Aged Care Standards and Accreditation Agency**

Mr Mark Brandon, Chief Executive Officer  
Ms Kristina Vesk, General Manager, Corporate Affairs



**Outcome 4—Quality Health Care****Primary Care Division**

Mr Andrew Stuart, First Assistant Secretary  
Ms Rosemary Huxtable, Assistant Secretary, Policy and Evaluation Branch  
Mr Rob Pegram, Principal Medical Advisor  
Ms Leonie Smith, Assistant Secretary, General Practice Access Branch  
Ms Sandra King, Acting Assistant Secretary, Primary Care Quality and Prevention Branch  
Ms Cath Halbert, Assistant Secretary, Red Tape Taskforce

**Acute Care Division**

Dr Louise Morauta, First Assistant Secretary  
Mr Charles Maskell-Knight, Principal Advisor  
Mr Richard Eccles, Assistant Secretary, Australian Health Care Agreements Taskforce  
Mr Peter De Graaff, Assistant Secretary, Blood and Organ Donation Taskforce  
Mrs Christianna Cobbold, Assistant Secretary, Blood Products Unit  
Mr Alan Keith, Assistant Secretary, Hospitals Branch  
Mr Adrian Beekmeijer, Director, Hospitals Branch

**Medical and Pharmaceutical Services Division**

Dr David Barton, Medical Officer, Diagnostics and Technology Branch  
Ms Pauline Clynes, Director, Pharmaceutical Benefits Branch  
Dr Jane Cook, Medical Officer, Medicare Benefits Branch  
Ms Joan Corbett, Assistant Secretary, Pharmaceutical Benefits Branch  
Ms Jan Feneley, Assistant Secretary, Office of Hearing Services Branch  
Dr Ruth Lopert, Director, Pharmaceutical Benefits Branch, Executive Section  
Mr Ian McRae, Assistant Secretary, Medicare Benefits Branch  
Mr Andrew Mitchell, Director, Pharmaceutical Benefits Branch, Pharmaceutical Evaluation Section  
Mr Raino Perring, Acting Assistant Secretary, Medicare Benefits Branch  
Dr John Primrose, Medical Officer, Pharmaceutical Access and Quality Branch  
Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access and Quality Branch  
Mr Chris Sheedy, Assistant Secretary, Diagnostics and Technology Branch  
Dr Bernie Towler, Director, Diagnostics and Technology Branch, Executive Section

**Health Services Improvement Division**

Mr Bob Wells, First Assistant Secretary, Health Services Improvement Division  
Dr Vin McLoughlin, Assistant Secretary, Health Priorities Branch  
Mr Dermot Casey, Assistant Secretary, Mental Health and Suicide Prevention Branch  
Mr Brett Lennon, Assistant Secretary, Workforce and Quality Branch  
Ms Phillipa Lowrey, Director, Rural Health and Palliative Care Branch  
Ms Jan Bennett, Assistant Secretary, Rural Health and Palliative Care Branch

**CRS Australia**

Dr David Graham, General Manager

**Outcome 8—Choice through Private Health Insurance****Acute Care Division****See Outcome 4****Outcome 9—Health Investment****Health Services Improvement Division****See Outcome 4****Information and Communication Division****See Whole of Portfolio****Office of the National Health and Medical Research Council**

Professor Alan Pettigrew, Chief Executive Officer

Dr Clive Morris, Executive Director, Council of Australian Governments Implementation Taskforce

Ms Cathy Clutton, Executive Director, Centre for Health Advice, Policy and Ethics

Ms Suzanne Northcott, Executive Director, Centre for Research Management

Mr Tony Krizan, Acting Assistant Secretary, Centre for Corporate Operations

**CHAIR**—I call the meeting to order. I welcome back Minister Patterson—I know she is on her way—and the secretary of the department, Ms Halton, and I thank the officers for kindly consenting to come back this evening. I am very grateful for everyone's understanding and flexibility. We are going to start with outcome 8—Choice through private health insurance.

**Acute Care Division**

**Ms Halton**—Just before we start, I have some items to table, with your indulgence. In Tuesday's hearing, Senator Allison requested a copy of the evaluation of the current health warnings on tobacco products as well as a list of the membership of the technical advisory group assisting the department with the review. I would like to table the evaluation report, together with the executive summary and the membership, as was requested.

**CHAIR**—Thank you. Senator McLucas, will you proceed?

**Senator McLUCAS**—Thank you, Chair, and thank you, officers of the department, for changing your plans to come in this evening. In a recent edition of the *Herald Sun*, I think it was the day before yesterday's, there was an article that described Australian Unity, which is one of the largest private health insurance funds, being investigated for providing discounts on drugs that are not listed on the PBS. That is how I understand it, although the article is not clear. Are any officers aware of that article or the issue that surrounds it?

**Mr Maskell-Knight**—I saw the article. I have also seen a statement by the chief executive of Australian Unity explaining what is going on and arguing very strenuously that Australian Unity is not breaching any laws that they are aware of and that they are not being investigated by anyone as far as they know. What appears to be happening is that Australian Unity, as well as being a health fund, is a friendly society. The friendly society runs a chain of pharmacies. Those pharmacies are providing prescriptions which are listed on the PBS, but for which the patient charge is less than the standard patient copayment, at a discount to the yellow book price, which they are perfectly entitled to do under law and which many other pharmacies do.

**Senator McLUCAS**—So they are not behaving any differently to other friendly societies. Is that essentially what you are saying?

**Mr Maskell-Knight**—They are not behaving differently to other pharmacies.

**Senator McLUCAS**—In the article, a competing organisation, I think, is quoted as saying that it might encourage patients to use more drugs than necessary. Do you have a view about whether or not that might be the case?

**Mr Maskell-Knight**—I am not sure that it is down to me to have a view. I just make the point that, as I understand it, these are prescription drugs and a doctor needs to write a prescription before they can be made available.

**Senator McLUCAS**—What is the cost then to government of the 30 per cent rebate that that is attributed to, that part of the cover that would be going to this? I am trying to ascertain what the cost is. Is it something you can identify?

**Mr Maskell-Knight**—Just because it is Australian Unity, it does not mean that it is necessarily a private health insurance cost. It could be any other pharmacist. The issue is that, if a person who is insured purchases non-PBS pharmaceuticals and if their ancillary cover covers it, they can make a claim against their health insurance for the cost. To that extent, if Australian Unity are offering cheaper prescription drugs, it is saving the government money in a very indirect and non-quantifiable sort of way.

**Senator McLUCAS**—Can I now go to the issue of the differential in payment for private patients between public hospitals and private hospitals. I understand that there is quite a significant difference in the schedule fee that is paid to a public hospital for a private bed. Can you give me some history on why that is the case.

**Mr Maskell-Knight**—Under legislation the health funds are required to pay a default benefit to any hospital with which they do not have a contract. The average level of the basic default benefit is about \$242 per bed day. The average charge in a private hospital is of the order of probably \$500 or \$600. Because private insurers and public hospitals have not seen fit to enter contracts, the private insurer is only required to pay the basic default. Similarly, if an insured person goes into a private hospital with which their health fund does not have a contract, the same basic default is the amount the health fund is required to pay under law. They may choose to do more but they do not have to. I should perhaps add that there is nothing in the legislation to prevent public hospitals and health funds entering into contracts.

**Senator McLUCAS**—But, historically, they have not.

**Mr Maskell-Knight**—That is correct.

**Senator McLUCAS**—We might come back to that point later, because I understand the—

**Mr Maskell-Knight**—The secretary has just pointed out to me that that arrangement has been in place for a long while.

**Senator McLUCAS**—Has the department got any view that that should be changed?

**Mr Maskell-Knight**—I think you are asking me for an expression of opinion. I do not have them!

**Senator McLUCAS**—I understand that, over time, the differential of this floor price, if we can call it that, for a private bed in a public hospital has grown in the last 10 years. A public

hospital now receives about 40 per cent from the private health insurer whereas 10 years ago it received about 60 per cent. How has that differential been allowed to grow over time?

**Mr Maskell-Knight**—I think it reflects the fact that private hospital average charges are increasing as a consequence of the increased complexity of procedures that are carried out in the private sector.

**Senator McLUCAS**—But you would imagine that public hospitals would have far more complex services than the private sector?

**Mr Maskell-Knight**—That is a popular belief. I think that at the superspeciality end that is probably true, that those superspeciality services are provided in the public sector and very few in the private sector. But over the last 10 years there has been a very significant shift in the case mix which the private sector handles. Very little coronary work was done 10 or 15 years ago in the private sector and it is now comparatively common.

**Senator McLUCAS**—I suppose the other point is that most acute or emergency situations are public admissions, not private.

**Mr Maskell-Knight**—A lot of emergency admissions are in the public sector but an increasing number of private hospitals are running emergency departments.

**Senator McLUCAS**—The point I am making is that if someone—irrespective of whether they have private health insurance—is in an emergency situation, they will be admitted as a public patient.

**Mr Maskell-Knight**—That is very likely, yes.

**Senator McLUCAS**—I am going to put these questions on notice, but I will run through them first to make sure that you can answer them. Can you provide the breakdown, financial year by financial year, of the total actual spending to date on the 30 per cent private health insurance rebate administered by the Department of Health and Ageing and the Treasury?

**Mr Maskell-Knight**—Yes.

**Senator McLUCAS**—Can you prove the total estimated spending for the financial year 2002-03 on the 30 per cent PHI rebate by both departments?

**Mr Maskell-Knight**—We might be able to do that in a minute, Senator.

**Senator McLUCAS**—Very good. I will carry on: can you provide the breakdown, financial year by financial year, of the total spending allocated over the forward estimates period on the 30 per cent private health insurance rebate administered by the Department of Health and Ageing and by Treasury?

**Mr Maskell-Knight**—We can do that, but it will not be particularly helpful because the amounts shown against the rebate do not reflect premium increases as those affected into the contingency reserve. You will effectively see full years of the same number.

**Senator McLUCAS**—I understand that. We have had that discussion on a number of occasions, thank you. I will put those on notice, unless you have that second set of figures.

**Dr Morauta**—We will come back in the next 30 minutes or so when we have some of those numbers.

**Senator McLUCAS**—What is the total estimated spending for the financial year 2002-03 for advertising for private health insurance?

**Mr Maskell-Knight**—For the industry or the department?

**Senator McLUCAS**—For the department.

**Mr Maskell-Knight**—I believe it is a very small number indeed, Senator. It would be for advertisements seeking consultants to do evaluation work. As far as I am aware, there has been no advertising of government programs, but I could check.

**Ms Halton**—And no campaigns, that I am aware of.

**Senator McLUCAS**—So there is some consultant work, Mr Maskell-Knight?

**Mr Maskell-Knight**—If we required a consultant—for example, to evaluate outreach programs, which is a requirement under the Nation Health Act—we would put an advertisement into the *Weekend Australian* saying, ‘Qualified consultants, please put in a tender.’

**Dr Morauta**—What we are really saying is that it is the basic bread and butter stuff—staff recruitment, that kind of thing.

**Senator McLUCAS**—Can you give us that figure on notice?

**Mr Maskell-Knight**—Certainly, we will take it on notice.

**Ms Halton**—That is for this financial year?

**Senator McLUCAS**—Yes, 2002-03. Also, could you provide on notice the breakdown, financial year by financial year, of the total spending of the forward estimates by the department for private health insurance?

**Mr Maskell-Knight**—We do not identify separately. Again, it would be a very low level of the same sort of advertising. We certainly do not have a specific allocation for it, so I really could not answer that.

**Senator McLUCAS**—It is different from a million dollars that we have been spending up until now?

**Mr Maskell-Knight**—Yes.

**Senator McLUCAS**—Lifestyle benefits was an issue that we talked about at last estimates. Can you update the committee on what has happened since last estimates in terms of the withdrawal by the health funds of the lifestyle benefits which were deemed, shall we say, inappropriate?

**Mr Maskell-Knight**—I think at the last estimates we advised you that the Australian Health Insurance Association had written to the minister advising her of the association’s view that such benefits should be withdrawn and that the industry would be approaching the ACCC to see how that could be done within the constraints of the Trade Practices Act.

**Senator McLUCAS**—And that letter from Mr Schneider says that the industry, through the Health Insurance Association, was going to go to the ACCC?

**Mr Maskell-Knight**—Yes, that is correct.

**Senator McLUCAS**—Do you understand that that occurred?

**Mr Maskell-Knight**—That has occurred. What has happened recently is that Russell Schneider has written to the minister saying that the result of those discussions with the ACCC is that the industry believes that the authorisation process would be very complex and protracted and asking if the government would consider regulation to resolve to the issue that way rather than through that ACCC. The government is considering its response.

**Senator McLUCAS**—Can you just explain the authorisation process for us, please?

**Mr Maskell-Knight**—I am not an expert on the Trade Practices Act or the ACCC, so I cannot really help you.

**Senator McLUCAS**—Is it the authorisation of particular parts of the lifestyle benefit as being able to be included, or not?

**Mr Maskell-Knight**—No. I will explain to the extent that I am able. An agreement by the participants in an industry to act in concert in a particular way to withdraw or modify a product is *prima facie* a breach of the Trade Practices Act. If the industry wishes, they can approach the ACCC and seek an authorisation, which is effectively an exemption from the ban in the Trade Practices Act. Part of the process of doing so is writing a submission to the ACCC demonstrating that it is in the public interest. The ACCC then embarks on a process of seeking submissions from other interested parties. I believe there may be draft determinations, then a process for commenting on those and then a final one.

**Senator McLUCAS**—But, essentially, the industry were saying that they wanted to redefine the benefit that was available under the lifestyle benefit cover.

**Mr Maskell-Knight**—They were saying that their view was that ancillary cover should not extend to items usually purchased for sport, recreation and entertainment.

**Dr Morauta**—We have some of the numbers you were asking for, if you would like them.

**Senator McLUCAS**—I will just finish this, and then we will come back to that. Could I get a copy of the letter from the AHIA to the minister that canvasses that ACCC action?

**Mr Maskell-Knight**—We will have to ask the AHIA if they would be prepared to make that available.

**Senator McLUCAS**—Thank you. So the ACCC has requested the government to change legislation?

**Mr Maskell-Knight**—The AHIA have.

**Senator McLUCAS**—In what respect? How would the legislation have to be changed?

**Mr Maskell-Knight**—There is a range of options open to the government. As I said, we are still considering what the response to that letter might be.

**Senator McLUCAS**—What outcome are the AHIA looking for? Are they asking the government to redefine what a lifestyle benefit claim could include?

**Mr Maskell-Knight**—In effect, yes. I imagine what they would wish to see is something which prohibited them from offering benefits in respect of particular things.

**Senator McLUCAS**—And the government is currently considering its response to that request?

**Mr Maskell-Knight**—That is correct.

**Senator McLUCAS**—It would be good if we could get that letter, if possible. Dr Morauta.

**Dr Morauta**—You asked how much was in the tax system and how much was in the PHI rebate in 2002-03. The total number is 2.297 billion. The tax one is 168 million and the PHI rebate is 2.129 billion. You also asked us about the forward estimates for the rebate. These figures have the payments made through both the ATO and the department. Starting from the forward estimates—and these are the numbers that Mr Maskell-Knight said were almost the same numbers—the figures are: for 2003-04, 2445; for 2004-05, 2466; for 2005-06, 2466; and for 2006-07, 2467.

**Senator McLUCAS**—Is it possible, and providing this on notice will be fine, to separate that out once again between the Department of Health and Ageing, and Treasury?

**Dr Morauta**—I think we can probably have that available for tabling tonight.

**Senator McLUCAS**—Thank you. I just want to move to the issue of health fund product changes. We put a question on notice last time, EO3122, concerning private health insurers' applications for changed products. Could you, on notice, update that table in EO3122? A number of applications that were at the point of answering the question last time were commercial-in-confidence. Could you identify those products that have actually changed in the intervening period of time?

**Mr Maskell-Knight**—Yes, we can—but, because those product changes were associated with rule changes, it will be a very extensive list.

**Senator McLUCAS**—Could you explain that further.

**Mr Maskell-Knight**—The changes to products which have taken place since we gave the information last time will form a very long list—just about every health fund will be on there. I am not sure to what extent we can neatly summarise what those rule changes are, but we will try. Because the premium increase took effect on 1 April, most health funds changed their rules in some way at the same time.

**Senator McLUCAS**—That would be good if you could get us that information. The Australian Health Insurance Association advised in August 2001 that it was going to conduct an audit of the problems of people who are privately insured and unable to access beds in public hospitals. Is the department aware whether that audit was undertaken?

**Mr Maskell-Knight**—I am looking around behind me at people with some corporate knowledge and they are all shaking their heads, so I think that probably means that we do not know rather than it was not the case.

**Senator McLUCAS**—I wonder if you would mind having a look through the files and finding out. What I am looking for is whether or not the results of that audit were made available to the department and, if they were, if it is possible for the committee to have a copy of the report. I know that the AHIA conducted the audit. It goes to the issue of the allegation

that private hospitals are choosing what sort of patient they are going to take in their front door.

**Mr Maskell-Knight**—That rings a bell. It was when you said ‘public’ before, Senator, that I did not know—

**Senator McLUCAS**—Did I mean private?

**Dr Morauta**—Yes.

**Senator McLUCAS**—Yes, we are talking about the same thing.

**Dr Morauta**—Glimmers of recognition are now occurring. I think we are slightly better informed now, but I do not know that we can give you a really good answer right now. Why don’t we take it on notice anyway?

**Mr Beekmeijer**—I might be able to solve the problem now.

**Senator McLUCAS**—Are you aware of the audit that was undertaken?

**Mr Beekmeijer**—Yes, I am aware that there were claims relating to the concept of cherry picking. There was a report from the AMA in Victoria where there was some discussion around GPs not being able to gain access for their patients into private hospitals. As a response, a task force was set up to investigate areas where it could be explored as to whether that was actually happening or not. We have had about six meetings through face-to-faces and teleconferences. All private hospitals, basically, are represented on that task force, as are the AMA, the Consumers Health Forum and the department. Over that period of about 12 months there have been no systemic identified problems within the sector, although there have been times when patients have been unable to gain access to their choice of hospital or when hospitals have been on bypass or unable to accept a certain patient because staff were not there at the time, the doctor could not get there or something like that. Essentially, there have been no systemic problems identified for us to respond to. There was certainly some discussion around when people were coming off their waiting periods and Lifetime Health Cover. When the waiting periods were coming on, hospitals were very busy at that particular point in time, and there were certainly some issues around getting access to a hospital within expectations of time.

**Senator McLUCAS**—Was there a final report of the task force?

**Mr Beekmeijer**—I never saw the AIH report, no.

**Senator McLUCAS**—No, of the task force which I think you are telling me the department established.

**Mr Beekmeijer**—The task force is still running.

**Dr Morauta**—Who established it?

**Mr Beekmeijer**—It was established by the department, in consultation with the stakeholders who were concerned around the issue.

**Senator McLUCAS**—Could we have a list of the membership of that task force, please?

**Mr Beekmeijer**—Yes.



**Senator McLUCAS**—There is no report because it is an ongoing committee, but it might be informative to have a look at the minutes of that task force.

**Dr Morauta**—We will see what records there are, Senator.

**Mr Beekmeijer**—There are minutes of every meeting. So yes, that can be done.

**Mr Maskell-Knight**—We will take it on notice and see what might appropriately be released.

**Senator McLUCAS**—Thank you. The government announced recently, as reported in an undated clipping, that there were proposed reforms to private health insurance funds that would go to asking the funds to disclose more information on management expenses. Are you aware of the issue that I am speaking of?

**Mr Maskell-Knight**—Yes.

**Senator McLUCAS**—Can you tell me where we are up to with that process?

**Mr Maskell-Knight**—My understanding is that the Private Health Insurance Administration Council is going to be releasing a document which sets out a range of statistics around management expenses for the various funds—not just the simple expenses as a proportion of contribution income but a wider range of indicators. I am not sure what the timing on that is. It may be after the end of the financial year, but I can check that.

**Senator McLUCAS**—Is it the purpose of this document to define management expenses?

**Mr Maskell-Knight**—It is to give a sense of how a fund's performance varies. The PHIAC rules already set out what management expenses are. The PHIAC annual report includes, as I said, a fairly one-dimensional 'management expenses as a proportion of contribution income', but there is a range of other indicators—management expenses as a proportion of claims, expenses per claim paid and so on—which give a more rounded sense of how different funds are performing.

**Senator McLUCAS**—Do management expenses include advertising and marketing expenses?

**Mr Maskell-Knight**—Certainly.

**Senator McLUCAS**—Do you try and identify within the bucket that is called 'management expenses' what are being attributed to what purposes?

**Mr Maskell-Knight**—The Private Health Insurance Administration Council requires funds to submit quarterly returns. They do have a disaggregation of management expenses. I understand that advertising, marketing, promotion activities and something else are grouped together; there may be other elements in that as well. So it is not possible to disaggregate advertising as a single number, no.

**Senator McLUCAS**—Can you provide us with the list of what those disaggregation items are, or is that publicly available?

**Mr Maskell-Knight**—Yes—I think it might even be on the PHIAC web site; I am not sure—certainly.

**Senator McLUCAS**—We will have a look, and if it is not then I imagine we will get it on notice. Thank you. Are you not sure of when that is going to be reported?

**Mr Maskell-Knight**—I can give you management expenses by category now, if you wish—

**Senator McLUCAS**—Thank you.

**Mr Maskell-Knight**—if my eyes will hold up here. Labour costs are 43 per cent; management fees and share of corporate overheads is five per cent; postage and telephone are four per cent; printing and stationery are four per cent; rental and property are six per cent; research, advertising and publicity are nine per cent; ‘other’ is nine per cent; commission is six per cent; computer costs are eight per cent; depreciation and amortisation are three per cent; and financial charges are three per cent. That is for the 2001-02 financial year.

**Senator McLUCAS**—And that is a collection of all funds’ management expenses?

**Mr Maskell-Knight**—It is the total across the industry.

**Senator McLUCAS**—What was the second item?

**Mr Maskell-Knight**—Management fees and share of corporate overheads.

**Senator McLUCAS**—What percentage was that?

**Mr Maskell-Knight**—I really do need to use my health insurance and get some spectacles. It is five.

**Senator Patterson**—You can buy a cheap pair at the pharmacy.

**Senator McLUCAS**—How much is paid annually in the additional levy that is payable by high-income earners who do not take out private health insurance?

**Mr Maskell-Knight**—That is an issue for the Australian tax office.

**Senator McLUCAS**—I will take it to them. Do you not have the information?

**Mr Maskell-Knight**—Not that I am aware of. Someone in the back row may. I see lots of shaking heads. No, the tax office administer that. Again, it may well be publicly available in the taxation stats. There is a very comprehensive set of income taxation statistics released.

**Senator McLUCAS**—In the budget there are three measures, identified on page 214 of the PBS, that are proposed to contain private health insurance increases. The total savings from those three measures are \$49.6 million over four years. Can you explain those figures to me and how they are disaggregated?

**Mr Maskell-Knight**—I can disaggregate them between administered savings and departmental costs. I am unwilling to disaggregate them between the different elements of the measure, essentially because it will send signals to the industry about how we expect their behaviour to change in certain ways.

**Senator McLUCAS**—I understand that.

**Mr Maskell-Knight**—I will go across and give the administered savings then the departmental costs: minus \$3 million for 2003-04; minus \$12.5 million for 2004-05—

**Dr Morauta**—It is on page 33.

**Mr Maskell-Knight**—Sorry, it is actually included on page 33.

**Dr Morauta**—Page 33 has each measure broken down by departmental and administered, and it shows that.

**Senator McLUCAS**—I understand your point though, Mr Maskell-Knight, about not disaggregating it. I think I have finally learnt that—after a couple of years. The issue that has been raised with us is the issue of access to prostheses. Do you know the number of people who could be affected by the changes in the new funding and listing arrangements for prostheses?

**Mr Maskell-Knight**—I guess the question is: affected in what way? What we expect will happen is that the insurance will put in place arrangements such that there is at least one prosthesis, and probably a range of prostheses, available for every MBS item at no cost to the consumer. It is very difficult to forecast what the effects on individuals in particular circumstances might be. At one level, you could say that there is something like 8½ million people who will have lower premiums and will hence be affected that way.

**Senator McLUCAS**—I understand your point. The converse which has been put to us is that people may not be able to access the best quality or the most recently designed and developed prosthesis because of the expense of that item.

**Mr Maskell-Knight**—What we are trying to put in place is an arrangement which takes account of cost-effectiveness, so that if the latest and best prosthesis delivers better outcomes and that makes sense in a cost-effectiveness way then health funds will continue to make that available at no gap.

**Senator McLUCAS**—Who is making the decision about which prostheses will be funded?

**Mr Maskell-Knight**—What we have in mind is that the industry—meaning the hospitals and the health insurers—will be able to work that out.

**Senator McLUCAS**—And the department has no role in that?

**Mr Maskell-Knight**—We would like to leave it to the industry to regulate.

**Senator McLUCAS**—You do not have a role in making those sorts of decisions?

**Dr Morauta**—The proposal is that the government might amend regulations or make a determination which govern this area to set in place principles which govern what happened, but then the detail of the administration of it would lie outside government. So it is a change in the balance in the arrangements. But the government would say, 'These are the things that have to happen.'

**Senator McLUCAS**—Who then does the analysis of the cost-effectiveness of one prosthesis over another?

**Mr Maskell-Knight**—That remains to be seen. Where there are new MBS procedures which have a new prosthesis attached to them, they will go through the Medical Services Advisory Committee which will assess the evidence as to whether a new prosthesis makes sense if it is a completely new one. If it is merely a refinement of one that is existing in the market then we would look to the industry to resolve the issue.

**Senator McLUCAS**—Let us say it is a new hip that is made out of something like gold, for example.

**Mr Maskell-Knight**—That is relatively cheap, I think, Senator.

**Senator McLUCAS**—Is it?

**Ms Halton**—It is also a bit soft, Senator.

**Senator McLUCAS**—Let us say that it is made out of something that we are not currently making hips out of. There would be arguments about whether this was more cost-effective in terms of the longevity of the implant. Is that where the Medical Services Advisory Committee makes that determination or are you saying that that determination is in the province of the hospitals and the private health insurers?

**Mr Maskell-Knight**—I think we are saying it is in the province of the hospitals and health insurers.

**Senator McLUCAS**—There is potentially a cost to government one way or the other. If they make the wrong decision and pick the wrong one, we will end up having to pay higher premiums and 30 per cent higher than that somewhere down the track.

**Mr Maskell-Knight**—That is true, but the health insurers will have to pay 70 per cent.

**Senator McLUCAS**—But we will be paying 30 per cent.

**Mr Maskell-Knight**—Yes, but they have a livelier interest in ensuring cost-effectiveness than we do.

**Senator McLUCAS**—We are a shareholder in this discussion, aren't we?

**Mr Maskell-Knight**—But we are a minority shareholder.

**Senator McLUCAS**—We are a \$2.3 billion minority—that is a lot of money.

**Dr Morauta**—It might be helpful to clarify the process we are going through. We are closely involved in discussions with the industry and different stakeholders in the sector, including clinicians, about how this might be implemented, with the idea of ensuring that when the government issues a determination on these matters there is a method of delivering on what the government's principles are. Although we are expecting that the sector will sort it out, there is a very active dialogue going on that we are partly at the centre of to try and get these two things meshed together. There is a process going on. It might sound like it is not all set up yet, and that is absolutely right. The approach is to give some time to get this right and not to rush into what is a new structure. We are at the beginning of that process at the moment.

**Senator McLUCAS**—And when do you imagine the process will be completed?

**Mr Maskell-Knight**—We would like to have arrangements in place before the start of the 2004-05 financial year. There will perhaps be some need for some sort of transition arrangements, but our aim is to have it up and running by then.

**Dr Morauta**—It is quite a big structural change. We are taking it slowly to ensure it is okay.

**Senator McLUCAS**—It is a very different way to what we do with pharmaceuticals. Why the philosophical difference in the way we manage this?

**Mr Maskell-Knight**—I am not sure that it is as different as you appear to be saying, Senator McLucas. The difference is that in the pharmaceutical area, because we pay a far greater proportion of the cost, we are much more actively involved. It is a ministerial committee which makes the recommendations to the minister. But we imagine that the same general sorts of considerations would apply to this industry group as would apply to the Pharmaceutical Benefits Advisory Committee. They have regard to the same sorts of things in making their decisions. I imagine they would have regard to comparator items the same way the Pharmaceutical Benefits Advisory Committee does. I imagine there might even be something that looks a bit like therapeutic group premiums.

**Senator McLUCAS**—Essentially, the analysis of the cost-effectiveness will happen between the private health industry and hospitals. How does the community have scrutiny over that process? How transparent will that be?

**Dr Morauta**—I think we would be inclined to say it was one of our requirements that there was an independent process around the cost-effectiveness analysis. For example, the Medical Services Advisory Committee publishes all of its reports. That may well be one of the characteristics of this arrangement too.

**Senator McLUCAS**—But MSAC is not doing the analysis of the cost-effectiveness?

**Mr Maskell-Knight**—It would for entirely new items. We are still feeling our way through the process. We are not exactly sure how it will work, but we are fairly clear that we want the industry to be doing this rather than having government involved in it.

**Senator McLUCAS**—I am just trying to understand where the community has scrutiny of that process for those items that are not the new items—let us say, the replacement prostheses.

**Dr Morauta**—The first point of scrutiny is the principles that are determined by the government and issued to govern this process. Those principles are what we are working on to try to get it absolutely right. So in these discussions, if we see something coming up on which we think we need to have a principle from government on then we will have that. That seems to be the primary point of scrutiny for the community. If a principle were, for example, that new prostheses be subject to a cost-effectiveness assessment of a certain standard then that would be something that people could see. That is the sort of concept of it: it is a set of principles that government issues for things that are implemented in the sector. It is the principles that are the point of accountability through the regulatory power of the government.

**Senator McLUCAS**—You have identified the savings, and I understand that you cannot disaggregate that \$49.6 million but I dare say that the amount is quite significant out of that total. How can you identify what the savings are if we are feeling our way at this point? I am trying to work out how you came to a number.

**Dr Morauta**—I think this is done quite frequently in budget processes. These are the savings that the Department of Finance and Administration has agreed to for the costs. We work through what you might get in principle. We did it, for example, before MSAC was established. We said, 'We think MSAC will deliver a projection of savings like this.' As you

can imagine, estimates are very conservative because Finance gave them a tick—and it takes quite a while to think through those issues—but you can get a broad model without ever getting down to the question of how. That is how we do a lot of these sort of costings at the time of the budget.

**Senator McLUCAS**—Is that how you end up with \$30 million left over in the PIP payments bag too?

**Dr Morauta**—I think that is a different structural issue to this one; this is a savings issue.

**Senator McLUCAS**—It does trouble me that we do not really know where we are heading with this but we can identify what the savings are going to be. I cannot see how you can do that.

**Ms Halton**—There is, at one level, a common principle here—that is, the principle of being fiscally conservative so that the estimates have integrity. What we would tend to do in these sorts of areas is be confident—and Finance would insist on this—that we do not overestimate a saving. This is one of the things that Finance is vigilant about. Secondly—and this goes to the issue in relation to PIP, as Mr Stewart outlined to you the other evening—there was a concern that there not be an overestimate; in other words, that you actually run out of money. I think the general principle is that in areas where there is not a complete science—and in some of these areas you would understand that there is not—we always do our estimates in a way which is conservative.

I think you will recall the other night when we were talking about the Medical Benefits Schedule that we can be quite accurate in the aggregate but when we get into the minute details it can be different—and I think we talked about the fluctuations in amongst those components of programs. In aggregate we are almost always bang on the money. I think this is a similar sort of area where the requirement of Finance is caution and that has been what has happened here.

**Senator McLUCAS**—I have heard it called ‘hollow logs’ but I would not be so cheeky as to say it here.

**Ms Halton**—If there were a hollow log we might actually be able to have some extra money. Unfortunately Finance does not like to allow us to do that.

**Senator McLUCAS**—We will continue this discussion and get an update next time on that measure. The other measure that is about to become reality is the scrapping of the second tier default benefit. Can you describe the effect of removing that scheme?

**Mr Maskell-Knight**—We imagine it will remove the floor price for hospital health funds contract negotiations, which is currently set at 85 per cent. We believe that will exert some general downward pressure on contract prices and, hence, on premiums.

**Senator McLUCAS**—The pressure to change this principle came from which sector?

**Mr Maskell-Knight**—I think it is fair to say that the health insurers believe it would be a desirable change to make. It is fair to say that the hospitals disagree.

**Dr Morauta**—I think that in the considerations in general underlying these changes there is a theme of allowing the industry to be efficient with less government intervention, and this is part of that stream of policy.

**Senator McLUCAS**—But essentially, the large hospitals have all negotiated payments schedules with the private health insurance industry. It is the smaller hospitals that have not done that. Am I right? The second tier default benefit essentially affects those very small private hospitals or day clinics so that they will not have that floor in place.

**Mr Maskell-Knight**—I think that is a simplification. We have looked at the major health funds and the contracts they have with their hospitals and day facilities which currently have second tier status. The Australian Health Services Alliance, which I think represents about 20 per cent of members, has got contracts with every one of the hospitals which currently has second tier. The HCF has contracts with all except half a dozen perhaps. Medibank Private has contracts with all except two of the hospitals and well over half of the day surgeries. BUPA or AXA or HBA, or whatever you want to call it, would have contracts with about half of the hospitals and quite a number of the day facilities. So it is not true to say that the hospitals that are currently accredited for the second tier are unable to enter into contracts. Most of them have got contracts with two or three of the major health insurers.

**Senator McLUCAS**—But not with all, and that is the point that has been made to us.

**Mr Maskell-Knight**—Not with all is probably true. If you are in Queensland you probably do not want to have a contract with BUPA because they have got hardly any market presence there.

**Senator McLUCAS**—But that is one specific instance. I understand that there are a number of smaller hospitals that are concerned the removal of the floor price will put them in a very difficult position to negotiate with larger private health insurance providers.

**Mr Maskell-Knight**—I think that one needs to have regard for the fact that 10 private hospitals are currently accredited for the second tier and 290 are not. If it was really such an essential safeguard, I would have thought that the figures would have been somewhat more even.

**Senator McLUCAS**—Are those two lists available? Are you able to give us those lists of which ones are accredited and which ones are not?

**Mr Maskell-Knight**—Certainly.

**Senator McLUCAS**—Thank you. When was the second tier benefit introduced?

**Mr Maskell-Knight**—In late 1997 or early 1998, if no-one has a better memory as to that. I thought someone might be able to work out exactly when, but it was certainly around the end of 1997 or early 1998.

**Senator McLUCAS**—What was the reason for its introduction then?

**Mr Maskell-Knight**—The argument that the hospitals put then was that health funds were beginning to enter into selective contracting and they felt threatened by that. They believed that if they did not get a contract then they would be reliant on the basic default benefit, which, as we discussed earlier, was set at about 40 to 45 per cent of contract prices. Putting a

bit of historical context into this, health fund hospital contracting only really began in 1995-1996, as a result of legislation that the Labor government put in place in May 1995. I think that for the first several years the pendulum had swung very much in favour of the hospitals. The contracting process appeared to consist of the hospitals saying what their charges were and the health funds signing up. After a couple of years, the health funds figured that was not the way to do things and they started being a lot tougher, and the pendulum swung back towards the health funds. I think the government believes that we are now in a fairly stable environment of a lot of experience as to how to contract and make contracts work and as to the sort of commercial negotiation and accommodation that a mature industry needs to have. In that context we do not believe that the default is actually serving a purpose in protecting hospitals. We believe it probably does have an undesirable effect in setting a floor price.

**Senator McLUCAS**—With the removal of the second tier default benefit, who saves money in that process?

**Mr Maskell-Knight**—At the end of the day both the government and consumers of private health insurance will.

**Senator McLUCAS**—It is interesting that it is consumers of private health insurance.

**Mr Maskell-Knight**—The purchasers.

**Senator McLUCAS**—The hospital sector is not going to be a beneficiary of the removal of the second tier default benefit though?

**Mr Maskell-Knight**—I think that the hospital sector as a whole may well not be. Perhaps if individual hospitals are forced to negotiate, they may find that it is an easier process than they thought and they may achieve better outcomes through having a contract than through not having one.

**Senator McLUCAS**—I have also been advised that there is a replacement scheme that you are proposing for smaller regional hospitals. Is that the case?

**Mr Maskell-Knight**—The minister announced the development of a new rural and regional private hospital default benefit, which is essentially replicating the second tier default benefit but only for facilities in RRMA 3 and upwards.

**Senator McLUCAS**—Why were they identified as obviously a group that was going to be disadvantaged if the loss of the second tier default benefit applied?

**Mr Maskell-Knight**—The argument is that, as Australia is a highly urbanised community and most of health fund members are in urban areas, it is worth health funds' while, in a market sense, to have lots of contracts with lots of hospitals in urban areas. However, they may not believe it to be worth their while to enter a contract with the Wagga Wagga private, because they only have 20 members there. We believe that there may have been a greater need to look after those rural and regional facilities.

**Senator McLUCAS**—Could you provide a list of how many private hospitals there are in each of the seven RRMA's?

**Mr Maskell-Knight**—I believe I have a list of potentially eligible facilities. After the break we may be able to provide that to you.



**Dr Morauta**—Were you asking for those details by RRMA, Senator?

**Mr Maskell-Knight**—We do not have it by RRMA; we just have it for RRMA 3 to 7.

**Senator McLUCAS**—Those that might be eligible for the regional and rural benefit?

**Mr Maskell-Knight**—Yes.

**Senator McLUCAS**—It might be useful for us—you might take this on notice—if we could get a list of the 3 to 7s, which are what we are interested in.

**Mr Maskell-Knight**—Yes, that is what we have, but we do not have information like: ‘These are in 3 and these are in 4.’

**Senator McLUCAS**—Perhaps you could take on notice to provide a list of private hospitals in RRMA 3 to 7.

**Mr Maskell-Knight**—By RRMA?

**Senator McLUCAS**—Is that possible?

**Dr Morauta**—Tonight we can give you a list of all hospitals in those RRMA taken together—all the ones that are eligible for rural and regional benefit. We have that information with us.

**Mr Maskell-Knight**—Those that we believe are potentially eligible.

**Dr Morauta**—They have to get accreditation.

**Mr Maskell-Knight**—They have to meet accreditation standards to become eligible.

**Dr Morauta**—Senator, we can now table the figures that I just said we had available.

**Senator McLUCAS**—Thank you. In May of this year, Standard and Poor’s released an analysis of health insurance in Australia. Are you aware of that work?

**Mr Maskell-Knight**—I saw the newspaper article.

**Senator McLUCAS**—You have not seen the report from Standard and Poor’s?

**Mr Maskell-Knight**—No.

**Senator McLUCAS**—They are essentially saying that the contribution to private health insurance and the inflation in health care costs are very closely linked. Has the department done any work on estimating the contribution that private health insurance makes to inflation within health care costs?

**Mr Maskell-Knight**—I do not believe we have. I am not sure I accept the premise, but we certainly have not done any work estimating what that impact may or may not be.

**Senator McLUCAS**—You do not accept the premise?

**Mr Maskell-Knight**—No, Senator.

**Senator McLUCAS**—That is what Standard and Poor’s is saying. I will leave it at that.

[6.33 p.m.]

**National Health and Medical Research Council**

**CHAIR**—Thank you, Senator Carr, for coming in at this time. I welcome representatives of the NHMRC.

**Senator CARR**—Thank you, Chair. I have been waiting with anticipation at the prospect of being able to talk to this committee. It is very rare that I get along here—obviously there is a long queue. Professor Pettigrew, what can you tell me about grant application No. 20965?

**Prof. Pettigrew**—I cannot answer that question because I do not have the detail on a numerical basis.

**Senator CARR**—I will give you a bit more assistance.

**Ms Northcott**—That is the grant held by Professor Bruce Hall?

**Senator CARR**—Yes, that is the one. He is a kidney specialist, isn't he?

**Ms Northcott**—I think so—a nephrologist.

**Senator CARR**—He undertook some research on the tolerance and the transplantation of kidneys and on autoimmune diseases. Is that right?

**Ms Northcott**—That is correct, as I understand it.

**Senator CARR**—It is pretty serious stuff, when you are talking about transplanting kidneys.

**Ms Northcott**—Most people—

**Senator CARR**—Would regard it as serious stuff.

**Ms Northcott**—who win grants do serious research.

**Senator CARR**—What do you say to the allegations of academic fraud in such a serious matter?

**Ms Northcott**—At the moment, I cannot say anything about them one way or another. They were raised with NHMRC in late 2001, and we drew them to the attention of the administering institution, which is the University of New South Wales. Under the joint statement with the Australian Vice-Chancellors Committee, the university is required to undertake an investigation of such allegations. They did that. There was some public outcry about whether that was satisfactory, and they therefore established an independent external inquiry. We still have not seen the results of that.

**Senator CARR**—What is the definition of 'scientific misconduct'?

**Ms Northcott**—Sorry, I do not have the joint statement in front of me at the moment, so I cannot give you the actual words about that, but it relates to issues around authorship and the veracity of claims of having undertaken experience et cetera.

**Senator CARR**—Would misconduct include 'fabrication, falsification, plagiarism, and other practices that seriously deviate from commonly accepted practices within the scientific community for proposing, conducting, and reporting research'? That would be a fair summary of the sorts of issues that we are talking about?

**Ms Northcott**—Yes.

**Senator CARR**—With regard to this grant, was it the case that the allegations went to issues of misappropriation of Commonwealth money?

**Ms Northcott**—Yes. That is correct.

**Senator CARR**—What were some of the other allegations?

**Ms Northcott**—The three issues were the possibility that there was fraudulent information, issues around authorship and also issues around fund management.

**Senator CARR**—There were other issues as well, weren't there?

**Ms Northcott**—There were other issues to do with workplace relations, but they were not issues of interest to the NHMRC, and I think they were dealt with by Western Sydney Area Health Service.

**Senator CARR**—So the questions of bullying and those sorts of things are not issues that you deal with?

**Ms Northcott**—Correct.

**Senator CARR**—But wrongly including or admitting names of individuals as co-authors on published extracts and manuscripts is a matter for you?

**Ms Northcott**—Correct. It is a matter, obviously, that we are interested in. In the first instance, as I said, the definition of scientific misconduct is set out in the joint statement with the AVCC. So we need to be reasonably satisfied—under a deed of agreement for that grant—that false information was not provided, and that is what we are waiting for the inquiry to determine.

**Senator CARR**—What is your responsibility with regard to the matter of the misappropriation of Commonwealth moneys?

**Ms Northcott**—We referred that matter to the Audit and Fraud Control branch of the Commonwealth department. They have undertaken the inquiry. First of all, I should say that those matters were investigated by the university, and they could not find any evidence that there was misappropriation of funds. We referred the matter to our Audit and Fraud Control branch. They have since gone in and investigated those allegations and have similarly found no evidence.

**Senator CARR**—Is that right—the university has found no evidence?

**Ms Northcott**—No, the Commonwealth department's Audit and Fraud Control branch has investigated the allegations and has found nothing.

**CHAIR**—Senator Carr, Hansard find it very difficult when two people are talking together.

**Senator CARR**—I am going too quickly for the officer.

**Senator Patterson**—No, you just get a bit excited; that is all.

**CHAIR**—Not too quickly for the officer—

**Senator CARR**—The officer does not look excited at all.

**CHAIR**—Senator, I am speaking now, and you are talking over me. Could you try not to speak over the officers when they are talking. Thank you.

**Senator CARR**—I am wondering whether or not you are aware of anything the university may have found other than what you have reported to the Commonwealth?

**Ms Northcott**—No, I am not aware. There were two recommendations made by the Audit and Fraud Control branch in relation to the management of grant moneys. One was that there is a grant—I do not have the grant number in front of me—held by Professor Hall already that has not been suspended, but they recommended that we closely scrutinise the final report of that grant when it comes in. We do not have the final report of that because it was issued under what we used to call conditions of award, so grants under that system had to report only at the end of the grant period, and that has not yet happened. We have undertaken to closely scrutinise that final report when we receive it.

They also made some comments around how consumables and staffing costs are allocated against individual grants, and we have undertaken to provide advice to all administering institutions about how they allocate costs across grants. Obviously, for example, if you are buying test tubes, it does not make sense for every grant recipient to go out and buy five test tubes—it makes sense for a university to buy those in bulk—but consumables should still be allocated against each individual grant.

**Senator CARR**—I must say that the odd test tube is not really what I am here to talk to you about. I am just wondering if it is the case that the university was understood to have had an inquiry and it found that Professor Hall authorised the duplication of misleading data and thereby seriously deviated from the practices that were commonly accepted within the scientific community for reporting research; published a material and significant falsehood—namely, that the data in the line specified in the particular allegation that went to the grafting of some rats—and did so in a reckless disregard for the truth; and, further, that Professor Hall prepared or authorised the preparation and submission of grant No. 20956 to the NHMRC, which reported statistically on two data points without showing the number of data points in the figure legend and presented the results of the experimentation incorrectly in figure 2—and so on in various other technical terminology—and these defects in the presentations precluded the assertions of the grant application for determining the accuracy of the facts purportedly configured in figure 2 of the grant application. That report found that Professor Hall's statement represented a material or significant falsehood and a reckless disregard for the truth and that Professor Hall published a material falsehood and authorised the publication of abstracts with an intent to deceive or in reckless disregard for the truth.

**Ms Northcott**—I might interrupt there. I have not seen the report that contains those allegations. I have seen the report that was done by UNSW—

**Senator CARR**—Yes, I know.

**Ms Northcott**—The report said that it was inconclusive on the information they had whether or not they could verify those allegations. It is actually 209656.

**Senator CARR**—Have I misquoted it? No. 656 is what I—

**Ms Northcott**—Yes. We have suspended payment on that grant. We are waiting to get the independent external inquiry's report, which has been done by Sir Gerard Brennan, a former Chief Justice, to be reasonably satisfied, which is what our deed of agreement requires us to be, that the allegations have been substantiated. That is what we are waiting for at the moment.

**Senator CARR**—What if it is found, and the university has known for some time, that the various allegations are true and in fact that Professor Hall stated a material or significant falsehood with the intent to deceive? What then do you do?

**Ms Northcott**—It becomes a matter for the university to determine his status. The money will not flow, because under the deed of agreement we suspend or, if we find that to be the case and the grant is no longer suspended, it would be terminated. But disciplinary procedures are a matter for the university. I understand that there is some distinction between scientific misconduct, which would be a disciplinary matter, and gross scientific misconduct, which would be a matter for dismissal.

**Senator CARR**—When did the police get in on the intent to deceive? It is Commonwealth money. A grant is made which is demonstrated to be a material falsehood.

**Ms Northcott**—No money has flowed on that ground.

**Senator CARR**—None of the grant that was sought from the Commonwealth was expended—none of it at all?

**Ms Northcott**—None of it has been spent. It was suspended before it ever was paid.

**Senator CARR**—At what point do you bring in the police?

**Ms Northcott**—I would discuss that with the Audit and Fraud Control branch. The process is that it would be referred to them. They are the point of contact for the Australian Federal Police, so you would really need to talk to them about it.

**Senator CARR**—I need to talk to them?

**Ms Northcott**—If you want to know what happens after I refer it to them, you would need to discuss what the process is with them.

**Senator CARR**—Will you be launching an inquiry into this particular matter—into how this issue has arisen?

**Ms Northcott**—We have always cooperated with the University of New South Wales. I understand that Dr Clara He had raised this matter with UNSW for some time before she brought it to our attention. As soon as she wrote to us we drew it to the attention of UNSW and pointed them in the direction of the joint statement, which made it quite clear that it was their responsibility to investigate the allegations. When it became clear that people were not really satisfied with the investigation that they had undertaken, we made it very clear to them that we were very keen to be involved in the independent inquiry. We assisted them in drafting the terms of references because we wanted to make sure that when we got the results of inquiry it satisfied our concerns, and that is what we are waiting for. There has been some delay. As I understand it, the report was received by the university in January this year, but Professor Hall immediately sought an injunction. I do not know, because I have not seen the

report, but he alleges that he has been denied natural justice in terms of the conduct of that inquiry. He was granted a temporary injunction in March and, as I understand it, both UNSW and Professor Hall have submitted evidence to the Supreme Court of New South Wales. The hearing for that is next week, so we are really just waiting to see whether or not he is—

**Senator CARR**—Irrespective of the hearing, do you not have access to reports on this particular matter at all?

**Ms Northcott**—No, because his injunction was to prevent the release of the report to other parties. So I have not seen it.

**Senator CARR**—Does the university still hold to its view that there was no problem?

**Ms Northcott**—It has been to the council of UNSW and on legal advice they have refused to discuss it with us.

**Senator CARR**—Do they still hold the view that there was no problem down there?

**Ms Northcott**—I do not know whether that is their view; otherwise, they would not have established the independent external inquiry.

**Senator CARR**—You have mentioned Dr Clara He. What correspondence have you had with her recently?

**Ms Northcott**—I do not have a list, but we have fairly regular faxes from Dr He.

**Senator CARR**—I want to talk to you now about grant No. 113949. Do you have a file on that?

**Ms Northcott**—I cannot say if that is the grant, but I think it might be. Is that the one that is being undertaken at Liverpool Hospital?

**Senator CARR**—Yes. Both of these matters relate to Liverpool Hospital. What is the nature of the correspondence you have had from Dr He? It is all quite recent.

**Ms Northcott**—I do not have the most recent correspondence, but from memory it is about the alleged transfer of moneys from her grant to another researcher.

**Senator CARR**—In the same project—the same unit?

**Ms Northcott**—It is in the same unit, but it is not the same project.

**Senator CARR**—It is a \$300,000 grant in total?

**Ms Northcott**—That sounds possible. The average NHMRC grant is \$100,000 per year.

**Senator CARR**—The question here relates to unauthorised expenditure of \$96,000. Is that right?

**Ms Northcott**—That does not ring a bell; \$46,000 is the amount that I recall.

**Senator CARR**—You might want to have a look at that and see if it is more than that. I am happy to table the correspondence if it helps you, because there is correspondence here that relates to—

**Ms Northcott**—I will have it.

**Senator CARR**—There is some more correspondence here which I do not think you will have. I will table that correspondence. I have spoken to Dr He, as you might have gathered. The problem here is that there has been a large sum of money which she alleges has been misappropriated. There have been unauthorised expenditures. Credit cards have been issued in her name and used by other people and, basically, people have been acting on her behalf without authorisation in other regards as well. Are you familiar with those sorts of claims?

**Ms Northcott**—No, not intimately. These are matters which we are expecting an external inquiry to look at as well.

**Senator CARR**—So this is another matter?

**Ms Northcott**—The external inquiry was established to look at all unresolved matters from the matters that were considered unresolved by the UNSW inquiry. I do understand that there has recently been a transfer of moneys back—that is, UNSW has authorised a transfer of moneys back into Dr He's account.

**Senator CARR**—When did that happen?

**Ms Northcott**—I understand that that happened recently.

**Senator CARR**—What, yesterday?

**Ms Northcott**—I am not sure.

**Senator CARR**—She did not seem to be aware of it 48 hours ago. She is the authorised officer, isn't she? She is the person to whom the grant has been issued. How is it that people are able to spend money out of the grant that was made to her? How is it that other people are able to spend that money?

**Ms Northcott**—They are matters the Audit and Fraud Control branch have discussed with the University of New South Wales finance office and research office and, as I understand it, they are satisfied—

**Senator CARR**—The problem that I see here is that you have got quite serious allegations being put to you, and she says that there has not been any correspondence back from the department on these matters. Is that true?

**Ms Northcott**—No, but I only wrote to Dr He yesterday—

**Senator CARR**—It was just late getting back to her, was it?

**Ms Northcott**—No, it was not late in getting back to her; it is just that we are in advance of the hearing next week by the Supreme Court of New South Wales and it is very difficult for us to have a position.

**Senator CARR**—Yes, but if someone writes to you and says, 'My grant's been ripped off,' you are entitled to a position on that; it has got nothing to do with the Supreme Court of New South Wales.

**Ms Northcott**—As I said, I referred that to our Audit and Fraud Control branch some time ago.

**Senator CARR**—And have you referred the correspondence I just tabled to them as well?

**Ms Northcott**—I have not seen this correspondence. It is, as you said, only 48 hours old.

**Senator CARR**—Some of the correspondence goes back a bit further than 48 hours. It is the same matter detailed in the correspondence back in April.

**Ms Northcott**—I have responded to this letter of 22 May.

**Senator CARR**—That is the one you responded to yesterday, is it?

**Ms Northcott**—That is right.

**Senator CARR**—There is a letter here from her dated 4 April regarding concerns about missing funds. It just seems to me that we might have a broader administrative problem here.

**Ms Northcott**—You will see that on 5 May, though, that she acknowledged that we had not actually received that correspondence of the 14th, so there was a delay—

**Senator CARR**—I do not want to go to the ins and outs of whether you wrote to her. It is not my job to do that. If a citizen contacts me and says, 'I am not getting any progress on the matter,' and I have asked you some questions about the administrative procedures for this, then it strikes me that it does come back to this problem that we were talking of earlier, and that is that the arrangements between the NHMRC and the AVCC seem to imply to me that extraordinary discretion is given to the university to make inquiries regarding questions of misappropriation of Commonwealth moneys or scientific misconduct or matters of that type. Dr He is at the centre of the central dispute. She is the whistleblower with regard to Professor Bruce Hall. She is at the centre of the protected disclosure action—I believe that is the term used in New South Wales—and she thinks she is being victimised in all of this. There seems to be a body of evidence to sustain the case that she has been given a hard time. Your procedure suggests to me that you go back to the people who are giving her the hard time. I am wondering what the capacity of the department is to independently evaluate the claims that are being made.

**Ms Northcott**—There are two things. First of all, I would like to remind you that the NHMRC did take Clara He's allegations very seriously and we took them to UNSW at the first opportunity and said, 'We want you to act on these; these are very serious. They go to the heart of the reputation of Australian science. We want an investigation.' Secondly, we did have conditions of award and they, as I said, only required final report at the end of three years. We have replaced that now with what we call a deed of agreement, which is a much more stringent agreement which is no longer between us and the researcher but between us and the administering institution. What it requires in the case of allegations of research misconduct is that we be reasonably satisfied that allegations have either been proven or not proven. In the first instance we expect the institution to undertake an inquiry and to provide us with a copy of their report. If that does not reasonably satisfy us, then there is nothing to prevent us and we would instigate our own inquiry.

**Senator CARR**—Under the previous arrangements, you were not satisfied with the university's inquiry, were you?

**Ms Northcott**—We could not be because it said that the information was inconclusive.

**Senator CARR**—You were not satisfied with that?

**Ms Northcott**—No.



**Senator CARR**—You helped draw up the terms of reference—I think that is what you told me before—to establish an independent inquiry.

**Ms Northcott**—Yes.

**Senator CARR**—But it is still pretty much to the university. Do you have the capacity to run your own inquiry independent of the university reporting to you?

**Ms Northcott**—We do. We could.

**Senator CARR**—Don't you think this is a case that warrants that?

**Ms Northcott**—The joint statement was written in 1997 and even before the allegations around Professor Hall arose the research committee of NHMRC had really come to the conclusion that we needed to visit the joint statement because of issues around commercialisation, intellectual property and a range of issues. The research environment had changed. We have already put in place a process for reviewing the joint statement. We want to make that a broader joint statement so that it is no longer just between us and the universities but it also involves the ARC. We have had discussions with the ARC about revising the statement. All of these issues about it is it enough—

**Senator CARR**—It follows this. When do you expect this new joint statement to be ready?

**Ms Northcott**—Probably 12 months or so. It is a substantive document and is going to need a lot of thought.

**Senator CARR**—What assurance can you give the committee that the Commonwealth's interests will be protected in this? If it relies on the normal AVCC arrangements there is a presumption that the university does all this. This is Commonwealth money. The questions of scientific fraud are one thing—very serious—but the issues of the misappropriation of Commonwealth money are a separate matter again, surely.

**Ms Northcott**—They are issues that we will certainly be looking at and whether we need to specifically refer to offences against the Commonwealth.

**Senator CARR**—That is why I am asking about this particular matter. Is there not a prima facie case here for an inquiry by the Commonwealth into the misappropriation of Commonwealth moneys?

**Ms Northcott**—There has been already.

**Senator CARR**—Where?

**Ms Northcott**—By the Audit and Fraud Control Branch.

**Senator CARR**—And they could not find any evidence?

**Ms Northcott**—They could not. They made some recommendations on how procedures could be improved, but they found no evidence of misappropriation of funds.

**Senator CARR**—I see. In the case of this particular grant, there has been an independent inquiry. That is grant 113949. I was not talking about the Hall case, because that has been demonstrated to be a complete load of nonsense. It has been demonstrated now that they have been conned.

**Ms Northcott**—Sorry, who has?

**Senator CARR**—The audit report that you have is clearly not right. It is demonstrated to be inaccurate.

**Ms Northcott**—I cannot comment on that.

**Senator CARR**—I am asking you whether there has been an inquiry into the unauthorised transfer of moneys out of the account of 113949?

**Ms Northcott**—As I said, I do not have that number in front of me, but I understand that that grant has been examined by the Audit and Fraud Control Branch. Their recommendation is that when we get the final report, which is all they are required to provide us with under the conditions under which that grant was offered, we scrutinise it closely. They were granted an extension on the research. It is now due on 30 June 2004.

**Senator CARR**—In 2004?

**Ms Northcott**—The grant is for three years. It was offered in 2001.

**Senator CARR**—So this particular doctor has to wait until 2004 to get his allegations dealt with?

**Ms Northcott**—No. The allegations will also be looked at by the independent inquiry. As I said, I have not seen the latest correspondence.

**Senator CARR**—I would ask you to have a look at it and to take this on notice.

**Ms Northcott**—I will, and I will discuss it with the Audit and Fraud Control Branch to see if they are satisfied.

**Senator CARR**—I will not take this much further tonight, but I ask that you take this matter on notice. Can you advise me as to whether, in your view or the council's view, there is a need for further action in the recovery of moneys? Can you also establish the factual circumstances—whether or not there has been an unauthorised withdrawal and expenditure of funds?

**Ms Halton**—Senator, can I ask you to clarify that question, please? You said 'your view or the council's view'.

**Senator CARR**—Let us be nice and generic: the department's view.

**Ms Halton**—Let us be clear, because the department is one entity, the Office of the NHMRC is a separate entity and then there is the NHMRC. I am not splitting hairs here, but there are quite distinct differences.

**Senator CARR**—That is a fair enough question.

**CHAIR**—Then there is the third view, the individual's view, which cannot be sought anyway.

**Senator CARR**—I am not much interested in the individual officer's view. She is not here to answer those sorts of matters. It is not her individual responsibility in these things; it is the corporate responsibility. I have asked these questions in regard to the NHMRC. I would ask the department similar questions, since you have drawn to my attention the obvious distinction between them. Is the department aware of the events surrounding the Professor Bruce Hall affair of scientific fraud?

**Ms Halton**—I understand that people in the department were briefed on that matter by officers of the Office of the NHMRC. The officers of the Office of the NHMRC asked that officers of the department, from the Audit and Fraud Control Branch, provide them with assistance in this matter because the Office of the NHMRC does not have a separate audit and fraud control function. I think this is one of those areas where the department would not normally have a view on these matters; the Office of the NHMRC might have a view. We take very seriously the broad question you raise about the appropriate use of Commonwealth funds. I think the officer has been saying that essentially there are a number of things in play here, one of which is a piece of correspondence which I understand from her evidence she has not seen. She has undertaken to look at that piece of correspondence.

**Senator CARR**—I am talking about two separate cases. With regard to grant No. 209656, I would like to know at what point the department became aware of any findings within the university that there had been, in the preparation and submission of a grant application, material containing significant falsehoods and a reckless disregard of the truth by Professor Hall.

**Ms Northcott**—We became aware of the allegations when Dr He raised them with us. We raised them with UNSW, and they are at the heart of the external independent inquiry.

**Senator CARR**—Who do you represent here? Which shop?

**Ms Halton**—The Office of the National Health and Medical Research Council—

**Senator CARR**—So you can speak for the department on this, can you?

**Ms Northcott**—No.

**Ms Halton**—My understanding is that an officer of the Office of the NHMRC did provide a briefing.

**Ms Northcott**—Correct.

**Ms Halton**—I think it might have been the officer herself.

**Ms Northcott**—Yes.

**Ms Halton**—To one of the deputy secretaries, unless I am mistaken.

**Ms Northcott**—No, to the Assistant Secretary of Audit and Fraud Control.

**Senator CARR**—The briefing—

**Ms Halton**—Requested—

**Senator CARR**—an inquiry.

**Ms Northcott**—Assistance with an inquiry into allegations of mismanagement.

**Senator CARR**—Has the department been aware of any findings within the university that Professor Hall stated a material or significant falsehood with an intent to deceive?

**Ms Halton**—Not that I am aware of, but I will take it on notice.

**Senator CARR**—If such a finding has been made within the university and you have not been advised, do you think there is not a case for an independent inquiry?

**Ms Halton**—You are asking me for an opinion.

**Senator CARR**—In terms of the policy guidelines. Do you think that would be a fair interpretation of the policy guidelines in terms of your responsibilities for the expenditure of Commonwealth moneys?

**Ms Halton**—As I have said, the relationship between the department and the Office of the NHMRC is a complicated one. There are boundaries between the responsibilities of the department and the Office of the NHMRC.

**Ms Northcott**—The issue really comes down, as I said, specifically to the deed of agreement under which the grant was suspended—that is, the one with ‘56’ in it—and the NHMRC needing to be reasonably satisfied of the words that are used in the deed. In the event that we are not reasonably satisfied by the inquiry that has been undertaken by Sir Gerard Brennan, that is an issue that we would need to consider. We are hopeful that we will be given access to that report and that it will provide enough information for us to make a decision one way or the other.

**Senator CARR**—Are you making representations to the court on that matter?

**Ms Northcott**—No, we are not parties to that matter.

**Senator CARR**—It is a Commonwealth grant.

**Ms Northcott**—But the hearing is not about misappropriation or possible misappropriation of Commonwealth funds. It is specifically in relation to whether Professor Hall has been denied natural justice—

**Senator CARR**—But if there are inquiries within the university that go to the issue of an application to the Commonwealth for Commonwealth funds which states a material falsehood with the intent to deceive then, as I understand the words—and if that had in fact occurred—I would have thought you would have quite a profound interest.

**Ms Northcott**—We do, absolutely. But we need to know whether or not that has in fact occurred and then we need to determine what it is we should do.

**Senator CARR**—I would have thought the university would have an obligation to tell you.

**Ms Northcott**—I have not seen a report that includes those words. We are waiting for the external inquiry to report.

**Senator CARR**—All right. You have taken some questions on notice so if you could provide me with some advice I would be grateful.

**CHAIR**—Thank you, Professor Pettigrew, and the crew from NHMRC.

**Proceedings suspended from 7.09 p.m. to 7.36 p.m.**

**CHAIR**—We are still on outcome 9. Senator McLucas has questions on access to Medicare.

**Senator McLUCAS**—A continuing issue, raised with me and with others, is the classification of regions in terms of trying to work out where areas of need for doctors are. Can you explain to us briefly what structure you use to identify the areas of need?

**Ms Smith**—Did you have a specific question?

**Senator McLUCAS**—I want you to explain to me how you classify areas—that is, how you describe areas in a geographical sense—so that you can therefore make an assessment as to whether or not they are areas of need.

**Ms Smith**—There are probably a couple of issues in there. One is that the department, across all of its programs, uses some different classification systems. For the general practice access branch and the programs in general for general practice, we use two main classification systems. One of those is the RAMA system and the other is called GP ARIA. So it depends on the program,

**Senator McLUCAS**—But how do you identify areas of work force need?

**Ms Smith**—That is Mr Wells's area.

**Mr Wells**—Identifying areas of work force shortage applies primarily to the granting of provider numbers for doctors coming in from overseas on temporary residence visas. Primarily, they are there to provide primary care services and general practice services. I could talk separately about specialist services. The essential criterion we apply for general practice type services is whether the doctor supply in the area—which could be a town or a district—is worse than the national average, with the national average currently being about one GP per 1,400 head of population. If the doctor supply is about that or worse, we will normally agree that a provider number can be made available for a doctor to come to that area. If the doctor supply is better than the national average, then we would not normally agree. We do take into account, for example, that some areas have high population influxes at certain times of the year, and some areas have high transient populations, or tourist type factors, that we factor in as well. They are the sorts of criteria we apply. It is on a case-by-case basis.

**Senator McLUCAS**—I suppose the question I am asking is that you describe the area as the township or—

**Mr Wells**—It could be a town or it could be a locality; it will vary. Often, if it is a very small community, we might go broader than just that small community; if it is a larger town, we might go broader because people might come in there naturally for those sorts of services. So, as I say, it is on a case-by-case basis. Sometimes it might be a very specific locality, but sometimes the surrounding areas might be part of the consideration. So for a town with a population of a few thousand there might be basically an adequate supply, but when you factor in that there might be another few thousand in the district who would see that town as their main service centre then it becomes an area of undersupply.

**Senator McLUCAS**—Let us look, then, at a regional centre with a population of, say, 120,000 people. Would you describe that as one location, or does it depend?

**Mr Wells**—It might depend. A town of 120,000 probably is a major centre for the surrounding communities. It could in fact be a major centre for a number of other towns.

**Senator McLUCAS**—I suppose my question is: do you consider that city as one city, or parts of it?

**Mr Wells**—We might look at parts of it as well. You are probably referring to Townsville.

**Senator McLUCAS**—It is the one in my mind. I will talk about that later. I am just trying to get my structure right.

**Mr Wells**—I think if you just looked at the Townsville city local government area in isolation, for example, it is probably adequately supplied; but if you take the adjoining local government area of Thuringowa, it is undersupplied. So it is a case of trying to look at the balance between the two. Generally, I think, at the moment, we see Townsville as okay and Thuringowa as not okay. That does vary from time to time but that is, I think, the current position.

**Senator McLUCAS**—I want to ask some questions about Townsville and Thuringowa in a minute. I understand that capital cities are treated differently than everything else, but we have the situation where Darwin is treated as a capital city and so, I understand, is Canberra. How differently do you treat the capital cities to the non-metropolitan areas?

**Mr Wells**—Generally the capital cities, because of their concentration of population, availability of transport et cetera, would be treated as a whole. In the example of Canberra, there might be parts of Canberra—if you just isolated a suburb—where you might come up with an equation which suggests that suburb is in poor supply. But then, when you see there is a town centre nearby where there is a concentration of doctors, you would say that the area is not in short supply, because there is reasonable access. So it is very much a case of city by city. But the capital cities generally would not be seen as being in short supply, except for some of the outer metropolitan areas, where we have specific programs. They are normally treated as a whole, in that regard.

**Senator McLUCAS**—Could you provide us with a list of those areas which have applied to be considered as unmet areas of need over the past three years? Is that something that you could do? Because there is an application process, is there not?

**Mr Wells**—It is more that they apply for a doctor: ‘We would like to have another doctor in this town. Would the Commonwealth then agree to make a provider number available?’

**Senator McLUCAS**—Does the division make that application or is it done by the practice?

**Mr Wells**—It could be the division or it could be a local practice. It could be, in a sense, anyone in the community who has an interest in the matter. But usually it is the division or a practice which wants to engage a doctor.

**Senator McLUCAS**—So there is no process of saying, ‘We have now been through an analysis of Australia and these are the areas where we are undersupplied’? The response from the department is on an application from a practice?

**Mr Wells**—It is case by case, but obviously you build up case histories. There are probably some places where the answer would almost be automatic, and other places where one might have to look at the figures again. We do not, if you like, do a review every so often and say, ‘Here are the areas,’ then they apply for a period and we do another review. It is case by case as they approach us.

**Senator McLUCAS**—If you get an application from a doctor in a certain area who is looking to get an overseas trained doctor established at their practice, what do you do with that application?

**Mr Wells**—We would look at the doctor supply in that area and measure that against the population, in the first instance. Depending on the outcome of that, we might then look at other factors, as I have said, such as feeder areas or a nearby town perhaps to which this town would naturally feed. We would look at those local circumstances. But often the answer is clear cut and is purely on the formula.

**Senator McLUCAS**—To go back to my question: is it possible for us to get a list of where applications have been made?

**Mr Wells**—Yes. We can certainly give you a list, but I am not sure how far back. Could I take that question on notice for us to give you what we can?

**Senator McLUCAS**—Certainly.

**Mr Wells**—I think there is a problem with our records if we want to go back past about two years.

**Senator McLUCAS**—As far back as you can, up to three years, would be good. In that list, would you identify which applications were successful and which were unsuccessful.

**Mr Wells**—Again I will take it on notice and we will do our best, depending on how robust our records are as we go back in time.

**Senator McLUCAS**—Sure. If the application was unsuccessful, would you tell us, if possible, what was the basis for that decision. I suppose it is all very well for the practice to get approval from you for a provider number. Have you got any data about how successful then that practice is in finding a doctor? Or is it usually done because they have found somebody and need approval?

**Mr Wells**—More often than not they have got the doctor: they have recruited the doctor, or there is a source of getting the doctor. We would have to look at what data we have. Most of that recruitment is actually done by rural work force agencies or Divisions of General Practice. We do not actually manage the recruitment.

**Senator McLUCAS**—I know. That is why I asked whether you had the information.

**Mr Wells**—We would have to see what data we have available.

**Senator McLUCAS**—Thank you. That would be useful. We now go to Townsville. I am interested in pursuing some questions that I put on notice but that have not been answered. Who made the application for the two or three provider numbers for overseas trained doctors that were placed in Townsville?

**Mr Lennon**—I believe that the applications you are referring to were made by an after-hours doctors clinic operating in Townsville.

**Senator McLUCAS**—Do you know how many other applications have been made by practices or from the division in Townsville for overseas provider numbers, over the last two or three years?

**Mr Lennon**—I do know that, since July 2001, Medicare provider exemptions have been granted for 23 overseas trained doctors to operate as general practitioners in Townsville and Thuringowa SLAs. That would be to operate either after-hours services or day services.

**Senator McLUCAS**—Do you have a separation of how many of those were in Townsville and how many in Thuringowa?

**Mr Lennon**—I do not have that separation at hand. I would need to take that on notice.

**Senator McLUCAS**—But it is possible that you could—

**Mr Lennon**—I believe it is possible to separate that out.

**Senator McLUCAS**—In the same way that I have asked Mr Wells to provide that information, could you give me a table of the 23 applications, indicate whether they were approved and separate them into Townsville and Thuringowa. I dare say that anything in Thuringowa was approved, to be frank.

**Mr Wells**—All those 23 were approvals.

**Senator McLUCAS**—Were there other applications that were not successful?

**Mr Wells**—We will take that on notice.

**Senator McLUCAS**—With the three overseas trained doctors, when you approved those three provider numbers I understand that the condition that was attached went to them only being able to practice out of hours.

**Mr Lennon**—I believe that to be the case.

**Senator McLUCAS**—Is that common? Do you often put that condition on approvals?

**Mr Lennon**—Yes, that is not an uncommon condition. For example, in a particular metropolitan location the ratio of doctors to the population generally might be such that they are relatively well supplied, but often in terms of after-hours and extended hours services there are shortages. So it is not unusual at all for that condition to be placed on doctors in metropolitan areas.

**Senator McLUCAS**—How do you monitor compliance with that approval?

**Mr Lennon**—We monitor compliance in part if it is brought to our attention by any party that particular doctors are operating outside of the agreed provisions. In terms of the overall responsibility for compliance, that would rest with the Health Insurance Commission. You really need to ask them about the precise compliance arrangements they have in place. I imagine they do the standard sorts of compliance checks for these sorts of programs.

**Senator McLUCAS**—So the doctor has been approved to practice out of hours. Do you put hours—for example, from 6 p.m. to 6 a.m.—on that?

**Mr Lennon**—We would normally be aware of the hours that the particular clinic operated. For example, some clinics might operate during the day and then only between, say, five and 10 in the evening. We would be aware of that at the time of the application. Some other after-hours clinics operate as all-night services. We would be aware of that also.

**Senator McLUCAS**—When you provide the answers on notice, could you explain to me what hours the three provider numbers were provided for, if that is possible.



**Mr Lennon**—We will provide as much detail as we are able to, consistent with general confidentiality provisions that we need to have due regard to.

**Senator McLUCAS**—I understand that. Certainly. I want to go back to the compliance question. You approve these doctors to work in a certain area at a certain time and then it is only by complaint that you would investigate whether there is compliance with that approval?

**Mr Lennon**—I did not say that, Senator. I said that that would be one way that it may come to our notice or, more specifically, to that of the Health Insurance Commission, which would have responsibility for the administration. But I think I also said that you would need to talk to the commission about the precise compliance regimes that they have in place. I imagine that they have particular compliance arrangements in place to satisfy themselves in this situation that the doctors were working in accordance with the Medicare provider number restrictions that were set.

**Senator McLUCAS**—I am asking you questions that I should be asking the HIC now, so just tell me what you do know. Do you advise the HIC that this particular provider number is only an after-hours provider number?

**Mr Lennon**—Yes. In terms of issuing the formal provider number exemption the HIC would be well aware of that.

**Senator McLUCAS**—So they know that the person is only going to work after 6 p.m. and before 6 a.m., for example?

**Mr Lennon**—Yes. If the conditions were that they had to work within those hours, that would be made clear to them at the time.

**Senator McLUCAS**—And their computer systems have some sort of measure of checking—

**Mr Lennon**—Again, Senator, I do not believe I am the right person to be asked this question.

**Senator McLUCAS**—When you made the approval for the three after-hours trained doctors, were you aware that the Townsville Division of General Practice has just been given a grant for an after-hours service by the department?

**Mr Lennon**—We are aware that the department provides assistance by way of pilot projects to a number of after-hours services, including one in Townsville, yes.

**Senator McLUCAS**—What analysis did you do of the impact on the pilot project that the Townsville division is undertaking when you approved the three after-hours provider numbers?

**Mr Lennon**—Our general approach to these matters would be to satisfy ourselves that there was a genuine community need for these services. If we satisfied ourselves that there was a genuine community need, that would generally be the overriding consideration. We liaise with our colleagues in the extended hours area of the department to take into account projects and initiatives that they have in place.

**Senator McLUCAS**—Are you aware that the Townsville division is worried about the viability of its operation that the government has funded?

**Mr Lennon**—I am aware of that, yes. We have had discussions with the after-hours industry and the relevant players in Townsville. Obviously, at the end of the day, we would be driven first of all by the need to ensure that community needs are being properly met, but at the same time we would take into account that the arrangements for the after-hours provision of services in any particular area were consistent with keeping after-hours services sustainable over time.

**Senator McLUCAS**—Did you talk to the division before you approved the three after-hours provider numbers?

**Mr Lennon**—I did not personally approve those, so I would have to take that question on notice.

**Senator McLUCAS**—I keep saying you; I mean the department.

**Mr Lennon**—I have described for you the general situation, the principles and the way we operate, but the precise course of events in relation to that particular approval, which is one of thousands we do each year, I would need to take on notice.

**Senator McLUCAS**—So there is obviously a check list. You have to go through these processes to get to the approval point.

**Mr Lennon**—It is our usual procedure to consult with our extended hours colleagues in the primary care division of the department to satisfy ourselves that all of their considerations have been appropriately addressed. As I said, at the end of the day, the thing that will drive the decision will be: will the addition of extra doctors, OTDs, in terms of after-hours services provide a better result for the community as a whole in the provision of medical services?

**Senator McLUCAS**—I do not disagree with that. I have been campaigning for more doctors in Townsville for a very long time. The timing may be problematic for the division and I am particularly concerned that one part of the department is funding an after-hours service while the other part is actually providing assistance. I dare say there is good intention, but we end up with a situation which may not necessarily—we do not know yet—be satisfactory. How long does it usually take for you to process an application for a provider number for an overseas trained doctor?

**Mr Lennon**—We often give what we call in principle approvals. So an application would be made to us and we give the applicant an idea in principle of whether everything looks to be in order and then the final application process would go through the Health Insurance Commission. We would normally try and do our part of the process within a matter of days.

**Senator McLUCAS**—That is normal procedure?

**Mr Lennon**—Our aim is to deal with those things efficiently and adequately once we get the request for in principle approvals.

**Senator McLUCAS**—I now want to ask some questions on behalf of Senator Crossin about what I understand may be a trial or may be direct funding for an after-hours clinic at the Alice Springs hospital. Can you tell me something about the application—who made it and—

**Ms Huxtable**—This is the Central Australian Division of Primary Health Care. It is an after-hours trial. There are several parties—the Central Australian Division of Primary Health Care and the Central Australian Aboriginal Congress are involved in a trial.

**Senator McLUCAS**—It is based at Alice Springs hospital?

**Ms Huxtable**—It is a service which is collocated at Alice Springs hospital.

**Senator McLUCAS**—So the Northern Territory government is obviously providing the facilities through the hospital. That is the usual structure that they have. I understand that half a million dollars over two years has been committed to the trial.

**Ms Huxtable**—It is somewhat more than that; it is \$600,000.

**Senator McLUCAS**—Given the level of wealth in a place like Alice Springs, was there any discussion about the need for bulk billing of those after-hours services with the applicants?

**Ms Huxtable**—As you know, Alice Springs is a recognised area of work shortage and clearly there is limited access to after-hours services in that community. This is part of the After Hours Primary Medical Care Program and more than 20 sites have been funded as part of this program. Generally these sites are managed by the management committees which comprise the trial sponsors, in this case the Central Australia division. While we have a role in the steering committee, it is very important that these trials are managed according to local factors with a view to developing a sustainable model for the long term. That is one of the key objectives around those trials.

While we certainly have a role in encouraging management committees to consider a range of issues around access and quality and the way in which the trial is structured, we do not, as in other areas, set fee structures for those trials. We do not require certain fees to be charged. We certainly have a role in ensuring that consideration is given to the range of issues. These trials are very much a learning mechanism and that is one of the reasons they have been funded. In developing budgets in an after-hours setting there are a variety of factors that need to be taken into account that relate to throughput and attracting doctors to participate in the trials and the concerns of the parties involved.

**Senator McLUCAS**—When you say that you have to identify whether it is going to be sustainable, how do you do that?

**Ms Huxtable**—It is part of the arrangements with all the trials that they work in their own management plans towards a consideration of their long-term sustainability. Part of the work that is being done as part of the After Hours Primary Medical Care Program is to give policy consideration to the issues around sustainability of after-hours models and the features that contribute to that. That work is at an early stage because the trials are continuing to develop.

**Senator McLUCAS**—Could I get a list of the 20 sites that have been funded?

**Ms Huxtable**—Certainly. I can provide that this evening—I will need to get some copies.

**Ms Halton**—We can table that, Senator.

**Ms Huxtable**—It is slightly more than 20. I am advised it is 27.

**Senator McLUCAS**—That is the same program that, for example, the Townsville Division of General Practice has been approved under?

**Ms Huxtable**—That is correct.

**Senator McLUCAS**—Can we have an update as to where we are with availability and affordability of medical indemnity cover for medical students?

**Mr Maskell-Knight**—I think there are two answers to that question. One is that, as far as I understand it, most medical defence organisations do accept medical students as members and do provide cover. I am told, however, that some of them apparently just provide support rather than insurance cover. The other answer to the question goes to the situation with regard to medical schools obtaining insurance cover. The department met with the Committee of Deans of Australian Medical Schools last week, I think it was. In preparation for that meeting the committee of deans had put together a paper setting out the situation as they understood it. It would appear that all except two of the medical schools have been able to obtain cover of some sort. Two have decided to self-insure the activities of their students.

**Senator McLUCAS**—Is it appropriate for you to tell me who they are?

**Mr Maskell-Knight**—I would have to go through the intricacies of the paper they provided to find out, but I could do that in a moment. One interesting thing the deans said during the meeting was that, as far as they knew, in the last 25 years there had been two claims in respect of medical students and both of those were fairly minor, which I imagine is why they are prepared to self-insure.

**Senator McLUCAS**—They have analysed their risk and can cover it.

**Mr Maskell-Knight**—It would seem so, yes. They would clearly feel happier if they were able to obtain insurance, but they are apparently prepared to bear that risk.

**Senator McLUCAS**—I understand the document is not a departmental document, but could you ask the committee of deans if that could be made available to the committee?

**Mr Maskell-Knight**—I am prepared to do that.

**Senator McLUCAS**—Thank you. Back to the MDOs providing direct insurance for students: you said that it varies in what is provided from support to full insurance cover. What did you mean by ‘support’?

**Mr Maskell-Knight**—What we tend to refer to as ‘road service’, using the NRMA analogy. They provide advice, legal advice, that sort of support, rather than actually offering insurance.

**Ms Halton**—It does not mean they start your battery when it is flat in the morning, though, Senator, I suspect.

**Senator McLUCAS**—Medical students might need it.

**Ms Halton**—Exactly—that is why I make the comment.

**Senator McLUCAS**—So essentially those medical students, to all intents and purposes, have been through the same problems but are covered in the same way that doctors are through the MDOs?

**Mr Maskell-Knight**—That is correct.

**Senator McLUCAS**—That is all I have on outcome 9, thank you, so that is now finished. We are going to move to 3 and 4 and then whole of portfolio.

[8.10 p.m.]

**Senator FORSHAW**—When we adjourned on Tuesday night, we had been considering the situation of the Tangerine Lodge nursing home. I understand there have been some further developments and, indeed, an announcement that their funding has been withdrawn. Can you tell me what has occurred since we last met?

**Ms Bailey**—Today a decision was made to withdraw the allocation of places to Tangerine Lodge and their approval as an approved provider.

**Senator FORSHAW**—Do you have any more information than that?

**Ms Bailey**—That effectively means that no more Commonwealth subsidy can be paid for care of residents at Tangerine Lodge.

**Senator FORSHAW**—They were under a sanction whereby there was no funding for any new residents.

**Ms Bailey**—That is right.

**Senator FORSHAW**—What led to this decision?

**Ms Bailey**—The decision took into account a whole range of issues, but primarily the delegate formed the view that there was still an ongoing serious risk to the residents of the home and this could no longer be tolerated and that it was appropriate now to take a further sanction, and I guess one of the strongest sanctions we have.

**Senator FORSHAW**—When was that decision made?

**Ms Bailey**—In Melbourne.

**Senator FORSHAW**—When?

**Ms Bailey**—This morning.

**Senator FORSHAW**—Was it under consideration on Tuesday?

**Ms Bailey**—This home has been effectively case managed since 1 April—

**Senator FORSHAW**—Yes, you told us.

**Ms Bailey**—but the decision was made at 10 o'clock this morning.

**Senator FORSHAW**—Was consideration being given on Tuesday, or earlier, as to taking this action? I have not got the *Hansard* yet to go back and read it word for word, but I certainly gained the impression on Tuesday night that we know that the company is in receivership, we know that the receiver is seeking to dispose of the business, or sell the business, and others but we were told that it was being managed. There was no hint given at all that in 48 hours there would be, or would be likely to be, a decision to withdraw funding. I want to know if it was in contemplation at that time.

**Ms Bailey**—It is not possible to prejudge the delegate's decision. It is accurate to say, however, that in case managing the home it has been a daily decision of the delegate and all of

those involved to see if the issues were improving, to what extent they were improving and what the prospects were. There was no prejudged outcome.

**Senator FORSHAW**—I did not get to ask, but I did not get the impression from the answer either that there was an indication that things were not getting better and therefore it was getting to the point where a decision would have to be made to withdraw the funding. Presumably, on Tuesday, or Monday, or last week the evidence would have been that the situation was not improving or likely to improve.

**Ms Halton**—I think it is very important to understand that, under the legal arrangements that we administer, there are a number of procedural steps that we take in relation to regulatory action. We had the conversation about Pan Pharmaceuticals earlier in these estimates which went to the procedural steps in that particular case. As Ms Bailey is indicating—and I think this is consistent with what she said in evidence on Tuesday—there were a number of things that we were doing in relation to the operation of that particular facility and in terms of discussing with the facility the standard of care for residents. As she is indicating, the delegate is the appropriate person to consider whether or not the ongoing information that is being received is sufficient to justify either a change in circumstance or the continuation of the existing circumstance that you have already mentioned—the particular questions in relation to the existing sanctions. As Ms Bailey was indicating to you, it is extremely important in these matters that the delegate is able to exercise a judgment in a way which is unfettered and which is in response to the issues as the delegate sees them, in this particular case on a day-to-day basis. I think it is fair to say that for officers who are not the delegate—Ms Bailey being one, and the other officers at the table, including me, being the others—it is very important that the delegate be allowed to take those decisions. Indeed, it would not be appropriate for people to speculate about a particular regulatory outcome and it is entirely proper that the delegate consider information presented to them at the time it is presented and then exercise a decision. It is fair to say, I think, that the evidence that was given on Tuesday was that there were some serious concerns here—that had been the case for a little while—and that this was being monitored and managed actively.

**Senator FORSHAW**—I am not disputing that and I am not trying to make any sort of suggestion about it, but it would be fair to say that I left these estimates on Tuesday night with the clear impression that there was a situation where sanctions were applied and things were being done to correct the situation within the running of the nursing home—we are aware that there is still the other situation regarding the receivership—and issues relating to quality and standard of care were being monitored. It is obviously quite surprising that, within 48 hours—or even less—there is a decision that the funding is to be withdrawn.

**Ms Halton**—Essentially you have hit the nail on the head. The principal issue here is care. I think there is a community expectation if care standards which are not good do not improve quickly. I have not read the delegate's decision, but my understanding is that the delegate does not believe that the issues in respect of serious risk—and Ms Bailey can obviously go to the detail of this—had been addressed in a way which would give the residents, their families, the community more broadly or any of us a level of comfort. You would appreciate that this is a serious decision.

**Senator FORSHAW**—Was any deadline given in respect of addressing these serious concerns?

**Ms Halton**—Deadline to whom?

**Senator FORSHAW**—To the management of the nursing home, to say: ‘Here are the problems. Fix them. We will be giving you until a certain date to assure us that they are fixed.’ Was that done?

**Ms Bailey**—It is fair to say that the department has had in excess of six meetings in total with both the owners and the receivers of the home. At each of those meetings it was pointed out to them that a major challenge for them was to remove the serious risk and to improve the care of the residents. We asked them on several occasions for information about how they were going to do that by our deadline. They were under no misapprehension about the expectations of the department that they would act to—

**Senator FORSHAW**—I am not suggesting they were; I am just inquiring into the process.

**Ms Bailey**—The process has been lengthy and has involved a range of people since the receivers came into the position. We made it clear to them. We sought information from them and our officers visited the home almost every day to verify and check on those things. It was a very intensive process.

**Senator FORSHAW**—If we had had the time, we would have gotten to the question of what you think is going to happen fairly quickly, but we did not get to that.

**Ms Halton**—And you would have been asking us to speculate.

**Senator FORSHAW**—No, I would have—

**Ms Halton**—Can I make a legislative point to you, and a legal point. One of the things I am absolutely clear on in relation to these issues—and it goes not only to my current role as secretary but also, as you are aware, to my former position as first assistant secretary of aged care—is that it would be inappropriate for us in a legal setting, such evidence being no doubt given in cases of court challenge, to ever be seen to have speculated about outcomes in these kinds of cases. There are processes that we follow. We follow them meticulously. I think, as Ms Bailey is saying, these issues had been raised with the relevant principals on a number of occasions in a context where the risk was serious.

**Senator FORSHAW**—I am not disputing that. My point does not go to speculation. It is one thing to, as you say, put sanctions on, but I was going to the question of fixing these things. What sort of time limit would you expect those things to be fixed within? For some things you would say that they should be fixed immediately given that the care of these people is involved, but other things that do not necessarily affect their care might take some time. That is why I was addressing this issue. Did anything new come to light in the last few days that led to this decision, apart from the evidence not being there that it was improving?

**Ms Bailey**—There has been strong evidence which has been considered and reviewed constantly. The agency undertook another site audit of the home as part of the reconsideration of the decision not to accredit the home and that information was made available to the department. I have lost a couple of days this week, and I would have to check, but I think it was either last night or the night before. That information was quite powerful.

**Senator FORSHAW**—So there was another audit done in the last couple of days?

**Ms Bailey**—Yes.

**Senator MOORE**—Had the home asked for a reconsideration of the original decision?

**Ms Bailey**—They did.

**Senator MOORE**—So the original decision was made, they asked for a reconsideration—obviously on the basis that they thought the decision would change—and as a result of the reconsideration audit, amongst other ongoing processes, it had reached—

**Ms Bailey**—I would not speculate on why they sought a reconsideration, but it was an option open to them under the legislation and they took that.

**Senator FORSHAW**—What arrangements have been made for the transfer of the residents? I have read the press release, by the way.

**Ms Bailey**—We have in place a range of contingency arrangements. We are able to offer all the remaining residents at Tangerine Lodge, if they wish to leave, accommodation in other age care facilities. Those residents and their families will be offered the opportunity to look at the options to see which ones suit them best in terms of geographic location and being close to their families. They will be offered assistance by the Commonwealth in their relocation. That process is now under way in Melbourne as we speak.

**Senator FORSHAW**—I think I asked this the other day, but just remind me again. When the transfer was taking place to Marnotta was there an investigation of the viability of Marnotta?

**Ms Halton**—You asked a series of questions about this the other night and I think people had to go away and look at the circumstances. I will ask Ms Podesta to speak on this. This was not strictly a transfer, but Ms Podesta can tell you about it.

**Ms Podesta**—I will go through the chronology and explain the process. Marnotta Pty Ltd was an approved provider under the Aged Care Act, until today. On 11 January 2001 they were allocated 20 low-care places at Abalene Private Nursing Home, which was an existing 30-bed facility at Elsternwick. These places were allocated to the approved provider to improve the viability of the home. On 25 October 2002 the department received an application to vary the conditions of allocation. That is distinct from a transfer. The application was to vary the conditions of allocation of the 30 operational beds at Abalene and the 20 provisional allocations which had not yet taken effect. As part of that application to change the location, they nominated Mount Martha and they cited in their application the ageing fabric of the building at Abalene and the increasing unsuitability of Abalene as a site to provide quality aged care. The change of location was technically a variation of the conditions under the Aged Care Act and the department assessed the request against a range of criteria. Those criteria are at section 17.4 of the Aged Care Act:

In deciding whether the variation is justified in the circumstances, the Secretary must consider:

(a) whether the variation will meet the objectives of the planning process ...

...            ...            ...

The objectives of the planning process are:



- (a) to provide an open and clear planning process; and
- (b) to identify community needs, particularly in respect of \* people with special needs; and
- (c) to allocate \* places in a way that best meets the identified needs of the community.

In considering the application to vary the places, we are also required to assess:

- (b) the financial viability of the \* aged care service to which the allocation being varied relates; and
- (c) if the \* places have been allocated to meet the needs of a particular group—whether those needs would continue to be met after the variation; and
- (d) if the places have been allocated to provide a particular type of \* aged care—whether that type of aged care would continue to be provided after the variation; and
- (e) if, after the variation, the places would be included in a different aged care service—the financial viability of the aged care service; and
- (f) if, after the variation, care provided in respect of the places would be provided at a different location:
  - (i) the suitability of the premises used, or proposed to be used, to provide care through that aged care service; and
  - (ii) the proposals for ensuring that care needs are appropriately met for care recipients who are being provided with care in respect of those places; and
- (g) any other matters set out in the Allocation Principles.

In assessing the application to vary the conditions of allocation, all of those criteria were assessed and, on the 28th, the application was approved. It was within the same planning region—the southern metropolitan planning region—and all of the other criteria were assessed as meeting the requirements of the act. On 28 November that variation was approved to relocate the places to 14 Tangerine Court, Mount Martha.

**Ms Halton**—The application was basically to move the places to a different facility.

**Ms Podesta**—It was a move by the same approved provider who had a record of aged care at Abalene. The same approved provider asked to vary the location.

**Senator FORSHAW**—The approved provider being Marnotta?

**Ms Podesta**—Marnotta Pty Ltd.

**Senator FORSHAW**—When were they actually approved as a provider? I am sorry to interrupt your recital.

**Ms Podesta**—I will have to take that on notice, I am sorry. I do not have the date that Marnotta—

**Senator FORSHAW**—Had it been approved for some time?

**Ms Podesta**—They had been approved for some time.

**Ms Halton**—They were a longstanding provider. That is my understanding, but we will come back to you on that issue.

**Senator FORSHAW**—That is what I thought, but please let us know.

**Ms Halton**—We will.

**Ms Podesta**—We can now give you that information. On 11 December a further application was received by Marnotta to vary the location of the provisional allocations to the same location. We were notified in accordance with the act once again and it was assessed. As part of the process, the department met with the key personnel of the approved provider to discuss the fact that there were now five places allocated to Marnotta that could not be made operational at the new site. The new site contained 45 beds rather than 50. At that meeting, the key personnel notified the department that they had purchased the company Marnotta. At all stages, the process focused on the planning process and the objectives of the act.

**Senator FORSHAW**—Sorry. What was the date they notified—the last date?

**Ms Podesta**—On 13 January. The process that was notified to the department was basically a movement of places within the same company, containing the same key personnel, although after the application had been approved in accordance with the act the department was then notified that members of the key personnel of that company had purchased the company and become the directors of that company. The legal entity Marnotta Pty Ltd did not change, and that is the situation.

**Senator FORSHAW**—At the time that the purchase of the company took place, was there any audit or investigation of the financial viability of that point?

**Ms Podesta**—The purchase of the company was not an issue—

**Senator FORSHAW**—No, but I am asking you: was there an audit? I take it the answer is no.

**Ms Podesta**—I have to answer it properly, though, Senator. When we were notified of the purchase of the company by key personnel, there was no matter under consideration by the department at that stage with regard to a request to vary the conditions of allocation.

**Senator FORSHAW**—We were told the other night that financial viability is one of the criteria that has to be considered with regard to certain processes.

**Ms Halton**—The evidence given I think, Senator, was in relation to transfers.

**Senator FORSHAW**—Yes, so what you are saying is that it was not required here because it was a purchase of a company.

**Ms Podesta**—The application to vary the conditions—

**Senator FORSHAW**—I am just asking.

**Ms Podesta**—Yes. I am happy to answer, Senator. At the time that the application was made, the department assessed it against criteria which included financial viability and the information that was provided to the department was sufficient.

**Ms Halton**—This is transfer of the places as against transfer of provider licence.

**Senator FORSHAW**—I realise that. One of the issues that tends to arise when there is an in-house purchase of a company is what its financial situation is like. The company is in receivership and we understand—I think you indicated this the other night, if you could confirm—that there are three other nursing homes owned by Marnotta—or is it two? Can you remind me?

**Ms Bailey**—Tangerine Lodge is the only nursing home operated by Marnotta Pty Ltd.

**Senator FORSHAW**—Operated by them?

**Ms Bailey**—Yes.

**Senator FORSHAW**—There was an ad in the *Financial Review* on Tuesday, 3 June 2003, saying that aged care facilities are for sale. Can you clarify this for me? I am sure you are aware of it.

**Ms Bailey**—I can clarify it. The other two homes are owned by different approved provider companies.

**Senator FORSHAW**—Can we go through it. It says that the receivers are acting for Marnotta Pty Ltd and Supported Residential Services Pty Ltd. Then they are seeking expressions of interest for the purchase of the following facilities: Rosedale Manor, Ripplebrook Village, Villa Lombardia, and Tangerine Lodge. What is the position with ownership? Who holds the provider licence for those four?

**Ms Bailey**—Supported Residential Services is the approved provider for Villa Lombardia and Ripplebrook Village.

**Senator FORSHAW**—The other two, Tangerine Lodge and Rosedale Manor, are Marnotta.

**Ms Bailey**—No, Rosedale Manor is not a Commonwealth funded aged care facility. I understand that is also owned by Supported Residential Services, but it is not a Commonwealth funded facility.

**Senator FORSHAW**—It may not be a Commonwealth funded facility, but it is a facility that is providing—

**Ms Bailey**—But it operates within the state system.

**Senator FORSHAW**—I appreciate that. Is there any connection that you are aware of between Marnotta and Supported Residential Services—or are they two totally separate companies?

**Ms Podesta**—They are two companies.

**Senator FORSHAW**—But are you aware of any connection between the two?

**Ms Podesta**—The key personnel are the same.

**Senator FORSHAW**—What does that mean?

**Ms Podesta**—Under the Aged Care Act an approved provider has ‘key personnel’, as defined in the Aged Care Act. Key personnel are those who exercise executive decisions and management of overall nursing services and have responsibility for day-to-day operations or are likely to be responsible for day-to-day operations.

**Senator FORSHAW**—So legally they are two separate companies but for the purposes of what we are looking at they are not. I will rephrase that: there is a close association with, if not clear involvement by, the same personnel—there is a key association. That is the case, isn't it?

**Ms Podesta**—I do not know about the corporate structure and governance of the two companies.

**Senator FORSHAW**—With all due respect, I think this is an important piece of knowledge that probably should be known, given what has transpired. Can you tell us what the situation is with the other two Commonwealth funded facilities: Ripplebrook and Villa Lombardia? What is their status at the moment?

**Ms Bailey**—They are both accredited services. They do not have serious risk, they both continue to operate and the department continues to monitor them. But they are in receivership as well.

**Senator FORSHAW**—And, as we are aware—it was said the other night—they have been put up for sale. Expressions of interest close on 6 June. What is the department doing in respect of following that process through? Are you just waiting for advice from the receivers or do you have a more interactive role concerning the future of these facilities?

**Ms Podesta**—Yes, we do. If the homes are purchased, whilst there may be a commercial transaction undertaken they are still subject to the requirements of the Aged Care Act in that they must be purchased by an approved provider under the Aged Care Act. If there is any request to transfer or vary the conditions of allocation with regard to those places, that must also be approved under the same process that we discussed two nights ago and earlier tonight.

**Senator FORSHAW**—Are you aware of whether or not the receivers, in the course of carrying out their responsibilities, are actually getting advice about the operation of the facilities—with regard to the care?

**Ms Bailey**—Certainly the department has given them detailed information at our meetings about where they might access such information, and we have referred them to the relevant peak bodies and other approved providers who may wish to assist them. I could not speak as to whether they have taken up those introductions or that information, but we certainly provided that.

**Senator FORSHAW**—You might respond by saying that this next question is speculation, but it is more than that; it is a clear possibility. What would the department do if the homes are not sold—if the businesses are not sold?

**Ms Bailey**—The department's first interest is always the ongoing health and wellbeing of the residents. That would be our main concern—to see what options had to be considered to make sure that their care was maintained. We would not speculate on that but we are aware and always mindful of the need to watch closely any home that is undergoing any sort of transition. As I said, we are visiting the home and we will continue to do that and to assure ourselves that the care is adequate. I understand that the receivers did indicate that they have had over 40 expressions of interest.

**Senator FORSHAW**—I have also been advised of some problems at Scalabrini Village, a nursing home in New South Wales. This was in the paper recently. I do not want to go through the chapter and verse of it; I think we are all aware of what was reported. It was fairly serious. Can you give us some comment on how that incident came to occur?

**Ms Bailey**—I cannot speculate on how it happened and it is a matter before the courts but the information we have before us is that there is an allegation that one resident did assault another resident and that one resident is now in hospital receiving treatment and another one has been charged and is due to appear in court. They are the facts at the moment.

**Senator FORSHAW**—I am trying to be careful not to transgress issues before the court. Are you aware of any prior history of similar incidents—of previous alleged assaults?

**Ms Bailey**—There were some complaints in relation to this facility. One of them was an allegation that there may have been some physical assault on a resident.

**Senator FORSHAW**—By the same individual?

**Ms Bailey**—It is alleged that it was by the same individual.

**Senator FORSHAW**—I do not think this evidence can be used in court anyway. Does the facility cater for residents with dementia or psychiatric illnesses?

**Ms Bailey**—I do not have that information in front of me. I will have to take that on notice. I guess they cover a range of options.

**Ms Halton**—Whilst we cannot necessarily provide categorical information about that now we can come back to you. I think it is worth remembering that certainly the last time I looked—maybe this has changed—about 70 per cent of high care residents do have some form of dementia or cognitive impairment. The reality is that a significant majority of the high care residents of any facility are likely to have some form of cognitive impairment.

**Senator FORSHAW**—That goes to the next question I was going to ask. The issue of security becomes important.

**Ms Bailey**—Security of tenure? Yes.

**Senator FORSHAW**—I just call it physical security. That is what I was talking about.

**Ms Bailey**—I see.

**Ms Halton**—It would be speculating, Senator, if you were trying to suggest—

**Senator FORSHAW**—I do not wish to speculate and I do not wish to go any further. It is an issue that certainly arises. Does the department do its own investigation of this or is this a matter—

**Ms Bailey**—In matters such as these our primary role is to refer it to the relevant investigating body—in this case the police.

**Senator FORSHAW**—Would you also investigate the conditions at the home?

**Ms Bailey**—We would then, as we did in this case, refer the matter to the agency for a review audit to ensure ourselves that the care of the residents is adequate.

**Ms Halton**—I reinforce that it has been our very longstanding practice in relation to any allegation that involves a criminal matter to ensure that that matter is referred to the police. We can deal with issues in relation to care and other matters, and we do that; but any allegation that goes to a matter of criminality we, as a matter of course, refer to the relevant police force.

**Senator MOORE**—Do you then get a report from the police on what happens? Do the police provide you, through the department, as the people providing the funding, with a report about the incident that has happened and what the process of the case is?

**Ms Bailey**—We are not a party to this issue, but we did refer the previous issue to the police and they provided a report to us, in April this year, advising that they had investigated the matter and no further action would be taken. So we do have a process but we do not always get feedback. They retain the right as to whether to give us feedback on a formal referral, if appropriate.

**Senator FORSHAW**—Can you tell me how many care staff work in residential aged care facilities across the country?

**Ms Bailey**—Those figures, to my knowledge, are not easily identifiable as a quantum, because the current data that is collected on the work force does not exactly equate to the various categories of staff who work in aged care. However, it is a part of some work we are undertaking to try and establish that kind of point, to provide the industry with some information that they can use in their work force planning in the future.

**Senator FORSHAW**—Do you have any idea? I could get statistics about any industry, usually.

**Ms Bailey**—I think that possibly in other areas there has been some speculation, but as part of developing a national work force strategy for the sector we are going to undertake, with the sector, a census of homes which we hope will give the industry a useful level of baseline data which they can use for their planning in the future.

**Senator FORSHAW**—Do you have any historical information as to staffing numbers?

**Ms Bailey**—I would have to take that on notice.

**Senator FORSHAW**—If you do, I would like some data that covered the operation since, say, 1996.

**Ms Halton**—We will go back and check this, but I think we have not as a matter of course, for many, many years, had information about individual staffing numbers. But we will come back to you on notice.

**Senator FORSHAW**—I understand that there are no minimum staffing levels mandated in aged care facilities. Is that correct?

**Ms Bailey**—What is mandated is that each approved provider must have the required adequately skilled and qualified staff to meet the care needs of the particular mix of residents in that home. So that is really what is our interest, that they can meet those care needs. As you would realise, the needs vary and change; there is a certain dynamic nature to that. Therefore, there are no numbers, but there is certainly a minimum standard that says you have to have adequately skilled staff to meet the care needs of the residents.

**Senator FORSHAW**—We hear these words ‘adequate’, ‘appropriate’ et cetera. Are you aware of any staffing level issues arising, for example, at Kingston Gardens Aged Care centre?

**Ms Bailey**—Which state is it in? One of the features of aged care is that the names are often repeated across states.

**Senator FORSHAW**—It is in Victoria. I have a list of them here.

**Ms Bailey**—I will check my index.

**Ms Halton**—Just to assist, Senator: do you know whereabouts in Victoria it is?

**Senator FORSHAW**—Let me put to you what the issue is, as I am advised. I would like to try and verify it, if you are aware of it. It has around 42 residents, of whom 10 are high care. Concerns exist about there being, for instance, only one person on duty during night hours, between 11 p.m. and 7 a.m.

**Ms Bailey**—I am aware of this home. I am aware that it has received some press reports. It is operated by Southern Health, which receives Commonwealth funding for the Kingston Centre Nursing Home and a range of other sites there.

**Ms Halton**—In other words it is a state government facility.

**Ms Bailey**—There have been some issues in the Moorabbin *Leader* but I do not have a direct issue here about staffing levels and I do not recall it having been brought to my attention.

**Ms Halton**—There remain a number of state government facilities around the country with which we have historically had a funding relationship. That often includes a historical issue to do with their contribution versus ours.

**Senator FORSHAW**—What about Allandale Nursing Home in the Hunter region in New South Wales? I think it is now called Calvary Community Retirement. Is that Commonwealth funded or state funded?

**Ms Bailey**—I would have to take that on notice; I do not have it on my list.

**Mr Mersiades**—It was state funded but there was a move afoot to contract it out or lease it out to a non-government agency to run. I am not sure whether or not that process has been completed, so I am not quite sure of the precise status at the moment.

**Ms Halton**—We will come back to you on that.

**Senator FORSHAW**—Could you check it out and also advise me whether you have heard of any proposals to substantially reduce the staff in that facility. We have been informed of that, but it appears that it may not have been acted upon yet. As a general issue, if a nursing home decides to substantially cut back on its staff and that comes to your attention, what would you do about it? Would that prompt an assessment of whether or not it was an adequate proposal?

**Ms Bailey**—We would not look at whether it was an adequate proposal; we would be interested in what the impact would be on the care of the residents.

**Senator FORSHAW**—That is why I asked the question.

**Ms Bailey**—We would assess that to decide the appropriate response. Sometimes that would involve an unannounced visit—a spot check—sometimes it would involve a visit with notice, sometimes it would be seeking more information from the facility. There is a range of

actions that can happen, but whatever the proposal—and sometimes they are premature when they are played out in the press—we would basically be seeking to satisfy ourselves about the impact on care. That is our real interest, so a range of things can happen.

**Senator FORSHAW**—I think we talked about spot checks the other night. I am trying to recall whether I asked—and if I did not I will ask now: what is the cost of undertaking a spot check?

**Ms Bailey**—I would not want to be flippant and say, ‘Quite a lot,’. I recall once that there was an estimated figure but I have not seen a recent costing. We would have to take that on notice.

**Senator FORSHAW**—How quickly would you be able to provide me with an answer?

**Ms Halton**—Can I anticipate that when we look at this question and ask the accountants this may be quite a difficult thing to give you an accurate figure on—accountants being as they are, and factoring in all sorts of complicated things such as depreciation et cetera. We will endeavour to give you something but I suspect it will be quite complicated to be completely accurate down to the last cent.

**Ms Bailey**—We could provide indicative figures.

**Ms Halton**—Yes, that is what I am saying.

**Senator FORSHAW**—That is why we have accountants, isn’t it, because it is always complicated?

**Ms Halton**—Are you an accountant, Senator?

**Senator FORSHAW**—No.

**Ms Halton**—Neither am I.

**Senator FORSHAW**—I was a non-practising lawyer, so I am innocent.

**Mr Mersiades**—A major variable is where the facility is located. If it is in northern New South Wales as opposed to Camperdown there is obviously a big cost difference.

**Senator FORSHAW**—Have a go. Do facilities actually pay the agency a fee if a spot check is undertaken?

**Ms Bailey**—No, they only pay an accreditation fee at the time of their accreditation.

**Senator FORSHAW**—So they do not have to fork out for a spot check?

**Ms Bailey**—No, there is no charge.

**Senator FORSHAW**—That is one you missed, isn’t it?

**Ms Halton**—I was going to ask if this was a suggestion for us!

**Senator FORSHAW**—We are not announcing our policies tonight.

**Ms Halton**—We would be interested in that one.

**Senator FORSHAW**—I could not imagine that one being in there, but I cannot tell you. We do know that they pay for an accreditation. I wondered what happened with the spot



check—that was the purpose of the question. You might want to take this on notice: what does the agency charge a facility to have the accreditation audit undertaken?

**Mr Brandon**—There is a scale of fees set out in the legislation, to a maximum of \$12,500.

**Senator FORSHAW**—Would that cover the total cost?

**Mr Brandon**—The cost of a site audit varies dramatically, depending on the size of the service and particularly its location.

**Senator FORSHAW**—Is the position that you would always charge to recover as much of the cost as possible?

**Mr Brandon**—Our position is that those fees are set by the legislation. We have no discretion in that matter.

**Senator FORSHAW**—Finally, in respect of particular nursing homes, has the minister or the department received any letters of complaint regarding the Grove nursing home in Campbelltown in South Australia?

**Ms Bailey**—I would have to take that on notice. I do not have it on my list and I am not familiar with it.

**Senator FORSHAW**—I understand that there has been at least one letter sent to the minister. Would you check and advise what action has been taken in relation to the issues raised? It is the Grove Retirement Village, 1 Steele Street, Campbelltown, South Australia—not New South Wales. I do not want to name the person.

**Ms Bailey**—Certainly, we will do that for you.

**Senator FORSHAW**—Thank you.

**Senator MOORE**—Do you have a standard response? You must be getting lots of letters from people—complaints from families or whatever. Is there is standard response process the department has when a letter comes through? What do you do?

**Ms Bailey**—Certainly, there is. We have an Aged Care Complaints Resolution Scheme so, if letters come in which raise issues that we think should be referred there, we certainly direct the people writing to contact the scheme immediately, or we may even get the scheme to contact them. Certainly, while we have a standard approach, we generally try to hear what people have told us, evaluate that and suggest a course of action to them that can help them to resolve their issues. Sometimes they are outside our ambit of responsibility, but we try to at least refer them to the appropriate people.

**Senator MOORE**—There is a departmental performance indicator about responding, making sure that people do have a response to their letters and to at least feel as though they have been acknowledged—that would be right, wouldn't it?

**Ms Bailey**—It is a very important channel of communication for us, so we try to be very prompt in our responses.

**Senator MOORE**—Many times, for people in your facilities or the facilities that you fund, family members, rather than they themselves, are looking after their interests. It is a particularly sensitive time when you have someone in a home.

**Ms Bailey**—Our scheme allows for a care recipient or people acting for them to raise issues with us. While we get about 1,200 complaints a year, we get about 7,000 calls to the scheme. Many of those are for information—we can just help people quickly with some information, referral or advice rather than just a formal complaints process.

**Senator MOORE**—Did we ask for the statistics on that line the other night? I think we did.

**Ms Bailey**—I am sure you did.

**Senator MOORE**—I think we did. We talked about the phone hook-up.

**Ms Bailey**—If not, we can always provide that. They are published every year in the commission's annual report.

**Senator FORSHAW**—I want to go back to the Tangerine Lodge issue. Obviously it applies in any other similar situation. Do you know what the position is with the accommodation bonds of the residents there? Is that money guaranteed?

**Mr Mersiades**—The funds are secured through the value of the places.

**Senator FORSHAW**—That is not what I asked. Are those funds guaranteed?

**Mr Mersiades**—I have said they are secured by.

**Senator FORSHAW**—They might be secured by, but what if there are other securities, too, that could apply over that property?

**Mr Mersiades**—Those securities do not apply to the value of the places.

**Senator FORSHAW**—You are talking about places as in bed places?

**Mr Mersiades**—The transfer value of the places. They do not rank in the scheme of secured creditors.

**Senator FORSHAW**—Would there be any possibility, at all, that a resident or family would not be able to recover their money if they sought it?

**Mr Mersiades**—I can only speak for the case in point of Tangerine, and we are satisfied that the bond situation there is covered and that the families have no need to worry.

**Senator FORSHAW**—Is it possible, in any circumstances at all that might arise, for the funds to be lost or for the full value of them to be lost? This was an issue I recall when the whole debate about accommodation bonds took place, back in 1996 or 1997, on the original legislation, and it was about guaranteeing the security of people's accommodation bonds.

**Mr Mersiades**—The legislation has a series of safeguards and requirements on providers to ensure, to the maximum extent, the bonds for bondholders.

**Senator FORSHAW**—So does a lot of legislation, such as on trust accounts, but what we do know is that things go wrong, fraud occurs et cetera.

**Mr Mersiades**—I take your point but I also—

**Senator FORSHAW**—Is there a 100 per cent guarantee?

**Mr Mersiades**—I am not sure that anyone could provide a 100 per cent guarantee about anything.

**Senator FORSHAW**—You could. You could actually do that.

**Mr Mersiades**—What I can say is that, to date, there have been no defaults on bonds.

**Senator FORSHAW**—All right, but it could be guaranteed.

**Mr Mersiades**—There are checks and balances in the legislation at the moment which are considered to be appropriate.

**Senator FORSHAW**—I do not want to go back into that whole debate about what the funds can be used for and so on, but that is where the dangers arise, as we know. So the residents and their families should not worry about that aspect?

**Mr Mersiades**—What I was saying is that the legislation does have checks and balances in it and, in the specific case of Tangerine, the matter there is covered.

**Senator MOORE**—And also that, up to this time, there has been no default under the legislation.

**Mr Mersiades**—That is correct.

**Senator FORSHAW**—Mr Kelvin Thomson put a question on notice, No. 1704, to the minister, Mr Andrews, on 19 March 2003. It was with regard to the Church Nursing Home in Blyth Street, Brunswick. He asked:

Did the Commonwealth provide capital assistance for the Church Nursing Home before, during, or after its construction in 1995 ...

It then went on to ask what the value of the capital assistance was and so on. The response indicated that the Commonwealth provided a capital grant of \$891,000 to the facility in June 1994. I understand that this nursing home is closing down. Are you aware of that?

**Ms Podesta**—Yes.

**Senator FORSHAW**—The government gave them \$891,000 and they are closing down. Why—do you know?

**Ms Podesta**—I understand that the approved provider has made a business decision to close the facility. The facility is not closed at this point.

**Senator FORSHAW**—Do you know the reason for this business decision or the nature of the business decision? Do you know what the basis of it is?

**Ms Podesta**—I understand that the approved provider has decided that they do not wish to operate the home any further. I am sorry, I do not have any further details about that specifically.

**Senator FORSHAW**—Did you bother to check out why? Has the department tried to ascertain why this is happening? We are trying to get more nursing homes, not to hand out large slabs of money and then see them close down six, seven or eight years later. We are trying to get them to expand.

**Ms Podesta**—And we are.

**Senator FORSHAW**—Well, why is this place closing down?

**Ms Podesta**—There is a regular restructure within the aged care industry. On a regular basis there is upgrade, renovation, closure, transfer and variation, as we have discussed tonight, within the industry.

**Senator FORSHAW**—I hope the transfer and relocation is not too regular.

**Ms Podesta**—The process of transfer and relocation is a feature of the industry. As we move into a different phase of the industry the process has been that a number of approved providers have made business decisions that they wish to operate their activities from different locations.

**Senator FORSHAW**—I understand that, and that might be fair enough for the business. But the business gets a large amount of capital funding from the government, it gets ongoing funding for the care of the residents and then, in this case, six or seven years later, maybe eight years later to be fair, they decide to close it down and do something else. What they are going to do is expand another nursing home they own in the outer regional area of Victoria— isn't that right?

**Ms Podesta**—They have submitted an application, which has been sent back asking for additional information. In that initial application they certainly indicated that they wished to relocate the places to another place.

**Senator FORSHAW**—Yes. Whereabouts?

**Ms Podesta**—In Gippsland.

**Senator FORSHAW**—Yes. What has the department said about that?

**Ms Podesta**—We have not finished assessing the application at this stage. What we have done, though, is meet with the approved provider and with the families at the nursing home concerned to discuss a process of closure to ensure that the security of tenure obligations under the Aged Care Act have been met by the approved provider. The approved provider has been required to contact the families and undertake a process to provide them with suitable alternative care.

**Senator FORSHAW**—Here we go again with this 'suitable' and 'appropriate'!

**Ms Halton**—Senator, can I make one point. You went to the issue of the capital assistance that was provided—I do not know whether it was in respect of complete construction or some sort of upgrading.

**Senator FORSHAW**—It might be in the answer—I am not sure.

**Ms Halton**—The former government had a policy in place. You would appreciate that this was a 1994 issue and I think there is a longstanding history. Certainly when I first came into aged care it was a policy under the former government that there would be capital recovery arrangements. As Ms Podesta is outlining, there is no decision in respect of this issue yet and we have asked for a range of additional information. There will be a number of matters that will have to be considered. But the capital recovery policy is such that a grant—in this case you have outlined it was a capital grant of \$891,000, which I understand was provided to Baptist Community Care, a church organisation—

**Senator FORSHAW**—Yes.

**Ms Halton**—is fully or partially recoverable for 14 years after the provision of that grant. My understanding—again, take this as a matter of speculation—is that if you closed it in four days time, on 9 June, you would actually recover from that grant \$763,714.

**Ms Podesta**—Potentially.

**Ms Halton**—Yes, potentially. So, in terms of the schedule as to what rate you would recover, the very large majority of that grant is potentially recoverable.

**Senator FORSHAW**—Yes, but the issue here is not the recovery of the money. That is not what I am getting at, but that might obviously be important. I appreciate that you have yet to make a decision and I understand that a decision could be made to reject the proposal—I appreciate that—but there is a growing concern, I am advised, about a possible trend whereby smaller metropolitan homes might be closed and the places transferred to other places. There might be some good reasons for that to occur in some circumstances—the age of the facility or the demand, as we know—but equally, given it is within eight years of what appears to be major work being done that they are closing the home, it strikes me as being something that the department would have to be very concerned about.

**Ms Halton**—Indeed and obviously, as Ms Podesta is indicating, a number of factors would be things that we would consider. Can I make one observation though to you, Senator. You went to the question of size. Over the years I have visited a very significant number of smaller inner city metropolitan facilities, quite a number of them being in Melbourne. We are very sensitive to the need to ensure that there is an adequate supply of places in metropolitan areas. Obviously, there are major issues and one of the reasons why we have planning regions is to ensure that places are available where people live. One of the issues is that, particularly in inner city Melbourne, the infrastructure—the stock—has been of a particularly poor quality. I cannot comment about this particular one, but we do know a couple of things. Firstly, smaller facilities tend to be less viable. Secondly, the standards we now apply to the physical infrastructure of homes has been increased very significantly. That has been with the wholehearted support of consumers and, I understand, staff because, put crudely, a number of the facilities that used to receive funding were really not good places in terms of physical infrastructure, so there is quite a complicated dynamic. So when Ms Podesta talks about the ebb and flow and the restructuring, that is around the very substantial need to improve quality. I think that in the last few years there has been a significant increase in quality. I understand your concern and we can certainly come back to you on the circumstances of this particular home. Also, once a decision has been taken, we can inform you of that.

**Senator FORSHAW**—If you would not mind doing that.

**Ms Halton**—We would be happy to.

**Senator MOORE**—Is the department aware of any trend, as outlined in the view of Senator Forshaw, that smaller metropolitan homes are tending to be closed and their places relocated to outer cities and regional centres? Is the department aware of a trend like that happening?

**Mr Mersiades**—It is not obvious to us that there is such a trend. The situation would vary enormously from city to city. If you look at the inner west region of Sydney, you will find that, compared with the benchmark, it is well and truly over the benchmark. So, to the extent

that you have movement away from that planning region, it is not an issue that we would be too concerned about. There may be particular cities and particular locations where a problem is emerging, but that is not one that we have statistics on.

**Senator FORSHAW**—As I understand this facility, it would be debatable that it could be described that way, given the fact that it is essentially a new facility.

**Ms Halton**—We will look at it.

**Senator FORSHAW**—Yes, you will come back to me on that. But if that is the case I would have thought the alarm bells would be ringing. I am not trying to prejudge it but on the face of it it does not seem to gel.

**Ms Halton**—The issue though in this particular case—and I do not know whether this was the case there—is that you always have to be reminded of viability. Some of the smaller inner city sites are effectively landlocked. We have already had the conversation about the additional allocation to Marnotta which went to the issue of having enough places to have a viable service. There may be a number of considerations here. But, as I say, we can come back to you on that.

**Senator FORSHAW**—Thank you.

**Ms Podesta**—I point out that, in the recent allocation of places, the inner city has been targeted for additional places, as it has been on a number of occasions. So, while certainly there have been some closures of small facilities, there have been significant allocations for new places to be built in the inner city.

**Ms Halton**—Adding to that, we are working very proactively to ensure that, for example, local government arrangements, which often go to the planning and approval of these facilities, acknowledge and understand the importance of ensuring that there are facilities for older people from those communities in those communities.

**Senator FORSHAW**—The ANAO report of the agency concluded that there is no way of knowing whether or not the accreditation system actually improves the quality of care for residents because there has not been any evaluation program undertaken. Why didn't the department or agency develop an evaluation program for the accreditation system?

**Ms Bailey**—As we have acknowledged in our response, we have agreed that we will do that. It is only halfway through the second round, so it is a relatively young system of accreditation. At the end of the first round of accreditation, we have undertaken, I guess, a post-implementation review of the lessons learned from the first round of accreditation and picked up on a range of issues from consumers, providers and other stakeholders about how to improve. We have agreed with that recommendation. We are mindful of the fact that measuring in isolation the impact of accreditation on the changing quality of care will have to be well thought through because there are a number of other issues that would impact on the changes in the quality of care and we need to develop a framework that will give sufficient weight to all those things.

**Senator FORSHAW**—When you were developing and implementing the accreditation system, was it considered at the time that you would also need an evaluation system?

**Ms Halton**—I should probably answer that question. It certainly was my expectation that after a period of implementation we would return to look at it. I have to say that I think that doing it about now is probably largely consistent with what we were thinking. As Ms Bailey has said, we have done a sort of post-implementation review. I can make an observation as one who regulated nursing homes previously, under the old system. Notwithstanding the fact that we do still have issues to manage, such as Tangerine Lodge—and we have talked to you about some proactive management of that case—I have to say that there has been a general lift in the standard, and this is consistent with what consumers and others have told me. Notwithstanding the issues that we just talked about in terms of transfers, my observation is that a number of the providers that we historically had a great deal of trouble with have left the industry. I think the accreditation system, and the very systematic way in which they have all been targeted, has been able to do that. As the audit report acknowledged, the department absolutely agrees that it is timely now to do an evaluation, and that is our intention.

**Senator FORSHAW**—Thankfully you have picked up their recommendation and they saw fit to make the recommendation. Is there a time frame in which you will have an evaluation program developed and implemented?

**Ms Bailey**—At this stage we have had a preliminary discussion but I would not say that we have agreed to a time frame. Certainly it is a priority for us for the rest of the year and we will be looking to working with the agency to develop that framework. While we are developing the framework, it will be important that the second round of accreditation comes to a conclusion. Mr Brandon can tell you when that it is proposed, but I imagine that sometime in the next few months the second round will be complete, and that would be timely too, I guess.

**Senator FORSHAW**—The audit report also found that the agency had no way of costing its accreditation activities and consequently I would have thought you would have to be able to plan your resources. I understand that you have developed a cost allocation methodology. Is it being used?

**Mr Brandon**—No, Senator. We have developed the system which will cost each of the transactions in the form of support contacts, site audits or review audits and our education infrastructure activities by location and by service. We will introduce that on 1 July. We have also built that in a way that we can then cost it back so that later on we can look at how much it cost us per service to deliver these sorts of activities. Its commencement date is 1 July, the new financial year.

**Senator FORSHAW**—Thank you. The report also found that the agency is not using data to systematically identify state and national training needs and it has little data on the skill levels of its internal and contract assessors. Providers complain that assessments made by assessors are inconsistent, and the report found as well that there was inconsistent interpretation of the standards and application of ratings in the first round of accreditation. What are you doing to address those issues?

**Mr Brandon**—There are a huge number of questions tucked away amongst that lot. I will try to address them—

**Senator FORSHAW**—I thought there was one question and a long introduction.

**Mr Brandon**—I will try to address them as I understand them. In respect of consistency, certainly the findings in round 1 at paragraph 6.7 of the report indicated there were differences in the level of commendables between states. However, when you break that down and draw a line between better than satisfactory and below satisfactory, the numbers start to come back together. Certainly we were cognisant of the fact that in round 1 there were four ratings. One of the things that came out of that, of course, as part of the lessons learnt project, was that the sector pointed out that two ratings of complying and non-complying would be better, and we have adopted that.

That then brings us to the question of consistency amongst assessors. The recommendations of the assessment team are the platforms upon which the decisions are made. We are taking a two-step process to ensure consistency and improved quality of assessment. Firstly, we are revising the competency requirements and the assessment methodologies used by the training providers. We are going to exercise our responsibilities under the accreditation grant principles to more closely approve courses. So we are picking up on the actual training and the assessment of staff and potential staff and we are discussing this with the registrar, which is QSA, and we are planning implementation within the next three months.

The other thing we are doing with regard to consistency is an analysis of the recommended findings of each of the 44 outcomes by assessment teams. That work is fairly complex because most site audit teams, particularly, are two or three members and it is a joint report. We are looking at each site audit as they come in, comparing the findings, trying to identify whether in fact bias does exist and whether in fact inconsistency is real or perceived.

**Senator FORSHAW**—One of the other matters raised in the audit report was the problems that can arise from having the dual role of educator and regulator. The report indicated that this could lead to a reluctance on the part of providers to seek assistance. Is there any response to that?

**Mr Brandon**—I notice that the ANAO, if my memory is any good, indicated that it was a thing we would have to manage but, as I have talked to a number of CEOs at large approved providers, I draw quite a level of comfort from the fact that they are actually asking us to do more work. Our approach to it is that, if we were simply to say, ‘You are not compliant,’ not only would it be seen to be unhelpful, it would be unhelpful. One of the requirements of us, under the accreditation grants principles, is to support continuous improvement by the provision of education and other similar services.

**Senator FORSHAW**—You are not suggesting that the audit office got it wrong, are you?

**Mr Brandon**—No.

**Senator FORSHAW**—You did not quite get to that.

**Mr Brandon**—I am trying to find the exact paragraph where they say that it is simply something we will have to manage.

**Senator FORSHAW**—Paragraph 27 on page 16 was the paragraph I was looking at. This was a concern raised by the industry.



**Ms Halton**—While people are flicking through papers, one of the things I would observe is that, under the previous arrangements, the outcome standards arrangements, the industry used to complain that there was not any education function and that departmental staff—nurses—who came in to monitor outcome standards would come in, promulgate their report, discuss the findings and, as my colleagues are saying, swoop out. They would leave and others would be left there not quite knowing what to do about it. They used to complain quite vociferously about the need for an education function as well. This is one of those areas where if you do it one way there is a critique and if you do it another way there is a critique. As Mr Brandon is saying, there is a way to manage this.

**Senator FORSHAW**—That is what they set down. That is why I asked the question. To paraphrase Abraham Lincoln, you cannot please all of the people all of the time. Is there any additional funding in the budget for the agency next year?

**Mr Brandon**—For 2003-04?

**Senator FORSHAW**—Yes.

**Mr Brandon**—The funding for 2003-04 is set out in the PBS statements at \$8.5 million. We are planning an expenditure of \$20.29 million, which will leave us a year-end equity position of \$1 million, which is quite adequate for an organisation such as ours. The \$20.29 million will allow us to do education activities, over 600 complete side audits plus over 2,300 support contacts, of which 1,000 have been scheduled. The exact number that we will actually do will depend on what we find as we go through the side audits and the support contacts. I am confident that we will be able to discharge our responsibilities with the amount of money that has been allocated.

**Senator FORSHAW**—Do you see an increase in costs in relation to spot checks?

**Mr Brandon**—The number of spot checks we do will be largely dependent on what we find as we do other things. Part of the analysis, which I referred to earlier, will give us a better insight as to where we should be looking so we have a more targeted risk managed approach.

**Senator FORSHAW**—You may have just said this a moment ago in the figures you were giving, but was there an underspend of \$1.4 million? That is the figure I got from the budget papers by the agency. Is that correct?

**Mr Brandon**—I am sorry, what was the question?

**Senator FORSHAW**—The papers, as I understand, suggest that there is an underspend by the agency of about \$1.4 million.

**Mr Brandon**—I would have to take that on notice.

**Senator FORSHAW**—Let me try and draw it to your attention. When you are checking it, in budget paper 1.11 at page 254, the budget estimate for government revenue in 2002-03 was \$12.8 million, and the actual estimated figure for 2002-03 was \$11.5 million, which suggests at least that there is an underspend of \$1.4 million. I can give you copies of the documents I have later, if you like.

**Mr Brandon**—I have the PBS now, and I remember the figure you are talking about; I just do not have the answer.

**Senator FORSHAW**—You do not have an answer at this point. Okay, thank you. Before Senator Moore takes over and relieves my voice a bit, how are the directors of the agency selected—or should I say appointed?

**Ms Halton**—It is a cabinet appointment.

**Senator FORSHAW**—I assume it is your recommendation, is it, Minister? You take a recommendation to cabinet for appointment to the board, or directors of the agency?

**Senator Patterson**—Yes. Well, it is recommended by Minister Andrews.

**Senator FORSHAW**—Sorry, it is Minister Andrews.

**Senator Patterson**—But I take it.

**Senator FORSHAW**—You take it to cabinet?

**Senator Patterson**—Well, it goes to cabinet and cabinet discusses it, but Minister Andrews, I think, presents it to cabinet.

**Senator FORSHAW**—Who are the current directors? We did try to find this from the agency's website, but we could not. Are you able to provide it? It is in the report, is it?

**Senator MOORE**—We found the agency web site.

**Mr Brandon**—The current directors are chairman Mr James Harrowell, Mrs Betty Johnson, Professor Priscilla Kincaid-Smith, Mr John Lang, Mr Peter Toohey, Mr Henry Williams, Professor Rhonda Nay, Dr Joseph Ibrahim and Mr Shane Fracchia.

**Senator FORSHAW**—Are any of those persons from industry or from consumer organisations?

**Mr Brandon**—I think you could say that Betty Johnson is from a consumer organisation. Unfortunately Director Healey passed away just recently—he was certainly from industry.

**Ms Halton**—In fact I think it is worth noting, while we are on the subject, that Mr Healey was in fact from a provider organisation. He passed away on Sunday.

**Senator FORSHAW**—I am sad to hear that. Were there any others from industry?

**Mr Brandon**—Mr Peter Toohey was previously the executive chairman of TriCare, Mr Henry Williams is a consultant who works largely in aged care and Mr Shane Fracchia is the CEO of Holy Spirit Home in Brisbane.

**Senator FORSHAW**—That is in the annual report for what year—2002?

**Mr Brandon**—This is 2001-02, but Shane Fracchia and Dr Ibrahim are not in this report.

**Senator FORSHAW**—I might pause and pass the baton.

**Senator MOORE**—I have only a couple of questions and they focus on the budget—on money. Looking at the budget papers, I am trying to clarify whether there was a reduction of \$174 million in aged care this financial year.

**Ms Hart**—Would you be able to point me to the figure you are referring to in the budget papers?

**Senator MOORE**—It is Budget Paper No. 1, 2002-03, page 2-8.

**Ms Hart**—Are you looking at table 3?

**Senator MOORE**—I only have a print-out. I do not have my papers with me. It says:

... a decrease in residential aged care subsidy estimates (\$174 million), reflecting a fall in estimated demand for residential aged care services and a downward revision to estimated dependency levels ...

**Ms Hart**—We are still trying to find the reference, but while we are doing so I could make a general comment about revision to estimates. Because the subsidies for residential care are appropriated as a special appropriation, as part of the maintenance of estimates we revise projected outlays at regular points during the financial year. Any variation that occurs in the projected estimates for the program is due to adjustments made on the parameters that we fund. They are the number of places, the number of residents and the residents' profiles. Frailty levels will determine outlays, as a function of the distribution of residents' frailty levels according to the resident classification scale index. Also, there will be variation during the course of the year in things like concessional rates and the operation of indexation.

**Senator MOORE**—I have the photocopies here. Would that be any help?

**Ms Hart**—Yes, that would be useful. Thank you.

**Senator MOORE**—It is kind of reverse tabling, isn't it?

**Ms Halton**—This is like us asking a question.

**Senator MOORE**—Look at that and see if it will give any assistance, but it might be better for you to take it on notice and come back and talk about it.

**Ms Hart**—I am certainly happy to take it on notice, unless someone can direct me to the exact figure. It looks like it is coming this way.

**Senator MOORE**—Can you explain that to me, Ms Hart?

**Ms Hart**—I am still having trouble locating the exact figure to which you are referring.

**Senator MOORE**—It is on the third page, marked with an asterisk. It is page 2-8.

**Ms Hart**—Is it 228?

**Senator MOORE**—That is what it says. This is silly. I will get the form and we will arrange a time after this to get together.

**Ms Hart**—Certainly. I would be happy to take you through it. I am sorry about that, Senator. I am not quite sure what the confusion is.

**Senator MOORE**—That is fine.

**Ms Hart**—It is sometimes difficult to source an extract properly.

**Senator MOORE**—My next question goes to the particular allocation from last year's 2002-03 federal budget, which looked at specifically increasing residential aged care by an amount—\$211 million—over a period of years to:

... allow providers of aged care to attract and retain more aged care nurses by offering them pay rates closer to those of nurses in the public hospital sector.

That was as a result of quite a degree of discussion within the industry and in the media and also our community affairs committee consideration of nursing looking at the difference in

rates of pay and also the critical need to attract people into the industry. I am trying to get my head around how the department actually came up with the figure of \$211 million. Where did that figure come from? What was the basis for that figure over four years for that particular issue?

**Ms Hart**—I need to take that on notice too. The costings for that measure would have been worked out by the department in conjunction with the Department of Finance and Administration. I was not around at the time, so I am not aware of the exact parameters that would have fed into the calculation of that cost.

**Senator MOORE**—It would be useful to find out, because the intent of the budget line item was clearly publicised and the figure was there. It is a large figure, but our view is that it probably does not meet the need. But you cannot argue about that until you find out what the basis of the original costings were. Could you take that up and see where that came from.

**Ms Hart**—I will take that on notice for you, certainly.

**Senator MOORE**—In terms of the way the first round has gone through—it has just started—were the funds given to the sector actually tied in any way? As this money was linked to providing, attracting and retaining high-quality staff, when the money was allocated was there any expectation that that money would be tied to that activity?

**Ms Hart**—It is my understanding that it was not, that it was passed to providers as additional subsidy payments broadly to attract and retain staff.

**Senator MOORE**—Was there notice to them as well that that was what it was to be used for?

**Ms Hart**—There was certainly discussion of the measure and the fact that it had been announced in addition to the regular subsidy payments for that reason and in response to the pressures that the aged care sector was facing with staffing.

**Senator MOORE**—Has the department, with the industry groups, come up with any kind of mechanism for monitoring whether in fact that is what the money is used for and then how effective the mechanism is?

**Mr Mersiades**—The whole basis of the subsidy payments under the Aged Care Act is not directed towards quarantining, by and large, particular sums for particular inputs. The basis is really to provide a sum of money to provide a high standard of care consistent with the Aged Care Act. It does not tie particular dollars to particular inputs.

**Senator MOORE**—Are there any other allocations in this program that were so clearly linked to a particular act? The only justification for this allocation was to recruit and retain staff, and I was wondering whether that is an unusual element in your budget.

**Ms Hart**—It is not in the sense that new policy is generally linked to specific activities and the funds are commensurate with some idea about the level of activity and, broadly, how it should be delivered. It is in the nature of new policy that it is tied to particular activities and to particular policy ends.

**Senator MOORE**—I know that your department is very much involved in ongoing assessment and monitoring of performance. You have always done that in your agency. How

would you then suggest that you could monitor how this was actually happening if you do not know that it is being used for the purpose that was intended? How could you assess whether this particular program is effective or not?

**Ms Hart**—To reiterate what Mr Mersiades says, the way that the funding is supplied to the industry—and this is consistent with a whole-of-government decision about a movement away from input monitoring to a focus on outputs and purchase of care for residents—is against that framework that we would be measuring the effect of funding or any additional new policy funding on the care level of residents rather than at the input end.

**Senator MOORE**—So the output end is where you see whether people within facilities are receiving good care; that is how you measure the output.

**Ms Hart**—That is right. We have a number of ways of assessing, as we have discussed tonight, the quality of care provided to residents in the nursing home system.

**Senator MOORE**—I am having some difficulty in equating the ability to assess the effectiveness of a program when money has been allocated and you do not see exactly what the benefit of that money is.

**Ms Hart**—We have quite a wide range of performance measures, as you mentioned. We have some basic data that is collected on numbers of residents, characteristics and information about the nursing home sector. We also publish annually a scorecard or an assessment of the performance of the sector into public volumes: one is the assessment of the operations of services funded under the act and the other is the department's annual report against our program. There are a number of output and outcome performance indicators that provide some transparency on the performance of the aged care program through those mechanisms.

**Senator MOORE**—Do any of those indicators cover the health effectiveness and involvement of staff? Are any of those indicators focused on staffing within either the department or the facilities that you fund? Is that one of the performance indicators?

**Ms Bailey**—From the quality aspect, some of the key indicators are our complaints scheme and the information we get there in terms of the number of complaints and how they are dealt with; the outcomes of accreditation; the outcomes of our review; and a range of visits. They are general indicators of the quality of services and there are a range of others that are in our annual report. But, on the quality side, it is around the accreditation and complaints outcomes.

**Senator MOORE**—When you do your visitations, do the issues of staff, wages and conditions come up? Do people talk about that?

**Ms Bailey**—No, the Commonwealth Department of Health and Ageing does not have a role in any of those industrial matters. These are all corporations that run their businesses and that is a matter that is best dealt with under the Workplace Relations Act or the various state regimes. We are interested in: do they have the staff with the skills to provide the care at the standard we require? We are looking at: is that care being delivered? If not, we look to see what the reasons are and that is then a matter for the provider to address. If in raising an issue it becomes clear that some staff do not have the skills or the mix of skills they need, that would be something they would have to address to remedy the noncompliance.

**Senator MOORE**—So there would have to be a complaint before it would be drawn to your attention.

**Ms Bailey**—They are instances of some quality indicators; they are not a total set of indicators, but they are certainly a fairly dynamic set and one that people feel quite comfortable using. It is a reasonable barometer at one level of what is happening.

**Senator MOORE**—Certainly it is my understanding that the \$211 million was given as a result of widespread pressure in the industry that this was a need. So the money has now been allocated for four years, the first round has been spent and the second round is about to come. In normal budget processing, if there is going to be any kind of argument raised that the money should be continued or not, you would have to be able to assess whether it is working, and that is what I cannot quite get my head around. I am interested to see how the department thinks you would be able to monitor that.

**Mr Mersiades**—Dare I raise the pricing with you?

**Senator MOORE**—We haven't had it yet tonight, Mr Mersiades, and I have been missing it.

**Mr Mersiades**—I thought you might have been. Again, it is dependent on which way you approach the whole exercise.

**Senator MOORE**—It is input and output.

**Mr Mersiades**—That is right. The current approach is to look at the outputs and outcomes side and what it costs. The pricing review has invited financial submissions from providers all across the country through KPMG and we will be analysing that data to get a better handle on what the costs are for the industry and, from there, establishing an appropriate price. Once we establish a price which takes into account insurance costs, salaries, cost of capital—a whole range of those sorts of costs—we can move forward from there.

**Senator MOORE**—So, using the information you have just given me and also what Ms Bailey has said about having to get the information in, the best possible thing would be for people to put submissions in to the pricing review, with case arguments as to why staffing should be at a particular level. Is that it?

**Mr Mersiades**—Yes. The independent reviewer, Professor Hogan, has been at pains to encourage providers to submit this information. He has also sought the help of the various peaks to encourage their members to participate in that process.

**Senator MOORE**—Is that linked also with the information you gave us earlier about looking at the whole staffing arrangement? In response to a previous question you were saying that you did not get involved in staffing issues, but that was something you were turning your mind to in the next few months.

**Ms Bailey**—We are developing, with the industry through the work force committee, a national aged care work force strategy which we hope will be a high-level strategic framework. As part of that, we are conducting a census and a survey of staff and their training skills, to try and provide the industry with a base for the future. They are very keen to be in a position to plan for the future and to—

**Senator MOORE**—Is that genuinely the first time it has been done?

**Ms Bailey**—I would not say it is the first time it has been done, but there are many sources of information about the categories of work—there is the ABS, obviously, and AIHW—and I think this is a contemporary look at what is happening, for the industry. It is really about the skills and training—what is happening, what the forward trends are and how the industry can predict that.

**Senator MOORE**—So that will then create the benchmark from which you can move forward?

**Ms Bailey**—We hope it will be a realistic baseline figure which will give the industry the capacity to plan.

**Senator MOORE**—What is the timing for that? In a previous answer you said you were turning your mind to it, but you did not mention a time frame.

**Ms Bailey**—We have that but I just do not have the date here. A consultancy, a contract, to do that work over the next three months, as I recall, has been let.

**Senator MOORE**—It would seem to me, just on the various bits of information we have had, that that has got to go hand in hand with the pricing review. You cannot do one without the other. It is an intrinsic part of looking forward into the industry. You would be aware that, even allowing for the \$211 million, there is still a view in the industry that that is still getting nowhere close to addressing the general disparity between nursing rates in aged care and those in other areas. The issue continues being dynamic in the industry about how you actually recruit and retain high quality, well-qualified staff in the area. We will see what happens with the pricing review, and also we will continue with this point because we are very concerned that money now has been allocated for the purpose and we would hate to see that lost as it goes down the track in the whole process. That is my last question in that section. I would like to move on from nursing to medication.

**Senator FORSHAW**—Before that, I have a couple of questions on the reviews. You have mentioned the pricing review. I was going to ask you what progress had been made, but you have touched upon that.

**Mr Mersiades**—The review is progressing. It is still on schedule for Professor Hogan to report to the minister at the end of this calendar year. He has recently embarked on a formal process of consultations with a number of people and organisations who have put in submissions. That is about it: he is in the process of those consultations and he will be turning his mind to the recommendations in his report in time to meet that timetable.

**Senator FORSHAW**—Have the terms of reference been amended since the review commenced?

**Mr Mersiades**—No.

**Senator FORSHAW**—Has the reference group or the expert panel been asked to look at any issues that go more broadly than the terms of reference?

**Mr Mersiades**—No. On my reading of the terms of reference, they are extremely broad as they are. One of the issues is trying to focus a bit more.

**Senator FORSHAW**—We asked a question on notice about the Resident Classification Scale Review in February and we were told that the final costs were not available. What were the costs? Are they available now?

**Ms Bailey**—The total cost was \$220,275.

**Senator FORSHAW**—I understand that the recommendations, or most of them, were referred to the pricing review.

**Ms Bailey**—A number were referred to the pricing review. They were the recommendations that involved activities that would have an impact on the budget or would have an immediate budget impact. So, most appropriately, they should be looked at in the pricing review context.

**Senator FORSHAW**—Do you know how many of the recommendations out of the total number were referred to the pricing review?

**Ms Bailey**—I understand there were six.

**Senator FORSHAW**—Out of how many?

**Ms Bailey**—Out of 16, as I recall. I am just checking that—some time has elapsed. There were in the order of 16 recommendations, but I can confirm that for you.

**Senator FORSHAW**—Have you received any complaints about a lack of action, or alleging a lack of action, following the release of the review of the RCS?

**Ms Bailey**—There has been some discussion of a hope for an addressing of all of the recommendations at once. However, the minister asked us to work on four as a priority and that has been our approach to date.

**Senator FORSHAW**—Is that a yes? You have received some complaints?

**Ms Bailey**—I have not received any complaints, but I am aware that there has been some discussion of issues and expectations.

**Senator FORSHAW**—On the community care review, following the publication of the document called *A new strategy for community care: consultation paper*, what action has been taken to follow that up?

**Mr Mersiades**—Following the release of the consultation paper there have been preliminary discussions with each of the relevant state and territory departments and with a number of peak organisations, both consumer and industry. There has also been a meeting of all state, territory and Commonwealth officials on this issue, which was in Melbourne a couple of weeks ago—the precise date escapes me. We are working together at the moment to take the consultation paper to the next step. I am not suggesting that all of the states have signed on and are committed to the process, but they are certainly engaging with us to progress the review.

**Senator FORSHAW**—I understand that the contract with Carers Australia expires this June. Is that correct?

**Mr Bruen**—We have several contracts with Carers Australia, but my understanding is that it is June 2004. Most contracts that we have with the Carer Respite Centres and with Carers



Australia have been fixed to end at that point to enable the findings of the community care review to be taken into account in redesigning contracts or recontracting those services.

**Senator FORSHAW**—I understood that it expired or ended this June and that it would be rolled over for one year until the community care review is finished. Is that the same as what you just said?

**Mr Bruen**—It has the same effect. I am not sure—

**Senator FORSHAW**—I know it has the same effect, but is that correct?

**Mr Bruen**—Yes. We do have several contracts with Carers Australia and I am not sure which one you mean. But they are all in that situation.

**Senator FORSHAW**—What is the current status of the national model care documentation system for residential aged care?

**Ms Bailey**—That is one of the projects we are undertaking to pilot as part of the RCS review. That process is now being piloted in 50 sites and that will continue over some three months.

**Senator FORSHAW**—What is the cost of the pilot?

**Ms Bailey**—The trial is costing \$70,000 and the approximate cost of the printing and production of the trial documentation was \$4,000.

**Senator FORSHAW**—Thank you. One other issue I want to raise before we finish is the management of medication in nursing homes. I understand that this can be a rather complex area because of the interaction of state legislation which has to be complied with and is set out in the standards. There have been some concerns raised with the minister by the union, I think, but maybe others, regarding personal carers and division 2 nurses being required to administer medication. Some industrial issues have arisen where some employees were sacked then reinstated. I think the matter is still before the court. Has the department received any complaints from the union or individual staff members about this matter?

**Ms Bailey**—As you rightly say, the administration of medication is controlled largely by state and territory legislation—the various poisons and dangerous goods acts et cetera. No doubt Minister Andrews has taken a significant interest in this matter, especially in the role of enrolled nurses in medication administration, and in fact in the whole changing scope of practice for care workers in aged care, including enrolled nurses and nurses. There has been some change in that. In many states now enrolled nurses are able to administer up to schedule 4 medication. That issue is currently not resolved in Victoria. That is juxtaposed with the position of personal care workers who may undergo certificate IV training which does include some elective modules on medication administration. This is all part of the changing framework of the work force and the changing profile of the aged care work force.

We are very interested. As I said, the minister convened a working group and a round table to look at the issue of enrolled nurses, particularly in relation to medication management. That brought together a considered view that everyone realises the world is changing. I have no view on the industrial side of that, but there is certainly a dynamic nature to the work force. The whole issue of its enhanced scope of practice is one that we continue to stay abreast of

and on which the minister has asked us to take a particular interest in watching and advising him.

**Senator FORSHAW**—Because it is not just an industrial issue. The industrial issue arose as a result of disagreement about what the practice should be as to who should or should not provide medication.

**Ms Bailey**—And I do not think any position that the Commonwealth or the minister have articulated to the group is anything other than that anyone who administers medication must have the appropriate competencies and training to do it.

**Senator FORSHAW**—Which is the Commonwealth's area of responsibility. I know they have to comply with the state legislation. That is what the act says and the standard says.

**Ms Bailey**—Access to training is their responsibility. There is now an emerging range of options for staff to undertake training in those competencies.

**Senator FORSHAW**—If that is the case, doesn't that make it more necessary for the Commonwealth department to be focusing on the issue? To put it as a simple proposition: if it is said that only certain division nurses could issue, then it is clear-cut; but if there are emerging options, then that has the potential to raise more disputes. I do not mean industrial disputes, but more issues could arise depending upon people's interpretation of what is or is not required and what is or is not good care practice. And that comes back to the responsibility that the department has.

**Ms Bailey**—And it is that they have to comply with the relevant legislation and demonstrate their competencies. I guess, if I could speculate, that that is a federation issue too—there are different jurisdictions. But I think approved providers are very aware of those matters and work to understand that. Many of them have been very interested in this issue and how the enhanced scope of practice is an important issue to a lot of the industry.

**Senator FORSHAW**—Does the department have a view about whether or not it is appropriate for personal carers to administer medication?

**Ms Bailey**—This department has the view that anybody administering medication must do it lawfully and have the competency and skill to do it. There is a slight variation in that but that is our view—that that is how it should proceed.

**Senator FORSHAW**—I think that covers all the issues we wanted to raise. We did want to try and finish about five minutes ago, so if there are any I have missed we will put them on notice. Thank you, and I appreciate your attendance.

[10.09 p.m.]

**CHAIR**—We will now move to outcome 4.

**Senator McLUCAS**—I want to go first to issues surrounding mental health. I have some questions about a recently released report called *Out of hospital, out of mind*. I dare say that through beyondblue the department was somewhat involved with that report.

**Mr Casey**—The report you mention, *Out of hospital, out of mind*, was produced by the Mental Health Council of Australia. One of the coauthors of that report was Professor Ian

Hickie, who, amongst other things, is the CEO of beyondblue. Beyondblue the company was not directly involved in that report.

**Senator McLUCAS**—I understand. You have obviously read the report and had a look at the recommendations.

**Mr Casey**—Yes, I have.

**Senator McLUCAS**—How does the department intend to respond to the report? Is there a formal relationship between you and the Mental Health Council?

**Mr Casey**—The Mental Health Council of Australia is, of course, funded by the department as the peak mental health body. In relation to the report and the time that the report came out, there has in fact been a national summit involving the broad spectrum of the mental health community. That took place on 1 May and was hosted by New South Wales. A number of the issues brought out in that report were discussed at that forum. It is probably worth saying that the work that went into collecting that information was, in fact, funded by the department.

**Senator McLUCAS**—Right. So you did the data collection, did you?

**Mr Casey**—We did not do the data collection. We funded the Mental Health Council to collect information from the community, particularly consumers and carers, as part of the evaluation of the current second national mental health plan. The report that they brought out was subsequent to that commission, and they were allowed to use that data—and they collected some additional data—to produce their own report.

**Senator McLUCAS**—Do you intend to respond formally to the report?

**Mr Casey**—At this stage, it is probably fair to say, given that a further national mental health report for 2003-08 will be considered by health ministers in July, that the views and issues raised in that report may well be considered in the context of the ministers' July meeting on a further plan.

**Senator McLUCAS**—When you say the ministers' July meeting, is that a meeting of health ministers?

**Mr Casey**—Yes.

**Senator McLUCAS**—The first recommendation is that mental health expenditure needs to be lifted to 12 per cent of total health expenditure. What is our current split?

**Mr Casey**—That is a difficult question. It depends on how one calculates the spend. The department commissioned the AIHW recently to advise us on this question, and they produced a report. That report is available on our web site. In their report, they compared expenditure in four different countries—Australia, Canada, the Netherlands and the USA. They chose these countries because there was comparable data; one of the difficulties in estimating expenditure is how different countries calculate their expenditure. The AIHW report concluded that, given the uncertainties with this data, there is no evidence from this disease cost information that any of the four countries are underspending or overspending on mental health disorders relative to each other. They estimated the spend as between 9.5 per

cent and 11.5 per cent of health expenditure, if you include dementia, substance abuse disorders and other mental disorders.

**Senator McLUCAS**—Is that the same way that the *Out of hospital, out of mind!* report describes it?

**Mr Casey**—No, that is using an expenditure count. The Commonwealth counts the expenditure by specialist mental health services, and there are some different definitional considerations. On the data reported in the national mental health report, we estimate it is about 7 per cent, but it really depends on the costing. It is somewhere between 7 and 9 per cent.

**Senator McLUCAS**—Thank you. That is a good answer. The second recommendation goes to national leadership and really runs into the next one, which is about a permanent independent commission to report on progress in mental health reform. Does the department have a policy that would respond to those two recommendations?

**Mr Casey**—The issue of a mental health commission has come from a commission that exists in New Zealand. But, as you would appreciate, New Zealand has a slightly different political system, and one of the concerns that has been discussed around this idea of an independent mental health commission in Australia is which government would it respond to, given our federation and whether in fact that model would be appropriate.

**Ms Halton**—Senator, can I make the point that the department does not have policies; the government has policies.

**Senator McLUCAS**—Sorry.

**Ms Halton**—I know it is late, and I sound like I am splitting hairs.

**Senator McLUCAS**—Thank you. Mr Casey, that goes to the second recommendation, about national leadership. I think the report identifies that in order to truly address mental health issues you do need a national approach, which is probably more a comment than a question. What other actions is the department taking to respond to the report?

**Mr Casey**—The department will be providing some advice—which it has not done yet, because we have only just formally received the report—to the minister for her consideration.

**Senator McLUCAS**—The other issue that is regularly raised with me is the issue of support for GPs as the front-line providers of assistance to people with mental health illnesses, particularly in more rural and remote areas. What programs does the department provide to support GPs who are assisting people with mental illnesses?

**Mr Casey**—The department is currently implementing the More Options, Better Outcomes program, which was a 2001 budget initiative. That provides support to enrolled GPs through performance incentive payments in relation to mental health care. It also provides for enrolled GPs to have access to other supports, including referral of their patients to psychologists.

**Senator McLUCAS**—And the second part you have described is part of PIP.

**Mr Casey**—It is part of the budget initiative of 2001. It includes provision for PIP payments to general practitioners. It also provides for assistance through divisions for the provision of allied health services to support those GPs.

**Senator McLUCAS**—Has there been an evaluation done? It has probably been too short a period of time for an evaluation.

**Mr Casey**—It commenced only last July.

**Senator McLUCAS**—Thank you. The only other questions I had in outcome 4—and I am a bit concerned that I have actually misfiled this document—go to divisions and data collection.

**Ms Halton**—Divisions of general practice?

**Senator McLUCAS**—Divisions of general practice and data collection.

**Ms Halton**—We have people who can probably cope with those questions.

**Senator McLUCAS**—The issue goes essentially to the contract between the divisions and the Commonwealth. Essentially, the way it works is that is the Commonwealth requests divisions to provide information back to it using data that, essentially, the division gets from the HIC. It has been put to me that the method by which data is collected does not assist in the method of reporting on those performance indicators. I think, in essence, there has been a request to be able to aggregate data by postcode so that then you can truly define an area that a particular division covers so that the division can actually report on the outcomes that they are being asked to report on. Has that issue been raised with the department by divisions?

**Ms King**—I might just take advice on that.

**Mr Stuart**—Is this in relation to immunisation or any specific issue?

**Senator McLUCAS**—No. In fact, it has been put to me that immunisation is the good model. It is the way you can do it, where there has been aggregation of information by postcode so that the divisions can actually report immunisation by geographical area.

**Mr Stuart**—It is one of the programs that we are able to monitor the best because what the immunisation rate is in a division is a fairly concrete thing. We can measure the divisions, we can chart how they are going and we can have clear targets. That is a good example of where that works well.

**Ms Halton**—Do I understand your question to be about any requests for data right down to postcode?

**Senator McLUCAS**—Divisions have suggested to me that it would be useful if data could be provided to them by postcode so that essentially they are reporting to the geographical area that they represent.

**Ms Halton**—I have recollection of this. There are a number of issues about going down to a postcode level because, in some cases, it is sufficiently disaggregated. You get into questions of identification et cetera.

**Senator Patterson**—You can actually tell from an individual practice's business.

**Senator McLUCAS**—We have had this discussion before.

**Senator Patterson**—It is not everywhere, but it is enough that you have to be concerned about it.

**Senator McLUCAS**—It has been suggested to me that, if you are talking about data collection by metropolitan division, you would cover three or four postcode numbers. The aggregation of that would not be identifiable. Another division would cover 30 postcode areas if you are talking about a rural division. Aggregation of that would not lead to identification. The point that has been made to me is that it is very hard to report to outcomes that are based on data that cannot be truly ascribed to the geographical area of the division.

**Ms Halton**—My colleagues are advising me that, in a number of cases, we have received requests across a number of postcodes. We have worked with those divisions on those requests. It is a question of dealing with these on a case by case basis, particularly having account of those privacy issues that I just talked about. If there are particular divisions which you would feel comfortable telling us about—or perhaps you could go back to them if you do not—we could say that, if they would like to talk to us about it, we can explore those issues with them.

**Senator McLUCAS**—Thank you. I understand the Australian Divisions of General Practice has moved to 25 National Circuit.

**Ms Halton**—The ADGP?

**Senator McLUCAS**—The peak body.

**Mr Stuart**—Yes, that is correct.

**Senator McLUCAS**—Was the Commonwealth involved in any support for that move?

**Mr Stuart**—I can tell you that the issue of where the ADGP chooses to rent is essentially a matter for the ADGP. But I did ask the CEO of the ADGP to assure me that there was not going to be any impact on the outcomes that the Commonwealth would obtain, and the ADGP wrote me a letter to that effect.

**Senator McLUCAS**—So, essentially it was within their budget line that they are provided with internally.

**Mr Stuart**—That is correct.

**Senator McLUCAS**—Thank you.

**Senator FORSHAW**—I raised a matter on the first day when we were talking about Medicare, which I was told should be brought up here. That is with regard to the classifications of—

**Ms Halton**—This is the RRMA issue?

**Senator FORSHAW**—This is the RRMA issue, yes. Just to summarise it: if, with regard to the classifications that apply to—

**Ms Halton**—You mentioned Nimbin. That sticks in my mind.

**Senator FORSHAW**—Nimbin, yes. It sticks in a lot of people's minds.

**Ms Halton**—I have never actually been there.

**Senator FORSHAW**—I have.

**Ms Halton**—Can Ms Smith give you a bit of background on Nimbin as it is classified, rather than on other aspects of Nimbin?

**Senator FORSHAW**—Please do.

**Ms Smith**—We have been aware of the Nimbin issue. There has been difficulty in finding doctors to go to that town. For some time the community has been writing to the department and suggesting that, if we were to change the RRMA classification, that would solve Nimbin's problems. However, what we have tried to do is work with the Rural Doctors Network and some other New South Wales based organisations, particularly the northern rivers divisions. I understand that now Nimbin will be getting some general practitioners in the near future. The issue was really related to the fact that, although people were willing to go there and provide services, they wanted to have a flexible arrangement in terms of the practice arrangements. They were not necessarily interested in buying into a practice in Nimbin, but they wanted to have an arrangement where they could walk in and walk out—that is probably the way that that tends to be described now. My understanding is—from reading *Australian Doctor* today and talking to the Rural Doctors Network—that they have solved the problem for Nimbin, so the RRMA classification was not the real issue there. That is definitely the Rural Doctors Network feeling as well.

**Senator FORSHAW**—Is there a problem with changing the RRMA classification anyway? It has been put to me, and I think it has been put to the department and the minister, that there have been changes made with regard to the statistical local area. There has been some change at the state level.

**Ms Smith**—There is a similar problem with many geographical classifications systems. They are systems that are generally set up at a particular time, based on particular data. Of course, as things change over time, the classification system sometimes results in there being particular anomalies, especially where populations are moving in and out of places at greater rates than they were previously, for example.

**Senator FORSHAW**—I do not think that is necessarily the case with this one, is it? Nimbin has always been a small community. It might have exploded on certain occasions—

**Ms Smith**—Aquarius comes to mind.

**Senator Patterson**—Were you there, Senator Forshaw? Or are you too young?

**Senator FORSHAW**—If I can recall, I probably was not there, to quote—is it Edina?

**Ms Halton**—I thought it was Timothy Leary actually.

**Senator Patterson**—We will go back through the videos and have a look.

**Senator FORSHAW**—I know the district fairly well because I have had a longstanding family connection with the area.

**Senator Patterson**—Don't go any further!

**Senator FORSHAW**—If you want to know, my grandmother came from Lismore—okay? My mother did too. The reason I raise it is that it is argued that, because it was in RRMA 3 they are not entitled to any incentives—payments, assistance—but that, because in effect the Lismore area has now been divided into two separate groups and Nimbin is sort of in the

outer Lismore urban area, Nimbin could be reclassified as RRMA 4. Why is that not a possibility? Even if the issue, you might say, is fixed in another way, why should it not be properly classified? Or is that argument incorrect?

**Ms L. Smith**—It probably goes to the reclassification at the state level, which has happened only in the last couple of years I think. The broader RRMA classification is a national classification and the whole thing would need to be updated and changed. It would have an impact across the country on a number of different areas. Whilst some areas, like Nimbin, may change—and its SLA changed to become an RRMA 4 or 5—other areas would move into categories RRMAs 1 and 2. Whatever you do and wherever you change the classification system, you end up having numbers of winners and losers. So it is possible, but it has an impact.

**Senator FORSHAW**—Is that a real issue?

**Ms Smith**—Yes.

**Senator FORSHAW**—I am advised that in 2001 it was changed to Lismore C part A, which has a population of about 29,000, and Lismore C part B, which has 19,000. That puts it clearly into an RRMA 4 category. I cannot see why they should not be changed. Or I cannot see what is wrong with the logic of saying that, if the area has been clearly reclassified in this way, then why can't it have its RRMA classification changed. The point is made that cities like Ballina and Byron Bay have a classification of 4 or 5 and Nimbin, which is a village up in the hills, is a 3.

**Mr Webster**—I have a bit of additional historical information on the RRMAs, which might help explain where we are at.

**Senator FORSHAW**—Don't give any secrets away.

**Mr Webster**—What I understand is that the RRMAs were developed way back in 1994, as you know. The reason for that was, at that particular time, the Australian Standard Geographical Classification, which is the ABS classification, was not seen to address the need of having a rural and remote index. Subsequently, there have been various changes across the entire country in terms of the SLAs, but there have also been various other indexes that have been developed over that particular period of time. The Nimbin situation that you are describing is just one of the areas that has been affected by those changes.

The RRMAs have not been updated officially at all since that time. I think it is unlikely that they will be because what has happened since then is that there have been moves with the official ABS standard index, the Australian Standard Geographical Classification, which is now more useful than it was back then in terms of doing the sorts of things the RRMAs were originally designed to do.

**Senator FORSHAW**—Thank you for indicating that something is apparently going to happen. The good people of Nimbin and their doctors will be happy about that, I hope.

**Mr Stuart**—It is a good result for Nimbin using a number of flexible programs to solve the problem.

**Senator FORSHAW**—You did not fix all that up between last Monday and today, did you?



**Ms Smith**—We have been working on it for a while.

**Ms Halton**—I should say yes, shouldn't I.

**Senator FORSHAW**—So I cannot claim the credit.

**Ms Halton**—That would also mean that we were incredibly responsive, so we both win out of that.

**Senator Patterson**—It has been an issue for a while. I have become aware that there are very small areas of Australia.

**Senator FORSHAW**—Yes, I know, and I know they have written to you and that you wrote back to them. The initial answers were not encouraging but I am sure they will be at least a bit more encouraged now.

[10.35 p.m.]

**CHAIR**—We move to whole of portfolio questions.

**Senator McLUCAS**—The general administration costs for the four years from 2002-03 were estimated in last year's budget at \$4.7 million.

**Ms Halton**—For what?

**Senator McLUCAS**—General administration.

**Ms Halton**—Of what?

**Senator McLUCAS**—The department.

**Ms Halton**—The whole department.

**Senator McLUCAS**—I understand that the budget for four years from this year is \$5.5 billion, and I do not have a reference for this.

**Ms Halton**—I wish I did have that much money.

**Senator McLUCAS**—It does sound like a lot, doesn't it?

**Ms Halton**—By a factor of nearly 10 for the portfolio.

**Senator McLUCAS**—Maybe a 'b' was swapped for an 'm'.

**Ms Halton**—Do you have a page reference?

**Senator McLUCAS**—No, I do not and I do not have supporting data. I will put that on notice. There was \$40 million allocated in additional resourcing to the HIC to allow a break-even position in 2003-04. Can you explain that money, please.

**Mr Leeper**—The \$40 million you are referring to in the portfolio budget statements comprises two components. In last year's budget papers it was indicated that the HIC would show a profit of \$10.6 million. That was reduced during the financial year, relating to increased superannuation contributions. The underlying position for HIC has been that our cost structures, which are now some five or six years old in our output pricing agreement with the Department of Health and Ageing, were reviewed by agreement of the government in the course of 2002-03, leading up to the budget. It was agreed that a figure of \$34.3 million be additionally provided in 2003-04 to allow the HIC to operate at a break-even level. The

combination of the \$34.3 million and the \$5.7 superannuation revision during the course of the year comprised the \$40 million.

**Senator McLUCAS**—I understand that this funding is described as the first phase of a process to update the HIC's resourcing arrangements, with further funding to come. What are those resourcing arrangements?

**Mr Leeper**—In the way it has been described in the budget papers, there is a one-off change for 2003-04. The decision placed further amounts of money into the contingency reserve for the following financial years, the following three years of the forward estimates period. But accessing that money is contingent on an activity based costing exercise, a benchmarking exercise, of HIC's cost structures, which will be conducted over the second half of this calendar year by the HIC and the department of finance in conjunction with the Department of Health and Ageing. In effect, an amount of money has been committed for 2003-04. Amounts of money have been put aside in a contingency reserve for the following three financial years, but accessing that is dependent on the outcome of the activity based costing exercise.

**Senator McLUCAS**—What will that mean in layperson's terms?

**Mr Leeper**—Some money has been put aside—

**Senator McLUCAS**—No, not the money being put aside. What is the benchmarking of the cost structures going to be?

**Mr Leeper**—It is a process where the department of finance will look at what the cost drivers are for HIC in terms of how we deliver our programs, and I guess they will be looking for ways to help us run our business more cheaply so we do not draw down those contingency funds. We are happy to have the examination performed.

**Senator McLUCAS**—An HIC newsletter that recently went out to staff members—I do not have the date—advises:

Based on current planning ... we still anticipate that FTEs involved in Medicare and PBS processing will reduce by between 800 to 1,000 by late 2006.

**Mr Leeper**—That is correct.

**Senator McLUCAS**—How does that proposal—what you are describing in that newsletter—fit with the benchmarking and looking at the cost structures that you were talking about earlier?

**Mr Leeper**—The sentence you have quoted is from an internal publication called *BI Lines*, which is our newsletter to staff about our business improvement program. As I mentioned in evidence on Monday morning, HIC put a proposal to government through the department, in the 2001-02 budget, to modernise our business operations. As part of that arrangement, we indicated that we would expect that staff associated with data entry and processing and checking would drop by between 800 and 1,000 full-time equivalent positions as the program rolled out. Those figures remain unchanged. That is a challenge that is in front of the organisation and is one that we are embracing quite strongly. It is separate from the other exercise about what is driving HIC cost structures. So both things could happen at the one time. We could deliver the business change program which reduces staffing in those

processing areas whilst also examining our cost structures around the Medicare and PBS programs through that exercise. They are separate—not unrelated—but the costing exercise and the benchmarking exercise would not overtake these changes, because these really are about fundamental changes in the way we do our business.

**Senator McLUCAS**—How will you go through the process, between now and 2006, to identify those staff that will become redundant?

**Mr Leeper**—I think I indicated on Monday that we had already planned that out. This document you have referred to is our people plan. It tells our staff where we expect the adjustments to be made. We have been clear in saying to people that it is contingent upon the changes in processing actually happening. So we are not going to cut jobs ahead of measurable changes in the way that work is received and processed. We have also indicated to our staff our intention to consolidate Medicare and pharmaceutical benefit processing into three states—three for Medicare and three for PBS. Other reductions fundamentally come from a reduction in cash claiming at the Medicare branch offices.

All that material is in there. How it will roll out step by step is really dependent on the take-up of online claiming by medical practices and by pharmacies. This is really the first in a series of detailed communications with our staff about how that program will roll out.

**Senator McLUCAS**—What funding do you anticipate for redundancies, essentially in the forward estimates?

**Mr Leeper**—From memory, I think the business improvement program was funded by government at \$125.6 million in the 2001-02 budget. Approximately \$99 million of that was for capital, which is to support programming and e-business infrastructure works. The remaining \$25 million was retained savings, which is directed towards training, transition and redundancies. So redundancies will not be all of the \$25 million. I do not know the precise figure but it will probably be around \$10 million over the three to four-year period.

**Senator McLUCAS**—That is \$10 million over—

**Mr Leeper**—Three or four years.

**Senator McLUCAS**—To bring us to 2006?

**Mr Leeper**—I am happy to take that on notice if you want me to be more precise, but it is not a huge figure.

**Senator McLUCAS**—It would be good if you could provide us with that figure. I am advised that on the government contracts web site there are details of a \$2.8 million payment made by the health department's corporate services division to an institution or an organisation in Tasmania for MPS payments. I think that is the multipurpose service. Can I get some information about that payment?

**Ms Halton**—The people who deal with multipurpose services have gone. It is a rural health issue.

**Senator Patterson**—What do you want to know?

**Senator McLUCAS**—We are just wondering who that payment was made to and what it was made for. Is that capital for establishing an MPS?

**Ms Halton**—Is it in the annual report?

**Senator McLUCAS**—No, it is on the government contracts web site.

**Ms Halton**—Let us take it on notice, Senator.

**Senator McLUCAS**—Okay. Thank you.

**Ms Halton**—We have a variety of funding arrangements with multipurpose services, so we will come back to you.

**Senator McLUCAS**—Does the Commonwealth still pay a capital component in the establishment of an MPS?

**Ms Halton**—Potentially.

**Senator Patterson**—They vary. It depends on what they were like before.

**Ms Halton**—And on what the state government is putting into some of these services.

**Senator Patterson**—It depends on who runs them originally.

**Senator McLUCAS**—Are there MPSs that work with private institutions other than just the state?

**Senator Patterson**—They originally started with the bush nursing hospitals in Victoria. They were for acute patients and they ended up having long-term residents. The health funds, which had some people in there for 3½ years as acute patients, withdrew their funding. This was in about 1989. Suddenly these places were not viable. They had 10 acute beds and six long-term patients in them. Victoria had a lot of them. There were almost none in any other state. They were not viable as acute hospitals yet they supplied a need. I kicked up a bit of a stink about them. Mr Staples was under a bit of pressure and he and the department came up with the concept of multipurpose centres where you could have sufficient services together to make a critical mass. I think they are one of the best things that has ever happened, because it means that you can deliver a service. They are all different. Some of them have a couple of acute beds, some nursing home beds, and home and community care.

**Senator McLUCAS**—I have been involved in the Cooktown and Mossman ones.

**Senator Patterson**—Instead of having one policy that fits everything, you actually would it with the state and the provider to deliver a viable service in a rural area. How's that? That's not bad, is it?

**Ms Halton**—I agree with that memory. I have the same memory. Some of us were on the other end of the equation.

**Senator Patterson**—It really started out as a bit of a crisis. The health funds said, 'How come we are looking after nursing home residents when we are an acute care health fund?'

**Senator McLUCAS**—There is a question on notice that updates a previous question that essentially goes to the responses to ministerial correspondence question time briefs. It is the normal one that you would get.

**Ms Halton**—Sure.

**Senator McLUCAS**—In question E03197 we asked what the department's staffing levels were. You provided us with an answer that goes from 1995-96 through to 2001-02. Are those numbers full-time equivalents?

**Mr Law**—The figures provided in the answer to that question were ASL. The details provided in the answer show what constituted the make-up of those figures, because there have been various machinery of government changes in the department over that period of time.

**Senator McLUCAS**—Given that, is it possible for you to provide us with full-time equivalent figures for as far back as you can? Is that technically feasible?

**Mr Law**—I will just check on that.

**Ms Halton**—I suspect that is almost impossible.

**Mr Sheehan**—I think you will find that the average staffing level for the year is a full-time equivalent by pay multiplied by the 26 pays, and it is the average for the year.

**Senator McLUCAS**—Okay. Essentially, it is—

**Mr Sheehan**—It is the full-time equivalent but it is averaged over the year rather than for a pay.

**Senator McLUCAS**—That is good, thank you. So it is actually an average?

**Ms Halton**—It is the average number of full-time equivalents by fortnight, times 26.

**Senator McLUCAS**—So it is not a head count; it is an average. Can you explain what the large jump in staffing levels from 2000-01, when we had 3,238 staff, to 2001-02 when they were 3,771? It seems like a fairly large jump in one financial year.

**Mr Law**—To provide that detail, I think we would have to take that on notice. I can partially answer that question. I understand that there were a number of new policy initiatives that required an increase of staffing in that period. But in terms of the actual detail of what constituted that increase, I would have to take that on notice and provide that to you.

**Senator McLUCAS**—Generally, what sort of policy initiatives required increased staff? Can you answer that question generally? I am happy for you to take that on notice.

**Mr Law**—I would have to take it on notice.

**Senator McLUCAS**—Given that we are a couple of weeks away from completing the year, could you provide us with the 2002-03 figure?

**Ms Halton**—In July—

**Senator McLUCAS**—In July. We will put that on notice too.

**Senator MOORE**—Are you able to provide us with the historical ASL figures that Senator McLucas asked for? It is now clear that we understand the ASL concepts, so could we have five years of the ASL figures for the department?

**Ms Halton**—I think you have got that in that question. It goes back to 1995-96.

**Senator McLUCAS**—I notice in the answer that you say that you do not collect data on the staffing levels of agencies within the portfolio and you are not in the position to divert

resources, et cetera. In answer to question EO3055, can you tell me whether that graph is the staffing level of the agencies of the department?

**Ms Halton**—It is a table, not a graph.

**Senator McLUCAS**—There is a table attached in answer to (e). The question goes to the gender break-up of the organisation including agencies.

**Mr Law**—No, Senator. The listings down the organisational units are core departmental and do not include portfolio agencies.

**Senator McLUCAS**—Thank you. Have you done any projections for staffing into the out years? Do you do that sort of work?

**Mr Law**—The main management controls these days are through financial allocations in internal budgets. In terms of how that translates to staffing numbers, that is not a focus that we particularly go to in out years.

**Senator McLUCAS**—We had a question on notice updating on property owned and property leased. You provided us also with answers to two questions about health goods that were exempted under the GST—thank you for that. We were actually looking for an update on that question too, to see how many requests have come in for exemption under the GST for health items, but I will put that on notice as well. Can I go to the issue of the medical expenses for victims of the Bali bombings.

**Ms Halton**—We have one officer from the Health Insurance Commission. Other officers are not actually here for that. But ask away and we will see what we can do.

**Senator McLUCAS**—On 16 October the Minister for Small Business and Tourism said that the government was working on guidelines to ensure that Australians injured by the attack in Bali were not left out of pocket because of medical or evacuation expenses that were not covered by insurance. Were those guidelines developed and was that a responsibility of the Department of Health and Ageing?

**Mr Leeper**—Yes, guidelines and a program of assistance have been developed to meet the out-of-pocket expenses of victims of the Bali explosion. The HIC administers this program on behalf of the Department of Health and Ageing. There are a number of dimensions to it—I do not know how much detail you want at this stage of the evening; my colleagues might be cross if I speak too much. In effect, the measure enables us to make contact with those people to offer them a range of assistance, particularly focused on out-of-pocket expenses as a result of injuries resulting from the bombing—that is, medical, pharmaceutical and allied costs relating to injuries not already covered by Medicare and/or any private insurance. We have established a toll-free telephone number, which became operational on 28 October, to assist callers with any inquiries. To date, there are 138 Bali victims registered with the HIC and claims have been paid to 70 victims in total. As of May 15, we have paid out approximately \$70,000 under this program to victims of the Bali explosion.

**Senator McLUCAS**—We are just tracking back—138 potential applicants—

**Mr Leeper**—We have registered 138 people as victims of the Bali explosion. At this stage, we have paid claims in relation to 70 people.

**Senator McLUCAS**—Generally, what are the reasons why any outstanding payments may not have been made?

**Mr Leeper**—I do not have that information.

**Ms Halton**—This is not right to this minute, but when I had occasion to ask this question recently in response to a newspaper article in relation to prosthetic limbs, I was informed by the officers in the department that there remained three claims that had not been paid at that point. They were not yet complete because final bills from the treating doctors had not been received.

**Senator McLUCAS**—And that was in May?

**Ms Halton**—It was only a couple of weeks ago.

**Senator McLUCAS**—Did the HIC develop a list of costs that it would cover? Was that part of the guidelines that you developed?

**Mr Leeper**—The brief I have in front of me—and I am sorry, I am not completely familiar with this program—indicates that we are under instruction to pay for the out-of-pocket expenses, which are over and above any costs already covered by Medicare and any private insurance held by the people themselves.

**Senator McLUCAS**—Does that include ongoing costs?

**Ms Halton**—Yes.

**Mr Leeper**—I am aware that, in one case where the claimant required interstate treatment, we picked up the costs related to hotel accommodation under this program, for example.

**Senator McLUCAS**—Has that list been made available to the Australian Red Cross?

**Ms Halton**—My understanding is that it has—in fact, there have been detailed discussions with the Australian Red Cross about this.

**Senator McLUCAS**—The list is everything, I suppose, that is not being covered. Minister, you said costs into the future. Does that include replacement prostheses?

**Senator Patterson**—I stand corrected. It is treatment associated with injuries incurred as a result of the terrorist attack in Bali.

**Senator McLUCAS**—On an ongoing basis?

**Senator Patterson**—Yes.

**Senator McLUCAS**—So there is no limitation on access to that fund by victims?

**Senator Patterson**—For injuries incurred as a result of the bombs in Bali.

**Ms Halton**—My understanding is, and as I think Mr Leeper indicated, an expectation that the normal Medicare arrangements, the normal hospital arrangements, would apply but any costs over and above those, private health insurance et cetera, are met out of this fund. My understanding—and if we are wrong we will come back to you—is that that includes those ongoing costs, as the minister says.

**Mr Leeper**—The list that I have got talks about HIC paying for gap payments between the normal Medicare benefit and the fees charged, also the full cost of medicines under the PBS

scheme, the cost of allied health services certified by a doctor as necessary and related to the injury, including physiotherapy, speech therapy and occupational therapy.

**Senator McLUCAS**—That is the full list?

**Ms Halton**—For example, it also includes expenditure on prosthetic limbs. I cannot imagine there is any reason why we could not provide you with the guidelines.

**Senator Patterson**—Some of the things people are eligible for under the state. A replacement burns suit was one instance. It looks at whether the person is eligible under some other program, because that is appropriate. They are assisted with that. They are also assisted in knowing where they can get assistance, what they are eligible for, before this kicks in. I think it is very extensive assistance, which is appropriate for those people.

**Senator McLUCAS**—If we could get a copy of the guidelines that would be useful.

**Ms Halton**—I cannot imagine why we could not provide those. If there is some hitch or problem we will let you know.

**Senator McLUCAS**—Thank you. Mr Leeper, we were talking on Monday about the lags in payment with the doctors who opt in as a participating practice. I was reading through the *Hansard* and I am not quite clear what we agree on. Can you explain that to me again please?

**Mr Leeper**—Under the Fairer Medicare arrangements, any doctor who claims using HIC online will have their payment processed by us within two days. It is then released to the banking system. So when I talk about payment lag I am talking about the HIC's processing time. That compares to the existing payment lag of eight days, where a doctor submits a claim electronically over what is called an X400 network under the Medclaim system. It compares also to 17 days for claims submitted on paper. So 17 down to eight is what you have existing at the moment, but all claims under HIC online will become eligible to get paid out of our system within two days.

**Senator Patterson**—Or where somebody has to pay a doctor cheque and they forget to bring it to the doctor it is 90 days before they get the rebate.

**Mr Leeper**—Yes.

**Senator McLUCAS**—And that is irrespective of whether the practice has opted in or not?

**Mr Leeper**—Yes, that is right.

**Senator McLUCAS**—Thank you. Minister, I understand that you have put out a press release today saying that the government has given in principle agreement to two new medical schools in Western Australia and Queensland. For clarification, is that part of the process of accreditation of medical schools or part of the allocation of the 234 doctors?

**Senator Patterson**—It is 234 places and the two medical schools have not had Australian Medical Council accreditation. It is just like the situation with the ANU: when the places were identified they were distributed to other universities on the understanding that when ANU is ready to take them, which they will be in 2005, those places would come back to ANU.

Similarly, of the 50 places in Queensland—and this is off the top of my head—10 have been offered to James Cook and 40 to Queensland University. Queensland University has a very large medical school but a medical school intake of 40 at the beginning of the year could



put a lot of pressure on tutorial rooms et cetera. Mr Wells has already had a discussion with the university, and if they are unable to accept those 40 we would look at taking some of them outside of Queensland for a year or two until the university was able to accommodate them. But as far as we possibly can we like those places to be in Queensland and warehoused until the new medical school is ready to take them.

**Senator McLUCAS**—Are the ones that are allocated to the Gold Coast allocated to Bond or Griffith?

**Senator Patterson**—Bond is a private university. These are government funded places. I cannot remember which university is further ahead in terms of the AMC process. One of them is further ahead. Some other university might come up but we are presuming Griffith will be the one that will be ready for AMC accreditation.

**Senator McLUCAS**—What was the point you were making about Bond being private?

**Senator Patterson**—Bond is a private university and these are HECS funded public places.

**Senator McLUCAS**—So what about Notre Dame?

**Senator Patterson**—What was that?

**Senator McLUCAS**—I understand, from reading your press release, that Notre Dame is going to get some places.

**Senator Patterson**—I am not the minister for education, but there has been a difference between Notre Dame and Bond and I cannot remember it exactly. You would need to ask them the difference.

**Ms Halton**—They do have HECS places.

**Senator Patterson**—Yes, they do already have HECS funded places at Notre Dame.

**Ms Halton**—My understanding is that Notre Dame University has some HECS funded places but for what I cannot quite tell you.

**Senator Patterson**—Notre Dame and the University of WA have been in discussions about a joint arrangement in terms of teaching those students but I cannot remember the exact detail of that. You should be jumping for joy, Senator.

**Senator McLUCAS**—Yes, but it is a bit late. What was the process by which the numbers were allocated to each university?

**Senator Patterson**—It is based on population and doctor numbers but also on needs. If you look at it, Tasmania would have a slightly higher proportion but one of the issues was to do with Tasmania's medical school of 60, which was unlike almost any other medical school in the country. If you are trying to run a medical school program and your lecturer who is an expert on head and neck anatomy is on study leave or away, you cannot borrow someone from the speech program who may be an expert on head and neck anatomy or someone from physiotherapy who is an expert on head and neck anatomy. It is much more difficult in Tasmania because Tasmania does not have other health science courses. Sixty was not a number that would be able to support a vibrant medical school.

If you look at Tasmania, you can see that it is slightly disproportionate. Western Australia is a problem in that it is very hard to get someone who is trained on the east coast to move to Western Australia. They will study at Flinders and move east; you cannot get them to move the other way. So there was an issue as to where medical students moved. We have actually earmarked some places in South Australia for students from the Northern Territory. We have been advised that they may or may not be able to fill those. We are trying to encourage students who have lived in the Northern Territory to study medicine and hopefully they will be more likely to go back. So all of those things were taken into account.

**Senator McLUCAS**—Was there a departmental committee that met with the deans of medical schools?

**Senator Patterson**—No. A minute was put to me. I looked at the minute and discussed it with the minister for education. There was some modification made on the basis that I believed there were some issues that needed to be addressed—like Tasmania—to try to bring them all up to a viable number. I think at the moment we will have all the medical schools—the ones up and running now—with eighty or more students.

**Ms Halton**—I think it is fair to say that we have had very regular and ongoing dialogue with medical schools right around the countryside, so the issues that the minister is outlining are fairly well known. Mr Wells, and for that matter the minister and I, has had a series of conversations with the medical schools over a period, hearing what their issues are.

**Senator Patterson**—I met with the deans on Friday—all of them. It was basically on population but also, I will admit, the Tasmanian issue, because I have had a lot of advice from the medicos in Tasmania and from the medical school that it was very difficult with only 60. I think you would appreciate, when you have no other major health science course like dentistry or any of the allied health professions, it is really very difficult to meet any staff shortages because of sickness, study leave or whatever else.

**Senator McLUCAS**—Essentially, the deans have agreed that the numbers you are offering can be accommodated within their planning for next year. Are you up to that point of discussion yet?

**Senator Patterson**—They were advised only today. Mr Wells spoke to Queensland university, I think it was, immediately afterwards, because that is the biggest influx in one year, and to Western Australia as well. They were offered those places. We understand they may not be able to take them all, but I am fairly determined that we have the 234 places operational next year. It may be that we have to spread them around, as we did with ANU.

If you took five places from Queensland somewhere else, those students would be there for the next five or six years—however long it takes them to do their degree—but, as soon as the university could take them back in the state to which they are allocated, they would go back. The universities know that. We have done it with ANU. It is not something they are not familiar with, and they are prepared to do it.

**Senator McLUCAS**—I understand Bond is trying to develop some relationship with another university along the same lines. If we could get a list of the universities and the places that have been allocated to them, that could be useful.

---

**Senator Patterson**—I am wondering if that is on the web site—that may just be where the states are. That is easy.

**Senator McLUCAS**—I have no more questions left.

**Mr Leeper**—I can add one of my answers to an earlier question.

**Ms Halton**—We will now confess that there was a teeny sweep outside as to when we thought we would finish.

**Mr Leeper**—You asked me what was figure we put aside in the business improvement program for redundancies. The answer is \$15.9 million. The other \$10 million is our reskilling fund.

**CHAIR**—Thank you very much. I would like to thank the minister, Ms Halton, all the officers of the department, the secretariat and Hansard. Thanks to my colleagues for patience and tolerance and for juggling the program for four days.

**Senator Patterson**—Can I thank Senator Knowles. Most of us have wandered in and out, but she has been here for four days constantly. Senator, we appreciate your chairmanship and patience.

**Senator McLUCAS**—Can I add my thanks to the departmental staff, the minister and my colleagues. But can I also say thank you to our own staff, who do an enormous amount of work to pull these folders together and do some research.

**Committee adjourned at 11.14 p.m.**