



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

**(Additional Estimates)**

THURSDAY, 19 FEBRUARY 2004

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE**

**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Thursday, 19 February 2004**

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

**Senators in attendance:** Senators Barnett, Jacinta Collins, Denman, Forshaw, Harradine, Hogg, Humphries, Knowles and McLucas

**Committee met at 9.06 a.m.**

**COMMUNITY AFFAIRS PORTFOLIO**

Consideration resumed from 18 February 2004.

**In Attendance**

Senator Patterson, Minister for Family and Community Services

**Department of Family and Community Services**

**Executive**

Mr Mark Sullivan, Secretary

Mr Wayne Jackson, Deputy Secretary

Mr David Kalisch, Acting Deputy Secretary

**Executive Directors and General Manager**

Ms Lynne Curran, Executive Director, Family and Children Cluster

Ms Glenys Beauchamp, Executive Director, Community Development and Support Cluster

Mr Robert Knapp, 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 Business Improvement and Support Cluster

Mr Tim Youngberry, Executive Director, Budget and Financial Management Cluster

Ms Catherine Argall, General Manager, Child Support Agency

**Family Assistance**

Mr David Hazlehurst, Assistant Secretary, Family and Children's Policy Branch

Mr Andrew Herscovitch, Assistant Secretary, Family Payments and Child Support Policy Branch

Mr Tony Carmichael, Assistant Secretary, Family and Children's Services Branch

**1.1 Youth and Student Support**

Mr Jeff Popple, Assistant Secretary, Youth Bureau Programs Branch

Ms Kasy Chambers, Assistant Secretary, Youth Bureau Policy and Promotions Branch

**1.1 Child Support**

Ms Catherine Argall, General Manager, Child Support Agency

Ms Trevor Sutton, Assistant General Manager, Child Support Agency

**1.1 Child Care Support**

Ms Dawn Casey, Assistant Secretary, Child Care Services Branch

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Ms Lee Emerson, Assistant Secretary, Child Care Benefits Branch

**2.1 Housing Support**

Ms Liza Carroll, Assistant Secretary, Housing Support Branch

**2.2 Community Support**

Ms Susan Finnigan, A/g Assistant Secretary, Community Branch

Ms Margaret Moreton, A/g Assistant Secretary, Indigenous Policy and North Australia Office

**3.1 Labour Market Assistance**

Mr Evan Lewis, Assistant Secretary, Labour Market and Parenting Branch

**3.2 Disabilities**

Ms Frances Davies, Assistant Secretary, Disability Service Reforms

Mr Glen Halloran, State Manager, Queensland State Office

**3.3 Carer Support**

Mr Roger Barson, 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 Branch

**FaCS Cross all outcomes**

Mr Gary Dunn, Assistant Secretary Budget Development Branch

Mr Nick Hartland, A/g Assistant Secretary, Centrelink Relationships Branch

Ms Linda Powell, Assistant Secretary, International Branch

Mr Brendan Jacomb, Assistant Secretary, Legal Services Branch

Mr Neil Mahoney, A/g Assistant Secretary, Ministerial and Communications Branch

Ms Kim Loveday, Assistant Secretary, Resource Management Branch

Ms Fiona Smart, Assistant Secretary, Service Delivery and Assurance Branch

Mr Robert Porteous, Assistant Secretary, Strategic Policy and Knowledge Branch

Mr Andrew Whitecross, Assistant Secretary, Strategic Policy and Knowledge Branch

Ms Alison Smith, Assistant Secretary, Welfare Reform Taskforce

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

Mr Evan Mann, Senior Advisor, Special Advisory Group

**Centrelink**

Ms Sue Vardon, Chief Executive Officer

Mr Graham Bashford, Deputy Chief Executive Officer, Business

Mr Paul Hickey, Deputy Chief Executive Officer, Service Management

Ms Pat Turner, Deputy Chief Executive Officer, Customer Service

Ms Jane Treadwell, Deputy Chief Executive Officer, Digital Business/CIO

Dr Margaret Browne, General Manager, Participation and Client Partnerships

Ms Katrina Edwards, General Manager, Strategic and Business Planning

Ms Christine Hagan, General Manager, Centrelink Call

Ms Carolyn Hogg, General Manager, Service Integration Shop

Ms Carmel McGregor, General Manager, People and Corporate Performance

Ms Marie-Antoinette Assenza, A/g National Manager, Workplace Relations and Policy

Mr Tony Gargan, National Manager, Corporate Performance

Mr David Wilden, A/g National Manager, Workforce Capability and People Management

Ms Ann Steward, General Manager, Capability Creation and Management  
Ms Elaine Ninham, National Manager, IT Refresh Program Office  
Mr Trevor Smallwood, National Manager, Capability Planning  
Mr Grant Tidswell, General Manager, Families  
Dr Louise Tucker, General Manager, I&T Operations  
Mr John Wadeson, General Manager, New Business Solutions  
Mr Mike Goldstein, Chief Auditor  
Dr Helen McKenna, National Manager, Risk and Business Assurance  
Mr Rod Gibson, National Manager, Business Alliances and Contracts  
Mr Paul Cowan, National Manager, Debt Services  
Ms Christine Bruce, A/g National Manager, Youth & Students  
Ms Jan Bush, A/g National Manager, Retirement, Carers & Means Test  
Ms Michelle Gunasekera, National Manager, Parenting and Simplification  
Mr Robert Williams, National Manager, Job Seeker Services  
Mr Phil Richardson, National Manager, Detection and Review  
Mr Colin Parker, National Manager, Property and Services  
Ms Jo Gaha, A/g National Manager, Disability Services  
Ms Marilyn Prothero, Chief Finance Officer and National Manager, Financial Services  
Mr Karel Havlat, National Manager, Resource Management  
Mr Robin Salvage, National Manager, Business, Rural & Rent Assistance  
Mr Hank Jongen, National Manager, Communication, Media and Marketing  
Ms Sally Babbage, National Manager, Families and Child Care  
Mr Darryl Alexander, National Manager, Participation Coordination & Mature Age  
Ms Desley Hargreaves, National Manager, Social Work Services  
Ms Barbara Causon, National Manager, Indigenous Services  
Ms Ruth Rutherford, National Manager, Psychology Services  
Mr Stephen Connell, Business Leader, Service Recovery Team  
Mr Peter Ball, Manager Centrelink International Services  
Mr Peter Rock, National Manager, Multicultural Services  
Ms Sheryl Lewin, National Manager, Future Capability  
Mr Pat Fegan, National Manager, Business and Information Protection  
Mr John Regan, National Manager, Area Network  
Mr Greg Divall, National Manager, Project Services and Delivery  
Ms Trisha Moran, National Manager, Customer Service  
Mr Glenn Archer, National Manager, E-Business  
Mr Graham Maloney, National Manager, Centrelink Call Operations  
Mr Ian McShane, Group Director, I&T Business Services  
Ms Sheila Ross, Chief Customer Officer  
Ms Margaret Hamilton, Dean, Centrelink Virtual College  
Mr Dennis Mahony, A/g National Manager, Business Practices  
Mr Brian Pacey, National Manager, Profiling and Reviews

**CHAIR**—I declare open this public hearing of the Senate Community Affairs Legislation Committee considering the additional estimates for the portfolio of Family and Community Services. I welcome the Minister for Family and Community Services, Senator Kay Patterson;

the departmental secretary, Mr Mark Sullivan; Ms Sue Vardon, CEO of Centrelink; and the officers of the Department of Family and Community Services and Centrelink. Witnesses are reminded of the procedures to be observed by Senate committees for the protection of witnesses and in particular the resolution which states in part:

Where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken.

I also remind officers that they shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of them to a superior officer or to the minister. Evidence given to the committee is protected by parliamentary privilege, and the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Minister, do you wish to make an opening statement?

**Senator Patterson**—No. I have something I want to say later on, but I will bide my time.

**CHAIR**—Fine. The committee will be working from the portfolio additional estimates statement, and I propose that we commence with issues relating to Centrelink on pages 102 to 111, followed by general questions on the departmental overview—pages 9 to 34—and then outcomes on pages 35 to 59. Post-budget measures listed in section 3 can be considered under the relevant outcomes.

[9.08 a.m.]

### **Centrelink**

**Senator JACINTA COLLINS**—Just one point of clarification at this stage—I think this will work with how the committee has operated in this area in the past, but correct me if I am wrong—as to how I plan to proceed. I have some cross-portfolio issues that apply to both the department and to Centrelink, and I would ask at this stage if that suits the committee. I have some further cross-portfolio questions which I think I will table. I then want to deal with some further FaCS and Centrelink cross-portfolio questions about employment services before I go to Centrelink proper. Once I finish with Centrelink I will have Department of Family and Community Services questions for which I will also need some Centrelink officers. Is that how you would normally proceed?

**CHAIR**—I think that is achievable.

**Mr Sullivan**—Chair, I think how we normally do it is if there are Centrelink specific issues we try and get through those first. That then relieves the whole group of Centrelink officers. For Centrelink, I think the practice has been to alert us to what the cross-portfolio issues are—I think you mentioned employment services. So, if it is suitable, could we do Centrelink specifics, then cross-portfolio and then FaCS? That would work best.

**Senator JACINTA COLLINS**—You would rather go back to cross-portfolio?

**Mr Sullivan**—It generally works best, but I do not care.

**Senator JACINTA COLLINS**—I am dealing with cross-portfolio first because I think one of the critical issues is a cross-portfolio issue related to the answers to questions on notice. Mr Sullivan, you might recall that on the last occasion we had a discussion where we referred to one of the performance indicators in the annual report on timeliness of information provided



to the minister, and I think I paid credit to this department for its behaviour in the past about answers to questions on notice. I want to deal with some of those issues, because my experience on this occasion has been far from my previous experience. During the previous round of hearings, on a few occasions the department officers offered to provide additional information to the committee within days. In any event, the deadline for answers to questions on notice for the last round of estimates was 12 December. The first answers were provided to the committee on 1 February. We understand that the department and Centrelink met their deadlines, but there was a hold-up in the minister's office. On what date did the minister's office receive the relevant questions?

**Mr Sullivan**—I do not have dates for when the minister's office received things. That is a progressive process of advice going to the minister's office on the questions that we provide. The only relevant date that we can talk about is when it goes to the Senate.

**Senator JACINTA COLLINS**—Why can you not deal with the issue of when the information went to the minister's office?

**Mr Sullivan**—Because it suggests there is a date when all of these questions went to the minister's office. As I say, the dates are probably from the day or a couple of days after the hearing through to the day that the questions went to the Senate—that would be the last day advice on answers would have gone to the minister's office.

**Senator JACINTA COLLINS**—So from your end the department did provide the minister's office with the information that this committee was assured we would receive within a couple of days.

**Mr Sullivan**—I did not say that. I would have to look at the questions where there was a commitment to a couple of days.

**Senator JACINTA COLLINS**—I would appreciate it if you would, because you will recall that the annual report was quite critical of the department on the issue of timeliness of advice to the minister. What is important for this committee to identify is whether it is a departmental or Centrelink issue or whether it is an issue within the minister's office—particularly when public criticism is made in the annual report.

**Senator Patterson**—It was an issue of a number of questions on notice. I object to criticism of either Centrelink or the department delaying.

**Senator JACINTA COLLINS**—I am not doing that.

**Senator Patterson**—They were complex questions that required detailed answers, and they were done as quickly as possible. I have no other comment to make, and I will not accept criticism of the officers of either department in answering what was an extraordinary number of questions on notice.

**Senator JACINTA COLLINS**—With respect, Minister, do not verbal me. I did not criticise the department or Centrelink. If anything, I have indicated that, in the past, the department and Centrelink have been very timely and very effective in the amount of information they have provided. This is contrary to my experience on this occasion, and I am seeking to identify where that problem is. You say it is an issue of an additional number of questions or the complexity of the questions, but that does not sit with my understanding of

the nature of the questions that have gone to this department in the past. In fact, some of the material that was provided to us was exactly the material that the department has been provided in the past, although it was only upon query from us that additional material that has been provided to this committee in the past was eventually furnished. So, Mr Sullivan, can you please provide the committee with the detail of when the answers went from the department to the minister's office. I understand that they would not have all gone at the one time, but I am sure it is not beyond your capabilities to break that up.

**CHAIR**—Senator Collins, you complain about the timeliness of answers. You have now asked the secretary of the department to undertake a process that will inevitably consume an enormous amount of time and which will inevitably eat into the answering of questions that you may choose to put on notice today. It is worth noting that at the time of the hearing last year, 116 questions were put on notice that day, followed by a further 113 that were put in by the prescribed time, the following Friday, and a further 86 were put in later—a total of 315 answers. And now you are asking the secretary to go back through 315 answers and give you the dates on which those 315 answers went to the minister's office. I think that is a very unreasonable demand of the secretary and of the department when they are now going to have another set of questions that you want answered on notice.

**Senator JACINTA COLLINS**—Chair, with respect, let us hear Mr Sullivan say that that is a complex and overwhelming task, if that is the case. Certainly, I understand the answers come to the committee in batches, and I would be highly surprised if they did not go to the minister's office in batches. If there were indeed two, three, four or five batches, that is not a very difficult question to answer.

**Mr Sullivan**—It is more than two, three, four or five batches. In the end, an answer to this committee comes from the department, cleared by the minister, when it is to the satisfaction of both the department and the minister that the answer is a complete answer. The Clerk of the Senate has written to say—in respect of answers being withdrawn if you do not have confidence in them—make sure they are right. We make sure that our answers are right, now. There may be several iterations between the minister's office and the department. So, basically, examining our email systems and discovering what was sent to the minister's office and when in respect of a question is an onerous task. As I said, there would be several iterations of questions and answers. It is the joint responsibility of the department and the minister—and clearance by the minister—to ensure we are confident the answers given to the Senate committee are complete and accurate. It is a joint task, and we have to finish that process before they come to the committee.

**Senator JACINTA COLLINS**—I understand that aspect, but my question is about when the first draft of the answer goes to the minister's office. The reason I ask that question is that, as you will recall, Senator Vanstone was quite critical on the last occasion about not even necessarily the timeliness but the quality of the advice. If this committee sees, for instance, that there is a timely response from the department to the first question and then there is the need to allow time for clarifications from the minister's office to go back to the department, that is quite understandable. But if the first-draft answers coming from the department are quite late, then you would be questioning what was happening with the department's efficiency in this area. Let me put this question to you another way: we understand that the

department and Centrelink met their deadlines but there was a hold-up in the minister's office. Is that correct?

**Mr Sullivan**—I do not know what our 'deadlines' were. You would have to clarify what you mean. The deadline was that answers should be with the committee by 12 December, as you put.

**Senator JACINTA COLLINS**—Does the minister have deadlines?

**Mr Sullivan**—There is no deadline. The department moves to answer these questions as quickly as possible and get them to the minister for clearance before they are referred to the committee secretariat.

**Senator FORSHAW**—Given that a date is set by the committee which the department is aware of, what is your expectation and your target, if you like, as to how long before that date you need to get the answers to the minister's office so that whatever happens in the minister's office for them to then come to the committee can happen? The department has been doing this for a long time; you must have some idea of the time line that you would work to.

**Mr Sullivan**—We have been doing it for a long time. We are seeing a trend develop, of course: we are getting more and more questions, and we can show you that trend—and those questions are coming later and later.

**Senator FORSHAW**—You disappoint me about that.

**Mr Sullivan**—In the process before last, we had questions on notice from the previous estimates coming in two weeks before the next estimates. We did arrange, with the chair of the last estimates committee and with the agreement of this committee, to lodge all the questions by the Friday—

**CHAIR**—I said that—

**Mr Sullivan**—and that was breached. We all have not met our deadlines. This committee said it would lodge all questions by 7 November—

**Senator FORSHAW**—Mr Sullivan, I asked you a specific question.

**Mr Sullivan**—and 86 came in afterwards.

**Senator FORSHAW**—I asked you a specific question: if a date is set, what is your expectation of how long you need to get the answers to the minister's office to endeavour to meet that date? You must have some indication; is it two weeks?

**Mr Sullivan**—I do have some indication. On average, it takes us half a person-day to prepare an answer for a question. If we have 300 questions, I am looking at about 150 person-days to prepare the answers. It depends then on how many people I can put onto answering those questions. We see answering the questions and getting them to the committee as being a matter of priority. We think that about 275 days were involved in answering the last questions—inside the department. That is why we have a priority and a commitment to get the questions done. Until this occasion, we have a record of doing that well.

**Senator JACINTA COLLINS**—In your view, what is different about this occasion? We have heard the minister saying they were complex and that there were more questions. Are there other factors that you would identify?

**Mr Sullivan**—The factors I would identify were that there were a lot of questions, they came in later than we expected, the processing period was generally over the Christmas period and getting 275 person-days to answer questions over the Christmas period probably saw some delays in our office. This was the first time for the minister's office in coming to grips with the portfolio issues. Clearly there was the issue of us going through them in some detail with the minister and her staff what those questions and answers were about and things like that. I think that combination of events has probably seen the performance we registered on this occasion.

**Senator JACINTA COLLINS**—One of the reasons I have a particular concern—and this relates in part to matters we will get to with Centrelink a bit later—is the DBM report, which has been a matter of discussion over the weekend. That was a matter of a question from this committee. It was an attachment that was to come to the committee. As I understand it, some staff collected it this week, but it is still to come to my office from the committee. So a newspaper is getting access to material through freedom of information before the committee, which has asked for it well before this time, receives the report. When the Senate committee cannot get access to material, but a newspaper can through FOI, it begs the question of what is happening with transparency.

**Mr Sullivan**—I am not sure that it begs that question. The FOI Act is very specific in that the decision maker within the agency must make a decision on an FOI request within a designated time frame and release the documents within that time frame; that is in the statute. The decision makers are aware of that statute and FOI requests are dealt with within the legislation.

**Senator JACINTA COLLINS**—You are surely not suggesting that we have to go down the FOI path to ensure that we get timely responses to questions?

**Mr Sullivan**—The FOI path is available to anyone—

**Senator JACINTA COLLINS**—I appreciate that.

**Mr Sullivan**—and it is used by people who feed questions to this committee.

**Senator JACINTA COLLINS**—We will come to that too.

**Mr Sullivan**—So that is up to you to decide. It is a separate process and it is driven by a legislative time frame as opposed to this process, which is about the resources of Centrelink and FaCS being able to be applied to getting the answers, and the process of clearance which is proper with the minister's office and then getting those questions here.

**Senator JACINTA COLLINS**—I accept that the explanation you have given in part to, for instance, why there have been problems with questions in the past that have been routine do relate to there being a new minister's office. Were there other complications with those questions?

**Mr Sullivan**—There are always complications with some of the requests we get in the collecting of data. The requests for data are more expansive. At the last estimates, I think we were at one stage asked for data going back 10 years. We have data requests that are very complicated and we often come back with the answer that we cannot do it.

**Senator JACINTA COLLINS**—No, I am referring to the routine data.

**Mr Sullivan**—These are routine questions. They are as routine as we get as far as family tax benefit questions are concerned and they get more complex, in terms of data requirements, every session.

**Senator JACINTA COLLINS**—I am referring to routine questions where the data is collected routinely and it is simply a matter of updating past reports.

**Mr Sullivan**—If it is an identical question there is nothing complex, other than the minister's office being across what the question is about and how we collect the answers and what they mean.

**Senator JACINTA COLLINS**—Was the department issued with advice or directives as to the nature of answers to be provided to questions taken on notice?

**Mr Sullivan**—No, I do not think there was any change in that advice. Every minister I have dealt with in respect of estimates has advised me that you answer the question asked.

**Senator JACINTA COLLINS**—So there were no revisions to answers in the minister's office?

**Mr Sullivan**—Suggesting whether an answer is full or answers the question is something that goes on in those iterations of advice between the minister and the minister's office.

**Senator JACINTA COLLINS**—Why then, for instance, do some of the answers provided in PDF format contain evidence of editing?

**Mr Sullivan**—Most of the answers that would come to an estimates committee would have been edited several times during the production of the answer.

**Senator JACINTA COLLINS**—But if they were a matter of confidence within the minister's office I am surprised that the documentation that ends up with this committee shows the evidence of the editing.

**Mr Sullivan**—I am not sure what you are telling me there. You can determine evidence of editing in almost any document that is presented anywhere.

**Senator JACINTA COLLINS**—We may come to that. The attachments that were received by the committee were not provided until this previous Tuesday afternoon. Can you explain why that was the case?

**Mr Sullivan**—That is when they were cleared for release.

**Senator JACINTA COLLINS**—From the minister's office?

**Mr Sullivan**—That is when the process between the department and the minister's office concluded and our minister and parliamentary section were able to convey them to the secretary.

**Senator JACINTA COLLINS**—Was there a particular reason for that?

**Mr Sullivan**—Not that I am aware of.

**Senator JACINTA COLLINS**—They were attachments to questions that were answered previously. The attachments were withheld until the Tuesday. Is there some issue of politicking involved there? 'If we withhold the information until it is too late for the opposition to absorb then it will be a bit lighter here at estimates.'

**Mr Sullivan**—I do not think you can draw that conclusion. If we were playing that game I would be sitting here saying, ‘Why did we get them at all?’

**Senator JACINTA COLLINS**—I think you have limited choices there.

**Mr Sullivan**—That material, like the answers themselves, had to be understood and absorbed and when it was it was cleared for release.

**Senator JACINTA COLLINS**—But something like this document, that had already been made available through FOI, had already been absorbed. Why was it withheld until the Tuesday?

**Mr Sullivan**—That is your statement: that being provided by FOI means it has been absorbed. You are talking about a document that was a Centrelink document. FaCS does these answers. That was not a FaCS document. When it becomes an attachment to an answer it needs to be looked at and absorbed.

**Senator JACINTA COLLINS**—Maybe I can ask Ms Vardon the answer to that question, then. Can Ms Vardon address that question, since Mr Sullivan indicated it was a Centrelink rather than FaCS issue?

**Mr Sullivan**—No, I am happy with the issue of answering. But you said, ‘You have obviously had time to absorb that document,’ and I said no, it was a Centrelink document and until we saw it—

**Senator JACINTA COLLINS**—Okay, so your explanation is that—

**Mr Sullivan**—in the process of this it was not a document that was—

**Senator JACINTA COLLINS**—So you had not seen it in terms of the FOI request?

**Mr Sullivan**—I had not seen that document.

**Senator JACINTA COLLINS**—At FaCS?

**Mr Sullivan**—I do not believe that FaCS used that document. That is an internal Centrelink document. There would have also been an issue for some consultation with Minister Anthony’s office on a document relating to Centrelink.

**Senator JACINTA COLLINS**—So FaCS had not been part of processing the FOI request. Is that correct?

**Mr Sullivan**—No, an FOI decision maker in Centrelink is responsible for FOI in Centrelink. It is a separate agency.

**Senator JACINTA COLLINS**—And FaCS has not been party to the decision-making process in relation to this document?

**Mr Sullivan**—It could not be; it should not be.

**Senator JACINTA COLLINS**—Should not, could not or was not: which is it?

**Mr Sullivan**—It should not be. Cannot is a funny word.

**Senator JACINTA COLLINS**—I have a number of questions, 24 in all, relating to issues that are no longer easily attained through the PBS after accrual accounting, that we will seek answers to from you, but I will put those on notice.

**Mr Sullivan**—If they are—

**Senator JACINTA COLLINS**—Mr Sullivan will recall I have a longstanding objection to the way the PBS looks today in comparison to how it looked when we had it program by program, so there are a number of program related questions.

**Mr Sullivan**—Without knowing what you are going to ask us, you say you have problems with the way government accounts are produced now, but of course our systems are built around the way government accounts are built and our capacity to deliver data in another way of looking at it—for example, if someone says, ‘I prefer the historical approach’—is sometimes limited.

**Senator JACINTA COLLINS**—Is limited? Yes.

**Mr Sullivan**—Without knowing what you are going to ask me.

**Senator JACINTA COLLINS**—I appreciate that.

**Mr Sullivan**—I cannot produce a cash set of accounts for you.

**Senator JACINTA COLLINS**—I understand that. I have not gone quite that far! Moving now to questions about employment services, there is actually an accolade here on the part of my colleague Anthony Albanese, who wants to thank both FaCS and Centrelink for their assistance on FOI requests from his end, but there are some further matters that we would seek to progress. Maybe that reinforces my earlier point; maybe we should be thinking about FOI rather than Senate estimates processes! These are a number of issues arising from the documents obtained through FOI. In April last year FaCS advised their minister that they had concerns with a number of issues arising from the transition to ESC3. One of their concerns was that the ESC3 cannot adequately support the long-term unemployed. Do FaCS still have concerns about ESC3 and its ability to adequately support the long-term unemployed?

**Ms Winzar**—At this stage it is probably too early to tell whether the new Employment Services Contract No. 3 will perform better for long-term unemployed customers. I think there are a number of things that are clearly in its favour, and one of those is the connection of the job seeker with the same Job Network member for an extended period of time. The other thing which I think will work more effectively is the more frequent contact regime that ESC3 requires with job seekers.

**Senator JACINTA COLLINS**—So were these matters added into the model post the concerns raised by FaCS? Are there other changes to the model? Do you still have outstanding concerns?

**Ms Winzar**—I am not sure what the detail of DEWR’s modelling on ESC3 involves, but I think it is fair to say that over the course of the next year or so we will get a much clearer picture of how effective these new arrangements are.

**Senator JACINTA COLLINS**—But these two components that you just raised were components of the model when FaCS expressed concerns about how well the model would meet the needs of the long-term unemployed; is that not correct?

**Ms Winzar**—Yes, that probably is the case. The exact detail of how ESC3 was going to operate for those customers was a little less clear to us at that point than it is now.

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**Senator JACINTA COLLINS**—What was less clear?

**Ms Winzar**—Exactly how effective the frequent contact regime would be in connecting job seekers to a single Job Network member for an extended period of time, et cetera.

**Senator JACINTA COLLINS**—I am interested in the et ceteras.

**Ms Winzar**—I cannot think of any off the top of my head at the moment.

**Senator JACINTA COLLINS**—Is the department aware that the number of people on income support payments for more than 12 months has not improved since 1996?

**Ms Winzar**—There has been a reduction in the number of long-term unemployed over that period of time. The difficulty with the comparison to 1996 is that that reflects the period immediately after the Working Nation changes were withdrawn. What happened at that point was that under the Working Nation programs a lot of long-term unemployed were taken off unemployment payments and put into other programs. When those programs closed, those customers—some of them at least—returned to unemployment payments, but their duration counts started again at zero. So it is probably more accurate to compare it with about the middle of 1998.

**Senator JACINTA COLLINS**—The trend from 1998 to now is the more accurate trend?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Was the trend up to 1998, as a consequence of the factor you just raised lower?

**Ms Winzar**—Effectively what happened with the Working Nation programs was that, by taking long-term unemployed people off the benefit roll, they deflated the number of long-term unemployed during that period.

**Senator JACINTA COLLINS**—You are suggesting that that deflation continued until 1998?

**Ms Winzar**—Yes, it did.

**Senator JACINTA COLLINS**—What has the trend been from 1998 until now?

**Ms Winzar**—I can give you figures for long-term unemployed customers from January 1999, at which point they numbered 446,900. In January this year that number had fallen to 378,800. That is a fall of around 15 per cent.

**Senator JACINTA COLLINS**—That is not really trend data—that is between two potentially questionable points in time.

**Ms Winzar**—I think it is incorrect to say that that is not a trend data. I can provide you on notice with year by year figures, if you wish, but certainly over the last four years that number has fallen by 15 per cent. It is certainly the case that the number of long-term unemployed has not fallen as sharply as the number of short-term unemployed has fallen.

**Senator JACINTA COLLINS**—That is principally the issue you were raising in respect to the ESC3.

**Ms Winzar**—Perhaps, but I would suggest that you need to treat data on long-term unemployed in receipt of unemployment payments with some caution.



**Senator JACINTA COLLINS**—That is what I was doing when I picked January 1999 and January 2004 as describing a potential trend as highly questionable.

**Ms Winzar**—I have a specific caution in mind. A long-term unemployed person can have up to 25 weeks off benefit and still have their duration counted as continuous. If they go into a period of work for four months, for example, for the first 12 weeks they get paid at a zero rate, but they are continuously in receipt of zero rate unemployment payments. I know it sounds a bit strange but that has a strong impact on the duration of their benefits. There is a specific measure for long-term unemployed customers which says that, after that time, they can continue off payment for a further 13 weeks and, when they come straight back on, they are still regarded as long-term unemployed customers. The reason for that is that there are other benefits which accrue to them at the end of that time, such as accelerated entry into some programs, access to employment entry payment and so on. We would not want to jeopardise them by starting their count at zero again. When we look at that long-term unemployed group, a substantial number of them have actually had work over the period of income support receipt.

**Senator JACINTA COLLINS**—I appreciate that. I could not agree with you more that it is appropriate to have that type of measure within the system, equally to prevent Job Network providers, or even the system itself, deciding that it is convenient to give people short bursts of employment rather than sustainable employment.

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—You assert, then, that the trend for people on income support payments for more than 12 months is that it has gone down 15 per cent?

**Ms Winzar**—Since January 1999.

**Senator JACINTA COLLINS**—In April, in a minute to your minister, FaCS officers suggested that additional breach processing costs of up to \$4 million will have to be funded by FaCS, and that that had not been costed. How much has been costed to date?

**Ms Winzar**—In relation to the introduction of ESC3?

**Senator JACINTA COLLINS**—Yes.

**Ms Winzar**—We have not done a retrospective assessment of the costs that accrued from the implementation of ESC3 in relation to breaching.

**Senator FORSHAW**—Are you going to?

**Ms Winzar**—No, I do not believe we will.

**Senator JACINTA COLLINS**—How is that matter being resolved?

**Ms Winzar**—Our concern at that time was that there were a large number of current customers who were going to be asked to turn up to Job Network and enter a vocational profile on the system and that over the transition period new claimants over a period of about six months would also encounter this new process. At that stage we were concerned, based on the rate of breaching at the time, in April of that year, that that might involve an awful lot of customers, in which case there would be a significant additional cost. We subsequently introduced some revised processes which meant that, instead of breaching people for non-

attendance at their vocational profiling interviews, they were suspended if they did not turn up to their appointment after several attempts by Centrelink to contact them and then their payments were restored once they made contact. So the spike in breaches that we were concerned about did not eventuate.

**Senator FORSHAW**—At the same time I understand the department raised concerns about coverage of ESC3 in rural and remote areas and that that had been reduced. Do you still have that concern?

**Ms Winzar**—I guess some of the changes to DEWR's provider network that flowed on with ESC3 were again one of those issues that we were concerned about because we did not have enough information to really assess whether or not there was going to be a problem. So we raised the concern. Subsequently my view is that there is no evidence that there has been reduction in service in rural and remote areas.

**Senator FORSHAW**—What specifically has led you to that conclusion now?

**Ms Winzar**—I guess one of the features of the new ESC3 arrangements is much more flexibility for Job Network contracts in remote parts of Australia, and that is certainly important in addressing the needs of those customer groups.

**Senator FORSHAW**—So is this more a re-evaluation on your part, or does it mean that DEWR have actually taken some steps to overcome the concern?

**Ms Winzar**—It was part of ongoing discussions, but once we had information about how the new more flexible arrangements in remote Australia were going to work I think we were considerably more relaxed about that.

**Senator JACINTA COLLINS**—Another issue is that during the development of the Job Network FaCS officers were concerned about the impact of the diversion of resources to ESC3 and its impact upon Centrelink's ability to implement other initiatives such as the Australians Working Together phase 2, More Choices for Families et cetera. Is the rollout of ESC3 still impacting on other programs?

**Mr Sullivan**—Our concern is nowhere near what it was. Clearly at the implementation stage of ESC3 it caused disruption to Centrelink. Centrelink is largely funded by FaCS for FaCS outcomes and understandably we were concerned at the advice from Centrelink that there was a diversion of resources from FaCS funded work to that of working around the problems that occurred during the implementation phase of ESC3. First, I do not think that in the end that was a significant period of time, looking backwards.

**Senator JACINTA COLLINS**—What point in time are we talking about?

**Mr Sullivan**—It was at the time a worry because the thing we did not know then, which we know now, was how long would the disruption go on for. There were some fears that, if there had been some fundamental problems in terms of the ESC implementation, we would have a long-term problem. It is clear now that those problems, while severe at the time, were short-lived and ESC3 now delivers what we need from it, has delivered the systems capability that we need and no longer creates a diversion of resources from our program to DEWR's programs.

**Senator JACINTA COLLINS**—In retrospect, for what periods of time was this diversion issue significant?

**Mr Sullivan**—I think Ms Vardon or Mr Bashford would probably be better placed to say, but probably for a month or so. I am not sure.

**Mr Bashford**—It started in April. By and large, the intense period was between April and August. It went on beyond August, but that was tidying up more than anything else.

**Senator JACINTA COLLINS**—So for about six months?

**Mr Bashford**—Four months.

**Mr Sullivan**—We had two phases—an April phase and then a July phase. It was probably the July phase which saw a particular impact for a while.

**Senator JACINTA COLLINS**—Can you give me an example of how it impacted on other initiatives?

**Ms Winzar**—One of the particular concerns that we had was around the systems interface issues between DEWR and Centrelink. In July, there was still a lot of work going on around ESC3 and the interface with Centrelink systems. At the same time, Centrelink was installing major changes in their computer systems to support the Australians Working Together measures. Indeed, they made further changes in their September systems release. So we were particularly concerned about the diversion of systems expertise to sort out the ESC3 problems not impacting on the development of the AWT capability in the system as well.

**Mr Sullivan**—Another example is that ESC3 as it should operate and does operate now requires an interface between DEWR, FaCs and Centrelink in respect of personal support programs—PSPs. We were concerned that we may see an interruption in the flow of clients to PSPs if that facility was not working. What was able to be done, and done effectively, was that Centrelink employed workarounds to ensure that we were still able to maintain the flow of customers into the personal support programs. Our primary concern was that we would see that flow stop. That was replaced with a secondary concern about the fact that we were expanding resources in Centrelink to do some manual workarounds that we had anticipated the system would be able to manage. That is the sort of interruption we had. That facility is now online, available and working well.

**Senator JACINTA COLLINS**—Did the flow stop?

**Mr Sullivan**—No. The workaround was very effective. In the overall context, ESC3 was a major implementation of an IT system. It was not an incremental change to the ways DEWR process the Job Network; it was one of those systems which totally replace the old system and therefore was a switch off, switch on facility. Sitting here now, I would have to say that the implementation of ESC3 was successful. Between May and August, we had significant worries that the system implementation was causing us pain. DEWR recognised that and were working on it, and Centrelink recognised that and were working on workarounds. If someone had said to us then, 'By Christmas, you'll know this is all okay,' we would have been a whole lot more relaxed than we were at that time.

**Senator JACINTA COLLINS**—This process also seems to have been occurring at around the time that this DBM evaluation was occurring. Was that the case?

**Ms Vardon**—The DBM evaluation was reported in June.

**Senator JACINTA COLLINS**—Yes, but I am talking about when it conducted the evaluations of mistakes and errors within Centrelink. I recall from my brief scan of the report that it was doing some of those surveys in around April of last year. That is what I thought I saw; it may have been a different report.

**Mr Sullivan**—I think one thing we need to make clear is that, while the implementation issues of ESC3 were causing us internal concern, I doubt an external client understood or saw any difference. They went and saw a Centrelink officer, who processed their work in a way in which a client would not understand that there were concerns or issues with an interface between the Job Network and Centrelink. There was no finger-pointing and saying, ‘I can’t do this.’ I doubt a client would have seen that. This is particularly in a registration phase. While the DBM report may talk about perceived errors in Centrelink, I have not seen anything in reading that report that talked about perceived errors in registering a claim for Newstart.

**Senator JACINTA COLLINS**—No, I was more interested in whether, in dealing with these problems, there were internal allocations within Centrelink that put strain in other areas that may have related to some of these issues at that time. But I think I have the timing wrong anyway.

**Ms Vardon**—The survey was done from 8 to 26 May.

**Senator JACINTA COLLINS**—Of 2003 or 2002?

**Ms Vardon**—It was 2003. The beginnings of the roll-out of ESC3 were in April.

**Senator JACINTA COLLINS**—So it is around the same time?

**Ms Vardon**—But the big roll-out was not until July.

**Senator JACINTA COLLINS**—So it was conducted at around the same time as this roll-out was occurring and putting strain on Centrelink?

**Ms Vardon**—I think the fact that the ESC3 worked during that time is a great credit to the creativity of the customer service officers, who tried to satisfy all our client departments. We are very proud of the way they operated that.

**Senator JACINTA COLLINS**—I will be coming back to this report, so I do not see any point in going into any detailed dialogue on it at the moment. Can you provide the committee with figures on the number of people that have been breached since the roll-out of ESC3?

**Ms Winzar**—I can provide you with the number of breach penalties that were applied as a result of the transition process. The roll-out of ESC3 I think began in April or thereabouts. My advice is that 470 breach penalties were applied because customers did not have an acceptable reason for not attending their vocational profiling interview with Job Network members through that transition period.

**Senator JACINTA COLLINS**—Can you indicate how many people were found to be claiming unemployment benefits when they should not have been during the roll-out?

**Ms Winzar**—No, I do not have that information.

**Senator JACINTA COLLINS**—You do not have it with you at the moment or it is something you cannot derive?

**Ms Winzar**—If it is in relation to ESC3, it would be almost impossible to distinguish that from the normal raft of compliance and review activity that is undertaken in respect of that customer group.

**Senator JACINTA COLLINS**—Why is that?

**Mr Sullivan**—You would have to ascribe a reason, for instance, where someone drops out of the Newstart system if called for such profiling and is reminded, suspended and breached and still does nothing. A portion of those persons were probably in receipt of Newstart allowance when they should not have been. A portion may have just moved on somewhere else.

**Senator JACINTA COLLINS**—And you cannot derive those proportions?

**Mr Sullivan**—You would not be able to. They drop out of our system.

**Senator JACINTA COLLINS**—Can you provide figures on the number of people who were removed from one payment, for instance, Newstart, and put onto another payment, such as the disability support pension? Essentially I am interested in the period between 1996 and 2003 on that score. It probably fits into the new sorts of questions.

**Mr Sullivan**—You asked the question of how many were moved, as opposed to those who applied.

**Senator JACINTA COLLINS**—I want both.

**Mr Sullivan**—They are very different questions and we will have to work out whether we can differentiate. But we can certainly tell you about the disability support pension recipients who were on Newstart immediately before they applied. There are a lot, because the general path to disability support pension is through Newstart. I forget the technical term for the medical certificate, but it is basically those on Newstart with a doctor's certificate that says they are unable to participate. They are generally the largest feeder group for preliminary assessment for disability support pension, so the number will be quite large and it has historically been large.

**Senator JACINTA COLLINS**—I am interested to know the number of people who go directly onto disability support pension and those that come through another path.

**Ms Winzar**—Mr Barson may be able to help me but my recollection is that roughly a third of those who are granted disability support pension come from Newstart. The caveat on that is that some people will need income support while their DSP claim is being granted, so they will often be placed on Newstart until their claim is resolved. I think that about 40 per cent of our customers come from no other payment but straight onto DSP.

**Mr Barson**—Those are almost the exact figures. In successful new claims in the year to September 2003, 32 per cent had been receiving Newstart allowance prior to going onto DSP and 46 per cent had not been on income support immediately prior to going onto DSP.

**Senator JACINTA COLLINS**—Is there any trend in that?

**Mr Barson**—We are still looking at that.

**Senator JACINTA COLLINS**—I would appreciate it if you could deal with that on notice.

**Senator FORSHAW**—I understand that Mr Whalan, the Deputy Secretary of PM&C, requested last September that agencies come back in two months with advice on the net impact of the new Job Network arrangements and associated compliance activities. What information did the department provide for that report back to PM&C?

**Ms Winzar**—I would have to double-check about the actual information that FaCS provided to that report back. Did you have anything specific in mind?

**Senator FORSHAW**—What was the net financial impact?

**Ms Winzar**—The net financial impact of ESC3 per se?

**Senator FORSHAW**—Yes.

**Ms Winzar**—We did some work jointly with our colleagues in the Department of Employment and Workplace Relations around the net financial impact. Dr Hartland may be able to assist on that.

**Dr Hartland**—We had a look at what we thought in our best judgment would be the impact, taking into account our previous experience with similar interventions in FaCS, and we came up with a figure of, I think, about \$30 million.

**Senator FORSHAW**—Are you able to provide me any explanation of what other information you put forward in that report back? Ms Winzar, can you take that on notice?

**Ms Winzar**—Yes.

**Dr Hartland**—I think the report back was just the dollar figure in the sense of what was provided further up the line. The analysis looked at the customers who had been contacted and made an assessment of whether that contact had caused them to leave payment, and looked at whether they had also been contacted in parallel in our normal compliance processes. So it was a matter of judgment about which contact had led to the customer exiting payment.

**Senator FORSHAW**—Can the department provide estimates for the last 24 months of activity-tested job seekers eligible for what I understand is called the ‘gold book’?

**Ms Winzar**—Yes, we can. Do you want the total customer numbers?

**Senator FORSHAW**—You can give me that for a start, and we will take it from there.

**Ms Winzar**—Twenty-four months, so going back to January 2002. There are an awful lot of numbers here. I am quite happy to provide you with a copy of the most recent gold book, if you wish.

**Senator FORSHAW**—That would be good. But you were going to give me some total numbers.

**Ms Winzar**—Perhaps if I give you January 2002. The number of Newstart customers was 627,501. At the same time, the number of youth allowance customers who were subject to activity testing was 102,578. In January 2003, the Newstart total customer numbers had fallen to 569,009. The Youth Allowance activity tested—that is to say, not full-time students—

numbers had fallen to 97,748. In January this year, the figure for the Newstart customers was 535,559. The Youth Allowance group was 94,664. As a rough rule of thumb, around 75 per cent of those customers would have had an active requirement of some sort. Of the balance, a number of them would have been either exempt temporarily from participation requirements—for example, for reasons of incapacity or personal crisis—and others will be in other programs, such as training programs et cetera.

**Senator FORSHAW**—Seventy-five per cent.

**Ms Winzar**—Yes.

**Senator FORSHAW**—But you are able to provide me with a table.

**Ms Winzar**—We will provide you with a copy of the January gold book, which will give you all that information.

**Senator FORSHAW**—Was this information always available to DEWR?

**Ms Winzar**—Yes.

**Senator FORSHAW**—And how was it provided to them?

**Ms Winzar**—The gold book is a public document. It is released each month and it is widely distributed publicly.

**Senator FORSHAW**—So they get it as a public document.

**Ms Winzar**—Yes. It is also available on the FaCS Internet site.

**Senator FORSHAW**—I also understand that in a submission to the minister in June the department stated that the system has been built in a production environment whereby Centrelink is always at the end of the system development cycle. I appreciate that this is a reference made in relation to IT but would it be reasonable to conclude that Centrelink and FaCS feel a little bit like the poor cousins when it came to the design and development of Job Network 3?

**Mr Sullivan**—No, I do not think that. You quoted something about an IT production environment. Centrelink, FaCS, DEWR and AWT development work very closely together. Certainly it is DEWR's responsibility to develop the ESC3 and to develop the modelling around ESC3. That is their job. That is what they are in it for. We do not deal with the end of line in respect of policy issues around the working age.

**Senator FORSHAW**—Just in relation to IT, then, is it?

**Mr Sullivan**—That is what the document said and I infer that at the time that is how we felt it was.

**Senator JACINTA COLLINS**—The problem was not only IT. The other problem highlighted in these communications was that of using non-activity tested numbers combined with activity tested numbers. Why were the department's concerns not taken on board on that issue, which has subsequently been quite critical to the system?

**Mr Sullivan**—I think you are getting into questions you should ask in DEWR. Clearly, Senator Forshaw has established that we provide the statistics on persons who are able to access the Job Network. Clearly, with regard to activity tested personnel the assumptions

around how many of those persons shall access the Job Network are fairly easy. In relation to non-activity tested Newstart allowees, Youth Start allowees and the non-compulsory users of the Job Network coming from other benefit types, clearly in the development of your models you have to make some assumptions. You would need to talk to DEWR about those assumptions.

**Senator JACINTA COLLINS**—No, the issue is that FaCS clearly raised legitimate concerns, which we now know were quite serious. They were not accepted by DEWR. I am asking for FaCS's view of why the process of communication did not work.

**Mr Sullivan**—I think you hit the nail on the head in saying it is DEWR's responsibility and DEWR's task to design this process and advise their responsible minister on it. It is not appropriate to ask me why I do not think it worked, or do I think it worked. What I know today is that we are working collaboratively with DEWR to ensure that both activity-tested persons and their relationship to the Job Network works, and look at the linkages between those clients who are not yet activity tested and are going through either personal support programs or the personal adviser network in Centrelink, with a view to getting them to a Job Network member. In terms of the work with DEWR, we are proceeding with work on other income support recipients who have an ambition for work to find ways of encouraging and assisting those people to activate the Job Network.

**Senator JACINTA COLLINS**—The concern I have goes beyond DEWR. This is because, if you go through the process, you see that Ms Winzar's note of 4 July clearly explains the problems. Then you go to a number of areas where these concerns were clearly highlighted, but they were never acknowledged or picked up by DEWR or even later by PM&C. So it was not just DEWR; PM&C were involved in this process as well. We have Ms Winzar, Mr Sanderson and Mr Williams from Centrelink clearly aware that there are major problems; we have seen copies of their minutes and emails from as early as April 2003. What we need to know is why their concerns were not picked up, especially as they stated these problems were having a negative impact on the most vulnerable people in the Australian community, the long-term unemployed. It is one thing for you to say it is DEWR's concern, but we have a communication process involving DEWR, FaCS, Centrelink and PM&C that obviously did not work, and I think it is a valid question to ask for your views as to why, from your position in that situation, it did not work.

**Mr Sullivan**—It is a timing issue. I would say now that DEWR and the Department of the Prime Minister and Cabinet are fully cognisant of the sorts of concerns that we had and have been working for a significant period of time now through those concerns. We were certainly actively putting our views on the table at that stage and our satisfaction that they were being considered fully were clearly there. They are no longer there.

**Senator JACINTA COLLINS**—I am sorry, I did not follow that; was it your lack of satisfaction that was clearly indicated at the time?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—And you are saying that that has been addressed and you are now satisfied?



**Mr Sullivan**—It was addressed. A process was initiated by Peter Shergold and Prime Minister and Cabinet to ensure that Sue Vardon, Peter Boxall, I and others were aligned in terms of the concerns that we had expressed, and the response of DEWR through the Job Network to those concerns was extremely effective and satisfied us.

**Senator JACINTA COLLINS**—You mentioned a number of people then. Was Minister Vanstone aware of these communication issues?

**Mr Sullivan**—Our ministers were aware, and I think all ministers involved were pleased that there was this coordinated approach to addressing the issues.

**Senator JACINTA COLLINS**—Who took up this coordinated approach? Dr Shergold?

**Mr Sullivan**—Dr Shergold. The other point to make is that, in saying these were our feelings at the time, it is not saying that they were everyone's feelings at the time.

**Senator JACINTA COLLINS**—Beyond FaCS.

**Mr Sullivan**—You would still need to test it with DEWR. DEWR's assertion has been that they were aware of and cognisant of the sorts of issues we were raising.

**Senator JACINTA COLLINS**—The question is: why did they not act on them?

**Mr Sullivan**—But there is a question that, if you believe you are aware of them, you also believe you are acting on them. What we are talking about here today is an examination of how we were feeling at that time and how we feel with subsequent actions having occurred. The coordinated approach brought by PM&C into this issue satisfied us that things were well.

**Senator FORSHAW**—It was almost like a bit of a war going on, wasn't it? If you look at the information obtained, the emails and so on, Mr Brough's department—

**Mr Sullivan**—I would describe it as a robust conversation, not a war. Departments do not war.

**Senator FORSHAW**—I just thought I would use terminology that is rather current. You just referred to DEWR's views. They were trying to put the blame back on Centrelink.

**Mr Sullivan**—I do not think they were trying to blame Centrelink. When you say blame, do you mean blame Centrelink for the Job Network?

**Senator JACINTA COLLINS**—For problems with the Job Network.

**Senator FORSHAW**—Yes.

**Senator JACINTA COLLINS**—I think we can blame the government for the Job Network. Actually, that can go back to Dr Shergold too, from dialogues many years ago.

**Senator FORSHAW**—An article in the *Age* newspaper refers to correspondence apparently sent from Minister Vanstone to Mr Abbott, the senior minister in workplace relations, complaining about the custom built Job Network computer system. A copy of that letter went to Mr Howard, but Mr Brough retaliated and wrote to Mr Howard about his concerns regarding Centrelink's unwillingness to punish unemployed people who did not turn up to appointments with their new Job Network providers. I quote:

Mr Brough told The Age on Tuesday that the low turnout rate had nothing to do with the IT problems.

“That is just absolute garbage—the reality is that these people have all been sent letters based on the information that they gave Centrelink on their last form,” he said.

It was a little more than just DEWR’s concerns that you were referring to a moment ago. They were really trying to shift the blame, weren’t they—or certainly trying to refute the concerns of Minister Vanstone and, it appears, officers of the department.

**Mr Sullivan**—An *Age* commentary on what is going on is an interesting commentary on what is happening. I can only see it from where I was in this process, and that is that, yes, this portfolio had its concerns around the implementation of ESC3 and the computer system and was alerting our ministers to that fact, and our ministers were talking to colleagues about this system and seeking reassurance that it would settle and be successful. Those assurances were given. If you look back now, you would say, ‘Yes, they assured us it would get well, and it got well.’ I am not going to enter into a debate about whether it was the fault of Centrelink or the fault of the unemployed or whatever it was in terms of flow. That is probably something you need to take up with DEWR.

**Senator JACINTA COLLINS**—I am interested that this discussion has not gone anywhere towards what was occurring from the FaCS end to resolve this. You have told me the process that ultimately Dr Shergold was coordinating, but I assume you were apprising your minister at the time of the concerns and problems that were occurring. What was occurring at ministerial level to grapple with these issues? Had Minister Vanstone set up a meeting with Minister Brough or Minister Abbott?

**Senator Patterson**—I do not think that is a question that Mr Sullivan can answer.

**Senator JACINTA COLLINS**—Why is that? It is a process question about how a problem was being resolved.

**Senator Patterson**—It is about ministers having meetings with ministers. I do not think he would be aware of when Senator Vanstone met with whom and on what date and those sorts of things. I would not expect Mr Sullivan to know—

**Senator JACINTA COLLINS**—I have not asked him a date. I am asking what action his minister took to resolve this problem that the department was experiencing.

**Mr Sullivan**—All I can tell you is, as I said in response to Senator Forshaw, that we were briefing the minister and she was aware of the issues.

**Senator JACINTA COLLINS**—But I am asking what action was taken from that level.

**Mr Sullivan**—I do not know.

**Senator Patterson**—I do not think that means nothing was done. I have meetings on a regular basis with my ministers and I do not go running to Mr Sullivan every time I meet with the other ministers. That is not how it works.

**Senator JACINTA COLLINS**—I did not reach that conclusion.

**Senator Patterson**—All I am saying is that, by the way you shrug your shoulders as if nothing was being done—

**Senator JACINTA COLLINS**—No, I did not say nothing was being done. I am saying I was surprised that Mr Sullivan was not aware of any action taken at ministerial level on this significant matter.

**Senator Patterson**—As I have said, ministers have discussions on a regular basis without necessarily every time talking to the secretary of their department about the fact they have had a meeting. Ministers get informed and do things about it.

**Mr Sullivan**—Certainly the coordinated work that was going on between the agencies involved was being relayed to each of their respective ministers as common advice. So ministers were seeing both advice from their own portfolios as to what was happening and joint advice in respect of working through the issues.

**Senator FORSHAW**—Could you explain what you mean by joint advice? Was that through the coordination of PM&C? What are you talking about?

**Mr Sullivan**—The positions agreed in terms of the joint workings of the departments and agencies were advised to each of their ministers.

**Senator FORSHAW**—Did the department itself inform Minister Brough directly about its concerns?

**Mr Sullivan**—Minister Brough is not my minister. I do not relay—

**Senator FORSHAW**—I appreciate that, but I ask the question: did you inform your minister?

**Mr Sullivan**—Yes.

**Senator FORSHAW**—And also through the coordinated approach?

**Mr Sullivan**—Yes. Advice went to my minister.

**Senator FORSHAW**—Minister Brough made a speech on 22 August stating—and I am paraphrasing—that he would guarantee the income of the Job Network providers, and he then proceeded to put the blame on the 60,000 unemployed Australians who had not turned up for an interview. Were FaCS or Centrelink aware, or did they have any knowledge, that Mr Brough was to make that speech or of the content of what he was going to say?

**Mr Sullivan**—I would not have expected to have been and, no, I did not. Minister Brough is a minister in the employment portfolio.

**Senator FORSHAW**—I appreciate that, but we are here dealing with an issue where there was clearly interaction between the two ministers and the departments. We know and you have acknowledged that one of the central issues was the concerns that Centrelink and FaCS had about the Job Network scheme. That is why I asked the question about whether the department was provided with an advance copy of the minister's speech.

**Mr Sullivan**—We were not.

**Senator FORSHAW**—So you were surprised.

**Mr Sullivan**—No. Very few things surprise me, so do not say I was surprised by a minister making a speech. They make them all the time.

**Senator FORSHAW**—When I said you were surprised, it was put in the way of a question. I could rephrase it and say: were you surprised at Minister Brough's assertions and claims in that speech?

**Mr Sullivan**—No.

**Senator JACINTA COLLINS**—Let us deal with this issue a different way. Did the department inform Minister Brough or his department directly about their concerns about the DNA rate?

**Mr Sullivan**—The department has talked to DEWR over time about the analysis of what a failure to report may mean, and that conversation has been a continual one.

**Senator JACINTA COLLINS**—But were they not listening when the minister then made a statement blaming the problems of the Job Network on the 60,000 unemployed Australians who had not turned up for interviews? That statement in the minister's speech clearly indicates that either they were not getting the message or they were not listening to it.

**Mr Sullivan**—I think you are now trying to create a time series in putting events before other events and things like that. The minister, in making his speech—and you should talk to him and his department about his speeches—clearly was relying on data provided about clients who had not reported for interviews, and drew conclusions—

**Senator JACINTA COLLINS**—The wrong conclusions.

**Mr Sullivan**—No. I am saying he drew conclusions; I am not saying that they were the wrong conclusions. He drew conclusions in respect of that material.

**Senator JACINTA COLLINS**—We know subsequently, in terms of the system design, they were the wrong conclusions.

**Mr Sullivan**—But that is not what we are talking about. You asked me: did he draw the wrong conclusions? I said he drew conclusions. But we seem to be now getting into something which is very much DEWR's business and not mine. You have talked about the Minister for Employment Services speaking at a Job Network function about material on people referred to Job Network. It is not my business.

**Senator JACINTA COLLINS**—The difficulty that we have is that DEWR report that they were not apprised of FaCS's concerns with respect to the DNA rate, yet you assert that that is just inaccurate.

**Mr Sullivan**—No. I have not made that assertion. What I have said is that we have had a series of conversations with DEWR about that rate, and I talked about the time lines. Certainly, we were engaged with DEWR, subsequent to the speech, in understanding what the issue and concern was in respect of those persons.

**Senator JACINTA COLLINS**—FaCS was a member of the interdepartmental committee, and this, I assume, was discussed there.

**Ms Winzar**—Yes, that is correct.

**Senator JACINTA COLLINS**—So how could DEWR possibly be asserting that they were not apprised of this problem?

**Ms Winzar**—I think that again it might be a bit of a timing issue. The process was that, with the concern over those 60,000 who it appeared had not attended interviews, details of those customers were passed to Centrelink to pursue, to see what had happened to them and why they had not attended. But I cannot actually recall whether or not that investigation by Centrelink was concluded before the minister's address to the NESAs conference in August.

**Senator JACINTA COLLINS**—You can take that on notice.

**Ms Winzar**—It would have been part of an ongoing process to resolve how effective we were in engaging customers with Job Network.

**Senator JACINTA COLLINS**—What I am saying is that you could probably check whether that was before the minister's address.

**Ms Winzar**—Yes. In respect of the 60,000 reference we could find out the dates of those exercises.

**Senator JACINTA COLLINS**—I am curious to pin this down because I am probably inclined to agree with Mr Sullivan that this is a DEWR issue. But when we are getting conflicting information I would like to be able to clarify precisely when these concerns were provided to DEWR and why it is that they do not seem to have responded to them.

**Mr Sullivan**—I think there is no doubt they have responded to them.

**Senator JACINTA COLLINS**—Now.

**Mr Sullivan**—They started responding to them once we—

**Senator JACINTA COLLINS**—Went to war!

**Mr Sullivan**—No. Please do not do that. The documents you have as a result of an FOI request clearly show that we were concerned about what the analysis of people who did not report for a vocational profile meant. Through Centrelink we did a lot of data analysis—and this is subsequent to Minister Brough's speech at the NESAs conference—and we reached a common position on the analysis of what 'did not attend a vocational profile interview' meant. I think we even got into this at the last estimates. The 60,000 number seemed to have achieved some notoriety as being a point in time number. As a point in time number, within days it had changed. We agreed that we needed a longitudinal examination of what was going on, which we are working on now.

The rules are very complex. For instance, if a Job Network member arranges an appointment and the person does not turn up to it and then they arrange another appointment which is not yet due, Centrelink do not, on direction, proceed with compliance action against such a person, yet that is a person who did not turn up for a vocational profile interview. Understanding what it means was a necessary exercise which has been gone through. I think all of the agencies involved now do have an understanding of the analysis of people who did not attend vocational profile interviews at the time of the implementation or who do not attend Job Network interviews now. That to me indicates that the concerns have been heard, the concerns have been addressed and we have a common understanding of how to interpret the sorts of data around the unemployed.

**Senator JACINTA COLLINS**—Now, at this point in time.

**Mr Sullivan**—And for some time.

**Senator JACINTA COLLINS**—But my concern is that what you seem to be saying is that, at the point in time that Minister Brough went out with his statement, at best he went out knowing that the figures were not clarified.

**Mr Sullivan**—Again, this is a question that you must ask DEWR—not me. What I have said to you is that Minister Brough would have gone to make that speech armed with data provided by DEWR. We understand the data. He would have developed assertions around that data, and that is fine.

**Senator JACINTA COLLINS**—At what stage did Centrelink or FaCS start to get concerned that the minister believed that 60,000 job seekers were about to be breached for failing to meet their mutual obligations? Was it on the day of the speech?

**Mr Sullivan**—I do not think you can say when we started to become concerned about it. It is hard to pinpoint when we started engaging with this issue. We have certainly been engaged with this issue of understanding the flow and the compliance regime. FaCS's responsibility is around that side of the active participation model which deals with obligations and penalties. Conversations have been going on for some time to ensure that there was an understanding between agencies as to how that worked.

**Ms Winzar**—After the reference to the 60,000 who had not in late August turned up for their vocational profiling interviews, Centrelink subsequently went through that list of 60,000 names to find out where they went to or what had happened to them. My recollection is that that exercise took a couple of weeks to resolve, so it would have been probably in early September that we had a clear picture of who the 60,000 were, who subsequently had an appointment rebooked, who had perhaps moved off into employment et cetera.

**Senator JACINTA COLLINS**—That exercise highlights the point I was making earlier, which is that you had clearly indicated concerns about the DNA rate. What concerns me, though, is to hear that DEWR are denying that they were apprised of those concerns. Where were they first raised: at the IDC?

**Ms Winzar**—I cannot recall when—we were all concerned about the rate of people not attending interviews. DEWR was concerned obviously because of the impact on Job Network providers, Centrelink was concerned because of the effort that went into rebooking appointments and following up job seekers and FaCS have a legitimate concern as well because the sooner we could reconnect customers with the Job Network the more prospects they have of getting a job. So it was not just a FaCS concern about the failure to attend appointments, it was a shared concern.

**Mr Sullivan**—And that concern came from various angles. Clearly DEWR have been concerned as to whether or not our portfolio has been pursuing compliance issues in respect of people who do not attend interviews with either Job Network members or potential employers, and gross numbers of people who do not attend vocational profiling interviews were clearly of concern to them. Our concern is a balancing between ensuring that those persons who we believe are ready for active participation comply with the active participation and that we fulfil our responsibilities in respect of the active participation model for people who do not comply, at the same time as ensuring that those persons who are not ready for

active participation are directed into appropriate courses, be they personal support programs, be they the personal adviser streams of Centrelink or be they through other providers.

I think it was probably coming at this issue that way: are you, the FaCS portfolio, doing enough in respect of the compliance and out department saying, 'Are you ensuring that the right people are flowing through and are we ensuring that there is an appropriate course for other people?' We were probably looking at the issue from slightly different perspectives. I would have to see where they denied being informed, but that is possibly where that confusion could arise. What I am saying is that the issue coming to a head in terms of an assertion that people not turning up means we have a compliance issue certainly saw a better understanding of each other's perspective on what is going on. I think this is probably why we today can sit and say we have a good common understanding of what the issue is.

**Senator FORSHAW**—Minister Brough made his speech on 22 August. How soon did FaCS or Centrelink inform DEWR that that figure of 60,000 was incorrect?

**Ms Winzar**—It is not really a question of the 60,000 being incorrect. The 60,000 referred to people who, as at the time that the minister made his address to the NESA conference, had not turned up to a vocational profiling interview. If it is incorrect, I think the right number is around 59,418, so it is not out by much of a margin. The real issue was where had they gone, and by 12 September, when Centrelink had concluded its first analysis of where that 60,000 had gone, we have a much better idea. Many of those people had subsequently turned up to their vocational profiling appointments, had an appointment rebooked or had exited to employment et cetera.

**Senator FORSHAW**—Let me put it another way: was there any advice from FaCS or Centrelink to DEWR immediately or shortly after that speech to indicate your concerns about the figure or the other concerns you had, or did you just go away and do your own analysis?

**Ms Winzar**—I think it would have been a day or two before we arranged to get the customer details transferred from DEWR to Centrelink to undertake an investigation, but it was a collective examination of what was going on with those particular 60,000-odd customers.

**Senator FORSHAW**—A couple of days?

**Ms Winzar**—At the most. My memory is not that good—August was a long time ago and a lot has happened since then—but FaCS, Centrelink and DEWR were in frequent communication on all the ESC3 issues at around that time.

**Mr Sullivan**—I need to remind you again—because you ask about whether we were in communication about it being correct—that we had no problem with the number of 60,000.

**Senator FORSHAW**—It is about the interpretation rather than what that reference in the minister's speech meant or was taken to mean. So it was within a very short time, a couple of days. Tell me about what transpired between the department, Centrelink and your minister—at the time, Minister Vanstone—following that speech. Did you report to the minister that you had some concerns about the data, and, if you did, when was that?

**Mr Sullivan**—We sought from DEWR an understanding of the issue. It was readily agreed that DEWR would transfer to Centrelink the customer records of the 60,000 and that

Centrelink would then proceed with a detailed analysis of what happened to those 60,000. It was then overtaken by the joint processes in terms of the heads of agencies coming to an agreed position on the analysis. As I said, that historical 60,000 had quickly become an almost irrelevant number, and we were talking more about the flow. By the time we were into it, I think the number was bigger than 60,000 and it was hard to do a backwards analysis of the 60,000. We were then engaged in understanding what a failure to report to a vocational profiling interview would mean for that group of clients.

**Senator JACINTA COLLINS**—Surely that is the point; it is not about the figure or that the figure was out there but about how Minister Brough represented the figure. He blamed the problems of the Job Network on the 60,000 unemployed Australians who had not turned up for an interview. The misrepresentation of what that figure meant was the problem.

**Mr Sullivan**—Again, you are asking me to speak about what Minister Brough said and meant. All I am saying is that someone said that if the 60,000 people who did not turn up for a vocational profile interview had turned up, it would have made a big difference for the Job Network. There is no doubt about that. For whatever reason, 60,000 people who were asked to attend an interview did not. That had an impact, and that is what I read the minister as saying, in part.

**Senator JACINTA COLLINS**—Where he is attributing the blame for that is the essence.

**Mr Sullivan**—No, then you get into what that means. I have no problem at all, and we agree on this, that 60,000 people who were asked to attend a vocational profiling interview did not attend, and that had a major impact on those businesses who were expecting those 60,000 people through their doors.

**Senator JACINTA COLLINS**—But the point was that it was unrealistic, from what we knew of the system, to allow those businesses to believe that there would be 60,000. We knew from previous systems that there would not be.

**Mr Sullivan**—That is an assertion you are making and it is not appropriate for me to even—

**Senator JACINTA COLLINS**—No, it is the advice that you were providing.

**Mr Sullivan**—I do not believe that was the advice we were providing. We are talking about 60,000 persons on Newstart who were required to attend a vocational profiling interview and did not turn up.

**Senator JACINTA COLLINS**—It is a highly problematic assumption that all those who turned up could be converted into contracted business within the system, and you know that.

**Mr Sullivan**—I think you are confusing two issues here: the discussion around active participation versus voluntary as opposed to active participants asked to go to a vocational interview and not turning up.

**Senator JACINTA COLLINS**—But to assume that those 60,000 could be transferred into contractual business arrangements with providers was outrageous, and you know that.

**ACTING CHAIR (Senator Humphries)**—Senator, what question are you asking Mr Sullivan at this point? Are you asking him to comment on Minister Brough's comments?



**Senator JACINTA COLLINS**—No.

**ACTING CHAIR**—What exactly is the question you are asking him to give to this estimates committee?

**Senator JACINTA COLLINS**—We have asked Mr Sullivan and the department a series of questions about what was done with respect to that misunderstanding or misrepresentation—call it what you like—between DEWR, FaCS, Centrelink and the minister's office.

**ACTING CHAIR**—Do you want him to comment on that misunderstanding. Do you want him to explain it?

**Senator JACINTA COLLINS**—That is what he has been commenting on.

**Senator FORSHAW**—I am also waiting for an answer about how soon after Minister Brough's speech the concerns and issues were drawn to the attention of Minister Vanstone by Mr Sullivan, the department—by whomever. Was it immediately?

**Mr Sullivan**—I think Ms Winzar said that we were active within a day or two of the number—

**Senator FORSHAW**—I was asking that in the context of your communication with DEWR.

**Mr Sullivan**—Yes, but at the same time we were certainly advising Minister Vanstone of what we were doing.

**Senator FORSHAW**—That is what I was trying to ascertain. What was her reaction?

**Mr Sullivan**—Her reaction to what we were doing was: 'Good idea.'

**Senator FORSHAW**—What was her reaction to what was seen to be or perceived to be—I will use Senator Collins's word—a misrepresentation?

**Senator JACINTA COLLINS**—I want to clarify that point because that was the point we were arguing over. I am going to quote Minister Brough.

**Senator FORSHAW**—I agree with your interpretation.

**Senator JACINTA COLLINS**—Let me quote him so that Mr Sullivan's interpretation is shown in comparison to what is on the record. This is Minister Brough, in the *Canberra Times* article of 23 August 2003.

**Mr Sullivan**—We are talking about something different now.

**Senator JACINTA COLLINS**—He was quoted as saying:

Unfortunately the trigger points that we have in place, which make that money flow from us to them, haven't occurred even though all the work has been done. Hence, we have about 60,000 people who are about to be suspended or are responding to letters on suspension from Centrelink that have been discovered through inactivity by those individuals by the Job Network.

That is not an accurate representation of the situation, is it?

**Mr Sullivan**—I wish to stop commenting on what Minister Brough said. You have wanted to check what I said. You were talking before about Minister Brough in a NESAs speech, and then said, ‘Let’s use his actual language and quote from an article in the *Canberra Times*.’

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—We were talking about his NESAs speech until then.

**Senator JACINTA COLLINS**—Now I am going to how he represented it in a—

**Mr Sullivan**—You are asking me about a Minister for Employment Services in a DEWR portfolio and what he said and what he did. I think there are other places than this.

**Senator FORSHAW**—Mr Sullivan, what is being asked of you is quite clear. It is about the reaction, the steps taken, the response of this department—your offices; Centrelink; the minister.

**Mr Sullivan**—I wish it were as clear as that, Senator.

**Senator FORSHAW**—That is precisely what we are getting at.

**Mr Sullivan**—Every second question seems to be about how I represent what a minister, who is not my minister, says.

**Senator FORSHAW**—No, I think, with respect, you are trying to rephrase the questions that are being asked clearly. I asked you: what was Minister Vanstone’s reaction when she was informed about your concerns?

**Mr Sullivan**—But immediately you said it was about when she was informed of the misrepresentation.

**Senator FORSHAW**—Yes.

**Mr Sullivan**—I did not inform her that there had been a misrepresentation.

**Senator FORSHAW**—What was her reaction?

**Mr Sullivan**—Her reaction was that what the department was doing in conjunction with Centrelink and DEWR was a good starting point and that we needed to understand what this group were. She was as concerned as anyone, if it was a compliance issue, that we should deal with it, and rapidly deal with it.

**Senator JACINTA COLLINS**—But she knew it was not a compliance issue, also.

**Mr Sullivan**—I don’t know whether she knew that.

**Senator JACINTA COLLINS**—I hope you did. You knew it was not.

**Mr Sullivan**—We had not done the analysis. We said we had worries about the 60,000 people, and we agreed on a process to analyse it. We did that analysis and, after that analysis, we had a joint view as to what it was. I don’t assert things until—I am a reasonably cautious person.

**Senator FORSHAW**—I understand that DEWR have said that they have reimbursed Centrelink for all costs associated with the implementation of Job Network. Is that true?

**Mr Bashford**—I think they have reimbursed us \$5.5 million for the previous year and \$12.7 million for last year. There is just one small item still outstanding, which should be fixed up in the next week or so.

**Senator JACINTA COLLINS**—What does that relate to?

**Mr Bashford**—That relates to IT maintenance of systems,

**Senator FORSHAW**—We have \$5.5 million for the year 2002-03. What was the other one?

**Mr Bashford**—I think it was \$12.7 million. I am sorry; it was \$9.2 million. That was to cover additional work around costs in 2003-04.

**Senator FORSHAW**—And there is more to come. Do you have an estimate of that?

**Mr Bashford**—Yes—\$1.4 million.

**Senator FORSHAW**—That is for Centrelink. Have you also reimbursed FaCS?

**Mr Sullivan**—No. FaCS was not for reimbursement.

**Senator JACINTA COLLINS**—Have you done an estimate of the costs?

**Mr Sullivan**—No. Our concern was the disruption of resources to Centrelink. They work around that. Basically, the reimbursement of work ensures that FaCS work, which may not have occurred at the time, will now be concluded. Centrelink is funded by its client agencies. If one client agency's funding is used to address a short-term problem for another agency and that agency subsequently reimburses it, that means that we are back where we should be. Centrelink's capacity to do my work has not been impinged upon.

**Senator JACINTA COLLINS**—You said that what would have occurred can now occur. Can you give me an example of what did not occur as a consequence of those issues?

**Mr Sullivan**—Sorry?

**Senator JACINTA COLLINS**—You said a moment ago that what did not occur for FaCS that should have occurred can now occur. What was it that did not occur that can now occur?

**Mr Sullivan**—It certainly would have impacted on discretionary work that Centrelink's customer service officers in their network, and their call centre staff, would usually have been doing for us. It means that if there were any delays—I have never been alerted to that fact but I know that our critical work was not delayed—this would give them the capacity to catch up. That could be non-priority review activity or it could be all sorts of work in respect of the 6½ million people who interact with Centrelink on FaCS business.

**Senator JACINTA COLLINS**—Can you give an example of a non-priority review?

**Mr Sullivan**—I will have to take that on notice. I could be glib and say it is one that is not as urgent as another.

**Mr Bashford**—We tried very hard not to impact on the position of FaCS. A lot of the money DEWR paid to us was to enable us to engage more resources to cope with the whole workload.

**Senator JACINTA COLLINS**—This goes back to the question I raised earlier about the timing of the DBM review. If the timing of this assessment was occurring at the same time at which all these other pressures were occurring, that may in part explain some of the results. We will get to that point later. I am interested also in understanding ‘discretionary work’. What do we mean by that? I am sorry if that is another one that fits into the non-priority review, but I just want to get a handle on what we are talking about.

**Mr Sullivan**—It is probably a wrong use of the term ‘discretionary’. ‘Discretionary’ suggests you can do it or you cannot do it.

**Senator JACINTA COLLINS**—I thought you might be opening up these extra pools of funds that I have not previously known about in my local Centrelink office.

**Mr Sullivan**—It is basically an issue of priority work. There is some work which Sue Vardon and others do, and they would have told me very quickly if they were at all impaired in performing it. There is some other work. Being around the 90-plus per cent client of Centrelink means that our funding goes to about 90-plus per cent of everything that Centrelink does, and that includes its internal infrastructure, its support structures et cetera. It could even be around corporate work. It is work that does not impact critically on me if it is not done today.

**Senator JACINTA COLLINS**—It is non-time-sensitive work.

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—Or work on lower priorities, presuming there are priority orders in terms of what reviews there are and what particular classes of benefits are the subject of review at a particular point of time et cetera.

**Mr Sullivan**—My choice of example was a poor one in that I was almost differentiating between highly critical work versus very critical work. The review side of our work in compliance and so on is almost entirely time sensitive work.

**Senator JACINTA COLLINS**—Yes, although some data matching projects make you wonder about that. The 10-year scope of review is an interesting one under that comment. Going back to these figures of \$5.5 million and \$9.2 million, are you able to itemise those in more detail to show what precisely they pertain to?

**Mr Bashford**—Most of that was around keeping on some temporary employees we had had in the previous year to cope with the work that we were doing in the second year.

**Senator JACINTA COLLINS**—So most of it was staffing.

**Mr Bashford**—Then there were IT issues. We had to pay for a number of unexpected IT changes.

**Senator JACINTA COLLINS**—I think that concludes the employment services aspect of where I was going.

**Ms Winzar**—Before we move on, can I return to an issue which you raised before, which was the grants of DSP to people who had previously been on Newstart allowance. In 1999-2000, 34.9 per cent of people granted DSP came from Newstart. In the subsequent year,

2000-01, that figure was 34.4 per cent. In 2001-02 it was 35 per cent, and in 2002-03 32.9 per cent of the customers granted DSP came from Newstart.

**Senator JACINTA COLLINS**—But you were going to go back to 1996 for me.

**Ms Winzar**—We can certainly provide you with the previous three years.

**Senator JACINTA COLLINS**—And it was not only Newstart. I was interested in any benefit. I was interested in the number of those who go straight to DSP as opposed to those who go onto DSP from another path.

**Ms Winzar**—We will provide you with that on notice.

**Senator JACINTA COLLINS**—Also take into account the issue that you raised earlier—that some people go onto Newstart while they wait for their claim to be assessed. Can you identify that too. Thank you.

**Proceedings suspended from 10.54 a.m. to 11.10 a.m.**

**CHAIR**—I call the meeting to order.

**Senator FORSHAW**—Can I just seek a further update of an answer that was given to us after the last estimates. It is question No. 1. Senator Bishop asked what projects were deferred and what the impact on the organisation was. This was with regard to Centrelink internal projects deferred in 2003-04. Can you give us more detail than was provided in that answer? For instance, in the answer there is just a heading, 'other projects'. Can you be more specific about that response?

**Ms Vardon**—I would be happy to give it to you, but I do not think I can. I may have to come back in a couple of hours time and give you the answer. I do not have our answer to the question in front of me. I can take it on notice or come back to you after lunch.

**Senator JACINTA COLLINS**—After lunch is better.

**Senator FORSHAW**—We asked for details on the last occasion, and the answer that has been provided is rather sketchy. We asked for details on all projects deferred as a result of the financial result. I do not know whether you can answer this: which of Centrelink's client departments were approached in relation to the higher than expected costs of implementing ESC3?

**Ms Vardon**—We just answered that. It has been answered. We did go back to DEWR. We had negotiated that they would pay us, and they have now settled almost all of our expenditure.

**CHAIR**—That was all dealt with just before the break.

**Senator FORSHAW**—Yes, but can you detail the—

**Senator JACINTA COLLINS**—They have now.

**Senator FORSHAW**—They have now.

**Senator JACINTA COLLINS**—They have taken it on notice to provide further detail, as I recall. No, it was mostly staffing; that is right.

**Senator FORSHAW**—Does the business partnership or any other agreement between Centrelink and DEWR provide for penalties for non-performance?

**Ms Vardon**—No.

**Mr Bashford**—No, it does not.

**Senator FORSHAW**—Were any penalties imposed over Centrelink's performance on the implementation of ESC3?

**Ms Vardon**—No.

**Senator FORSHAW**—Okay. So you are going to come back this afternoon with further details on the first question I asked you?

**Ms Vardon**—Yes. I undertook to get that to you. I will just go and find the answer that we gave and then come back to you.

**Senator FORSHAW**—I have a copy here.

**Ms Vardon**—Thank you.

**Senator FORSHAW**—We will come back to that later.

**Senator JACINTA COLLINS**—We are now dealing with this DBM report. Is Mr Jongen present today? Let us start with some questions to him.

**Ms Vardon**—Perhaps you can tell me what sorts of questions they are; I might be able to answer them. He is here, but he was acting as my voice on the weekend. He is our media contact—our National Manager of Communications, Media and Marketing.

**Senator JACINTA COLLINS**—He was acting as your voice?

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—That is an interesting job specification!

**Ms Vardon**—He is the spokesperson for Centrelink.

**Senator JACINTA COLLINS**—It is the comments he made on the weekend and some more general communication issues that I would like to explore. You are suggesting you may be able to deal with those issues.

**Ms Vardon**—Would you mind if you started with me and, if I feel it is outside my brief, I will ask him to join us.

**Senator JACINTA COLLINS**—Okay. In part it relates to some process issues in respect of communications within Centrelink, so his being national manager for communications would be useful.

**Ms Vardon**—I was with him all weekend, so we might be able to start from there.

**Senator JACINTA COLLINS**—You were with him all weekend but he was acting as your voice?

**Ms Vardon**—Working with him all weekend.

**Senator JACINTA COLLINS**—I wonder if I can organise a voice. That could be helpful. In the case of this weekend's story—

**Senator Patterson**—Which weekend story: the one you just started?

**Senator JACINTA COLLINS**—No, not that one! I mean the weekend story regarding the DBM report. Can you tell me what guidelines apply in terms of when Centrelink responds to a story of this nature as opposed to when the minister does?

**Ms Vardon**—As a general principle, if it is a matter relating to Centrelink operations, Centrelink accepts responsibility to speak on that.

**Senator JACINTA COLLINS**—If it relates to operations.

**Ms Vardon**—Yes. We made that call, Hank and I, that it was a report relating to a very specific exercise that we had done inside our organisation, it was an operational matter and it was up to us to respond.

**Senator Patterson**—I also responded. I did a doorstep on Saturday afternoon. As you know, all the stuff you say in a doorstep is not reported in a brief news broadcast. I actually said that Centrelink undertakes 4.2 billion transactions a year with a 96.7 per cent or, rounded up, 97 per cent accuracy rate, which is outstanding. I also said that the research that was undertaken was on a very small sample of people who had perceived they had had an error, whether it was an error or not—in some cases it was an error—and to look at hot spots. This was the research for Centrelink to be able to continue to improve on what it was doing.

The thing that concerns me, and I will say it now and I will say it again in the chamber, is that I have just been reading emails that have been sent to Ms Vardon from Centrelink staff about being abused on Saturday morning at football matches and about how they feel about the way in which that information was reported on page 1 of the *Australian*. I would hope that journalists and editors think seriously about the imputation that is made about the thousands of people who work in Centrelink and the implications of a report that is less than accurate in the sense that it extrapolated out to the whole of Centrelink. I say here that I can understand that Centrelink officers would be aggrieved, when they work under very difficult circumstances. To read some of those emails is an indication of the grief that that has caused officers who work often under difficult circumstances. But it is not on for them to be abused on a football field on a Saturday morning when they have not even read the article. So I did respond as well, but not necessarily everything I said, especially when it was good news about 4.2 billion transactions with a 97 per cent accuracy rate, was actually broadcast to the Australian public on Saturday evening.

**Senator JACINTA COLLINS**—Perhaps this goes to the point I will need to clarify with Ms Vardon, from the comments that you have now enlightened me that you made on Saturday, because I have read other comments but not the full version of yours. Ms Vardon, have you read this report?

**Ms Vardon**—I have indeed read the report.

**Senator JACINTA COLLINS**—You have read it from front to back?

**Ms Vardon**—I have.

**Senator JACINTA COLLINS**—Can you explain to me why on page 10 of the report it gives clear detail on where the incidents figures are derived from and it is not as Senator Patterson just outlined?

**Ms Vardon**—I would firstly like to put this in perspective.

**Senator JACINTA COLLINS**—Before you do, I think you will need to explain to Senator Patterson why she is saying it is one issue but, when you actually read the report, it is clear that that is not the case.

**Ms Vardon**—I know the paragraph. There were extrapolations made by the researchers—probably gratuitous extrapolations.

**Senator JACINTA COLLINS**—Gratuitous extrapolations?

**Ms Vardon**—The terms of reference did not ask them to do it, but I am not necessarily here today to add to their extrapolations.

**Senator JACINTA COLLINS**—We will need to explore that if that is the case, because—

**Ms Vardon**—I am happy to do that.

**Senator JACINTA COLLINS**—at the front of the report it clearly indicates that seeking to get a handle on the overall incidents was part of the brief. Are you asserting that that is not the case?

**Ms Vardon**—I had a look at their effort. I would like to get back to page 10, because I think the wording there might confuse the reporter. The paragraph that you are referring to became very important to the reporting of that.

**Senator JACINTA COLLINS**—It states:

Incidents figures on the occurrence of mistakes were collected among a random population of  $n = 1,065$  Centrelink customers (as part of the Service Integration Study) ...

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—That is not the study that Senator Patterson was referring to.

**Ms Vardon**—I must put this into perspective. In every year of Centrelink's history we have surveyed our customers on customer satisfaction. As part of that survey, we ask: 'What was the purpose of your last visit to Centrelink? Did you lodge a form? Were you there for an appointment? Were you there to correct a mistake or for another reason?' In the first year of Centrelink, 1998—and it was the first year that we have records for it—25 per cent of people said they were there to correct a mistake. Subsequently we have reduced that, because of a lot of good work inside our organisation, to 15 per cent. In itself, that has been a remarkable effort and it has taken a lot of people out of our system. At the same time, we have increased customer satisfaction dramatically. We had a look at that 15 per cent figure last year and decided that we had to investigate it. As a result of another survey, the Service Integration Study, with a sample of 1,065 customers, established that about 14 per cent came back because of a perception of a mistake. So that study only confirmed what we already knew, which was that about 15 per cent of people came back. That is what that study does on page 10; it just confirms what we knew.

**Senator JACINTA COLLINS**—But wasn't that survey the basis of what was reported over the weekend, and not the other survey that Senator Patterson was just referring to—the self-selecting one?



**Ms Vardon**—It does not matter.

**Senator JACINTA COLLINS**—The accuracy on this does matter, particularly if a senior government minister appears publicly before estimates and pillories an organisation for something it has not done. This organisation has represented secondary data in a research report to you and it has been characterised by the minister, Mr Anthony and Mr Jongen as having done something quite different. That is where the inaccuracy is.

**Ms Vardon**—No, this study only confirmed the numbers of people—

**Senator JACINTA COLLINS**—That is not the point.

**Ms Vardon**—It was a tack-on question. It is an extremely important point.

**Senator JACINTA COLLINS**—It is not the point we are dealing with at the moment. We will come to that point.

**Ms Vardon**—It is the point.

**Senator JACINTA COLLINS**—The point is that this research has been misrepresented.

**CHAIR**—Senator Collins, can you allow Ms Vardon to answer a question? Stop cutting her off.

**Senator JACINTA COLLINS**—If she would answer my question we would be fine, but she is answering a different question which she has created in her own mind.

**Ms Vardon**—No, I am not.

**CHAIR**—Senator Collins, you are still continuing. Can you please allow Ms Vardon to finish a sentence?

**Ms Vardon**—I am exactly answering your question. This report only confirmed what we find all the time, which is that about 14 per cent of our customers come back to fix a mistake. Whose mistake that is is a very interesting thing to us. We decided that we should have a look at what is a 'mistake'. We had made huge progress over the subsequent five to six years and reduced that from 25 per cent to 15 per cent, so we decided that we would sample—and that is what the DBM survey was—within that group of people who perceived that they had a mistake. That is all that other survey did; it confirmed the random samples that we do all time. We were actually quite pleased that the figures were so close.

**Senator JACINTA COLLINS**—That does not explain the issue that I am seeking to clarify, which is: why, when the newspaper simply reported that a component of the report relied on secondary data indicating the error rate from a random sample, you had Mr Jongen, you had Minister Anthony and we just had Minister Patterson disputing that that data was a component of this report?

**Ms Vardon**—The major survey that was discussed in the article in the *Australian* and to which we responded was another report altogether. It was actually the one that was mentioned in the newspaper that drew on the secondary data. It was this major report on mistakes; that is what we were responding to over the weekend. That other report is almost incidental. It just confirms, as I have said, that we got the right number. Then we dipped into the people who said there had been a mistake. We wanted to know: why did they think that there was a

mistake? Was it our fault; was it somebody else's fault; and what systems things could we fix so that we could reduce this 15 per cent even further?

**Senator JACINTA COLLINS**—I am glad you are now at least acknowledging that this report dealt with data other than that which was highlighted by Senator Patterson and by Minister Anthony, because the newspaper report reported on two things—a fairly simple concept—that were included in this report. One was an overall report on the incidence of mistakes, derived from secondary data. Fine—and, as you now say, it demonstrates potentially some improvement in the overall incidence of mistakes. Great. But to then have the story and indeed the Labor Party, presumably for beating up a story, pilloried on data that it is claimed does not exist is amazing. Today is the first time that anyone commenting publicly on this issue has acknowledged that what this report did do was report on a random survey, albeit derived through secondary data.

**Ms Vardon**—Yes, but there is nothing special about that. It just confirmed the whole basis upon which we then dug down into perception of mistakes. That other survey just said, 'It is 14 per cent.' We thought it was 15 per cent; we were in the ballpark. Let us go digging into the 15 per cent—nothing more, nothing less.

**Senator JACINTA COLLINS**—So, back to your communications strategy, why did Centrelink not respond by saying, 'Yes, there is secondary data indicating the incidents that are reported here; we actually think that's an improvement on our understanding of incidents over time'—that might have taken some of the pressure off some of your employees over the weekend—'and, because of that and for other reasons, we've also conducted more detailed research into the nature of those mistakes, and that is what is also reported here'?

**Ms Vardon**—It is almost as though this other report was a red herring. On Saturday morning when we had a look at the newspapers, the bulk of the story was coming from this 'big' study. Later on Sunday, when we understood the relevance of the 1,065, all it confirmed was that we were in the ballpark, with 14 per cent in that report and 15 per cent in this one. The rest of the study was on the 15 per cent.

**Senator JACINTA COLLINS**—Why did it take so long for that to be understood and for Centrelink to respond to that?

**Ms Vardon**—Because we had one report; we did not have the other report. We had not at that stage realised that the company had tacked a question belonging to their mistakes report onto a service integration report, and it did take, I must admit, some time to connect the two reports. But even when we connected the reports it was not significant because, as I have said already three times, they just confirmed what we already knew.

**Senator JACINTA COLLINS**—If you ascertained this on Sunday, why then by Wednesday was Minister Anthony attacking the member for Lilley by saying, 'No, this only related to a survey of people who had perceived an error, a self-selecting survey,' when it was clear in the report—and I could take you to the other elements of the report, but it was pretty obvious to me as soon as I scanned the thing—that it was also drawing on secondary data in relation to incidents?

**Ms Vardon**—I cannot speak for—

**Senator JACINTA COLLINS**—And, in fact, Senator Patterson’s contribution this morning seemed to indicate that she had no knowledge that this secondary data as to incidence was a component of the report.

**Ms Vardon**—Yes, but it is not that important or significant. It only confirms what we already knew. The most important thing was to have a look at mistakes, and that is where we dipped into that sample.

**Senator JACINTA COLLINS**—What is important is the accuracy of Centrelink’s communication. We can be quite innocent of claiming any role in the weekend news report because (a) it was not our FOI request and (b) we have not even received the document yet, though it is very late in the estimates process. For there to be a denial that it relates to data with respect to incidence is what has created half of the problem.

**Ms Vardon**—No, it is absolutely not true that any denial had any impact on the consequences of this report. The bulk of the story has been around this report. Nothing that we would have said or otherwise done would have deflected from the fact that this is the report from which most of the source information came.

**Senator JACINTA COLLINS**—Very early on in the report it indicates that one of the research objectives was to look at overall incidence. I agree discussion in the report on incidence could have been organised better, because the discussion over the primary research that was done did not clarify that it was also drawing on secondary research at that stage, but it was clear that it was referring to a random sample. Yet we have had a public discussion that this is about a self-selecting sample of people talking about their mistakes. That is not the case.

**Ms Vardon**—Wait a minute.

**Senator JACINTA COLLINS**—Mr Jongen is nodding his head. Do you agree with that?

**Mr Jongen**—I agree that the second sample of 1,200 customers was a weighted sample. It was.

**Ms Vardon**—But it was still a random weighted sample. The customer survey that we do is a random sample. We then took a biased random sample—that is, a random sample within a subset of that of 15 per cent. Every piece of research here was a random sample.

**Senator JACINTA COLLINS**—The more critical issue was that it was being claimed that the data that was being referred to was from a self-selecting sample, then randomly selected, when the real issue was that the data reporting on incidence was random non-self-selecting, reported as secondary data in this report. Senator Patterson is shaking her head. Mr Jongen agrees with me—don’t you? That is what we are talking about here.

**Mr Jongen**—Certainly the second sample of 1,200 customers is a weighted sample. The point that we needed to make quite clearly, because it got to the heart of the credibility of community attitudes towards Centrelink, is that you could not extrapolate the results of a weighted sample of 1,200 customers across the whole system.

**Senator JACINTA COLLINS**—But I do not believe the researchers were doing that.

**Mr Jongen**—The selection of 1,200 people that constituted the key sample in this survey was a weighted sample of customers selected because they perceived an error had occurred.

**Senator JACINTA COLLINS**—That is right, but the reporting over the weekend on the overall incidence of mistakes within Centrelink was based on the other sample—the random non-self-selecting sample—of 1,065 people, which was also a component of this report.

**Mr Jongen**—That is true. However, there is an important point of clarification that we were never able to make with the journalist because he did not approach us prior to publishing the story. That point gets to the heart of the point that Sue Vardon has made, and that is that the 14 per cent does not relate to actual errors. It relates to customer perception of an error. In fact, errors may not have occurred. So to then apply that 14 per cent across the whole of our payments system and relate it as errors is not correct, and that was the point—

**Senator JACINTA COLLINS**—They were relayed as perceived errors.

**Mr Jongen**—They were perceived errors. They may not have been actual errors.

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

**Ms Vardon**—But you cannot extrapolate across, and this is what our argument was. The 1,065 was a sample that paralleled the big customer satisfaction sample. That is all it did. It asked people—I cannot remember the exact words—did you have a mistake? There was almost the same question in the bigger sample. We were pleased that these two sets of figures were the same. But you could not extrapolate from this other small data. You had to go deeply into the other sample to get a really big understanding of what the mistakes were, and that was what we were looking for.

**Senator JACINTA COLLINS**—Did that other data give you detail on, for instance, the break-up between perceived and actual errors?

**Mr Jongen**—Yes, it did.

**Ms Vardon**—We wanted to get an understanding of what was behind their perception of an error. They said that they came on their last visit to fix up a mistake. Now we are trying to say what constitutes a mistake, which a very good question. Now let us pull it apart. So a sample was taken of those people, and we talked to them. People asked them more questions, and then we went into their records and found that there was a range of mistakes. On a percentage of occasions there was no mistake. It was just that they thought there was a mistake when there was not. On other occasions they had made a mistake, and sometimes it was a joint mistake. On another set of occasions, the person who was doing the analysis for Centrelink said they were Centrelink mistakes. We started to tease out where the system problems are so we can improve it.

**Senator JACINTA COLLINS**—What proportion of perceived mistakes ended up being actual mistakes?

**Ms Vardon**—Actual mistakes on whose part? They were broken down into actual mistakes by the customer, actual mistakes by Centrelink and actual mistakes made jointly.

**Senator JACINTA COLLINS**—Let us look at Centrelink and jointly.

**Ms Vardon**—Seventy-three per cent of the people who were polled answered the questions; other people chose not to do it. I think 13 per cent were not mistakes at all. Fifty-five per cent of the mistakes were assessed by one of our staff as Centrelink mistakes—though Centrelink mistakes of course are a range of things. We have done some further investigation into this, and some of the things that were assessed as mistakes are questionable. For example, if a customer service officer said, ‘You are probably eligible,’ we then had to process it and bring a fair amount of extra work to bear on it, and if at the end we said, ‘I’m sorry, you’re not eligible,’ that was perceived as a mistake by Centrelink. I am not sure that is a mistake. If we say that you might be eligible and then we come back to you subsequently and say, ‘I am sorry. You are not,’ after we have done extra work, is that a mistake?

**Senator JACINTA COLLINS**—It depends.

**Ms Vardon**—It is probably not a mistake. It rather depends on how desperate a person was on the other side and so on.

**Senator JACINTA COLLINS**—Or, equally, whether a critical assumption had not been explored by the officer at the time when you would expect that it would have been.

**Ms Vardon**—But it was as though every mistake was of equal value, and of course every mistake is not of equal value. I was interested to see the Channel 7 report where a person said a mistake had occurred when in fact, from what we understand, the policy was applied exactly. That was a great example of why we had to look at perceived mistakes—because everybody sees things differently. We wanted to try and tease out those things that we could do better. There were plenty of suggestions from our customer service officers about what we could do better, and there are plenty of things we have done since last June to improve our system.

**Senator JACINTA COLLINS**—The issue I am interested in exploring in terms of what can be done better, rather than the full detail of the survey at this stage, is the communications issue. You indicated that on Saturday you were not aware that the secondary data was really a component of what was being discussed. Mr Jongen, were you aware in the comments you made on Saturday that there actually was data within this report that sustained the incidence estimates that were in the media reports?

**Mr Jongen**—The first thing I need to say is that the journalist did not approach us prior to publishing the story.

**Senator JACINTA COLLINS**—I heard that too.

**Mr Jongen**—I saw the story at 6.30 on Saturday morning. Ninety-nine per cent of that story related to the sample of 1,200. There was one line in there which related to the extrapolation, which we knew was inappropriate.

**Senator JACINTA COLLINS**—Why was the extrapolation inappropriate?

**Mr Jongen**—The extrapolation again took the figure from the earlier sample of perceived error and applied it. It extrapolated a sample of 149 customers against a population of 6.4 million.

**Senator JACINTA COLLINS**—I am sorry—149? I thought we are talking about the 1,065.

**Mr Jongen**—The 14 per cent represents a group of 149 out of the 1,065

**Ms Vardon**—We got that figure from the researcher, so it is correct.

**Senator JACINTA COLLINS**—It is extrapolating from a sample of 1,065.

**Mr Jongen**—But it based its extrapolation on 149 customers who perceived that an error had occurred.

**Senator JACINTA COLLINS**—Yes, that is 14 per cent of a sample of 1,065. This is very basic social research methodology we are talking about here. You do not go back to it and say, ‘Oh, but it was only 149 people who actually said this.’ The point is: did you have an appropriate sample? If you are arguing against the sampling size, do that, but do not try and misrepresent it by saying, ‘But it was really only 149 people.’

**Mr Jongen**—What I had to respond to was the article as a whole. I think you can understand that the way in which the article was presented, without us being given the opportunity of clarifying that issue in relation to the earlier sample with the journalist, required an immediate response.

**Senator JACINTA COLLINS**—Let us get this point correct here. Who actually did the extrapolation? Was it the journalist? My recollection is that it was the researcher.

**Mr Jongen**—It was extrapolated in the report.

**Senator JACINTA COLLINS**—So I suppose we need to take some of the onus off the journalist now too.

**Mr Jongen**—But the point I was making in my response to the media was the fact that you could not then extrapolate from the sample of 1,200 and apply that across the whole population. I might add that the journalist also took the results of the four small focus groups of staff and applied some of the quotes that came out of that extremely small sample, which was qualitative research, as common behaviour across the whole organisation. From my perspective, those sorts of approaches are indefensible.

**Senator JACINTA COLLINS**—Let us get clear on what it is that we are meant to be defending against. I agree with Senator Patterson: there is a concern when you have Centrelink workers going to the football and getting abused because of these sorts of stories. But what I object to is when ministers such as Minister Anthony then seek to characterise the Labor Party as having generated this.

**Mr Jongen**—You were asking me what my responses were.

**Senator JACINTA COLLINS**—Yes.

**Mr Jongen**—My responses were purely in terms of the administration of Centrelink.

**Senator JACINTA COLLINS**—Going back to the core issues, the research itself had done an extrapolation from a random sample of 1,065.

**Mr Jongen**—Correct.

**Senator JACINTA COLLINS**—The journalist reported that extrapolation.

**Mr Jongen**—Correct.

**Senator JACINTA COLLINS**—The report linked that extrapolation to separate research into the nature of mistakes, and that link was incorrect.

**Mr Jongen**—Correct, because the initial extrapolation from the 1,065 related to the customers' perception that an error had occurred.

**Senator JACINTA COLLINS**—The problem we have, though, is that on Saturday Centrelink appeared—and Ms Vardon's earlier comment seemed to confirm this—not to be aware that we were actually dealing with this random survey as well.

**Ms Vardon**—But it would not have mattered—

**Mr Jongen**—That is correct, and if you look at the article you will see that nowhere in the article does it make reference to the initial research. My task, at very short notice because we were dealing with a quite serious, widespread media situation, was to respond to the article as a whole. Nowhere in the article did it make that clarification about two pieces of research. The overwhelming tone of that article was inappropriate extrapolation.

**Senator JACINTA COLLINS**—I can understand that from the context you have just described and I can understand what Ms Vardon says—that we realised on the Sunday that this secondary research was a component of it. What I cannot understand, though, is why, when we get to Wednesday in the House of Representatives the minister is (a) seeking to attribute to the Labor Party this extrapolation and (b) denying that this secondary data is a component of the report.

**Ms Vardon**—We cannot talk for our minister, but I can say that we have to keep putting this back into perspective. That other secondary data only confirmed the figure of people who generally perceive mistakes. That is all it did.

**Senator JACINTA COLLINS**—I do not have a problem with that aspect of the situation; I understand you, I am with you, I agree with you. If you have brought the incidence of errors down from 25 per cent to 14 or 15 per cent, as you say—great job. What I am also seeking to deal with, though, is the perception that Senator Patterson talked about earlier, which is the sort of flak the Centrelink employees face when they turn up somewhere because of these sorts of stories. This is why I am on the communication strategy issue rather than the facts that you are talking about regarding what the research itself actually demonstrated. The other communications issue I wanted to explore was one from my own experience in January. Can you tell me who Mr Bevan Hannan is?

**Ms Vardon**—He is our media officer.

**Senator JACINTA COLLINS**—A Canberra based media officer?

**Mr Jongen**—Yes, he is. Bevan works with me.

**Senator JACINTA COLLINS**—Can you explain why Mr Bevan Hannan would have been making critical comments of me in a story about problems that occurred in January in relation to CCB entitlements?

**Mr Jongen**—I think you would have to clarify that point.

**Ms Vardon**—Can you show us where that is, because it is very unusual. Where did you find it?

**Senator JACINTA COLLINS**—I will refer to a few things here. On my web site there is an article from 6 January 2004: 'Glitch in Centrelink denies families Child Care Benefit'. On Wednesday 7 January in the *Hobart Mercury* is an article quoting Bevan Hannan. He is reported as saying:

Some people may have inadvertently received correspondence that they are no longer entitled to childcare benefit ... We are in the process of thoroughly investigating these claims, but it is clear the impact is minimal.

Above that paragraph is the comment:

Centrelink accused Senator Collins of causing undue alarm with an incorrect claim of a technical glitch.

**Mr Jongen**—I think it is important to make the point that the introduction of this article is journalist's hyperbole. I was on leave at the time. I would imagine a statement would have been issued, and I would imagine that that statement, in the same way as when I issue a statement, would have been very carefully cast to ensure that we focused purely on the administrative issues surrounding the situation.

**Senator JACINTA COLLINS**—Can I have a copy of the statement?

**Mr Jongen**—I do not have it. I will certainly make arrangements. As I said, I was on leave at the time. If in fact a formal statement was issued, I will ensure that you get a copy quickly.

**Senator JACINTA COLLINS**—My concern about the statement is that I have been monitoring the Centrelink web site to see if such a formal statement did appear. It has not. I was advised at the time that, yes, a statement was issued quoting Mr Bevan Hannan but it was actually issued out of the minister's office. I am trying to clarify why that would occur and why Centrelink would be issuing statements via the minister's office being critical of a member of the opposition.

**Ms Vardon**—It would be inappropriate if that happened. We are lost because we do not have the facts. We need to have a look at the facts and get information to you.

**Senator JACINTA COLLINS**—The reason I raise this issue—again, I am not talking about the detail, at least at this stage, of what is in this DBM report; I think some of it is very useful information—is that, on the communication side, I was very concerned in January to see indications that Centrelink could be making those types of comments and also to hear that they had been issued through the minister's office. I am concerned that in the reporting of this report that there seems to be a climate of denial of issues. If you have a close look at the discussion over what happened with this issue in January, you will see another pattern of denial—which I will not waste the time of going through the detail here—rather than accepting that there are errors, and getting on with dealing with them.

**Ms Vardon**—If we were denying that there were mistakes, we would not be researching into mistakes. That is why we did it in the first place. Centrelink knows that we make mistakes—some of them are little ones, some of them a big ones. The best way to fix up mistakes in a systemic way is to have a decent look at where they come from, but you also have to be able to sift through the concept of a mistake. We also need to help our customers better connect to us and help them not make mistakes as well. So it is not just about fixing our



own mistakes but about helping the citizen connect to us better. Nobody is denying that there were mistakes, because in fact we were researching it.

**Senator JACINTA COLLINS**—Except that the initial reporting through the area you have now described denied that very report on the incidents.

**Mr Jongen**—I think there is a very important point to be made here. If I, as the spokesperson for the organisation, know that the rate of correct payments is 96.7 per cent, and that is a fact, I do not see that repeating that fact is a denial of what has occurred.

**Senator JACINTA COLLINS**—No, that was not the denial.

**Mr Jongen**—As the minister said earlier, when you are engaging in a dialogue with journalists, which I was doing most of Saturday, you do provide context and background, not all of which is quoted. I am very careful to ensure that my behaviour is ethical in properly explaining the points that I am making. Whether that is reflected in a grab or not becomes another issue, but I do not see it as denial—in fact, quite the reverse, I made the point to many journalists that we should be congratulated for having the courage to undertake these sorts of surveys, because they are in the interests of improving our service overall.

**Senator FORSHAW**—I want to ask a question about the way in which you categorise mistakes—and you made some comments earlier which I fully appreciate. I want to talk about situations with a client where there is an ongoing problem, and I have had some of these brought to my attention. For instance, in one case an individual contacted the Centrelink office on five, six, seven occasions. In this particular case—the details of which I am happy to provide to you outside of this hearing—the client was in receipt of family assistance payments. She had advised Centrelink that her two children had taken up full-time employment, and she continued to receive the payments. Each time she received a letter from Centrelink—over a period of well over a year—she contacted the office, spoke to an officer and tried to have the issue clarified; in effect, to have the payments stopped. Eventually, that person received a debt recovery statement, and she has since had to negotiate with Centrelink a method of paying that back over time. That is an ongoing series of mistakes, and it appears that on this occasion they were mistakes by Centrelink. Is that just one mistake, or is it six, seven, eight mistakes?

**Ms Vardon**—It was probably a big mistake.

**Senator FORSHAW**—It was a big mistake. This was a person who was doing the right thing.

**Ms Vardon**—I have learnt in my life that there is always another side. I am very happy to have a look at that. If it is a systemic problem, we would be interested in it. If there is a mistake, for most people it is solved on the first occasion.

**Senator FORSHAW**—That is why I asked—that was the basis of my question.

**Ms Vardon**—The bulk of people come once and get their mistake fixed. Unfortunately, some people come more than once to get a mistake fixed. It is not that hard for us to stop a payment. I need to have a look at it. I would be very happy to mount a full investigation of it.

**Senator FORSHAW**—These are the ones that become very serious. It may be that it is the reverse—that the person has had the payment stopped and then, after a lot of effort, including

contacting local members and senators, we take up the issue. I put it firmly on the record that, in my dealings with staff I have regular contact with in Centrelink offices, I find them extremely helpful and willing to follow issues up, where they can. The purpose of my question was to try and take your overall number of mistakes, to get some appreciation of whether you are then going further and looking at the situation where you have ongoing mistakes which cause many problems.

**Ms Vardon**—The problem with giving every mistake equal value and saying, ‘Isn’t it terrible—there are millions of mistakes!’ is that it sounds like the world is falling in and everybody is getting their payments wrong.

**Senator FORSHAW**—The very fact that those individuals get one letter saying that they have been cut off, or a letter saying that they have been overpaid and now have to repay the money, is a serious mistake. I am now focusing on how efficient Centrelink is in trying to resolve them after the first attempt.

**Ms Vardon**—That is why we have to dig deep into the analysis of the mistake, so we can see which cases have received two letters where they should not have received two letters, or the computer system is doing something wrong. Some things require a major systems change; some things require a new way of doing our business; some things require better service recovery, and some things require better communication. We have to work out how we can improve all of those things inside our organisation. It is only when you dig deep, and do exactly what you have said, that we can start to work out how to improve our service even further.

**Senator FORSHAW**—There were other important concerns raised in this report regarding training, staff shortages, document handling and staff attitudes. What is your response to those other parts of the report?

**Ms Vardon**—Certainly. One of the interesting things about having focus groups of customer service officers—they are all good people and experienced customer service officers—is that they are put in a room and asked to think of all the things that go wrong. They do not sit them down and say to them, ‘By the way, could you put in all the things that go right?’ This is a focus group to say, ‘Mistakes are made. What do you think underpins those mistakes?’ They never thought, for a tiny moment, that this was going to end up on the front page of a newspaper.

However, in identifying some of the things that customer service officers have perceived to go wrong in our organisation, they identified some quite important systemic things for us. One of the important changes, which will save a lot of those problems in the future, is that we are developing a customer account for every person. A person will be able to have a look at their record and see everything we hold about them. It may be their data, age and address or the amount of payment they are getting. So they will have a chance to have a look at the data we have got. They can say, ‘That is wrong’ and get us to correct it. So you do not have any long-term errors sitting in your computer. Their customer accounts are going to be able to be changed, eventually, from their homes.

We have introduced a workload manager tool and we have improved our training. We have got thousands of customer service officers now doing special certificates, we have improved

our induction programs, we have better technical training than we ever had, and so on. The Centrelink virtual college has built up over time and is now I think a very important internal training program. We are building new positions like senior practitioners and others to build better expertise into our organisation. What we have done is analysed every single thing the staff said, we have worked out what is about documenting, what is about training and so on and we have a look at it to make sure we have a fix inside our organisation for every issue that they have raised.

**Senator FORSHAW**—Is the department or Centrelink preparing a response, if you like, to this report?

**Ms Vardon**—No. It was a report that we asked for. Over the whole of the time Centrelink has been here we have sought—

**Senator FORSHAW**—That would not stop you preparing a response.

**Ms Vardon**—We have already taken the lessons from it. We do not have to respond to it in a defensive way. We said thank you for this information and it has been taken out and used inside our organisation, as lots of other reports are all of the time. It is not a defensive response, it is a thank you for the information and now we are going to improve ourselves. It is an internal document and lots of people have had copies of it and have taken it into account.

**Senator JACINTA COLLINS**—But in terms of it being an internal document, you knew it was becoming an external document. Centrelink was aware of the FOI request.

**Ms Vardon**—Absolutely.

**Senator JACINTA COLLINS**—Was that conveyed to the communications division?

**Ms Vardon**—Yes. They knew there were a number of FOI requests out there.

**Senator JACINTA COLLINS**—Okay, so it was not a complete surprise that this report was reported on by someone in the *Australian*?

**Ms Vardon**—No, it was not a complete surprise. What was a complete surprise is the extent to which it was and that we had had no chance to talk about it.

**Senator JACINTA COLLINS**—Before the actual report.

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—But the report I have just been looking at in this time from the Saturday from Mr Jongen still, on the basis of your misunderstanding as I now understand it, refers solely to it being been the sample of self-selecting customers and confused the picture in relation to the overall incidence.

**Ms Vardon**—I am not sure that the concept of self-selecting customers is totally correct.

**Senator JACINTA COLLINS**—Self-selecting in terms of reporting a mistake—a bias in the sample.

**Ms Vardon**—As a result of a questionnaire which is almost the same as the 1065, where there is also a question asked of them.

**Senator JACINTA COLLINS**—Yes, but what I want to go back to is that subsequent to the Saturday when you did become aware that this report was also dealing with the other research, was any correction issued or were any additional statements made?

**Ms Vardon**—It would not have made any difference.

**Senator JACINTA COLLINS**—Why is that? It might have subsequently stopped Minister Anthony accusing the member for Lilley of misrepresentation on Wednesday.

**Ms Vardon**—I am not going to talk about my minister. What I can say—

**Senator JACINTA COLLINS**—A correction may have prevented that and it might have prevented Senator Patterson making the statements in the way she did this morning.

**Ms Vardon**—What I do know is that statements have been made by our minister in support of our staff based on some of the stuff that has come out of this first report, and that is what was in our minds. What was on Hank Jongen's mind and my mind all the weekend was the whole of this report. That is what everybody, including our ministers, have been responding to: the stuff that is in this report.

**Senator JACINTA COLLINS**—But the nature of that response was defensive in an attempt to deflect heat. You have got the minister making false accusations against the member for Lilley and you have got a climate where a critical piece of information was not corrected and should have been corrected and it would have prevented that occurring.

**Ms Vardon**—I am not so sure it was a critical piece of information. I think that is the point at which we differ.

**Mr Jongen**—I make the point that the journalist himself obviously did not regard it as a critical piece of information. I spoke to the journalist late Sunday night and repeatedly clarified the point on page 10 of the report. If the journalist had seen it is an important piece, I would have thought he would have sought to clarify it as well. What we needed to do was to respond to the report in its entirety. That is what had been reported in the media and that is what we were responding to.

**Senator JACINTA COLLINS**—Page 24 of the report, on which I presume the reporter was reporting, clearly indicates that the extrapolation you have been complaining about was done by the researcher, and not by the journalist and not by the Labor Party. We did not even have this report by that stage.

**Mr Jongen**—I have never criticised the journalist as having made the extrapolation.

**Senator JACINTA COLLINS**—I will check the record on that.

**Mr Jongen**—Subsequent to the publishing of the report, on late Sunday evening I finally had a conversation with the journalist, and that was the first opportunity I was given to clarify to that journalist what appeared on page 10 and what it really meant.

**Senator JACINTA COLLINS**—What we do not understand is why that misrepresentation of the report and its methodology is still repeated in the minister's comments on Wednesday. Perhaps a correction should have been issued the next day, when it became obvious to you that this report was also dealing with the secondary data. It is not good enough that the lack of

correction led to these comments, particularly those made by Mr Anthony—I will give Senator Patterson credit that, unlike Mr Anthony, she did not attribute this to the Labor Party.

**Ms Vardon**—There was only one crisis in all of this that required an apology, and that was the appalling extrapolation of these figures in a story on pages 1 and 2 in the *Australian*, which totally denigrated our people. That is what should be apologised for. The reporter should be apologising to our people for the insulting things he said, and that includes the headline outside newsagencies which referred to our ‘sloppy and lazy’ staff. That was just dreadful.

**Senator FORSHAW**—Then you would understand Mr Swan’s concern that the allegation was directed at him in parliament by the minister that he was guilty of the offence, based upon the article.

**Ms Vardon**—My concern is for the staff of Centrelink. I know how they felt, I know how I felt and I know how everybody felt. We were very outraged at the nature of that reporting. What was a small document inside our organisation to help us do things better became a blindingly large headline and a denigrating article. As far as I am concerned, only one apology is needed, and that is from that reporter to the Centrelink staff.

**Senator JACINTA COLLINS**—So you think it is quite appropriate that Mr Anthony accused the member for Lilley—

**Ms Vardon**—I am not commenting on the politics.

**CHAIR**—You cannot ask Ms Vardon to comment on what a minister has said.

**Senator JACINTA COLLINS**—The minister said it on the basis of the same information that Senator Patterson commented on this morning, without knowledge of the full facts.

**CHAIR**—You have asked that question of Ms Vardon a number of times. She has declined to answer it, it is inappropriate for you to ask and it would be even more inappropriate for her to offer a comment. If you would like to proceed, please do so.

**Senator FORSHAW**—Chair, I understand the point you make, but I think the comment Ms Vardon made was that only one apology was necessary, and that itself has implications.

**CHAIR**—But that is from where Ms Vardon sits. She cannot possibly sit there and comment on a minister’s statement. I ask you to proceed with further questioning.

**Senator JACINTA COLLINS**—I will proceed with my final point on this matter. What led to the minister’s statements was the failure to correct the statement from Centrelink on Saturday which said that the findings of the report were deliberately biased. The findings that were reported about incidence were not deliberately biased. Once you became aware of those findings, as the reporter did in the report on Sunday, that should have become part of the total reporting. It would have saved Minister Anthony from inaccurate comments in the chamber on Wednesday and it would have saved Senator Patterson from inaccurate comments today.

**Ms Vardon**—I do not want to go over everything again. The major commentary in the newspapers came from this report. This was a stratified random sample and all the conclusions have come from it. The other one was only a light survey and it really only

confirmed the 14 per cent figure—which was like the 15 per cent figure—and that is the weight we give it.

**Senator JACINTA COLLINS**—The survey had 1,200 people; it was roughly the same size as the other one.

**Ms Vardon**—Yes, but 1,200 people from a much bigger sample. It was 1,200 people who had made mistakes, not 149 people who said there was a mistake.

**Senator JACINTA COLLINS**—If you want to dispute the methodology of that then dispute the methodology. Do not deny that it exists in some culture of trying to deflect heat from the real issues in Centrelink.

**Ms Vardon**—We know what the real issues are in Centrelink. I am not trying to deflect anything. I am just trying to give the proper weight to the proper report.

**Senator Patterson**—Senator Collins, I think that the comment you made about deflecting the heat is a little unfair.

**Senator JACINTA COLLINS**—Let us wait until we hear what happened in January before you reflect on that.

**Senator Patterson**—Ms Vardon said earlier that Centrelink makes mistakes; she admitted that mistakes are made. When you have 4.2 billion transactions, there will be mistakes. Ms Vardon has indicated that those mistakes vary in the level of intensity, in the sense of mistakes not all being equal. She has not pretended that mistakes did not happen, nor has she tried to reduce the story. She is being very honest and has said that, yes, Centrelink makes mistakes—although they have an accuracy rate of almost 97 per cent—and those mistakes are sometimes on the part of the client, sometimes on the part of Centrelink, sometimes they are mutual mistakes and sometimes they are not mistakes. I think that to say Ms Vardon is deflecting is unfair, and if Centrelink did not care about it, they would not do this sort of research.

The whole aim of the research is to try and find ‘hot spots’, as we were calling them on the weekend—whether it be communication with clients, an error in the computer system or whether the training can be improved. You cannot learn about it. When I talked about extrapolating, it was not just about extrapolating figures but about extrapolating to the whole of Centrelink. For example, as Ms Vardon said, in those focus groups, everyone then gets tarred with the brush. The unfortunate thing was that, as I said, people from Centrelink were then approached, some of them not having read the story, and that seems to me a shame when the record is very good and they are constantly trying to improve it.

In retrospect, things may have been done differently along the way; the journalist might have spoken to Centrelink beforehand. But I think it is of concern that a large number of people at the end of the line are tarred with the same brush, and I think that is very unfair on an organisation that has to interpret very complex issues and deal with complex situations—I see that you are writing down ‘complex issues’; I suppose you are going to challenge me on that—and with people who are sometimes very stressed about their situations. I think we have to give credit where credit is due, and it is a shame that some of the story reflected on the whole of Centrelink, and that is how staff perceived it.

**Senator JACINTA COLLINS**—I am equally concerned when the management of a story deflects onto those front-end workers within Centrelink. The concern I have on this occasion—and this is why I said, ‘Wait until we get to the bottom of what happened in January’—relates to the management of communications within Centrelink. A correction should have been issued about the way this research was described. That would have prevented an attempt by the minister to deflect this onto the opposition. In the case of the matter I was dealing with in January, a statement should not have been issued by Centrelink via the minister’s office, and it should not have been critical of the shadow minister.

**Ms Vardon**—I do not know about that yet. I would ask you to hold your conclusions until we get you some facts.

**Senator JACINTA COLLINS**—Yes. That is why I was saying to Senator Patterson a moment ago, ‘Hold your conclusions on that one.’ The final issue I want to pin down on this particular case is, as Ms Vardon said earlier, that this research may have been gratuitous in its talk about incidents. Was that component of the report actually sought or was it gratuitous to what the brief had been?

**Ms Vardon**—I am sure that, when people put the research out to DBM, they talk to DBM as they always have. DBM has always said, ‘This is the size of the problem.’ We were really looking at the nature of the problem, not the size of that problem. In hindsight, as we have gone back over other DBM reports, we have not been so sure that they have actually done the thing we had been looking for. They have so distracted the conversation by talking about the size of things—and, I might say, they have not done so very clearly—they do not actually say ‘perceived errors’, although they imply it and the researchers meant it. There are some things that we could say about the research that were not satisfactory, but I am not about to bag the research report at this stage, because we accepted a lot of it for the value that it gave us. In future we are going to get much tighter about terms of reference and what is expected from pieces of research.

**Senator JACINTA COLLINS**—In terms of Minister Anthony’s comments and what is relevant to the department or Centrelink, was there any advice provided to the minister which would have led him to the accusation that the data had been extrapolated by Labor or by a journalist?

**Ms Vardon**—I cannot tell you where Mr Anthony gets his final speeches from. There is a lot of data that comes from us on the matter, but I think that is all we can say.

**Senator FORSHAW**—This was in answer to a question at question time. Presumably—one would think—he relied on the brief.

**Senator Patterson**—I think the chair has ruled on this issue.

**Senator FORSHAW**—I am just saying, presumably he answered the question relying to some extent on the brief that he was provided with by the department. Have you checked the answer that the minister gave?

**Ms Vardon**—I have to say I do not want to comment on the minister’s answer and what he said particularly, but I do want to say that a lot of people were pretty excited that he stood up

for the front-line staff, not against anybody but just to acknowledge the work they do on a daily basis—and those things are important to our people.

**Senator FORSHAW**—But I am referring to that part of the minister's answer where he claimed that manipulation and misrepresentation were the fault of others.

**Senator Patterson**—Senator Knowles has said that Ms Vardon is not in a position to answer that.

**CHAIR**—I do not know whether you have any other questions today—

**Senator FORSHAW**—I do.

**CHAIR**—or whether you just want to go on about Minister Anthony's statement endlessly. I have ruled on it. You have asked the question 20 times now. If you do not have any other questions then we can close the meeting.

**Senator FORSHAW**—I was asking a different question, Chair. I was just asking whether or not Ms Vardon or the department had perused the minister's answer and whether it reflected the brief that was given to him.

**CHAIR**—Ms Vardon does not have to answer that question. I have ruled on it. I am going to continue to rule the same way. If you have other questions, we can proceed, but I am not going to allow the questioning to continue along a line that is unsatisfactory and unacceptable.

**Senator FORSHAW**—If that is your ruling, Chair, then I hear it, and we will revisit it obviously on another occasion. I have a couple of other questions regarding the report. Do you believe that staff pressures may be a contributing factor as far as mistakes are concerned?

**Ms Vardon**—Centrelink staff are very busy people. One of the things that we are trying to do now is have a look at the whole way we do our work and see whether we can do work differently. For example, there are some complex payments like special benefits that we have spoken of here before that require a fair degree of skill which is not available in every office, and it can take up a whole lot of a customer service officer's time, which is time that could be spent somewhere else. So we are taking those special benefits payments and putting them in special places where you get one or two people with expertise. There is a lot more work we can do inside our own place to relieve the pressure on our staff at the moment.

In effect, the first thing is not so much the numbers but how much work is coming into the offices and how much work we can deflect out of the offices. One of our goals this year has been to get what we call 'the small stuff' out of the offices. And there are certainly ways that we can do our business a lot better. For example, 80,000 people a week now use our self-help services, using technology. Those services are now doing two per cent of all of our transactions and we expect that to grow. We have to think smarter about how we do our business. But the basic number of customer service officers is now about 1,000 less than when Centrelink started—in real terms, in real bodies as opposed to ASL. So we have been fairly stable with the number of customer service officers, and what we have to do now is say, 'Look, there is not going to be a whole lot more, forever; we have to think about doing business differently,' and that is what we are doing and we have been doing it for some years now.



**Senator FORSHAW**—So you would not disagree, would you, that cutbacks and staff could potentially affect that?

**Ms Vardon**—I think I have just said that the figures are basically the same since the beginning. They have gone up and down, and they also go up and down during different times of the year. We put on non-going people—‘temporaries’ in the old language—and then we put them off and bring them back and so on, depending on the business we have. But there has been constancy in the number of customer service officers.

**Senator FORSHAW**—Are there Centrelink offices that are understaffed?

**Ms Vardon**—There are Centrelink offices which, as we take the temporaries off, feel they are understaffed—there was three or four extra bodies last week, because the workload was higher. I think that everybody would always say they want more staff, but the facts are that we have to cut our costs. We still have many thousands of customer service officers and I think we do pretty well compared with lots of other non-government agencies and other people.

**Senator FORSHAW**—Are you aware of any instances where review officers, for instance, have been required to undertake front desk duties and work weekends and nights to catch up on their review work, and are then expected to take days off in lieu for the overtime?

**Ms Vardon**—I would be happy to have those cases.

**Senator FORSHAW**—Have you heard of this happening?

**Ms Vardon**—I have certainly heard of people in the offices doing jobs that were not traditionally theirs, but that does not worry us, because we think people should share the work around in an office.

**Senator FORSHAW**—But I am asking about review officers being asked to do front counter work in the context of concerns about staff shortages in offices.

**Ms Vardon**—I am not so worried about them having to do front counter work. What I am concerned about is your statement that they have to work on weekends. If people have to work overtime they get paid to do it. If people are working overtime and not getting paid to do it, I am very concerned.

**Senator FORSHAW**—The report also highlights the fact that complex policy legislation may be a cause of mistakes. Do you agree with that conclusion?

**Ms Vardon**—The reason I used the special benefit example before is that we have to think better about how complex work gets done. We have increased the number of complex assessment officers. A generally trained customer service officer has more difficulty in dealing with complex work than others. So one of the things we try to do is give the complex work to the people who have the skills and knowledge to do it. We have complex assessment officers and other people who we are bringing back, and have brought back, into special back office processing units to do complicated work. As an organisation, we have a capacity to do complex work, but I think we have to be very careful not to expect every customer service officer to do the more complex work.

**Senator FORSHAW**—Would you agree that, for instance, policies such family tax benefit have caused difficulties for customers and, as a result, for Centrelink?

**Ms Vardon**—I do not think I should comment on policy. I know that in our organisation we work very hard to give the best service we can to families who are beneficiaries of family tax benefit, but I am not here to comment on policy.

**Senator FORSHAW**—But the method by which family tax benefit is now paid—

**Senator FORSHAW**—It is dealt with in the report, isn't it?

**Ms Vardon**—Centrelink's job is to implement the policy of the government of the day. It is not up to me to sit in judgment of it; it is up to me to interpret it and make sure it gets implemented properly.

**Senator FORSHAW**—I am not asking you to comment on the policy as such; I am asking you about the impact of the policy on Centrelink's workload and mistake rate, particularly in the light of the comments in the report. Do you agree with their findings?

**Ms Vardon**—Family tax benefit has many dimensions in terms of a mistake, and it takes some people a while to understand—lots of citizens now understand better—some of the complexities of it if they have a lumpy income. It is not necessarily a mistake, but it requires our people being able to explain it to them properly. Sometimes people come in with a perception of a mistake. Generally, we are pretty accurate with our family tax benefit payments. It is up to our people to help the citizen understand them better, as best they can.

**Senator FORSHAW**—Thank you.

**Senator McLUCAS**—I want to ask some questions about the change in approach two years ago to the case management of Abstudy applicants in Cape York Peninsula and the Torres Strait.

**Ms Vardon**—We are just going to find someone. Could you just wait one minute?

**Senator McLUCAS**—Certainly.

**Ms Vardon**—I think you are going to require a more technical answer than we can give. Senator, could you ask us the question and we will see if we can reply?

**Senator McLUCAS**—Two years ago, there were a significant number of children—my assessment was 60—who did not get to school by Easter. Centrelink changed their approach to working with Abstudy applicants and developed what they called the case management approach. What I am interested in knowing is how that approach is going; has it been successful in achieving its key performance indicator, which was a number of children at school on day one; and are there any statistics or data that would give me some information, let us say, about where we are up to?

**Ms Vardon**—This issue is very important to Centrelink because our customer service officers spend a lot of their time trying to get kids to school or keep kids in school. The answer lies not in Centrelink alone but also in the state education department and the Commonwealth department of education. We have been working very closely together as a team up there in central North Queensland to get those kids to school. For example, we could get a young person to boarding school, only to find that they turned up with no clothes for the term. So it was a much bigger issue than just getting kids to school. Barbara, do you have any more information on that?

**Ms Causon**—Certainly over the last 12 months the area of central North Queensland has worked very hard to improve Aboriginal students' participation in education and they have developed a number of strategies and we have put them in place for the commencement of this school year.

**Senator McLUCAS**—Is it this year or also last year?

**Ms Causon**—Certainly some work was done last year, but increasing the workload in the build-up to the commencement of this school year.

**Senator McLUCAS**—There was the appointment of an Abstudy officer based in the Cairns office?

**Ms Causon**—There is an Abstudy team in Cairns that works with communities right across the Cape and the Torres Strait islands.

**Senator McLUCAS**—That reorganisation did occur?

**Ms Causon**—Yes.

**Senator McLUCAS**—One of the other proposals was that Centrelink community agents—they exist anyway—

**Ms Causon**—Yes.

**Senator McLUCAS**—but there was to be a series of training programs so that those people could much better manage the on-the-ground information flow from remote places to the Abstudy office in Cairns.

**Ms Causon**—Yes.

**Senator McLUCAS**—What training did those people have?

**Ms Causon**—The national training package for our agents is currently being revised. There is certainly a part of that training package which includes information on Abstudy. In areas, central North Queensland in particular, our staff from the Abstudy team have been working quite closely with agents. We rely on agents to get us information in terms of students actually getting on charters and getting into the major centres to commence their education. So they are working quite closely with our agent network across the Cape and the Torres Strait.

**Senator McLUCAS**—I thought there was going to be a roll-out of training where people actually went out into these places and trained the Centrelink agent on the ground.

**Ms Causon**—That is an ongoing role that our customer service centre staff have; a responsibility for ongoing training of all our agents in terms of their role. In central North Queensland, though, there has been some particular work done about better informing. But the Abstudy team from Cairns is doing a lot of that travelling out on the ground talking to communities.

**Senator McLUCAS**—I will come back to the travel budget and that might be on notice, but I need to know what extra money has been provided to the Cairns office in order to do that, because it is extremely expensive, as you know, to travel into these remote places. Most of it has to be done on charter.

**Ms Causon**—Yes.

**Senator McLUCAS**—The other part of the package was a trial of employment of local people to be able to work, especially, in that key month of January. I remember last year people told me that Centrelink would employ local people to simply ensure that that person got on the plane. Did that occur?

**Ms Causon**—I would have to take that on notice.

**Senator McLUCAS**—I would appreciate knowing that. I do not want to know who was employed but I would like to know in what locations local people were employed for that work. Part of the other strategy was not only getting children to school but improving retention at school. Can you tell me what was done in order to do that and how successful that was for last year?

**Ms Causon**—I could not give you the full detail of that. I would probably prefer to take that on notice.

**Senator McLUCAS**—Thank you. The sort of data that I think would be really useful to promote children being at school is being able to say, yes, we have had an increase of this percentage of children staying at school. I think that feedback to the community would be terrific where we can actually say: 'Look, it's working; our kids are getting an education.' Let us pat ourselves on the back when it works.

**Ms Vardon**—We are in there 100 per cent, but it requires the cooperation of the state education department too, which I might say we are getting a lot of. Everybody has to pitch in to get these figures up.

**Senator McLUCAS**—I am interested that you say it is the state education department. Most of these children do not go to state schools.

**Ms Vardon**—And earlier on I mentioned DEST. It is tripartite. We are all working together.

**Senator McLUCAS**—But these children, by and large, are not going to state schools.

**Ms Vardon**—I understand that. But the state people are involved in it because they want to make sure they get education.

**Senator McLUCAS**—Absolutely. The key performance indicator is the number of children at school on day one of the changed approach. Do you have any data—I am sure you do not—on what has occurred on 27 January, or whenever it was, this year as compared with last year? I would also like to compare that with the year before when it was not a good year. Could you take that on notice?

**Mr Bashford**—There are statistics around that, but we do not have them here. We can certainly get them.

**Senator McLUCAS**—That statistic is hard to find and it may not even be available yet. It is the number of children who receive Abstudy eventually compared with the number who were receiving Abstudy on their school's first day. It is not an easy statistic to get.

**Mr Bashford**—No. We will do our best though. We are in the middle of a review of Abstudy and our practices and processes. It may be that we have gathered quite a bit of intelligence there.

**Senator McLUCAS**—Another problem that has come to my attention in more recent days is the continual problem of the Abstudy hotline. I understand that based in Cairns there is a hotline that people from remote places call. I need to confirm that that is, in fact, the case. But I am still hearing about people who are from very remote places who perhaps do not know about that phone number and are still getting through to call centres in places right across Australia whose staff, because they simply do not know the geography, are providing inappropriate advice. I am not being critical of that staff, but that is why you need call centres located in regions. Can I find out whether that hotline is still functioning? If it is, how are we telling communities to ring not the main Centrelink number but this other number and ensuring that people are being given good advice about travel arrangements?

**Ms Causon**—One of the ways we have dealt with that is that we have just reissued the Abstudy guidelines for communities to use. They include clear information about where to call to get detailed information about Abstudy—because, as you say, it is quite complex.

**Senator McLUCAS**—How do you send that information out?

**Ms Causon**—It is sent out to community organisations. There is a guide for educational providers and a guide for communities, which is a lot simpler to understand. It certainly has clear information about where to call for detail about Abstudy and its complexities.

**Senator McLUCAS**—When you say that you send it to community organisations—

**Ms Causon**—Quite often our staff take it out with them when they travel. Also, as I have said, a lot of work has been done in face-to-face work with communities in the Cape York area over the last six months.

**Senator McLUCAS**—Could I get a copy of those guidelines?

**Ms Causon**—Certainly.

**Senator McLUCAS**—Another issue that was not covered off in the response was the problem with the design of the form. The last time I spoke with you, you said—not you personally but Centrelink—that the form was not going to be redesigned. Has any attention been given to again reviewing the form to see whether it can be made a lot more customer friendly?

**Ms Causon**—Yes. Significant work has gone on between Centrelink and DEST on revision of the Abstudy forms, particularly for those who are accessing only certain parts of Abstudy so that they are not required to fill in a detailed form every time they want to access only one part of Abstudy payments. Our service integration shop is working quite hard on simplifying those forms.

**Senator McLUCAS**—Have they been ready for this school year?

**Mr Bashford**—No, I do not think they have.

**Senator McLUCAS**—I was advised that the form required for enrolment at a school was different from the form required for enrolment at a residential institution. That was a problem

in itself where children were boarding at a residential college but going to a different school. Has consideration been given to trying to meld those forms so that people will fill one form in? My advice is that people simply did not know they had to fill in two forms if their child was going to two different institutions.

**Ms Causon**—I cannot answer that exactly. I would have to take that on notice. As I said, certainly a lot of work has gone on around simplifying all the Abstudy forms.

**Senator McLUCAS**—That is very good. Has the Abstudy component of the Centrelink office in Cairns been given extra money so that its officers can afford to do the travel that they are required to do?

**Mr Bashford**—Generally the changes they have made have been within the budget they originally had for Abstudy. They have stopped doing some things which were perhaps not good value for money and have used the money differently. I do not think we would have specifically given them an additional amount of money for those things. They have generally taken it off their own bat to operate within that budget but are doing things differently.

**Senator McLUCAS**—Can you tell me what things they have stopped doing?

**Mr Bashford**—Not off the top of my head, I am sorry, but we can get a report or something from CNQ.

**Senator McLUCAS**—No, do not bother following that up, because I have a very good relationship with the office in Cairns and do not want to make work for the officers there.

**Ms Causon**—They have certainly done a lot of work around service profiling in looking at which customers have greater needs, concentrating the effort they might have put into the easy to service customers more into remote customers and those who need more assistance. They have done a profile identifying which customers need the more intensive type of service.

**Senator McLUCAS**—Perhaps I can just say that I am a little concerned, Mr Bashford, about your comment, ‘We have stopped doing some things in order to fund the travel budget into Cape York and the Torres Strait.’

**Mr Bashford**—No, I did not say it quite like that.

**Senator McLUCAS**—That was the impression I got.

**Mr Bashford**—We are constantly looking at ways of doing things better, and that often means that we do not do some things one way but do them another way. The whole of Centrelink is doing that. CNQ, Central North Queensland, certainly took a particular initiative to do that in relation to Abstudy.

**Senator McLUCAS**—I need to compliment your staff; they have worked very hard. But I also want to know where the successes are, so that we can continue to ensure that the message is consistent from those of us right across the spectrum.

**Mr Bashford**—Sure.

**CHAIR**—That concludes Centrelink, from what I understand.

**Senator FORSHAW**—I have a couple of questions to Ms Vardon on the DBM report, which I will deal with after lunch. They will follow up on a question that was asked earlier, but I need to consider something over the break. It is not a question that goes to new issues with Centrelink.

**Mr Bashford**—Can we release the officers seated behind us?

**Senator FORSHAW**—Yes, you can.

**Proceedings suspended from 12.43 p.m. to 1.47 p.m.**

**CHAIR**—Proceedings will now recommence. I believe Senator Forshaw wants to declare ‘*mea culpa*’.

**Senator FORSHAW**—I am quite happy, Chair, to acknowledge a mistake. I am sorry if we gave some wrong advice during the proceedings just before we suspended. There was just a bit of a misunderstanding about what other programs we had to deal with concerning Centrelink. I appreciate the efforts of Ms Vardon and the other officers in ensuring that we have the relevant officers available this afternoon.

I did also indicate that I wanted to return to the discussion we were having about the impact of policy complexity on the ability of Centrelink to service the needs of its customers. I stress that I am not asking you to comment upon the policy of the government with respect to things such as family tax benefit. You would agree, would you not, that policy complexity can impact upon the ability of Centrelink to service the needs of its customers?

**Ms Vardon**—You have to understand what Centrelink is. I would not agree with that statement, but I am not trying to say that it does not have some truth in it, particularly if you are a customer service officer. We have some very sophisticated tools inside our organisation. We have an e-reference suite. We do not have paper manuals anymore in our organisation; inside our computer we have a total analysis of every step that needs to be taken for every program that we deliver for our client departments. It is written simply and, for the most part, there is a fairly clear understanding about eligibilities, and staff are able to answer most questions and understand the steps.

There are some instances—it is usually at the taper end of payments or with some very isolated special benefit of some kind—where real expertise is required. We have a capacity in our organisation to deal with that complexity in special places. As I said before, a new customer service officer could not possibly understand everything that we have to do, but nor do we expect them to. There are team leaders. There are what are called quality checkers, and there are lots of other people who are put in place behind the front-line customer service officers to help them unravel most of the work that we have in front of us. Then we do have specialties, so in family policy we have people who have expertise in family payments. In youth and students policy we have people who build expertise in youth and students policy. There are very few places—I think Whyalla is probably the only one I can think of—where every staff member knows every single payment. But it is up to our organisation to respond to any complexity in public policy, and that has always been the case.

**Senator JACINTA COLLINS**—I think Senator Forshaw is talking not so much about individual staff members but more about whether the systems can adapt to the complexity. We

know over time the problems we have had with different payments and whether they have taken into account income from other sources or, indeed, from other payments. There are some cross-matching issues. There has been a whole series of these issues that have in part related to a growing complexity of policy across tax and benefit payments.

The issue is that, if your internal processes are identifying the complexity as an issue for the agency, it is not just an internal exercise, is it? It is incumbent upon Centrelink as an independent agency to indicate to government if there are problems with how you can create and adapt systems to deal with the complexity of how payments have been made. In fact, this was the agenda behind many of the family payment reforms or attempts at family payment reforms from a decade ago, because the advice was that complexity was making the system very difficult to manage. What comes to mind with something like the DBM report and, indeed, the Ombudsman's report from 2001 is that, if such reports are highlighting that policy complexity is an issue or a problem in delivering benefits to clients, isn't that an issue that Centrelink should be taking forward to the government?

**Ms Vardon**—I would like to give you one very good example. I do not think the three client departments would mind if I use it, because to some extent you are correct. The Department of Education, Science and Training, the Department of Family and Community Services and the Department of Employment and Workplace Relations all require us to assess an individual through their own assessment processes and to make certain referrals. It can be quite complex to have someone in front of you with three different pieces of business, particularly if you are a citizen who is at—I will not say the 'collision point'; that is a bad word—the point where those three agencies connect.

One of the things that we have done in our organisation with the support and encouragement of the secretaries has been to design one assessment system which will then stream people appropriately into the range of services. We did take that up, we have had support from those secretaries and we are now building that tool. We will not be defeated by complexity. The social security system in Australia has always been complex, but it is up to us to sit back and think of different ways of delivering it so it is easier for citizens and for our own staff. Three years ago we did set up a service integration shop in our organisation with the specific purpose of simplifying all the connections between the citizen and bureaucracy. The other big project that is coming through that is the customer accounts, but I referred to that earlier. But you are right: we do have a responsibility, but we look at what I call the spaghetti—the back office simplification—so that we can in fact cope with whatever the policy complexity is.

**Senator JACINTA COLLINS**—But, again, as an independent agency, if the solution is that the policy itself rather than how you administer it needs to be simplified, is it not part of your role to be making those recommendations to government as well?

**Ms Vardon**—And we do from time to time. Sometimes our people come up with a good idea and we feed that back into the agencies.

**Senator JACINTA COLLINS**—A moment ago Senator Faulkner was pointing out to me that someone—I think they were from the focus groups—made the point about prospective annual income assessments. Is that an issue that Centrelink has taken up?



**Ms Vardon**—Centrelink has been invited by Minister Patterson to give her some ideas about how we can streamline the processes associated with family tax benefit. We responded to that invitation.

**Senator JACINTA COLLINS**—I will not ask you the detail of it as I presume it is a matter under current consideration.

**Senator Patterson**—Active consideration—with the emphasis on ‘active’.

**Senator FORSHAW**—There was one other matter that I understood you were going to report back to us on after lunch regarding the answer provided to question No. 1.

**Mr Bashford**—I sought some verification from Senator Forshaw about what exactly he would like. At the end of the day, I think, Senator, you are asking if we could at least list the internal projects that underwent that minor slippage.

**Senator FORSHAW**—That is correct.

**Mr Bashford**—We will need to take that on notice.

**Senator FORSHAW**—In the answer, when you talk about other projects, that is what you are referring to?

**Ms Vardon**—We have to go back to the project office and look at it. We will pick the ones that were pushed out—a month or two or three—in that time.

**Mr Bashford**—Some of them have no effect. We will pick out those where we thought there was some slippage.

**Senator FORSHAW**—My concern was that the answer provided on notice said the 1½ per cent budget reduction has been applied across all internal projects—and it listed three. Then it said ‘other projects’. There was not very much detail there. I would like as much detail as you can give, particularly in regard to the other projects.

**Mr Bashford**—You appreciate that some of these are quite big projects and you can be within plus or minus two per cent in terms of the final outcomes for some of these things. We will do our best and get you some more information on those.

**Senator FORSHAW**—Thank you very much.

**Senator JACINTA COLLINS**—I would now like to discuss the parental income linking project.

**Ms Vardon**—I think Family and Community Services will respond to that.

**Senator JACINTA COLLINS**—Shall I defer my questions for them?

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—How about the spousal income pilot?

**Ms Vardon**—Do you have a lot of questions on that?

**Senator JACINTA COLLINS**—Half a page—so, whatever that means!

**Ms Vardon**—Is that 10 questions, one a line or—

**Senator Patterson**—Or one long question?

**Ms Vardon**—I am not sure that we have an expert here.

**Senator JACINTA COLLINS**—Why don't I try.

**Ms Vardon**—Okay, we will see if there is anybody who can assist.

**Senator JACINTA COLLINS**—The government extended a 2002-03 compliance pilot to 2004 which examines the spousal income of Centrelink payments recipients. Can you report on the progress of the budget measure to extend the checking of spousal income of welfare recipients?

**Mr Hartland**—I do not like coming to the table and immediately taking questions on notice, but could we take that on notice? We should be able to get some information to you fairly quickly.

**Senator JACINTA COLLINS**—Can I just clarify whether the relevant officer, because of the earlier mix-up, is not here or if it is something—

**Ms Vardon**—Phil Richardson, who knows, has left, unfortunately. He was one of the first out, not because he wanted to leave in a rush. By the time we got the message we had lost him.

**Senator JACINTA COLLINS**—Is there a chance he is coming back? I will defer this until later if it would be useful.

**Ms Vardon**—No, but he is in Woden. We could get him back.

**Senator JACINTA COLLINS**—It might be better than waiting for it to come back to us on notice.

**Ms Vardon**—We will get him back.

**Senator JACINTA COLLINS**—Let us move quickly through the other issues to see if anything else like that applies. Can you answer questions on the public compliance campaign?

**Mr Hartland**—Yes, I can give you some information on that, Senator.

**Senator JACINTA COLLINS**—Could you outline the outcome of the campaign which was undertaken post budget 2002-03?

**Mr Hartland**—Broadly, it was very successful. Our monitoring showed that the campaign was successful in improving customer awareness of their obligations to notify us on a range of issues. Our assessment of the savings commitment of the campaign showed that it has slightly overachieved the targets that we committed to government.

**Senator JACINTA COLLINS**—What was the nature of the monitoring?

**Mr Hartland**—We did some focus group exercises with customers.

**Senator JACINTA COLLINS**—Have you got a report from those focus groups?

**Mr Hartland**—Yes, we have.

**Senator JACINTA COLLINS**—Could we be provided with a copy of that?

**Mr Hartland**—I will take that on notice.

**Senator JACINTA COLLINS**—Is that something you need to take on notice or is that something that you can provide after today?

**Mr Hartland**—I have the executive summary with me, but I do not have the full report.

**Senator JACINTA COLLINS**—For now, could you table for us the executive summary and forward the report? I am trying to avoid where possible the situation where we end up waiting two to three months for some of this material.

**Mr Hartland**—Sure. I understand.

**Senator JACINTA COLLINS**—We tried to do that last time but unfortunately it got held up with everything else until the very end as well.

**Mr Hartland**—Do you understand what I mean, Mr Sullivan?

**Mr Sullivan**—Yes. I am just deciding whether I will table the document or not. Tabling a document needs the same sort of clearance process as answers and I would not agree yet to table the document. We will have a look at it and see.

**Senator JACINTA COLLINS**—I asked the question; you answer whether tabling that is appropriate or not. In a broad sense, what were the impacts on customer and non-customer behaviour?

**Mr Hartland**—We anticipated that the campaign would lead people to contact Centrelink to declare changes in circumstances. Broadly, that has happened. People have been notifying us more often about when, say, their rental circumstances have changed and when their partners' incomes have changed. These were things that we felt needed to be addressed by a communications campaign. In terms of customer impact, people have become more aware in-depth of their obligations. We found that people were aware, say, that they had to tell about their own income but were not as clear about things like rent levels, living arrangements, partner income and stuff like that. That has been the impact on customer behaviour. Our tracking research shows that since the campaign ceased that has started to fall off. In terms of non-customer behaviours, we anticipated that a publicity campaign would lead to more tip-offs, and that does also appear to have been the case.

**Senator JACINTA COLLINS**—To what extent?

**Mr Hartland**—I do not have the tip-offs separated out; I only have in my mind—

**Senator JACINTA COLLINS**—That is something you could tell me on notice. You mentioned focus groups and your tracking research. Were there any other components of the research? How many people did the focus groups cover?

**Mr Hartland**—The focus groups by their nature are not large. I think there were about 40 or 50 people in each. But that is in the report.

**Senator JACINTA COLLINS**—Forty or 50 in the focus groups?

**Mr Hartland**—I would have to look at the report.

**Senator JACINTA COLLINS**—That is a huge focus group.

**Mr Hartland**—Can I take that on notice, Senator? That is a fair enough point. In terms of other research, we did things like monitoring calls to the dedicated call line to see what the

characteristics of the people that were calling in were and what the results of that were. We did that monitoring and tried to attribute things like other contacts around tip-offs and stuff like that.

**Senator JACINTA COLLINS**—You may need to take some of my next questions on notice. What were the impacts on particular customer groups and subgroups, to the extent that you know? Has a cost benefit analysis been undertaken on the campaign?

**Mr Hartland**—I guess the monitoring and savings exercises that we do are a cost benefit analysis. They show that we certainly got more savings than costs. We anticipated that we would get about \$36 million net from the campaign above the costs, and we got about \$39 million.

**Senator JACINTA COLLINS**—So you came in above estimates.

**Mr Hartland**—I do not have the cost basis so I cannot tell you what the cost benefit ratio was.

**Senator JACINTA COLLINS**—Coming in above estimates is a good sign on savings. You do not often see that. Can you take me through the methodology of the cost benefit analysis, how you calculate that? Take that on notice if you need to.

**Mr Sullivan**—That is budget costings. The methodology is the finance department's. We put forward a budget submission and the finance department concurred with the costings.

**Senator JACINTA COLLINS**—I do not know if you are aware of a conversation I had with the finance department the other day in relation to, for instance, in-home child care, where obviously the costing was so out of skew with program implementation that we came hardly anywhere near the number of places that were announced by the government at the time. I am interested in understanding how these cost benefit analyses are actually reached. If their origin is in FaCS, although then concurred by the finance department, it should be FaCS that provides us with the material of their nature.

**Mr Sullivan**—That is asking for the budget costings document of a budget measure, and you are not going to get that.

**Senator JACINTA COLLINS**—I am not asking for that. You can provide me, for instance, with the nature of the assumptions used to arrive at the figures and the methodology.

**Mr Sullivan**—Okay.

**Senator JACINTA COLLINS**—In terms of the impacts, were they similar to those that were reported in the UK and New Zealand? If so, how? If not, what were the differences?

**Mr Hartland**—The campaign we had was slightly differently focused to the one in the UK, in that it was trying to encourage more voluntary compliance. I think the UK one was a bit more direct.

**Senator JACINTA COLLINS**—What were the differences in terms of outcomes?

**Mr Hartland**—Sorry, I do not know the outcomes of the UK ones. We would have to check to see what information we have about their outcomes and indeed whether they were presented as savings measures.

**Senator JACINTA COLLINS**—If you could, please do.

**Mr Hartland**—Okay.

**Senator JACINTA COLLINS**—Did you identify any weaknesses in the campaign?

**Mr Hartland**—No, we have not done a full evaluation. But there is nothing from the monitoring groups that tells us that there was a weakness in the campaign.

**Senator JACINTA COLLINS**—Do you expect to run a similar campaign in the future, particularly since you have indicated that in some areas the advantages have started to fall off?

**Mr Hartland**—I think that is a matter for government.

**Senator JACINTA COLLINS**—There are none that you anticipate at the moment? There is nothing that the government has indicated it wants to carry out at this stage?

**Mr Hartland**—Not at this point, no.

**Senator HARRADINE**—Some of these questions might be of a technical nature. I would like the information in dollar amounts, but if you cannot perhaps you could take it on notice. Do you have a table which shows how many Tasmanian families are receiving family tax benefit part A, family tax benefit part B and the maternity allowance and the total amount paid for Tasmanian families? Do you have a similar table which shows the amounts paid overall for Australia?

**Senator Patterson**—Not state by state; just Tasmania and overall?

**Senator HARRADINE**—Yes, that is right.

**Ms Vardon**—We would have to take it on notice. We will compile that and send it to you.

**Senator HARRADINE**—You will have this figure, no doubt: how many families in Tasmania have family payment debts? What is the amount currently owed?

**Mr Sullivan**—We have not got the disaggregation of family tax matters by state. We can draw it out but we will have to take it on notice. We regularly report to this committee on all of the matters that you have raised but we report in an aggregated fashion and we have never been asked before to break it up.

**Senator HARRADINE**—I was at another committee meeting yesterday and it was difficult for me to get into the discussion on the matter when it was before the chamber. I thank the chair and other senators and the minister for allowing me at this stage to come in and ask questions. What is the department doing to assist families to minimise this debt?

**Mr Sullivan**—We are right into outcome group 1 now of FaCS. The department is doing much to assist families inaccurately estimating their income. The major reason why overpayments are incurred in the family tax benefit system is that people misestimate their income. As a result of misestimating their income over an annual period about 30 per cent of families incur a debt.

**Senator HARRADINE**—Mr Sullivan, I do not want a lecture on what may or may not occur to accrue that sort of debt. I want to know precisely what the department are doing to assist families in minimising the debt.

**Mr Sullivan**—What I was trying to say—and I will stop using that approach—is that the first thing we were doing was analysing why there was debt and understanding it. The second thing is to assist people through a program called More Choice for Families to identify when they are in a circumstance where an overpayment may occur and to seek advice through the Centrelink network as to the impact of a change in circumstance, be it a differential in their income or another change in circumstance, or to use the online services to be able to do a calculation as to what a change of income may do to their family tax benefit and whether it may result in incurring a debt. Having done that, we present the family with a group of choices whereby they can seek to volunteer to alter their family tax benefit to ensure that at time of reconciliation when they lodge their tax returns and their entitlement is calculated that the chances of a debt or an overpayment being incurred are minimised or, if there is an overpayment incurred, that that overpayment is minimised.

Separately, the minister has instructed us to look at the forms of communication that we have with families over the family tax benefit from claim forms through to other information—brochures and communication that we have with families—and to ensure that we are presenting to families on every occasion a simple explanation of what sorts of circumstances they need to be aware of whereby a reconciliation debt can arise. This gets back to understanding the annualised way that the family tax benefit entitlement is calculated.

**Senator Patterson**—There is a very important word that will not have escaped your notice but which I want to emphasise. Mr Sullivan said ‘volunteer’. A person can contact Centrelink and say that they have had an increase in their income and an officer can suggest one of the choices that are available: that is, to not have family tax benefit from then on until the end of the year or to reduce it—there are a number of choices. But we cannot force them to do that, even if they are advised that their increased income could result in an overpayment. That is why I am emphasising the word that Mr Sullivan used—‘volunteer’ to change their payment rate.

**Senator HARRADINE**—How many overpayments were the fault of the department over the last 12 months?

**Ms Curran**—There have been about 2,000 appeals to the SSAT on FTB issues. In over 70 per cent of those cases the decision-makers initial decision has been upheld. Most appeals to the SSAT are around FTB debt issues. Many families often think that there might be an error on the part of the department when in fact they have misunderstood the nature of the annual income test or they advised of a change in their income too late in the financial year for them to avoid an overpayment unless they take a change to their payment rate.

**Senator HARRADINE**—I understood that the department acknowledged that there were debts incurred as a result of a departmental fault. Has there been no admission by the department that it has in certain areas been in error?

**Ms Vardon**—It is Centrelink that administers the payments and it is Centrelink that has been under scrutiny more recently for alleged mistakes. As a general rule, we do very well in family payments. We do not often get appeals that are successful. In your area we have very good people who go out of their way to try and make sure that families make the right choices. But it is not an area of high error. It is an area where some people have to come back

for extra information from us. As you have already heard, people need to have a look at some options because their circumstances change so rapidly.

**Senator HARRADINE**—I must have misunderstood it but somewhere I had heard that the department or Centrelink had acknowledged that some of the debt on certain issues in certain circumstances was a result of a departmental error.

**Mr Sullivan**—There have certainly been instances in the SSAT where administrative error has been admitted. The SSAT team considering an appeal on a family tax benefit matter can make a finding of administrative error and seek to have the overpayment waived where not waiving it would cause severe hardship. In some instances of appeals before the SSAT there has been an acknowledgment that administrative error has occurred.

**Senator JACINTA COLLINS**—Just before you move on, there was an early issue in relation to debts when Centrelink was not adjusting people's payments on advice of income changes. That was one time very early in the piece—it was not very early: it took far too long to identify—that Centrelink did not have in place a process to, on being advised of a change of a family's income, to encourage the people concerned to look at whether they wanted to modify their future payments within a financial year to avoid a debt. In fact, there might have been a legislative concern with this as well.

**Senator Patterson**—That is what I was just saying. Centrelink can advise them and encourage them but, once they tell you their income has increased, if they say, 'No, I'll deal with that at the end of the year, it's all too much,' we have no authority to actually decrease or change their payment.

**Senator JACINTA COLLINS**—No, I am alluding to an earlier matter. The problem was that Centrelink did not have in place a process to do that in the earlier stages of this system.

**Mr Sullivan**—More Choice for Families gave the options available to both the clients and Centrelink to be able to adjust the forward benefit. Prior to that you could only adjust the forward benefit marginally even though you were aware that it was going to create an eventual overpayment. You could not do anything more than what the change in income estimate would result in.

**Senator JACINTA COLLINS**—Despite a customer's request.

**Mr Sullivan**—But that is not an error. It was not available to Centrelink. There was no policy that said you could do it.

**Senator JACINTA COLLINS**—I am not saying this is an error; I am saying it was a problem with the system.

**Mr Sullivan**—I thought it was in the context of administrative errors. There is no administrative error in that instance.

**Senator JACINTA COLLINS**—No, it was a systemic error that did not allow, even if people chose to, adjustment of their payments to avoid a debt.

**Senator Patterson**—They can now. Let us move on.

**Mr Sullivan**—The policy was that you could not.

**Senator JACINTA COLLINS**—Precisely. That is the point.

**Senator FORSHAW**—I have some questions about compliance measures. Firstly, when you institute new data-matching programs, what is the arithmetic that is used to arrive at the likely impact of the measure?

**Mr Sullivan**—We generally implement new data-matching techniques through pilots. The arithmetic in a pilot study is a little bit less scientific and precise, of course. We have a good idea of the data we may be able to access. We have a good idea of our client base in respect of how many people would be in a circumstance where that data match may produce a result and we trial and we pilot. Generally, if we then extend the pilot to a full-scale data match, we use the result of the pilot as a basis for the arithmetic of saying that, if the general population result can be worked through from the pilot study, this is what it will mean. We just look in scalability whether there is any noise in that data or any change in the data structure that would suggest otherwise than just being able to take that data through.

**Senator FORSHAW**—Is there a rule of thumb that takes account of the number of matches and ascribes to them an average saving?

**Mr Sullivan**—As I say, when we design a pilot there are probably rules of thumb. When we have done the pilot and we are producing a full-scale measure, we have then a fair idea of the scale of matches and what scale of savings will come with a match, and that is what goes into the costing figures.

**Senator FORSHAW**—Is that a yes?

**Mr Hartland**—There is some variability depending on what characteristic you are looking for in the customer, what group of customers and what method. There is no set formula that would allow you to go from matches straight to dollar outcomes. As Mr Sullivan said, it is a matter of finding out what the customer group looks like, what data sources we have available and what the return from reviews is.

**Senator FORSHAW**—Can you describe how some of the existing programs work in terms of the savings ratio from data-matching?

**Mr Sullivan**—What do you mean by savings ratio?

**Senator JACINTA COLLINS**—Cost savings. The cost of the compliance program and what it generates in savings.

**Mr Sullivan**—Savings levels, yes. In ratio I was thinking of something over something. I was not quite sure what you meant.

**Senator JACINTA COLLINS**—Cost benefit.

**Senator Patterson**—We could do a comparison with 1996 and look at the difference. I think you would find it quite significant.

**Senator FORSHAW**—Mr Richardson, you were actually going to answer the question.

**Mr Richardson**—Yes, the ratio varies from one type of data matching to another, and we do quite a number of different sorts of data matching. But in a lot of cases it would be one to six, one to seven, one to eight or one to nine. It can be six, seven, eight, nine or 10 times depending on the particular type of data matching and it also varies from year to year. The results you get is a function of the activity that occurs and it is not perfectly even across the



years. So it does vary, but it is that sort of a ratio. It returns typically somewhere between \$6 and \$10 per dollar spent.

**Senator FORSHAW**—So one to six up to one to 10.

**Mr Richardson**—Yes, and there would be variations on that, but I am just giving you a representative sort of range.

**Senator FORSHAW**—This is for data matching. What about other forms of compliance?

**Mr Richardson**—Again, they vary. Some of them are more labour intensive than others. For example, the work that we do on the cash economy is quite labour intensive. This is where people are taking cash payments and are not in the normal economy. In other words, there is no tax return information provided by the employer to the tax office in respect of the employee because there is just a cash payment made. They are hard to detect and we have done a fair bit of work in fruit picking and those aspects of the rural economy. It certainly pays for itself many times over, but it is a pretty labour intensive operation. I have not got the figures to hand on that, but I could get them—that is, what sort of returns we get for those. For example, we could provide the number of reviews that are undertaken in each data matching type and the returns that we get as a result of those reviews. We have that sort of data split up by type of review.

**Senator FORSHAW**—If you could supply that to us on notice, that will be useful. Thank you. When you are putting together new compliance on data matching initiatives, are your assumptions checked independently?

**Mr Hartland**—From time to time we employ consultants to make sure that our view of what the customers look like or the likely effectiveness of a technique is right, but we do not necessarily or routinely, as a step in developing new policy, have it as mandatory.

**Mr Sullivan**—I think the other thing to remember is that you have got two separate independent agencies working on an issue together. At one level we are cross-checking each other's assumptions—FACS from a policy and strategy level, Centrelink from a strategy and delivery level. Centrelink is critically aware that if we propose a budget measure with compliance savings the onus is on its delivery arm to be able to deliver that, and that gives it good cause to make sure that the sorts of assumptions that are in the model are well founded, and at the same time we look for, firstly, the costs that Centrelink will incur in delivering a new measure and, secondly, that we have as much interest as it does that you can actually deliver the sorts of savings. Our record in compliance is very good. If you look at the Department of Finance savings monitoring programs over many years, compliance savings generally meet or exceed budget estimates. The other thing I would say about compliance measures is that we tend to concentrate on the compliance aspects of them. To each of these measures we also try to have a preventive element, that is, we are quite public—we talked about the public awareness campaign before—and we are quite open about the fact that we do this checking. Part of the reason we do that is to make sure that we get a preventive type dividend as well as a compliance dividend. For instance, now we probably get nowhere near the return that we used to get on data matching around interest income out of banks, because people are aware now that if you earn interest in a bank we will find out about it. It is declared. Whereas several years ago people thought you would probably get away from it.

**Senator FORSHAW**—I am trying to remember the last time I had interest from a bank that was large enough to include on my tax return.

**Senator Patterson**—Any amount should be included on your tax return.

**Senator FORSHAW**—Yes, it is. But if it is less than \$1—

**Senator Patterson**—Sometimes I have had to put down a dollar for an account.

**Senator FORSHAW**—You give it to the tax agent and he looks at you. The department of finance actually critiques the calculations, the arithmetic, does it?

**Mr Sullivan**—Before you take the measure to government, you must have the costings agreed with the Department of Finance and Administration, and it will test your assumptions.

**Senator FORSHAW**—That is what I am saying; it critiques that. And you said you also use consultants?

**Mr Sullivan**—On occasions. There is not a great deal of external expertise in this area available to us. We have a large body of knowledge in Centrelink and in FACS on this sort of work.

**Senator FORSHAW**—Do you have any consultants engaged at the moment looking at the compliance of this issue and particularly whether or not your compliance programs are achieving the results that have been predicted?

**Mr Hartland**—Yes. The Allen Consulting Group has been looking at the compliance system this year for us.

**Senator FORSHAW**—When was it engaged?

**Mr Hartland**—I believe earlier this year—sorry, last year. I would have to check the records to find out precisely when.

**Senator FORSHAW**—Can you tell us what the terms of reference were?

**Mr Hartland**—Basically to look at the efficiency and effectiveness of our detection and deterrence and prevention controls.

**Senator FORSHAW**—Can you provide us with a copy of the terms of reference?

**Mr Sullivan**—We will see what we can do. This review is actually a review commissioned by government. It came out of last year's budget. It is a review commissioned by government to report back to government in this year's budget process. It is not actually a commissioning of a review by FACS, although FACS and Centrelink are major parties to the review.

**Senator FORSHAW**—Can you check to see whether you can supply the specific terms of reference? But in broad terms it was to look at the efficiency and effectiveness of the compliance measures. Has the consultancy been completed yet?

**Mr Hartland**—No. It is very close, but it has not been completed.

**Senator FORSHAW**—Very close. So what then happens when they complete their report? Where will that go?

**Mr Hartland**—It is a report to government in the first instance. So it would be a matter for ministers then to consider.

**Senator FORSHAW**—Could you specify a little bit more about government?

**Mr Sullivan**—The Department of Finance and Administration, which has responsibility for the budget process and that went through the procurement processes for the review, will receive the report. And that report has been requested by ministers in respect of the 2004-05 budget process.

**Senator FORSHAW**—Thank you for that.

**Senator JACINTA COLLINS**—The first question was: can you report on progress on the budget measure to extend the checking of spousal income of welfare recipients?

**Mr Richardson**—The measure is in the process of being implemented. I have not got the latest figures to hand. I will see whether I can pick up something quickly from my notes. But this was the subject of some questioning last time by Senator Bishop. The latest information we have is that the estimates that we provided to the government in relation to the measure are expected to be achieved. This is based on our data to 31 January. We are seven-twelfths through the year, but based on the information we have got to that time, we expect that it will come in and achieve what was promised, and that was an additional 105,500 data matching reviews being completed and \$58.2 million in savings and debts being achieved in the financial year 2003-04. That was the annual target. Those numbers were the annual targets. Based on the performance to the end of January, we are confident we will achieve those numbers.

**Senator JACINTA COLLINS**—Can we have a breakdown of reviews by payment type, debts raised and money recovered for each year of the pilot?

**Mr Richardson**—For each year of the pilot? If we can, yes. I do not have that information to hand, but I could take that on notice.

**Senator JACINTA COLLINS**—Are you aware of why it would be a problem to get that?

**Mr Richardson**—Not offhand, unless we had trouble pulling out the debts from the others. But I do not think so. I think normally the debt component is separable. I do not anticipate a problem.

**Senator JACINTA COLLINS**—Can you also give us a breakdown of the age of debts? By that, I mean a profile of how many debts relate to overpayments in, say, 1996-97 et cetera?

**Mr Richardson**—I will take that on notice and see what we can do on that.

**Senator JACINTA COLLINS**—Can I also get a profile of debts in terms of how many overpayments relate to part of a single year and how many of them span two years, for instance? Much of this you will take on notice, but you are getting a feel for the sort of profile we are trying to ascertain. And can we also have this information by payment type? Can you confirm for me whether any overpayment action has resulted in people having to remortgage their family home?

**Mr Richardson**—I doubt whether we would have that information. Assuming someone had a debt, the debt would be raised. If the person chose to increase their mortgage or borrow some money—how they were to finance any part repayment or whole repayment of a debt would not necessarily be communicated to us.

**Senator JACINTA COLLINS**—Not necessarily, but does the debt collection process provide information on the extent to which debts have been pursued and whether such remedies have been sought?

**Mr Richardson**—I can take it on notice and we will see what information we have got on that.

**Mr Sullivan**—The great majority of debt is recovered through continuing payments that people have from Centrelink. Where a person who ceases eligibility for a payment from Centrelink, then Centrelink seek to recover that amount from the individual as a lump sum. There would not be data. If you are asking, ‘Can you tell us what your debt recovery escalation strategy is?’, yes, we can do that. To ask, ‘Did they pay it by using a personal loan, a friend lending them the money, a relative giving it to them, savings they had under the bed all the time, or whatever’ no, we would not have data on their source of funds to pay. We can do whether they have paid or not.

**Senator JACINTA COLLINS**—Maybe you can answer this question this way, then. To your knowledge, has any debt that has been collected through the acceleration process forced a client to remortgage their home?

**Mr Sullivan**—I would not know. I think that we have to remember these days, in terms of forcing a client to remortgage their home, is a very, very different issue to the old days of forcing a remortgage. Many, many people are using mortgage facilities as their primary provider of credit, which is a pretty rational thing to do if you can do it, because it is cheaper than credit cards and cheaper than other forms of borrowing. If your questioning compass is, ‘Am I aware of someone increasing their home equity mortgage by \$1,000 to pay a \$1,000 Centrelink debt’, then, no I am not.

**Senator JACINTA COLLINS**—No, what I would be more concerned about is if the debt recovery acceleration process leads to circumstances where amounts are demanded from people immediately rather than allowing them a reasonable period of time to make payments over time and that that has led to circumstances where people have needed to remortgage their house in order to do so.

**Mr Sullivan**—I think that we can show you our debt procedures and they show that clearly we do not make demands on people which are unreasonable. In the end, a debt needs to be paid. We can give you some information about how that procedure works. But how people pay debts, I do not know.

**Mr Hartland**—The ‘how’ of the paying of the debts is managed by Centrelink and the officer who would be able to tell you in great detail the processes that they go through to ensure that customers are not put under undue financial hardship just is not here at the moment. We can take the question on notice.

**Senator JACINTA COLLINS**—Let us see how we go in terms of whether it is something that we want more immediate information on or not. Has any legal action been initiated to recover overpayments?

**Mr Hartland**—We would have to ask our colleagues in Centrelink to be able to provide information on that. That would be a matter for them.

**Ms Vardon**—Can we take that on notice?

**Senator JACINTA COLLINS**—Yes.

**Senator Patterson**—It is just that the person who deals with that is not here.

**Senator JACINTA COLLINS**—Yes, I know. I am hoping to ascertain that, even though they are not here, this is something that can just be left on notice and they can deal with. We will see how we go. When I say ‘Has any legal action been taken’, if the answer is yes, ‘How frequently and what is the nature of it’ would be the question. The next question is: have any of the debts been referred to debt collectors? I think the answer to that is yes, but I would like a description of how many cases, the nature of those cases and the outcome of those cases.

**Ms Vardon**—We will take it on notice. We can give you that information.

**Senator JACINTA COLLINS**—I think from what Mr Sullivan said earlier, you are not in a position to indicate whether such overpayments are being met fully or partly with credit card payments; is that correct?

**Ms Vardon**—We can give you the general figure that about four per cent of debt is paid back by credit card.

**Senator JACINTA COLLINS**—Four per cent. Would you know what that represents in dollar values?

**Ms Vardon**—Sorry?

**Mr Bashford**—We do not have a dollar value at hand. We will get the dollar value for you.

**Senator JACINTA COLLINS**—One of the concerns—

**Senator Patterson**—I have been advised that you can get frequent flyer points for those.

**Senator JACINTA COLLINS**—Some, not all.

**Senator Patterson**—I do not know how true that is. That may influence some people in how they pay back.

**Senator JACINTA COLLINS**—Some you can. That is probably not a very rational choice, though, if you compare credit options, despite the frequent flyer points.

**Senator Patterson**—We do not make rational choices when we are spending money, do we.

**Senator JACINTA COLLINS**—The previous concern related to some concerns raised with us that people were being encouraged to meet their debts through the credit card option, which in the past Centrelink has assured us is not actually the case.

**Ms Vardon**—In fact, we moved the credit card option from the top to down the bottom so that our literature defused it.

**Senator JACINTA COLLINS**—Yes.

**Ms Vardon**—If I found that people were doing it and you could identify that, I would be very unhappy—if they had been in any way promoting it as a better option, or the only option, or something else like that other than provide a list with decent choices. So I would be very happy to take on notice any example, ever, that you have found.

**Senator JACINTA COLLINS**—I only raise it on this occasion for background information for Senator Patterson. I am not aware of recent occurrences of that problem.

**Ms Vardon**—No.

**Senator Patterson**—Thanks for helping to brief me. I appreciate it.

**Senator FORSHAW**—Any time.

**Senator JACINTA COLLINS**—Any time. It is to provide context. Minister Anthony has waived retrospective debts in the area of youth allowance—and correct me if this is not an accurate recall of his release—if parents had alerted Centrelink of a change of their circumstances.

**Mr Sullivan**—That is right.

**Senator JACINTA COLLINS**—That was related to other family members' income and the minister has acknowledged that those families who have made an attempt to contact Centrelink to keep them updated should not have retrospective debts raised. Are you considering a waiver in this case?

**Mr Sullivan**—It is a legislative waiver. It is basically that no debt will be raised, where a youth allowance recipient has failed to advise of changes in parental income, where it can be established that the parents of that youth actively contacted Centrelink in respect of their own change in income. We are now saying that we have created an expectation that the onus is on the recipient of the youth allowance—whose responsibility it was—they should not have a debt raised against them. Anyone who can establish that set of circumstances, or for whom we can establish that set of circumstances, shall not have a debt raised.

**Senator JACINTA COLLINS**—Did I hear you say that it is a legislative waiver?

**Mr Sullivan**—It is an instrument. An instrument has been lodged. It has been tabled outlining the circumstances where a debt will not be raised.

**Senator JACINTA COLLINS**—When was that tabled?

**Mr Sullivan**—It was tabled last week—last Wednesday.

**Senator JACINTA COLLINS**—Do I interpret that answer correctly as being that they are particular circumstances and no contemplation is being given to other areas such as spousal income?

**Mr Sullivan**—No, no, I think this is a particular circumstance where the law is very straightforward.

That is, the responsibility is on the youth to alert Centrelink to a change in their parents' income, as there are other responsibilities. The minister's consideration was that, where it was clear that a parent had actively sought to alert Centrelink of their income change, we would make a presumption that it was to also adjust their child's youth allowance. That is quite a unique circumstance. The reasoning behind this decision does not apply in any other circumstance that I can think of.

**Senator JACINTA COLLINS**—Not one spouse as opposed to another?

**Mr Sullivan**—I do not think it is anywhere near as much. What we are talking about here is the prospect that, say, a 17-year-old is being expected to be able to report a change in income of their parents, where the parent may have even declined to tell a 17-year-old and may have said, ‘I’ll ring Centrelink and tell them myself.’ While I can imagine that that circumstance could take place between partners, I do not think—

**Senator JACINTA COLLINS**—It does.

**Mr Sullivan**—If someone rang us and said, ‘I cannot find out my spouse’s income. They will not tell me. I do not know,’ Centrelink would pursue a case like that in another way. But this was a set of circumstances around youth. The instrument was lodged last Thursday, not last Wednesday, sorry, Senator.

**Senator JACINTA COLLINS**—Given this particular case, though, and the problems raised in this DBM report, is there not some prospect, then, that families who have done the right thing in other respects might attract consideration also?

**Mr Sullivan**—Anyone can ask for consideration about whether a debt can be raised. There is a set of circumstances which applies to that. This was a group. Remember, this arose because we have a facility now which goes backwards. The obligation was always there. The work of matching was a manual effort until we implemented some systems to be able to look at it. Having got the systems in place to be able to do it, we were able to look backwards as well as look from now on through to the future. This meant that there were some circumstances which were quite old in respect of income changes. That will not happen again, because the automated matching now will see that income matching occur fairly readily.

**Senator JACINTA COLLINS**—The problem with some of these old debts—I know this through cases that come through my office—is that you have people quite insistent that they have advised Centrelink of their change of circumstances and for one reason or another those changes have not been recorded. My understanding to date is that the AAT has essentially given the onus to Centrelink, that if they do not have the record then it did not occur. I am concerned that, for instance, with this DBM report about data management that may well indeed shift.

**Mr Sullivan**—I do not think the DBM report tells me anything much about data management and debt management. The SSAT, the AAT and the court systems make their conclusions about the veracity of contact with Centrelink. People have to also explain that they continued to receive a payment which they must have felt was not theirs to receive.

**Senator JACINTA COLLINS**—‘May have felt’. It is not always ‘must’.

**Mr Sullivan**—Well, if you allege, ‘I rang because I knew my payment should go down,’ and it didn’t go down, why didn’t—

**Senator JACINTA COLLINS**—I am talking about the types of—

**Mr Sullivan**—I am just saying that we do not instruct the SSAT or the AAT or the Federal Court as to what conclusion they should reach in appeals cases whereby someone alleges contact with Centrelink and they did not do anything. They create the precedent for us, actually, and the precedent they have created for us is the fact that—not in all cases—in some cases the appeals tribunals have found that they believe a contact was made and find that there

was an administrative error. But in the great majority of cases they support the Centrelink view. Of course, in more recent times the Centrelink systems of recording contact are very good.

**Senator JACINTA COLLINS**—What has happened there? What has changed to do with those situations?

**Ms Vardon**—A number of things. Firstly, we have done a lot more training in it, but we have now got structured documents. Carolyn Hogg is the person whose job it is in our organisation to fix up all the computers to make it easier for the customers. She does not do the IT work; she does the thinking about it.

**Ms Hogg**—We have a tool that the staff use, either in a call centre or in our offices so that, if a customer tells us something or in fact there are documents received or there is some interaction with a customer, the requirement is for the staff to record that on an electronic record rather than, as we used to a long time ago, write things on paper, et cetera. We have been concerned about the amount of times that is done; making sure that is done on every occasion. We have had a very strong emphasis over the last couple of years on making sure that happens. But to help the staff do that—often they might have a customer that is in great distress and they are trying to write things about what is happening—we have reworked the system such that it is very easy to pick an issue, rather like a drop-down menu box, of what it is that is happening such that the system automatically populates the information for them, so they do not actually have to spend the time keying that all in.

**Senator JACINTA COLLINS**—Can clients request a copy of that material when they visit?

**Ms Hogg**—I would imagine that it is part of their record and they could see some of the copies of that sort of stuff.

**Senator JACINTA COLLINS**—I am just curious in terms of process. It has been a few years since I have been into a Centrelink office, but on the last occasion I had two visits. The first time I went there and advised the appropriate information, it was recorded poorly. The next day, I think, I received a mail version of my interaction. I then went back again to try to get it recorded correctly. Then the next day or so after that I got another mail version of it which was okay, but then two months later I had a different problem in the system and so I was cut off the benefit, because a translation from one year to the next for CCB had not been programmed properly into the system. When a client goes to a Centrelink office and says, 'I have got this change of circumstances,' there is no physical proof for them that they have actually done so, whereas if they were able to request a version of their dialogue then they would have that proof.

**Ms Hogg**—That is where we have listened to our customers about those sorts of issues. We are working on this thing called a customer account, which the CEO has mentioned previously. Either in a paper format, if that is the way the customer can get information, or online the customer can actually, like you and I do, look at the account, if you like, with Centrelink and see what transactions have taken place. We obviously are going to work with our customers to help to keep their records and information up to date. Anything they have advised us they will be able to look at. We are even working on trying to work out how we



might do that through the phone, so we could actually phone into their record, if you like, and make sure that the information that we have, or that they believe we should have been acting on, is there. That will be gradually being put out later this year. So we are aware of the potential for those things to happen. We need to look constantly at ways to improve the sharing of information with our customers. It is their information after all.

**Senator FORSHAW**—I have a couple of other questions on Allen Consulting, which we were talking about a moment ago. I just want to clarify something. You said that the consultancy was actually on behalf of government. Which department or departments commissioned the consultancy? Was it the Department of Finance?

**Mr Hartland**—FACS has the contract with the Allen Consulting Group, and it is working to a steering committee made up of the Department of Finance, FACS and Centrelink. The initiative to ask for the consultancy to be done was a request by government.

**Senator FORSHAW**—I want to clarify that. When you say ‘a request by government’, can you be a bit more specific?

**Mr Sullivan**—It came out of the last budget.

**Senator FORSHAW**—I have not got the last budget portfolio statement here. Can you just tell me what that means?

**Mr Sullivan**—In the last budget there were a number of compliance measures, as you may recall. Government decided at the time of the last budget that before the next budget they would like to see a review of the effectiveness of our compliance programs, our directions and our strategy conducted by an independent consultant of government’s choosing.

**Senator FORSHAW**—And FACS commissioned the consultancy. Was it by tender or did you just choose Allen Consulting?

**Mr Hartland**—Allen Consulting came off one of our panels. We did ask a couple of other people to tender for it so we could ensure we were getting value for money, but there was not an advertisement and tender process, no.

**Senator JACINTA COLLINS**—What was it, a selective tender?

**Mr Hartland**—Yes.

**Senator JACINTA COLLINS**—How many other potential tenderers had been selected?

**Mr Hartland**—I think from memory two others, but I would like to check.

**Senator JACINTA COLLINS**—When you check that, can you tell me whether those two then did choose to tender?

**Mr Hartland**—There were certainly competing tenders. I am just not sure whether we had one other tenderer or two other people in the mix.

**Senator JACINTA COLLINS**—And you are not sure of the total selective list of tenderers?

**Mr Hartland**—I am sorry?

**Senator JACINTA COLLINS**—You might choose five to request a tender from and only three respond.

**Mr Hartland**—We contacted two or three agencies to give us an overview, and all of the ones that we contacted did in fact tender.

**Senator FORSHAW**—Therefore, was there a concern about the current compliance programs within FACS?

**Mr Sullivan**—No. Clearly, compliance programs have been a major element of our budget measures for several years. Compliance has been one of the focuses of government and of any advice we give them. Government was of the view that it was timely to have an external review of how effective we were.

**Senator FORSHAW**—Can you elaborate any more on why the government came to that conclusion?

**Mr Sullivan**—I think it was an issue of time. I mean, it has seen a number of measures from us in respect of preventative and compliance measures. It has seen that last year—if you remember, you asked some questions about it—we had a measure about looking at some of the new, emerging technologies in compliance. It felt that such an external review, I would hope—I will know after the next budget—was about confidence building in government, that we and Centrelink were on the right path in terms of our compliance—

**Mr Hartland**—A compliance framework was put to government some years ago that I think had a five-year period in it, and we are nearing the end of those five years. So it was natural, given that government had agreed to a framework that said we would over the next five years do X, Y and Z, that at the end of that period it would look around again and make sure that that framework was appropriate, that there had not been new risks that had emerged and that we were still spending the government's money efficiently and effectively.

**Senator JACINTA COLLINS**—Was there a concern that you had not been reaching your savings estimates in other areas?

**Mr Sullivan**—No.

**Senator JACINTA COLLINS**—We discussed the other one earlier, where you were actually over your estimate.

**Mr Sullivan**—There is acknowledgment that we, in aggregate, against our compliance measures, meet or exceed our targets. Against some compliance measures we are slightly under and against some we are slightly over, but overall we consistently meet the targets that we have set.

**Senator FORSHAW**—Are you able to say why this was not done as an internal audit rather than as a separate, outside consultancy?

**Mr Hartland**—To get an external view required not really audit skills; it was people who would be able to interpret the random samples that we do, to interpret emerging risks and to understand a bit about how to calculate cost-benefit ratios and what you might make out of them. So it was not really the type of thing that we would go into as an audit.

**Senator FORSHAW**—Well, internal audit or internal review. I am using the term 'audit' loosely.

**Mr Sullivan**—The department is continually reviewing internally its compliance strategy. Typically when government seeks an evaluation of something they look to have that evaluation externally commissioned.

**Senator FORSHAW**—Thank you.

**Senator JACINTA COLLINS**—Still on Centrelink, I would like to go on to prisoners.

**Senator Patterson**—Ask Mr McGinty why there are 24 prisoners on the run in Western Australia. That might be a good question.

**Senator JACINTA COLLINS**—Is that the only state they are on the run?

**Senator Patterson**—I got a bit of information that they were not in Victoria, but it seemed odd that they were not. I thought Mr McGinty was silly publicising the fact that he had 24 prisoners on the run.

**Senator JACINTA COLLINS**—Unless we know how that is relative to other states, it is a bit hard to—

**Senator FORSHAW**—Do you think he should keep it secret, do you?

**Senator Patterson**—Well, I would have had a discussion with me. Can I just say something? I had a situation recently where I was concerned about something. I rang the relevant state or territory minister and expressed my concern and said, ‘This is a bit rich.’ I think the person will fix it up, because they agreed it was a bit rich. But I got a letter from Mr McGinty on a Friday afternoon, and he had gone to the press with it. So fairness begets fairness. I might deal with things differently, but I would have thought that if there was an issue that he thought was of concern it might have been appropriate to come first and we would see if we could fix it up. There were not a whole lot of people he could have done that with, but obviously that is not the way Mr McGinty does business. It is the way I do business.

**Senator FORSHAW**—Mr McGinty is not here to defend himself. I am sure he will take the opportunity on another occasion—

**Senator Patterson**—I will think twice about ringing a minister from another state when I have an issue that I think needs to be addressed. I might just go to the press first.

**Senator JACINTA COLLINS**—Senator Patterson, I am sure you would not change your modus operandi simply on the basis—

**Senator Patterson**—I would not behave like Mr McGinty, no.

**Senator FORSHAW**—That is the first time I have ever heard a minister indicate that they are likely to leak in advance of actually doing the leak. That is a change.

**Senator JACINTA COLLINS**—Anyway, my concern is actually with the reconciliation process that is in place. I am trying to understand that. Can you explain the purpose and scope of Centrelink’s data matching and information exchange with each state and territory’s department of corrections?

**Ms Vardon**—As a general rule, once a fortnight, once a week or sometimes once a month, depending on the computer systems of the state, we get regular information about who has gone into jail and who has come out of jail. It is very important for debt reduction.

**Senator JACINTA COLLINS**—Is that who has gone out of jail or who has legitimately gone out of jail?

**Ms Vardon**—At this moment it is just legitimately out, except in one state, until a few weeks ago when I started to write some letters. As a general rule, we just get the legitimate ins and outs. Particularly since AWT has identified ex-prisoners as a special type of group, one of the things we can do for them is make sure they do not have a debt over their head when they come out. So we use that information I think very positively.

In Western Australia, more than 18 months ago they had their computer systems improved so that in their weekly report to us they added escapees. Immediately, as a result of that, we then identified a document in their electronic file that said they were an escapee. So they have been picked up in Western Australia for some time.

**Senator JACINTA COLLINS**—For the last 18 months?

**Ms Vardon**—Yes. It might be 20 months, but it is about that time.

**Senator JACINTA COLLINS**—But this is not the case for other states at this point in time?

**Ms Vardon**—No, after Mr McGinty's letter I wrote to every police commissioner in Australia and said basically, 'We do not know who the escapees are'—because we have to be told who the escapees are—and we would like them to add into our regular data matching the escapees. I do not know how they are going to do it, but we have asked them to add it in, because it is extremely important for us not to pay people who are escapees. They do not turn up and say to our officers, 'I have escaped' and that is an issue for us.

**Senator JACINTA COLLINS**—But unlike the discussion, I think, that occurred in the Senate last week, these people have actually turned up and claimed in their own names.

**Ms Vardon**—Interestingly enough, they have, but in other states.

**Senator JACINTA COLLINS**—As opposed to the state in which they were incarcerated.

**Ms Vardon**—Yes, they go across the border and it does not take long for a person to create a new set of work history. We have from time to time given police information that we do have the address of people. One of the mistakes that we made—she says with that word in her mouth—was that we assumed that the police were going to follow up the person. But that was not necessarily always so—that the police made it a high priority—because extradition across the borders is a bit expensive, I think, sometimes. We have now closed that loop and we have said to the police commissioners, 'If you give us the information, we will give you 30 days to tell us what you are going to do with that information.' It could well be that they are a person of interest to the police, so we do not want to go and knock on someone's door and say, 'Give us back the money. The police are after you,' but we will ask the police within 30 days to tell us whether they are a person of interest. If not, we will take review action immediately.

**Senator JACINTA COLLINS**—Is that subject to an agreement with the states and territories at this stage?

**Ms Vardon**—I have written to the police commissioners and I know the police commissioner for Western Australia has replied very enthusiastically. I have not seen the other replies yet, but I would anticipate that the police would think that that was a good idea.

**Senator JACINTA COLLINS**—The agreements that are presently in place, are they fairly standard across the states?

**Ms Vardon**—We have MOUs with correctional services in every state about the exchange of information. However, we get escapee information from the police, I think, in Western Australia. Escapee information has to come from the police commissioners. I do not quite know why, but I was advised that that was the proper protocol.

**Senator JACINTA COLLINS**—So is that separate to the MOU—the information about escapees?

**Ms Vardon**—Yes, that has been the subject of another letter.

**Senator JACINTA COLLINS**—So then if we are dealing with escapees in the future, then that would be the subject of a new MOU, or a revised MOU from the earlier one?

**Ms Vardon**—It is a process with the police commissioners that they will send us information on a regular basis about any escapees. The best thing for us, of course, is to add it to the MOU with the prison officials, but we have to make sure that the police and the prison officials in every state are talking to each other—not talking to each other, but their data talks to each other.

**Senator JACINTA COLLINS**—Okay. In the case of the escapees who have been canvassed recently, they were Western Australian, were they not?

**Ms Vardon**—The ones on Mr McGinty's list were escapees from Western Australia.

**Senator JACINTA COLLINS**—And they have been able to process a successful claim, despite the fact that Western Australia had been providing this advice for the last 18 months?

**Ms Vardon**—No, let me be clear, because on this our people have done a really good job. Most of the people on Mr McGinty's list were 20 to 30 years free. Our people understood that there were escapees at large some 18 months ago—some time ago. They spoke to the police about getting that list. The police sent us a list in October last year and within five days we were back to the police with all of the addresses. When Mr McGinty had another list, I think nine of the people on his list we had already provided the information to the police in October. That is where we say that the loop needed to be closed, because the police had it. Our assumption was that the police were chasing these escapees and that they would let Centrelink know when they caught them.

**Senator JACINTA COLLINS**—But in the meantime, Centrelink was paying benefits?

**Ms Vardon**—To some of them.

**Senator JACINTA COLLINS**—That is the part I am trying to understand—how and why that is.

**Ms Vardon**—Yes, but these are old ones, because since the correctional services had been sending us the escapees, no-one had been paid, because their cards were marked, so to speak.

**Senator JACINTA COLLINS**—So it is only the old ones prior to the 18 months when they had started providing those lists—

**Ms Vardon**—Yes—well, there may have been one or two, but as a general rule, they were in two groups: a clean group and an older group.

**Senator JACINTA COLLINS**—With that older group, you were aware that they had been classed as escapees, or not?

**Ms Vardon**—No, they came with Mr McGinty's list.

**Senator JACINTA COLLINS**—Okay.

**Ms Vardon**—As soon as we saw them, we immediately went to the police and said, 'Are these people of interest?' and they came back and said 'No,' and so compliance action had started all around Australia. Some of them are in Brisbane, some of them—I cannot remember all the states, but they are scattered well and truly around Australia.

**Senator JACINTA COLLINS**—To take them off benefit.

**Ms Vardon**—Absolutely. It is illegal for us to pay it once we know, and now we know we are taking appropriate action.

**Senator JACINTA COLLINS**—But when you say you sought to ascertain whether they were of interest—

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—What you mean by that is whether the police had some reason for you not to take compliance action because they were pursuing them in relation to—

**Ms Vardon**—Yes, they thought they might be wanting to bring them back to jail. We told them where they were.

**Senator JACINTA COLLINS**—Okay.

**Ms Vardon**—And the police commissioner said there was nothing that would stop us taking compliance action.

**Senator JACINTA COLLINS**—Yes. I understand that. So does Centrelink maintain a central database of all people who are in prison, or should be in prison?

**Ms Vardon**—No. I think there are lots of people who should be in prison, but they are not there. This is a state matter.

**Senator Patterson**—One in particular this week!

**Ms Vardon**—A state matter.

**Senator JACINTA COLLINS**—I am trying to understand. The information that the states provide to you are the ins and outs.

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—And you maintain that on a database.

**Ms Vardon**—We do data matching.

**Mr Richardson**—I am not sure that we maintain a database of who is currently in jail, who ought to be in jail, who has escaped and who has been lawfully released. As a result of the CEO's letter to the police commissioners, what we are hoping to put in place is the same system right across all jurisdictions. The proposal that has been put to them is that they would provide to us on a regular basis all the prisoners who have escaped who are currently at large. A prisoner can escape and can also be recaptured, and if they are recaptured we do not necessarily find out about it even if we found out that they had escaped. So the idea is to say, 'It is up to each state.' The state should know who its prisoners at large are at any time. Some might have escaped maybe and been recaptured and they escaped again—whatever. But the idea is that they will give us regularly at the time they report every fortnight, or whatever it is, all the people who should be in custody who are not in custody—who have unlawfully escaped from custody. That would be the current list at that time, and in a fortnight's time it would probably be substantially the same list. It might have one or two on, or some off, or whatever, but we would get regularly an up-to-date list from the state authorities of all the people whom the state authorities themselves regard as being at large.

**Senator JACINTA COLLINS**—Okay.

**Mr Richardson**—So that is the proposition. If we did not have to keep a database, it would not be up to us to say, 'Here is our database. This one has gone on and this one has gone off.' They would tell us all the ones outstanding at that point in time when they report.

**Senator JACINTA COLLINS**—Although from Ms Vardon's earlier comments, when you first got the information coming about escapees at large from Western Australia, you added a new category to a client's file to record that information.

**Mr Richardson**—Yes, and that arrangement was applying in relation to that jurisdiction only and for the people who were customers at that time.

**Senator JACINTA COLLINS**—Yes.

**Mr Richardson**—If there is no record, I am not sure what you do then. It was of some value, but it was not the ideal system. The proposal that has been put forward now to the commissioners is that the states would maintain a list. They would keep records of who had escaped and who was at large and they would tell us on a regular basis. So the Western Australian thing was of some value, but it was not ideal. The model that has been put forward now, we feel, would be much better because the state authorities know who is at large and who is not in their jurisdictions and they would give us those up-to-date lists each and every time they report.

**Ms Vardon**—I said there were nine people on the crossover list. There were 15 people on Mr McGinty's list about whose whereabouts we had already advised the police.

**Senator JACINTA COLLINS**—Could we be provided with a copy of the current MOUs in relation to exchange of data with state and territories and a copy of the letter you were detailing before which I presume details the model which Mr Richardson was talking about?

**Ms Vardon**—When you ask for the MOU, I presume that is with the correctional services people you are talking about?

**Senator JACINTA COLLINS**—Yes. And then your letter suggesting this model to them for which you had the enthusiastic response from Mr McGinty. Was that the process?

**Ms Vardon**—Mr Matthews, the Police Commissioner in Western Australia, has been very cooperative with us.

**Senator JACINTA COLLINS**—Is data on those who have broken bail conditions exchanged?

**Ms Vardon**—Whoever they determine to be a person of interest. There are two people on that list of Mr McGinty's who had left a bail circumstance.

**Senator JACINTA COLLINS**—That is for Western Australia.

**Ms Vardon**—Yes.

**Senator JACINTA COLLINS**—What about other states?

**Ms Vardon**—We are still looking. There is nothing in the Northern Territory and nothing in Tasmania. I think we are still trying to get all the details in.

**Mr Richardson**—We are. Even though the focus of the issue has been people who have escaped from jail, the same issues apply in relation to those who have breached bail conditions. So conceivably, and I think desirably, the arrangements that we would put in place with the states would catch not only those who had escaped from the correctional institutions but also those who had breached their bail conditions. While the CEO's letter focused on what was the main issue at the time, it would be desirable if we can get a list which also covered the current people who were in breach of bail; therefore, we would have those who escaped from custody.

**Senator Patterson**—Can I intervene slightly there. I have been having discussions with Mr Sullivan about a policy issue and how we get that information. There are levels of being in breach of bail, and it may be appropriate for the state to indicate people of interest rather than our determining it because they vary from state to state. Some agreement about what was a significant breach of bail might be preferable rather than every single person because, as Mr Sullivan and I have been discussing, some breaches of bail are very minor. Do you go to that extent? It needs to be what should the state be telling us, I think, rather than every single person who is in breach of bail. Sometimes some of the conditions on which people breach bail are very slight. Do you cut people off then?

**Mr Sullivan**—There are a lot of people who are put on self-reconnaissance bail on often minor criminal matters who do not appear for their hearing before a magistrate at the appropriate time. That is quite different to a person who has been charged with a serious crime and who has breached their bail and is of obvious and immediate concern and interest to the police.

**Senator JACINTA COLLINS**—What does the act say about eligibility for benefits?

**Mr Sullivan**—It requires an interpretation.

**Mr Richardson**—We have been seeking some legal advice on that to get the legal position. We have only just received it. I have not really had a chance to look at it properly, but the issue that we put to the legal people was, 'What are our obligations under the law in



relation to these different categories?’ It has only just come in. I have not really had a chance to go through it properly.

**Senator JACINTA COLLINS**—Perhaps you can answer that question on notice once you have had time to have a look at it. As has been identified in this dialogue, I was then going to the questions of failing to appear in court.

**Senator Patterson**—Senator Collins, obviously this is a work in progress. By next estimates we must provide you with the decision that has been made or the way in which we have gone about this in the discussions we have been having. This issue was drawn to my attention. Rather than giving you bits of information here and bits of information there, we will look at it overall. I will give you a briefing or answer the questions in estimates next time rather than answering bits of questions on notice now. It will be a work in progress when we get responses from the states and when Centrelink looks at that legal advice.

**Mr Sullivan**—You will be amazed how you can define ‘in jail’.

**Senator JACINTA COLLINS**—I am not sure I would be amazed.

**Mr Sullivan**—I think you would.

**Senator JACINTA COLLINS**—That is what led me then to the question of what does the act provide for. I suppose the concern, though, is that we have had one state that was furnishing the information. We had a process established within Centrelink to capture that information. It appears as if other states have been ad hoc or that reporting has been non-existent from other states. Ms Vardon has proposed a process to deal with and hopefully remedy that situation. But that process will involve not continuing with your register but putting the onus back on the states which have not been delivering that information to date.

**Ms Vardon**—I certainly think that they now know that it would be a good idea to do it. I have made it clear that it is not lawful for us to continue to make these payments.

**Senator JACINTA COLLINS**—Why do states care about that?

**Ms Vardon**—We have good relationships with states as a general rule when it comes to matters of law, the legal profession, correctional services and police. I cannot see that there would be any impediment to their cooperating.

**Senator JACINTA COLLINS**—Are you saying that the Labor states or any states would not want to cooperate with the Commonwealth in ensuring that the law is upheld? I am not putting a political flavour on this at all but I think administratively—

**Mr Sullivan**—You have to remember, Senator, that Corrections’ relationship with Centrelink is extraordinarily important to Corrections as much as it is to Centrelink. Corrections knows that the chance of a current inmate being an inmate again is very dependent upon the sorts of work that Centrelink and others do on the release of that inmate. There is a lot of administrative drivers as to why they work well with us.

**Senator JACINTA COLLINS**—Could we be provided with a copy of the legal advice?

**Mr Sullivan**—I think we will provide you with an understanding of what the issue is. This legal advice has just been received and I am not going to hand it to you.

**Senator JACINTA COLLINS**—I appreciate that, but we are looking at a process between now and the next estimates. I would want some assurance that—

**Senator Patterson**—The assurance is that we are working on it.

**Senator JACINTA COLLINS**—the Commonwealth taxpayer is not going to be paying further criminals who have escaped jail between now and budget estimates.

**Ms Vardon**—I can assure you that it is our goal to make sure there are not any left being paid that should not be paid.

**Senator JACINTA COLLINS**—But if you do not have access to that information that is very problematic.

**Ms Vardon**—I am anticipating that the police will provide us with that information. Some states do not have any escaped prisoners. They know where all their prisoners are. So it is not going to be a very big issue.

**Senator Patterson**—That is why I said Mr McGinty showed himself up in his state when he had 24 prison escapees running around the country.

**Senator JACINTA COLLINS**—I am not sure that that has been demonstrated yet, Senator Patterson. I would be surprised if Western Australia were the only state that had prison escapees.

**Senator Patterson**—I did not say it was the only state.

**Senator JACINTA COLLINS**—It seems to be the only state that has been reporting them.

**Senator Patterson**—Ms Vardon said that there are some states that have not reported any. On my questioning—and I would not stand on the record on this—there was one state that did not have any.

**Senator JACINTA COLLINS**—The problem that we are left with is that we have Ms Vardon's assurance about people for whom it is unlawful but Mr Sullivan correctly points out from the act that it is a matter of interpretation. We are as interested in what that interpretation should be now—

**Mr Sullivan**—There is no doubt about the greyness of the interpretation of a person who has been put into prison, who is serving a term of imprisonment and who escapes unlawfully—that person is not eligible for payment. It is the state authorities who need to tell us who those persons are to allow us to execute the law. The greyness is around bail, periodic detention, home detention, outstanding warrants—all sorts of other forms of circumstance—all of which are circumstances which may result in that person being imprisoned. But it is a question of whether that would determine a person to be in jail and what it means for social security law. That is the area. But there is no doubt that someone who has been sentenced to a term of imprisonment should be imprisoned. If you should be in prison, you are not eligible for social security payment.

**Senator JACINTA COLLINS**—If you should be in prison?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—The interpretation of ‘should’ then is if someone has breached their bail—

**Mr Sullivan**—It is only bail. Bail is part of the grey area. But I am talking about convicted offenders sentenced to jail. There is no doubt about the law, and it is up to the state authorities now to be able to give us the information for us to exercise. At the same time, we do have the capacity, which Sue Vardon has offered to the police commissioners, to be able to assist them in respect of where they may find these people and to give them some time to be able to do that before we tip them off. It sounds like a pretty good deal for the states.

**Senator JACINTA COLLINS**—You have answered my earlier question in part then, too. Just in terms of the data matching that Centrelink has done to date, how frequent was that matching?

**Ms Vardon**—Do you mean general data matching with the prison officials?

**Senator JACINTA COLLINS**—Yes?

**Ms Vardon**—How frequent?

**Senator JACINTA COLLINS**—Yes.

**Ms Vardon**—It depends on how often they can give us the information. Sometimes it is weekly—Western Australia is weekly—sometimes it is fortnightly, and there might be one or two monthly. I can get you the exact information, but it is quite a regular pattern. The shorter the distance the better it is for everybody.

**Senator JACINTA COLLINS**—Apart from the issues outlined in your letter, are there any other outstanding issues in respect of the data exchange that are currently under review?

**Ms Vardon**—No. We feel we have made a lot of progress with correctional services, particularly since ex-prisoners became part of the AWT target group. Our personal advisers and lots of other of our staff have been out visiting prisons regularly and making sure that people get the best information they can before they leave. We have worked out how not to release someone at 5 o'clock on a Friday, who then gets pretty angry when our doors are shut. We are doing a lot more work upstream, for want of a better word, with correctional services. We have very good cooperation, I think, with every correctional services administrator.

**Senator JACINTA COLLINS**—Let me clarify that. We went back to the spousal income testing area earlier. Were we meant to cover the parental income linking project then, or are we still waiting for the relevant official?

**Mr Sullivan**—I thought you did that?

**Senator JACINTA COLLINS**—No, I did not. I just did the spousal.

**Mr Sullivan**—No, you went through Minister Anthony's waiver—

**Senator JACINTA COLLINS**—I know, but only as a component of spousal. I had broader PIT questions.

**Senator Patterson**—Have you finished with Centrelink?

**Senator JACINTA COLLINS**—No, there are about three or four other issues to go.

**Senator FORSHAW**—I just want to ask some questions regarding the parental income test linking project. Can you tell me where that project was based?

**Mr Popple**—It is out of the 2002-03 budget. It is not a project; it is a national scheme to link the incomes of young people with their parents.

**Senator Patterson**—So you get a profile of the family income.

**Senator FORSHAW**—Yes. How long did it operate for?

**Mr Popple**—It is not a project; it is now an ongoing arrangement. The measure brought in a systems change to Centrelink, and from now on there is automatic linking between parents' income and young people's income. Where they are receiving a payment like youth allowance it automatically pulls up a flag on their records and it alerts Centrelink to the need to alert—

**Senator FORSHAW**—Can I clarify something here? As I understand it, Centrelink established a project that was based in Kadina, South Australia.

**Senator Patterson**—Senator Forshaw, I think we might be at cross-purposes. I think you might be talking about some other sort of thing.

**Mr Sullivan**—There is a customer service centre at Kadina, but this project was based in Canberra. It is not a project; it is now an ongoing day-to-day activity of the department and Centrelink.

**Senator FORSHAW**—Was there any project in Kadina that involved looking at or linking youth allowance overpayments under the parental income test?

**Mr Sullivan**—The Kadina customer service centre may have had some cases outlined out of the result of the program on its files, but nothing out of Kadina. Kadina is not a normal place to run national programs out of. It is a lovely place.

**Senator Patterson**—We would try to help if we knew what you were asking.

**Senator FORSHAW**—The advice I have been given is that there was a project specifically established and that has now been disbanded.

**Mr Sullivan**—We will take that on notice and check. I am sure Sue and Graham could check whether anything is happening in Kadina.

**Ms Vardon**—Grant Tidswell has just gone out to ring our area manager in South Australia to see if we can find out what might be going on in Kadina.

**Senator FORSHAW**—What was going on in Kadina.

**Ms Vardon**—What was going on.

**Senator Patterson**—What is alleged to have been going on.

**Senator FORSHAW**—What I am advised was going on.

**Mr Sullivan**—Kadina is just a typical busy rural customer service centre of Centrelink servicing in the north-west of—

**Ms Vardon**—There is very high customer satisfaction, too. They are related to everybody in town!

**Senator FORSHAW**—Can we talk generally then about the initiative that you are referring to, and we will clarify the other situation. What were the expected dollar savings from the linking initiative on a yearly basis, if possible?

**Mr Popple**—The initial savings were in the budget when the budget measure came out. The anticipated savings were \$83 million.

**Senator FORSHAW**—What was the level of resourcing involved?

**Mr Sullivan**—That would have been a net savings figure.

**Senator FORSHAW**—The \$83 million is net, yes.

**Mr Popple**—I have not got the figures on what Centrelink receives.

**Senator FORSHAW**—Just a week or so ago, Minister Anthony stated that the government would waive a large number of youth allowance overpayments that have been identified through the initiative. What are the revised savings estimates as a result of the minister's decision?

**Mr Popple**—It is still anticipated that we will reach the anticipated savings, because Centrelink has found that the downward variations that it has been receiving have been quite higher than expected. The measure as set out in the papers indicates that the cost is \$13 million over the four years. It is still anticipated that we will meet the original budget saving numbers.

**Senator JACINTA COLLINS**—How?

**Mr Popple**—As I said before, Senator, from the fact that it is anticipated that the savings from the downward variations in the customers' records will be greater than expected. Where they have gone through and reviewed the customer records and they have adjusted their payments or reduced them to the appropriate level, that has produced more savings than was originally anticipated when the budget measure was introduced.

**Ms Vardon**—Perhaps I can fill you in on Kadina. During the lead-up to PIT linking, a number of officers were asked to have a look at some cases. There were five or six short-term projects. That was just to start the data collection. It is the way we often do things when FaCS wants us to get some information. We get officers with a bit of spare capacity to do a bit of project work—it is only short term—and that information is given to FaCS.

**Senator FORSHAW**—So it was not—

**Ms Vardon**—It was not a service delivery initiative that was cut.

**Senator FORSHAW**—But it was a project.

**Ms Vardon**—It was part of a big back office data-gathering exercise for FaCS.

**Senator FORSHAW**—Just take me through it briefly. This was set up in Kadina.

**Ms Vardon**—There were a number of little offices around Australia.

**Senator FORSHAW**—Let us just take the one in Kadina. What did they specifically look at?

**Ms Vardon**—They were given a number of customers to have a look at and see what would be the impact of this new linking project on them. They then did those calculations and that was sent back into Canberra. It is a fairly straightforward thing that we do all of the time.

**Mr Popple**—Perhaps I could correct something I said earlier. The saving from the waiver is \$8 million, not the \$13 million I think I said before. I am sorry about that.

**Senator FORSHAW**—You said over four years?

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—Is that a net advantage, then—

**Mr Popple**—Sorry, the waiver takes effect only over two years. The cost is \$8 million, not \$13 million, as I said originally.

**Senator JACINTA COLLINS**—Does that mean that you have had a net improvement from the calculations on the savings of those adjustments that have been made? You said \$13 million and you said that the cost of that was being met by better than estimated results on adjustments. Were those estimated results on adjustments in the order of \$8 million, \$13 million or what?

**Mr Popple**—Sorry, Senator. What I said was we still anticipate that we will reach the original savings set out in the budget measure, and that is still the case.

**Mr Sullivan**—So that is just about \$8 million in additional savings from the original.

**Senator JACINTA COLLINS**—Precisely. In our earlier conversation that suggested about \$13 million. I am asking—

**Mr Sullivan**—I think it was just a mistake.

**Mr Popple**—Sorry, I just looked at the wrong number. That is all.

**Senator JACINTA COLLINS**—That applies to both parts of the question?

**Mr Sullivan**—Yes.

**Senator FORSHAW**—How many cases of overpayments of youth allowance were identified by the PIT linking team?

**Mr Popple**—The process is still under way. Centrelink will need to go through and examine each of the records to see whether or not they are eligible for the waiver. Until they finish that process final numbers will not be available.

**Senator FORSHAW**—Yes, but you just said ‘to see whether or not they are eligible for the waiver’. You must have a figure of the cases of overpayments and whether or not they are going to be waived.

**Mr Popple**—We have identified some sort of potential overpayments that may exist. When they go through, examine for waiver, go back to the individuals and check their circumstances—they have not gone back and spoken to individuals yet—they might find that they are not actual overpayments when it comes to the point of going through all the process with them. It is anticipated that around 3,000 people will be affected by the waiver.

**Senator FORSHAW**—How many overpayments were identified by sources other than the PIT linking team?

**Mr Popple**—The waiver only applies to the—

**Senator FORSHAW**—Yes, but I am asking you about how many cases of overpayments were identified. We are interested in how many are likely to be waived or will be waived. Or will all of them be waived? Is that what you are saying?

**Mr Popple**—Around half of them will be waived.

**Senator FORSHAW**—Does that mean that around 6,000—

**Mr Popple**—Around 6,000, yes.

**Senator FORSHAW**—Is that all from the PIT linking team initiative?

**Mr Popple**—Yes, Senator.

**Senator FORSHAW**—What about any overpayments identified through other means or other sources?

**Mr Popple**—I do not have that in front of me, Senator. The waiver only applies to the overpayments which arise through the PIT linking measure.

**Senator FORSHAW**—How many overpayments can you say have been recovered, either in whole or in part, by Centrelink?

**Mr Popple**—In relation to PIT linking, Senator?

**Senator FORSHAW**—Yes. I would also be interested in overpayments of youth allowance in total but specifically with the PIT linking initiative.

**Mr Popple**—None, at this point. As I said, they have not finished the process yet.

**Senator JACINTA COLLINS**—Have I seen an estimated proportion that it is believed will now be proceeded with, as a consequence of this measure?

**Mr Sullivan**—We just said half.

**Mr Popple**—We expect about half to be waived as a result of this allowable instrument. Some more may be waived through Centrelink's general waiver provisions. We do not know that until somebody goes back and discusses it with the individuals involved.

**Senator FORSHAW**—You expect that to be around 3,000 cases?

**Mr Popple**—Yes.

**Senator FORSHAW**—When was the decision taken to waive the debts? This was an announcement made by Mr Anthony on 12 February, but when was that decision made? Who made it?

**Mr Popple**—That was a government decision and it was put into action by the tabling of the instrument last week.

**Senator FORSHAW**—A cabinet decision, was it?

**Mr Popple**—A government decision, I said, Senator.

**Senator FORSHAW**—Cabinet?

**Mr Popple**—I said ‘government’.

**Senator FORSHAW**—People have a problem when I speak in this room. It is hard to pick up—

**Senator Patterson**—He said ‘government’.

**Senator FORSHAW**—I am asking: was it a cabinet decision?

**Senator Patterson**—The answer was that it was a government decision.

**Senator FORSHAW**—Was it a cabinet decision? That is a very reasonable question.

**Mr Sullivan**—Yes, the matter went to cabinet.

**Senator FORSHAW**—And they decided it. And do you know when that occurred?

**Mr Sullivan**—No.

**Senator FORSHAW**—Do you, Minister? Can you recall?

**Senator Patterson**—I do not remember the date that a lot of things come to cabinet.

**Senator FORSHAW**—I am just asking you if you—

**Senator Patterson**—I just do not know the date. I am sorry, Senator Forshaw.

**Senator FORSHAW**—You do not remember?

**Senator Patterson**—I do not remember the date it came to cabinet.

**Senator FORSHAW**—Can you take it on notice and let us know when the decision was made by cabinet?

**Senator Patterson**—No. I do not think it is necessary to tell you when things go to cabinet.

**Senator FORSHAW**—I am asking you when cabinet decided. That is all.

**Senator JACINTA COLLINS**—It is a process question.

**Senator Patterson**—That is fine. I am not necessarily taking that on notice.

**Senator FORSHAW**—You are not?

**Senator Patterson**—No.

**Senator FORSHAW**—I am asking you if you would.

**Senator Patterson**—I will consider it, but I am not necessarily agreeing to take it on notice.

**Senator FORSHAW**—Then I will ask Mr Sullivan. Is the department able to tell me—

**Senator JACINTA COLLINS**—When did the matter go to cabinet?

**Senator FORSHAW**—Yes, and when did cabinet decide to waive the debts?

**Mr Sullivan**—I know the matter went to cabinet. That is all I know. I know the cabinet made a decision.

**Senator JACINTA COLLINS**—You do not know when?



**Mr Sullivan**—I think that is going into the processes of the cabinet. Things can go to cabinet in many ways. I think the question you asked was ‘Did the matter go to cabinet?’ The answer is yes.

**Senator JACINTA COLLINS**—The next question was ‘When did the matter go to cabinet?’ From the dialogue we had in PM&C I think it was established from a ruling from the chair on that occasion that it is quite a reasonable question to which we can expect an answer from the department.

**Mr Sullivan**—I think that ruling was about how many times the matter went to cabinet. I will check.

**Senator JACINTA COLLINS**—And when.

**Senator FORSHAW**—Presumably the department, the secretary of the department or the relevant officer would be advised by the minister that cabinet has decided to do this and they did it on this particular day.

**Senator Patterson**—Do not presume some conspiracy, because I can tell you that I just feel that there are bigger fish to fry than what date it went to cabinet—

**Senator FORSHAW**—It is not a conspiracy, Minister.

**Senator Patterson**—and what date cabinet made a decision.

**Senator FORSHAW**—That is all I have asked for.

**Senator Patterson**—I have a lot of things to do without trowling through when cabinet made a decision—

**Senator FORSHAW**—I asked for it 10 minutes ago.

**Senator Patterson**—and what date.

**Senator FORSHAW**—I am asking for this. I asked for it 10 minutes ago.

**Senator Patterson**—The decision was made—

**Senator FORSHAW**—Is there a problem?

**Senator Patterson**—No, there is not a problem.

**Senator FORSHAW**—Is it a secret?

**Senator Patterson**—No, it is not a secret. I am just saying that you are making such a big issue out of it. The decision was made and Mr Anthony made the announcement.

**Senator FORSHAW**—You are the one who made the issue, Minister.

**Senator Patterson**—No, I am not.

**Senator FORSHAW**—You took it upon yourself to—

**Senator Patterson**—I said that I would not commit myself to answering it. I have a lot of things to do. It seems to me that when it went to cabinet is a very immaterial question. Mr Anthony made the announcement and it is being acted upon.

**Senator FORSHAW**—The question has been asked. I hope we can get an answer as to when it—

**CHAIR**—The minister has given a commitment that she will look at the issue and if it is appropriate—

**Senator FORSHAW**—But she says that she does not know whether she will tell us.

**Senator Patterson**—That is fine. That is my prerogative.

**Senator FORSHAW**—Fair enough.

**CHAIR**—If you want to, Senator, it can be taken up in other places.

**Senator FORSHAW**—I have asked the question and the minister is going to consider whether she is going to trouble herself to tell us the answer. It would take about five words. That is all I have on that issue.

**Senator JACINTA COLLINS**—Can you outline the number of people by payment type who are currently involved in the new income reporting arrangements which began in September?

**Ms Vardon**—Mr John Wadeson will give you that information.

**Senator JACINTA COLLINS**—When was it taken on notice. The dates were taken on notice.

**Mr Wadeson**—I think we went through this with the previous committee.

**Senator JACINTA COLLINS**—Yes, I appreciate that. We would like an update.

**Mr Wadeson**—It is quite a complex table. I can tell you that at 6 February we had 154,769 in the system. The largest group was the PPS group of 68,598, the disability support pension of 28,580 and the parenting payment partnered of 34,202. They are the biggest categories.

**Senator JACINTA COLLINS**—The biggest categories?

**Mr Wadeson**—By a long way.

**Senator JACINTA COLLINS**—But previously you provided it—

**Mr Wadeson**—We provided this table last time, yes. There is the mature age group and a number of other smaller ones.

**Senator JACINTA COLLINS**—Are you able to table a copy of that?

**Mr Wadeson**—Yes.

**Senator JACINTA COLLINS**—I would just rather not ask for it on notice because it might be a long time coming and I would like to save the committee the time of not asking every category by category as well.

**Ms Vardon**—We will table it.

**Senator JACINTA COLLINS**—Thank you. Can you also provide the projected numbers involved over, say, the next 12 months?

**Mr Wadeson**—We really have not done those sorts of projections. We have more than expected in the system at the minute, but the table we are putting in does it by fortnight. You will see that the number has been up as high as 182,000. It has gone up and down quite strongly seasonally, and because we do not have a historical series with this reporting we are

sort of watching at the minute. Our expectation now would be that it will probably level out across the rest of the year. We do not have an expectation that it will grow a lot more other than through natural growth.

**Senator JACINTA COLLINS**—How many people have benefited already from the working credit?

**Mr Wadeson**—We do have a—

**Senator JACINTA COLLINS**—Another table you could table?

**Mr Wadeson**—No. In the fortnight ending 12 December, which we would assume is a fairly regular fortnight now that we have been in the system for a while, around 62,000 customers depleted their working credits, which we would take as a measure that they have benefited.

**Senator JACINTA COLLINS**—Depleted as in exhausted or utilised?

**Mr Wadeson**—No, that means they have run them down.

**Senator JACINTA COLLINS**—To some degree?

**Mr Wadeson**—To some degree, yes. In the first fortnight when they started depleting, the figure was at 50,800. So it has risen to 60,000 across to December. But, again, this is very new data and a very new series and it can fluctuate and we are yet to understand all the reasons around those fluctuations.

**Senator JACINTA COLLINS**—Do we know how many exhaust?

**Mr Wadeson**—No, I cannot tell you that.

**Senator JACINTA COLLINS**—How many complaints have you received about the new income reporting arrangements?

**Mr Wadeson**—I do not have a number; I cannot give you an actual number.

**Senator JACINTA COLLINS**—Do you mean you cannot right now or you are not able to extrapolate that?

**Mr Wadeson**—It is not always possible to add up things like complaints about this because some things appear in letters relating to other matters and they come in at many and different places. There certainly has not been a large number of complaints. They relate generally to issues around the difficulty of providing information for the right fortnight.

**Senator JACINTA COLLINS**—Ms Vardon, would your complaints unit have some feel for this?

**Ms Vardon**—I was just thinking when you asked that question whether they have started to roll it in yet, because most of what I have seen has been fairly positive. People think this is fantastic. They get served whenever they like. I am certainly happy to have a look at it. I know that one man thought he was talking to a real person and got upset about that, and I think there are a few people who would be like that. We did spend a fair bit of time helping people getting into this channel, but some people slipped in without that training. A few people, I understand, have had language problems. Even though we thought we could take just about every dialect and variation of English, I think a few people have fallen outside that.

**Mr Wadeson**—I have been provided with some information. Since July 2003 when Centrelink started sending out information kits to customers, both Centrelink and FaCS have received around 30 ministerials each and the main issue in those relate to fortnightly reporting. The number of complaints Centrelink has received in relation to working credit as at 6 February is a total of 114. We have had 91 complaints, three compliments—

**Senator JACINTA COLLINS**—This is the previous answer.

**Mr Wadeson**—Sorry, we are on about the—

**Ms Vardon**—No, this is feedback. They are not all complaints.

**Mr Wadeson**—Sorry, 91 complaints.

**Senator JACINTA COLLINS**—But this is an answer you have already provided, is it?

**Mr Wadeson**—No. Sorry, I was just given a piece of information. I did not think we had this table, but we do.

**Senator JACINTA COLLINS**—Perhaps if that is in table form, you can provide that to us.

**Mr Wadeson**—It is just one figure really. Since that time, Centrelink has received 91 complaints.

**Ms Vardon**—Three compliments.

**Mr Wadeson**—Three compliments, yes.

**Senator JACINTA COLLINS**—Three compliments and 91 complaints.

**Mr Wadeson**—Yes.

**Senator JACINTA COLLINS**—And what were the ministerials?

**Mr Wadeson**—It was 60 ministerials in total.

**Ms Vardon**—If we can substitute the compliments by the take-up rate, I think we anticipated about a 12 per cent take-up rate by December when in fact it was—

**Mr Wadeson**—In terms of the use of the self-help, we have received a wealth of material, particularly on the Internet option, as you would expect, because the Internet is very easy for people to send in suggestions. But most of that—virtually all—has been highly positive, with suggestions about what else people would like to see in terms of the self-help. These figures relate very much to the working credit and the actual application of it.

**Ms Vardon**—But the take-up rate has been beyond our comprehension, beyond our expectation.

**Mr Wadeson**—We are running at over 30 per cent of people using the self-help facility in this stream, which is a long way ahead of where we thought we would be.

**Senator JACINTA COLLINS**—Has the take-up of the working credit been ahead of estimates?

**Mr Wadeson**—Again, it is very early days because of the figures, but since the start—I mentioned this before; and you will see this when you get to the table—there has been steady growth virtually from when we started right through until December. It grew from about

130,000 up to about 160,000. Then we have had a few spikes, which are to do with the prepayments and fortnightly reporting. But because it is a new series, I think that we will have to wait some time before we can make much of that. These things could be seasonal.

**Senator JACINTA COLLINS**—Have any customers had payments suspended due to failure to report earnings?

**Mr Wadeson**—I have only got the number who are 15 days late plus. They did not actually get cancelled. I think that they have to be 28 days late. But we are down to under one per cent.

**Senator JACINTA COLLINS**—After 15 days.

**Mr Wadeson**—After 15 days.

**Senator JACINTA COLLINS**—And we do not know what we are after—how many days was it?

**Mr Wadeson**—It was 28 days. The issue with that is that there does not seem to be a lot of evidence that the movement in it would be other than what you would normally expect with that sort of dynamic in the population. So the reporting arrangement itself does not seem to be leading people to cancel out.

**Senator JACINTA COLLINS**—The likelihood is that some people have been suspended, but no greater than other processes.

**Mr Wadeson**—That is right—very small numbers, too.

**Senator JACINTA COLLINS**—How many people have been breached for failing to report or report properly?

**Mr Wadeson**—I am sorry, I do not have those figures. I think that we might have someone who has the breaching figures.

**Ms Winzar**—There are no explicit provisions for breaching customers for non-reporting of income outside the youth allowance customer groups. So there would be no impact on parents or any of the other working age customers who are taking advantage of working credit.

**Senator JACINTA COLLINS**—Can you give me the figures for those two areas?

**Ms Winzar**—Yes, I probably can. There are 10 most common reasons for breach impositions for activity tested customers—that is those on Newstart and Youth Allowance—for failing to declare earnings from employment. Up to December 2003, 7,249 customers were breached for failing to declare earnings from employment.

**Senator JACINTA COLLINS**—Which customers were these?

**Ms Winzar**—These are Newstart and Youth Allowance customers.

**Senator JACINTA COLLINS**—Can you provide figures for the number of people who have utilised the working credit to date, which we have dealt with in part, giving us those figures by payment type with some detail on the average amount of money banked or the dollar benefit per person per payment?

**Mr Wadeson**—I suspect that we would be able to provide the working credit depletion. I am not sure about how that translates to a particular dollar benefit. I know that there is a quite

complex calculation that goes on here with working credit, acting on a daily basis. It is quite difficult to calculate those sorts of things, but I will have a look at what we can do there.

**Senator JACINTA COLLINS**—What mechanism operates for people with regular earnings? Do they have to report fortnightly or is there an automatic trigger in the system for them?

**Mr Wadeson**—There is a system trigger that means they do not have to report fortnightly if they have got regular earnings, although we have found quite a lot of people are quite happy to stay in the system with regular earnings.

**Senator JACINTA COLLINS**—How does that work?

**Mr Wadeson**—They can stay in the system if they choose to.

**Senator JACINTA COLLINS**—No, how does the trigger work?

**Mr Wadeson**—The way in which you come into the system is that we identify from a period—I think that it is three previous fortnights—an earnings pattern. If that earnings pattern is consistent, then you will not be invited into the system. We have found that some people who come in—they are then on regular earnings for some reason—often opt to stay in the system, maybe because their regular earnings are not going to last that long and it saves them the trouble and they get into the pattern of reporting.

**Senator JACINTA COLLINS**—How long are they in the system before that is identified?

**Mr Wadeson**—It can be any time. If they choose to stay in the system and if they ask to stay there on the grounds that their earnings might vary, that would be up until they come back and say at some stage, ‘My earnings are dead flat. I do not want to be doing this anymore’ and they can be taken out.

**Senator JACINTA COLLINS**—I might have misunderstood you. I thought you indicated that if the system identifies that they have been in the system but they have had a flat pattern of earnings for a period of time, then you give them the option to opt out of it.

**Mr Wadeson**—There is a number of weeks, but I cannot remember what that is.

**Senator JACINTA COLLINS**—Could you could provide us with that. In part we have addressed this, but do people have to request access to the working credit or does it kick in automatically when people have earnings? Precisely how do you identify those that it is appropriate for?

**Mr Wadeson**—It kicks in automatically. It is part of the income test calculation.

**Senator JACINTA COLLINS**—Can you nominate right from the start that you want to be in the system?

**Mr Wadeson**—No. If you have casual earnings you will be selected to report this way. As I said before, there is a provision in the system that says, ‘Your earnings have been variable for a certain period’ and then you will be sent a letter that says, ‘You now must report fortnightly.’

**Senator JACINTA COLLINS**—But how do you determine when someone starts off that their earnings are casual?

**Mr Wadeson**—We would have seen the pattern; the system looks at their earnings.

**Senator JACINTA COLLINS**—From the previous three weeks.

**Mr Wadeson**—A lot of people say, ‘I have got a job. It is at such and such. It is casual’ and they are in the system. That is the main way we do it.

**Senator JACINTA COLLINS**—There are a lot of part timers these days who have pretty irregular earnings, too.

**Mr Wadeson**—Yes.

**Senator JACINTA COLLINS**—Can you provide a breakdown of the budgeted cost of administering the working credit and the new income reporting arrangements?

**Mr Wadeson**—Yes.

**Senator JACINTA COLLINS**—How are you tracking on this? Is the cost for Centrelink higher than expected or lower?

**Mr Wadeson**—It was a budget allocation for the network for this, which we can demonstrate, but I am not sure that we can cost out the cost of running working credit on a day-to-day basis. But we were given a staff allocation for that.

**Senator JACINTA COLLINS**—But to some degree it has been more successful than anticipated. I am curious about whether the administrative forecasts have been adequate to deal with that.

**Mr Wadeson**—Generally, we have been able to cope with the larger numbers in the system, because the self-help has been a bigger part of the system than we originally expected. At this stage I think that there is a view that those two factors have helped offset each other.

**Senator FORSHAW**—I just want to ask some questions on the Centrelink Virtual College. Can you just briefly tell us how the virtual college operates?

**Ms McGregor**—The college was established a couple of years ago with the intent of aligning the programs that it would deliver with the national training framework. That means organising the programs so that Centrelink staff, as they undertake training related to their work, can have those credentials acknowledged through the certificate program. In the last year, some 14 certificates—that is our curriculum at the moment—have been rolled out and some 5,000 people were enrolled with about 2,500 qualifications issued last year. That is in 2002-03.

**Senator FORSHAW**—What is the staffing structure of the college, the number of people who work in it and also the numbers in each of the levels?

**Ms McGregor**—I would have to take that on notice. The interesting thing, though, about the college is that it does have practitioners who are qualified within the vocational education and training system. They are accredited trainers, although I do not want to give the impression that all the training is done through internal or in-house trainers. Sometimes that is contracted out.

**Senator FORSHAW**—You are going to give us the numbers of the staff and the various categories.

**Ms McGregor**—Levels.

**Senator FORSHAW**—Some of those staff are qualified trainers.

**Ms McGregor**—Yes.

**Senator FORSHAW**—Can you say what proportion that would be?

**Ms McGregor**—No, I could not. I am not that familiar with it at that level, I am sorry, but it will not be hard to get.

**Senator FORSHAW**—You said a moment ago that some of it is contracted out. Can you just expand on that?

**Ms McGregor**—Depending on what the program is. If the capacity is within Centrelink, they may deliver it, or you can enrol with the qualification—because it is aligned to the framework—through the local TAFE. Registered training organisations as well can deliver it for Centrelink. The virtual college itself is a registered training organisation.

**Senator FORSHAW**—So you would engage academics to run specific training programs?

**Ms McGregor**—Yes, we could.

**Senator FORSHAW**—And they are run through the college.

**Ms McGregor**—Yes.

**Ms Vardon**—They are not all academics in the sense of being at that level. They are often people who are subject matter experts. The part of the college which operates through the Centrelink Education Network, which is a television presentation or a satellite presentation that beams in a subject expert, will often have with them a presenter who is not an academic but who knows how to present information in a way that is not dry and boring. Our subject matter experts had to learn how to present their material. We have some non-academic presenters who know how to use the technology and subject matter experts who are with them to answer the questions.

**Senator FORSHAW**—But it does include academics. I am not trying to make a specific point here; I am just trying to understand who the likely personnel would be who you would contract. They would be qualified trainers or academics.

**Ms Vardon**—Yes.

**Senator FORSHAW**—You said that you would, for instance, utilise TAFE colleges or universities.

**Ms McGregor**—The nature of the certificate programs are VET programs and not higher education.

**Ms Vardon**—We do contract with universities to do our diploma courses too, sometimes. The purpose of it was not to set up a great big in-house training centre but to make sure our people with our certificates got connected to the outside training institutions to the extent that they could.



**Senator FORSHAW**—I visited an establishment at Tuggeranong in the context of another committee inquiry, which you are aware of. Is that part of the college?

**Ms Vardon**—That is the headquarters of the college. But it is virtual.

**Senator FORSHAW**—That was a visit where I do not think that we took a *Hansard* record. It was for another committee inquiry.

**Ms Vardon**—Did you like it?

**Senator FORSHAW**—Read the report.

**Ms Vardon**—As a result of your visit to that other place, we have been invited by the Australian Public Service Commissioner to do a presentation for the APS shortly on how the college works.

**Senator FORSHAW**—I appreciated the opportunity to visit, but we did not have a detailed hearing about the operation of it. What is the college's budget?

**Ms McGregor**—I would have to take that on notice.

**Senator FORSHAW**—You do not have somebody here who can tell me?

**Ms Vardon**—We had the dean here this morning. She was all ready and waiting to go and we lost her at lunchtime. She is one of the casualties, I am sorry.

**Senator FORSHAW**—Can you take that on notice? Has it met its budget, has it overrun its budget; if so, by how much?

**Ms Vardon**—No-one is allowed to overrun their budget. They will be penalised if they do.

**Mr Bashford**—There are different initiatives—

**Senator FORSHAW**—My next question was the impact of the one and a half per cent and whether or not they had been affected by that. But Mr Bashford, you were about to say something.

**Mr Bashford**—There are different initiatives that go on throughout the year. Their budget will not be a single line figure, because they will be enhanced by project funds, et cetera. We will get something for you.

**Senator FORSHAW**—Something? Specifically, has it met its budget each year is what I wanted to know.

**Ms Vardon**—If anything, it pushes the boundaries and gets more and more money each year. It has been one of the growth areas of our organisation, and properly so, I might say.

**Senator FORSHAW**—When you are providing the information on the staffing and the levels, could you give us details of the qualifications of the teaching staff in the college? Do they all have tertiary or training qualifications?

**Ms Vardon**—Not every subject matter expert in our place would necessarily have a tertiary qualification. They are there presenting because they are the Centrelink expert in technical training. But we certainly, to the extent that we can, will give you the qualifications of everybody who is there.

**Senator FORSHAW**—Does the college itself centrally organise what training and education is conducted in Centrelink or do the local managers make a judgment about what kind of support they will use?

**Ms Vardon**—Because it is a training college and a properly registered one, they have to create properly constituted college certificates. Those certificates determine the knowledge that will be taught. You cannot just have any haphazard learnings; you have to learn the modules. I think there are 100 modules of learning at the moment for the certificates and there is another 80 about to be released. They can be taught in a variety of ways. Adults learn differently. Some like the television, some like to go and sit in a small group at their local TAFE college, some like to be coached through a self-learning exercise.

**Senator FORSHAW**—That was not quite what I was getting at. Let me ask you it this way: does having the in-house college eliminate the need for external training projects?

**Ms McGregor**—Going back to your previous question, I think one of the distinctions or clarifications we could make is that the framework which Ms Vardon described relates to the accredited learning framework. It is not the only way that we deliver training. In fact, there are other things coming out of our enterprise agreement which will see perhaps a merging of some of the training that we currently do. In addition to the accredited learning through the certificates we do CEN training—Centrelink Education Network training. That is the satellite facility that you would have seen when you visited Tuggeranong that day. Those are initiatives which we would call the technical training. The college does not determine when people do that—that is a local management decision—but that training is designed according to business priorities. It is the manager's decision to allocate the time and allow them to partake in that training.

Another part, again as a requirement of our current enterprise agreement, is that people are scheduled to undertake the training—10 hours for call centres and 12 hours for customer service centres—in a settlement period. Again, that allows the capacity for the offices to release people for the training.

**Senator FORSHAW**—I am trying to get an idea of just how much of the total training that is provided within Centrelink to the staff around the country in the various offices is now being provided through the virtual college as against training that is provided by outside providers or other projects.

**Ms Vardon**—The college connects to those outside providers.

**Senator FORSHAW**—In all cases?

**Ms Vardon**—If there are some people who have escaped it, it is our intention that the college net should cover every sort of training inside our organisation, because we want our staff to get accredited for technical training, which is now part of a certificate, and so on. But the college is part of an education system. It contracts to have some of its courses done by other tertiary institutions.

**Senator FORSHAW**—The college does that?

**Ms Vardon**—The college does that.

**Senator FORSHAW**—Who is the person from the college who is responsible for managing those contracts?

**Ms Vardon**—We could ask the dean. It might be Anthony Tyrrel, but I would not like to commit a special name to that.

**Senator FORSHAW**—I will come back to that in a moment. Are you saying to me that local managers do not organise any training utilising external providers that is not linked with the virtual college or is not related to the virtual college?

**Ms Vardon**—One of the things we are trying to stop is little bits of ad hoc training that does not leave an accreditation on a person's record, because we want our people to be acknowledged for all the training that they have. From time to time people hire somebody to come in. It might be dealing with a local community or something else. Some of our officers have had little leadership training courses which we have now said have to be part of a big frontline leadership training program and so on. So we are trying to stop the little local ad hoc stuff. There is a bit of it, but we are slowly pulling it in.

**Senator FORSHAW**—Slowly. Are you confident that you are making sufficient progress?

**Ms Vardon**—Yes, if you think that the college has been there for only three years and it has grown exponentially. I feel very confident that people will not want to do little local ad hoc training when they know that they can get something else that is part of points to a certificate.

**Ms McGregor**—A lot of the initiatives in the enterprise agreement which we are to implement are to undertake a review of the capacity of our network to deliver the accredited learning so that we would, as Ms Vardon has indicated, merge all of our technical training under the certificate umbrella. At this point in time, because of some delays in other parts of implementation of the agreement with the CPSU, that is not quite on track, but it is definitely the intention that the implementation of the whole arrangement will be rolled out this year.

**Ms Vardon**—There are some contracts for training that are done in information technology which are slowly coming under the umbrella of the college. Even in that area we are trying to bring them in.

**Senator JACINTA COLLINS**—What proportion of Centrelink's budget is spent on training?

**Ms Vardon**—I cannot tell you. It is a pretty big percentage, but we will come back to you with it.

**Senator JACINTA COLLINS**—I would be interested in the trend, too.

**Ms McGregor**—In our submission to the Senate inquiry on recruitment and training we costed it—that is 2002; that is the last figure I am familiar with—at \$1,600 a head per annum.

**Senator FORSHAW**—Can you tell me anything about a contract with John Mitchell and Associates to undertake an evaluation framework for Centrelink?

**Ms Vardon**—Certainly the dean could. John Mitchell is a man of some high standing in evaluation of tertiary training. He was brought in to evaluate our work but also to help us

design improvements for the future. I do not want to speculate too much. I am happy to get that information to you.

**Senator FORSHAW**—I will ask these questions and I assume the dean may be the one who will need to provide the information. Who was responsible for contracting John Mitchell and Associates? How was the project tendered? Could we be supplied with a copy of the advertisement for the tender—I am assuming it was tendered—and a copy of the brief for the tender? I have another question to raise in relation to Goolabri Country Resort. What can you tell me about that contract?

**Ms Vardon**—Lots of people use Goolabri. In fact, I was there this week, where people are doing some strategic planning. It is one of the many places Centrelink uses to have our leadership training programs.

**Senator FORSHAW**—What is the value of that contract?

**Ms Vardon**—Is this in relation to anything in particular, because it is used by various—

**Mr Bashford**—It is usually for one-off events. We might hire it next week for a day and then three weeks later for a week, just like we do with any other organisation around Canberra.

**Senator FORSHAW**—Is there a specific contract that they have at the moment?

**Mr Bashford**—I do not believe we have an ongoing contract. We do use it from time to time.

**Ms McGregor**—I presume that in relation to the leadership programs we have certainly booked it for the year at a six-week interval or something like that. We could get the details of that.

**Senator FORSHAW**—That is my next question. What is the budget assigned for the leadership development program? That is being provided by Goolabri, is it?

**Ms McGregor**—Goolabri is really just the residential component to it. The company that won the tender was a group called the Nous Group. A public tender process was undertaken in September 2002 and Nous was the successful tenderer. The development and design costs were \$147,500. There are two elements to the program. To date, some 70 participants have attended the senior executive leadership program and another 56 have attended a middle management one. We have a further 10 planned for 2004.

**Senator FORSHAW**—What was the connection with the Goolabri Country Resort?

**Ms Vardon**—It is hardly a resort, I might say.

**Ms McGregor**—The bit we will have to check—

**Senator JACINTA COLLINS**—Where is this place?

**Mr Sullivan**—Just outside Canberra, on the road to Sydney.

**Ms McGregor**—One thing that perhaps we should clarify in the course of this question is that what I am not clear of is whether the arrangement is with Nous contracting Goolabri or whether it was with the college. Now, we can set that straight with the—

**Senator FORSHAW**—I would like the details. I think you have given me some in regard to Nous. If there is anything more you can supply on that in terms of the budget for the leadership development program, I would appreciate that. But I started off with a question regarding the value of the contract with Goolabri Country Resort and what it provides for and how it was tendered, because you said you have got this year-long contract with them. That is to provide the facilities, is it?

**Ms McGregor**—Yes.

**Senator FORSHAW**—Yes. Thank you. I think that virtually completes it.

**Senator JACINTA COLLINS**—No, you have finished the virtual college.

**Senator FORSHAW**—Yes, I have. I think we are going to have a break. The minister is not here. She requested a break.

**Ms Vardon**—Can I ask you if Centrelink is finished?

**Senator JACINTA COLLINS**—No.

**Ms Vardon**—No, that is okay.

**Senator JACINTA COLLINS**—But if we plough on, it is not too much further. So you might prefer not to have a break.

**Senator FORSHAW**—It was the minister who requested the break, but she is not here.

**Ms Vardon**—Senators always take precedence over the rest of our lives, so we will be at your disposal.

**Senator JACINTA COLLINS**—I am happy to continue.

**ACTING CHAIR**—So we are not having a break; is that what you are saying?

**Senator JACINTA COLLINS**—Subject to the minister informing us that she wants a break, but she is not here, we are happy to continue to plough on.

**Senator FORSHAW**—A virtual break.

**ACTING CHAIR**—She might want one when she comes back. We will see.

**Senator JACINTA COLLINS**—Moving on from the virtual college, I am interested in the concept behind the guiding coalition. Is that a reference to your political masters or to the board? What is this 'guiding coalition'?

**Ms Vardon**—It is funny that someone once said to me is that a right wing or a left wing thing and I said it was a Harvard thing.

**Senator JACINTA COLLINS**—A Harvard thing?

**Ms Vardon**—A Harvard thing. I am surprised, Senator, it has taken you seven years to find it.

**Senator JACINTA COLLINS**—I have not been to Harvard.

**Ms Vardon**—Nor have I, but I read a lot. When we set up Centrelink there was, as you know, an interesting collection of people who were put together to make this new organisation. It was very important to me that all of the SES people who were involved in it

should consider themselves to be a group guiding the direction of this new organisation. I did not want to call it the senior executive and I did not want to call it something else. I had read the works of a man called John Cotter, whom you may have heard of, who is a Harvard type person who writes on leadership. He said that if you are going to go through big change you should have something called a guiding coalition. I thought that I would take that set of words. So it has no political connotation whatsoever, but it is the words we use to describe the SES people in our organisation who meet every six weeks or so to consider and decide on the most important strategic issues in our place.

**Senator JACINTA COLLINS**—So is that all SES officers?

**Ms Vardon**—All SES.

**Senator JACINTA COLLINS**—From Australia-wide? They all come together and—

**Ms Vardon**—Yes, the 15 area managers come in.

**Senator JACINTA COLLINS**—So what is the cost of bringing the guiding coalition together every six weeks?

**Ms Vardon**—I have just authorised \$50,000 for the expenditure of the next one in Melbourne, and there would be some airfares on top of that. Let me also say, because people ask me this question often, that we have the lowest ratio of SES officers to staff in the Commonwealth.

**Senator JACINTA COLLINS**—Well, you are a delivery agency.

**Ms Vardon**—That is right, and one of the trade-offs from having more SES officers was that we should work out ways of getting the group to work very effectively together.

**Senator JACINTA COLLINS**—Okay. Mr Sullivan, how often would you bring together your SES officers?

**Mr Sullivan**—As a whole group, we would bring our SES group together monthly.

**Senator JACINTA COLLINS**—You could practically align these with estimates. That would reduce costs for about three or four of them a year.

**Ms Vardon**—The people who come to estimates are mostly Canberrans.

**Mr Sullivan**—We have an SES meeting monthly. It is not a guiding coalition. We have SES learning and development opportunities twice a year for two days non-residential. We only have half a dozen SES officers outside of Canberra.

**Senator JACINTA COLLINS**—Ms Vardon, could you give us a breakdown of airfares, accommodation and other expenses for these meetings? Are any of them virtual?

**Ms Vardon**—The guiding coalition meetings, no. There are plenty of other virtual meetings.

**Senator JACINTA COLLINS**—But not those ones?

**Ms Vardon**—Not those ones. They power through a very big agenda.

**Senator JACINTA COLLINS**—I can understand in the context of early Centrelink days, but an ongoing pattern of six weekly meetings of all SES officers—

**Ms Vardon**—It is very important. We have contracts with 22 different government agencies. There is an awful lot of business to be put together. It has kept everybody in communication and it has been extremely important for our capacity to deliver some of the productivity benefits that we have delivered.

**Senator JACINTA COLLINS**—Can you explain to me the difference with the work of the coalition as opposed to the work of the board?

**Ms Vardon**—Yes. The board is quite different altogether. The board is prescribed in the legislation that created Centrelink in the first place. The board has people from outside Centrelink, and Mr Sullivan and I are on it. The chairman and the rest of the board members are independent private sector people. They meet once a month or so to have a look at things of strategic importance to the organisation. They also have executive authority to appoint a CEO and have certain other responsibilities to look after the good order of Centrelink.

**Senator JACINTA COLLINS**—What are the overall annual costs of getting the board together monthly?

**Ms Vardon**—We are happy to table that.

**Senator JACINTA COLLINS**—Have you got an estimate, a ballpark? Presumably you have looked at that in the past.

**Ms Vardon**—A couple come from Melbourne, a couple come from Sydney and there is us. Our board is not a very expensive operation.

**Senator JACINTA COLLINS**—So we have got at the moment \$600,000 for the guiding coalition to meet. What would be your estimate for the board?

**Ms Vardon**—I have not said \$600,000.

**Senator JACINTA COLLINS**—No, it is an estimate based on your saying you had just approved \$50,000.

**Ms Vardon**—No, that would be one going to Melbourne. In Canberra it would be different. The figures would be a lot less in Canberra, which is where they are mostly.

**Senator JACINTA COLLINS**—Sorry, I did it monthly, too, and it was six weekly so it is less than 12.

**Ms Vardon**—Yes. When we bring in the area managers, of course, there are many other meetings that abut it so that we make the most of their visits.

**Senator JACINTA COLLINS**—Is there not a degree of overlap, though, between the function of the board and the function of this group?

**Ms Vardon**—No, the board operates at a higher level. The guiding coalition is very operational.

**Senator JACINTA COLLINS**—Having a higher level group that meets monthly and another higher level group that meets six-weekly, I would be interested in the administrative theory that supports the requirement to sustain that on an ongoing basis.

**Ms Vardon**—I am very happy to have long conversations with you about it. I consider the guiding coalition to be extremely important inside our place. It eliminates a lot of hierarchy. It

certainly eliminates a lot of confusion and waste of time when people have not spoken to each other. As an organisational investment it is very important.

**Senator JACINTA COLLINS**—I am thinking about typical businesses such as banks and the like where that level of organisational hierarchy would not be sustained.

**Ms Vardon**—I can assure you that banks' overheads are much greater at that level. In fact, one guiding coalition—

**Senator JACINTA COLLINS**—Wages maybe, yes.

**Ms Vardon**—Sure. We are very cheap in comparison with any other organisation of our size and expenditure.

**Senator JACINTA COLLINS**—Have the 1.5 per cent cuts to running costs been applied across the board to the guiding coalition and the board activities as well?

**Ms Vardon**—Everybody in our organisation has been told to pull in their belts.

**Senator JACINTA COLLINS**—Can you give me some examples of how that has applied at those levels?

**Ms Vardon**—We spend a lot of time not going interstate. We used to go three or four times around Australia. We have stopped that now. We will be lucky if we just get to Melbourne this year. We have sacrificed being seen in the areas for cutting back on our money. We cancelled, for example, a guiding coalition in Perth on the basis that we thought it was not a set of dollars I could justify here.

**Senator JACINTA COLLINS**—When was that? How long ago?

**Ms Vardon**—Two years ago.

**Senator JACINTA COLLINS**—Another issue that has interested me is the new Centrelink web site, which has some interactive features that I was curious about. Why, for instance, was it regarded as necessary to give a user the option to change the colour of the screen?

**Ms Vardon**—That is definitely something we did for people who had eyesight problems.

**Senator JACINTA COLLINS**—Was it?

**Ms Vardon**—Yes. It is not something we do for fun. We get a lot of advice from disability groups and others who need to see different colours.

**Senator JACINTA COLLINS**—In relation to some of the other interactive facilities on the web site, can you give me a description for why they were thought necessary rather than just having the standard departmental link? For instance, the annual report was presented on its own site rather than the way that a department would ordinarily link a copy of its annual report. Why was that done?

**Mr Jongen**—Essentially it is a question of accessibility and being able to work your way through the annual report much simpler than just trawling through documents. It is all cross-indexed and hyperlinked. In fact, we won an award for the effectiveness of the annual report site.

**Senator JACINTA COLLINS**—Is there any information about that award?



**Mr Jongen**—I will have to take that on notice. It is one of the categories of the annual report awards that are presented every year.

**Senator JACINTA COLLINS**—But best for what?

**Mr Jongen**—It was the best electronic version of an annual report.

**Senator JACINTA COLLINS**—How many other people produce electronic versions of an annual report as an actual site in itself?

**Mr Jongen**—Again, it is not actually a site. What we have done is lifted it out, because of the interest that our annual report always attracts. For example, journalists would access that report regularly in order to obtain relevant data. Essentially, again as part of our commitment to improving service, we try to make that document in particular as navigable as possible.

**Senator JACINTA COLLINS**—Was this an internal project or an external one?

**Mr Jongen**—It was internal.

**Senator JACINTA COLLINS**—What was the cost?

**Mr Jongen**—I would have to take that on notice. It is easy for me to say there was actually no cost, because we were required to put the annual report up on the web anyway. There may have been some contractor costs. It would not have been expensive, but I will take it on notice.

**Senator JACINTA COLLINS**—Thank you. The final Centrelink proper issue I have—but I will need you to stay for just one moment beyond this in relation to the work and family task force report—is in relation to payments by electorate. Centrelink is to work with the Parliamentary Library to provide tables of payments by federal electorate. This does not seem to occur anymore, according to the library. Can you explain what has happened there?

**Ms Vardon**—It is not deliberate that we do not deliver it. We are actually trying to build it back again. We are offering postcode data, but we are trying to group it by electorate again.

**Senator JACINTA COLLINS**—How long has that not been occurring for?

**Ms Vardon**—This is a bit new to me. The problem was that before it was not as accurate as it might be, and so we are cleaning up the data.

**Mr Bashford**—We gather our information in areas rather than electorates. The data we have given has always had a qualification about the accuracy.

**Senator JACINTA COLLINS**—So you are now limiting the number of qualifications that will be required? No, you are not?

**Ms Vardon**—We are also putting in those—not the GPS, what is that other thing?

**Senator JACINTA COLLINS**—Ms Vardon, it might be better to ask the officer concerned to come forward.

**Ms Treadwell**—In regard to the question you are asking about us being able to wrap the geocoding around addresses, customers and our CSEs, we have been developing capability over a number of months. In terms of being able to provide maps of our customers' locations—demographic information against those maps—we have been developing that over time. Those maps have been made available on request from members of parliament. I was

not aware that we had stopped the service. I can take that on notice and find out where and how we can continue to provide that service.

**Senator JACINTA COLLINS**—The service previously was done with the Parliamentary Library to provide tables of payments by federal electorate. I am unclear on when that stopped, why it stopped, and I am interested now to understand that individual members can request such information directly from Centrelink. I am not sure if that is widely known.

**Ms Treadwell**—That goes through a formal request process and is released through our minister's office.

**Mr Bashford**—And we only do it by postcode.

**Senator JACINTA COLLINS**—So a formal request could be made by postcode through the minister's office?

**Senator FORSHAW**—Just to clarify this: to a formal request, if it is made to the minister, for the data to be provided by electorate, the response will be in postcodes rather than by electorate. Is that what you just said, Mr Bashford?

**Mr Bashford**—Correct. I do not think we have ever been able to provide it in accurate terms by electorate. We have only ever given data out by postcode.

**Senator JACINTA COLLINS**—Even to the Parliamentary Library on the maps that they once produced?

**Mr Bashford**—Yes. I am pretty sure that is right. We will check up on that, but I am pretty sure that we have never been able to do that. We are hoping to do it in the future. Geocoding in the system should allow us to do it by electorate or whatever.

**Ms Treadwell**—There has been a linking of postcodes to electorates, but it has not been a perfect arrangement.

**Senator JACINTA COLLINS**—In relation to the requests that you have had from members to date, how many members has that been?

**Ms Treadwell**—I cannot answer that without looking into that detail.

**Senator JACINTA COLLINS**—I am concerned that I do not think it is broadly known that that facility is available to all members, so I am seeking to clarify whether that has only been members from one political party, for instance. And if that is the case, I would be quite concerned.

**Mr Bashford**—I can assure you that it is more than one political party that has been asking for it.

**Senator JACINTA COLLINS**—Let us say hopefully more than the coalition and the Independents.

**Mr Bashford**—Yes.

**Senator JACINTA COLLINS**—So you have had requests from Labor members?

**Mr Bashford**—Yes.

**Ms Vardon**—I have no knowledge of it being restricted in any way.

**Senator JACINTA COLLINS**—No, it is just—I am sure Mr Sullivan appreciates this—there have been some more recent events that have been restricted, so I would be quite concerned if this translated into this area.

**Senator FORSHAW**—I think you said earlier in this discussion, Mr Bashford, that there was a qualification always attached to the provision of the data.

**Mr Bashford**—Which was that this information is only provided by postcode. It cannot be an accurate electorate piece of information. And in fact these days people are starting to ask by postcode rather than by electorate.

**Senator FORSHAW**—That was noted on the information when it was provided to members of parliament or anybody else who requested it through the—

**Mr Bashford**—Correct.

**Senator FORSHAW**—Do you provide it to the Parliamentary Library?

**Mr Bashford**—I would have to check on that, but I am pretty sure the same caveat would be on there to say that this information is by postcode, not actually accurate to the electorate.

**Senator FORSHAW**—This would be in response, would it, to a request from the Parliamentary Library to Centrelink to provide the data? Or is it in the nature of information that is provided to the library as a matter of course?

**Ms Vardon**—I just do not think we know enough information to answer your question, and I do not particularly think we should be speculating.

**Senator FORSHAW**—I know that the library would have information on various things that it has as a matter of its own material supplied to it, not necessarily on request but which it seeks as a matter of course. And then, of course, it also acts upon requests for information from members. I am trying to understand the relationship between Centrelink and the library and what was provided.

**Senator JACINTA COLLINS**—That concludes Centrelink proper. The only remaining questions I have that would relate to Centrelink are with respect to its participation in the work and family IDC. Beyond that, if people want to go, I am going to suggest that I deal with that component of the IDC and then we have a break after that.

**Ms Vardon**—The relevant officers will stay.

**Senator JACINTA COLLINS**—I am hoping to relieve the relevant officer fairly quickly, too.

**CHAIR**—Thank you very much, Ms Vardon.

**Senator FORSHAW**—If they want to stay and watch—

**Senator JACINTA COLLINS**—If we ask just a couple more questions, the Centrelink people involved in the IDC can also go.

**Mr Sullivan**—The involvement was very minor. They were observers at a number of meetings in late 2003.

**Senator JACINTA COLLINS**—Has Centrelink conducted any of the work for the IDC?

**Mr Sullivan**—No.

**Senator JACINTA COLLINS**—So for what purpose did they observe a meeting?

**Mr Sullivan**—Maybe you should ask the Centrelink people.

**Senator JACINTA COLLINS**—I was about to say, now that you have given me that information, they can go.

**Mr Sullivan**—It was largely to do with if people want to talk implementation aspects of any possible initiative Centrelink are the people to talk to and provided that sort of expertise.

**Senator JACINTA COLLINS**—Are we waiting for the relevant officer who was the observer?

**Mr Sullivan**—Here he is.

**Senator JACINTA COLLINS**—Mr Tidswell, when were you an observer on the work and family IDC?

**Mr Tidswell**—I believe during 2003. I cannot recall the exact dates, but I think I was invited to—

**Senator JACINTA COLLINS**—What was that, Mr Sullivan?

**Mr Sullivan**—2 July, he was there.

**Senator JACINTA COLLINS**—It did not meet for half of 2003?

**Mr Tidswell**—Sorry?

**Senator JACINTA COLLINS**—It did not meet for about the last quarter of 2003?

**Mr Tidswell**—I do not have the exact dates with me.

**Senator JACINTA COLLINS**—What was the purpose of your participation in that meeting?

**Mr Tidswell**—I think, as Mr Sullivan said, to provide some service delivery perspective on how we would go forward.

**Senator JACINTA COLLINS**—I am just trying to think in terms of policies that have subsequently been announced. There are no Centrelink implications, would be my impression; is that accurate?

**Mr Tidswell**—Sorry, I did not quite understand the question.

**Senator JACINTA COLLINS**—In the discussion I had with Finance earlier this week we had some dialogue in relation to its participation in matters that had subsequently been announced, so they were not policy under current consideration. I cannot think of how, for instance, the \$80 million in December would have any implications for Centrelink, would it?

**Mr Kalisch**—There would probably be some very minor implications for Centrelink around the child-care places, but they were very modest. I think it is actually in the additional estimates booklet—I suppose the main purpose we are here.

**Senator JACINTA COLLINS**—Yes, we can go back to that. I am coming to it, particularly when I get to child care. But that is not so much implementation issues for Centrelink, is it?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Other than that there would be some minor increase in the number of clients potentially if the government was freeing up some additional places.

**Mr Kalisch**—There are some implications for Centrelink around the child-care benefit.

**Senator JACINTA COLLINS**—Changes to child-care benefit?

**Mr Kalisch**—No, increased costs to child-care benefit as a result of the increased places. That is what has driven into the additional estimates.

**Senator JACINTA COLLINS**—In terms of their internal budgets?

**Mr Kalisch**—Yes, because they would have more clients claiming and receiving child-care benefit as a result of the increased number of places.

**Senator JACINTA COLLINS**—Yes, that is what I said a moment ago.

**Mr Kalisch**—So there are some increased revenues for Centrelink. But most of the operating costs would go to FaCS.

**Senator JACINTA COLLINS**—Beyond that issue, there are really no Centrelink issues?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Mr Tidswell, you can leave us and then we can have a break.

**Proceedings suspended from 4.54 p.m. to 5.08 p.m.**

**Senator JACINTA COLLINS**—Continuing on the work and family task force, who represented FaCS on the task force?

**Mr Kalisch**—The task force representation from FaCS was Mr Wayne Jackson, deputy secretary, and myself.

**Senator JACINTA COLLINS**—Both of you at all meetings?

**Mr Kalisch**—So far as I can recall, we were there nearly every meeting. At least one of us was there at every meeting and both of us were there most times together.

**Senator JACINTA COLLINS**—Was there a representative from the minister's office?

**Mr Kalisch**—There was towards the end of the process.

**Senator JACINTA COLLINS**—And who was that?

**Mr Kalisch**—That was Megan Lees.

**Mr Sullivan**—An adviser to Minister Vanstone's office.

**Senator JACINTA COLLINS**—Is she still an adviser to Senator Patterson?

**Mr Sullivan**—She is an adviser in Minister Vanstone's office.

**Senator JACINTA COLLINS**—So she has moved over to the new portfolio?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—We have heard that a Centrelink officer was an observer at a meeting. Were there any other relevant officers observing or attending meetings?

**Mr Kalisch**—We had officers coming from time to time from FaCS depending on the issues that were being discussed by the task force.

**Senator JACINTA COLLINS**—Who were they?

**Mr Kalisch**—I think it would probably be better if I took that on notice to give you a complete list.

**Senator JACINTA COLLINS**—Maybe you can give me a part list, because I hate waiting two to three months for answers to questions like that.

**Mr Kalisch**—Okay.

**Mr Sullivan**—We have done this again. Several times we have got into your wanting to know the names of officers of the department. The work and family task force is reported in Prime Minister and Cabinet's estimates, was coordinated by Prime Minister and Cabinet and dealt in issues which were significantly issues of the department. It is clear that relevant policy officers were present during discussions around policy issues that were of interest to the task force. I just need to understand the relevance of the names and the identities of officers of the department who have been to task force meetings.

**CHAIR**—The identity of officers has never been traditionally disclosed.

**Senator JACINTA COLLINS**—I am quite happy for the titles of the officers to be disclosed.

**Mr Kalisch**—Perhaps I can offer to give you an indication of the areas where the officers came from.

**Senator JACINTA COLLINS**—That would help. Before you continue, Mr Kalisch, Mr Sullivan said a moment ago, 'You have done this again.' I am not sure where I have offended previously.

**Mr Sullivan**—I mean this estimates committee has on more than one occasion—

**Senator JACINTA COLLINS**—Oh, it was not me individually you were directing that to?

**Mr Sullivan**—No. I mean at the estimates committee there was more than one occasion, and we have generally sorted it out pretty quickly, but it has delved into wanting to know the identities of individuals. Mr Kalisch offered the name of the ministerial adviser. I think that is fine.

**Senator JACINTA COLLINS**—I have always been very cautious of that.

**Mr Sullivan**—I did not mean the 'you' as you, Senator Collins.

**Senator JACINTA COLLINS**—I remember one particular occasion when Dr Shergold privately requested that from me and I said that of course I was not intending to. So, yes, can we continue?

**Mr Kalisch**—So far as I can recall, there was at least one officer from a number of branches that I have responsibility for—from the Family Payments and Child Support Policy Branch, from Child Care Services Branch, from Child Care Benefit Branch, from Family and Children's Policy Branch. I think that is it.

**Senator JACINTA COLLINS**—They are the branches you have responsibility for?

**Mr Kalisch**—And they are, from my best recollection, the only branches from which officers had come as observers.

**Senator JACINTA COLLINS**—Okay. Was any research undertaken by FaCS which was used to inform the task force?

**Mr Kalisch**—FaCS quite regularly does its own in-house research, and we have a body of knowledge and a body of understanding within the department that we use for this task force. We did not ourselves commission any research, although we did contribute financially to the research that the Department of Prime Minister and Cabinet undertook, which I understand you were advised earlier in the week.

**Senator JACINTA COLLINS**—Yes, that was \$110,000. What was FaCS's contribution to that?

**Mr Kalisch**—FaCS's contribution was \$45,000.

**Senator JACINTA COLLINS**—Did they bill anyone else?

**Mr Kalisch**—I do not know. That would probably be an issue that you might need to raise with them.

**Senator JACINTA COLLINS**—They did not inform us that the costs of this research had been broken up across departments. We assumed that PM&C had funded it. Bad assumption. In terms of the internal research conducted within FaCS to inform the task force, what was the nature of that?

**Mr Kalisch**—Just around the nature of the things we do generally in our business in terms of policy advice and understanding the environment in which work and family operates in Australia. I do not know that I would be putting it too strongly to say that I believe we have quite strong expertise in the department around these issues and we contributed that to the task force.

**Mr Sullivan**—And the best guide to that would be the FaCS research updates, which are public documents and really cover the sort of research that we conduct ourselves and through our partnerships with universities and others.

**Senator JACINTA COLLINS**—I am sure Mr Sullivan is aware of the sensitivities here in terms of the sort of work that can be done within the department; that it is not done solely for poll driven related purposes, despite the nature of the project that you contributed \$45,000 to. Beyond what I could inform myself on from FaCS research dates, was there other research?

**Mr Sullivan**—We did not drive any specific research as such for the work and family task force—

**Senator JACINTA COLLINS**—Except for the \$45,000 contributed to the—

**Mr Sullivan**—Other than the contribution to the Prime Minister and Cabinet research. We were certainly relied upon to have the knowledge base to inform the deliberations.

**Senator JACINTA COLLINS**—Yes, but as you have said, generally that knowledge base is provided publicly through the FaCS research updates, and I am seeking to clarify if there were any other areas that were explored for the task force that are not part of the general activities of the department's research unit.

**Mr Kalisch**—The sort of research and analysis that I think you are suggesting we would have provided to the task force is the sort of policy work we do quite regularly around our program areas, given the large span of interests we have in work and family matters. We have done that work over a number of years, and the judgments and the expertise were brought to bear for this particular purpose.

**Senator JACINTA COLLINS**—It certainly was. I am not going to ask you to comment on the content of this leaked report, but if my version of it does accurately represent what was before the task force I am very impressed with the quality of the work to the extent that FaCS may or may not have contributed to it, except for about three paragraphs which were obviously contributed from another area, part of which were the ones quoted by the Prime Minister in question time last week. But the general quality of the rest of the research work, if I was an external person wanting to get a catch-up on research and the state of play in work and family, was a very good job. Can you describe what areas of ordinary research within the department were drawn upon?

**Mr Kalisch**—I think it is fair to say that we did a range of work around the work and family environment, understanding the nature of Australian families and their work and family balance issues. We also provided advice on a number of our relevant policy areas.

**Senator JACINTA COLLINS**—Has any detailed work or research been done within the department about the structure of CCB?

**Mr Kalisch**—From time to time we look at aspects of our programs. We are currently, as I think I have advised you at a previous estimates, undertaking an evaluation of CCB, so that will look into that in some detail.

**Senator JACINTA COLLINS**—Where is that up to? Give me an update.

**Mr Kalisch**—We are hoping to have something close to finalisation by about the end of this calendar year or into early 2005.

**Senator JACINTA COLLINS**—Will that be released publicly?

**Mr Kalisch**—I think that is a matter for the government.

**Senator JACINTA COLLINS**—The department is not intending at this stage that it is—

**Mr Kalisch**—I think that is a matter that we would discuss with the minister.

**Senator JACINTA COLLINS**—Well, it is not something that has been determined yet?

**Mr Kalisch**—It has not been decided yet, no.



**Senator JACINTA COLLINS**—Can you explain to me the reporting arrangements to the minister. Was that done by the department or was that done by the adviser from the minister's office, or both?

**Mr Kalisch**—There was regular contact with the minister through this process, as there is through most policy processes—or all policy processes that the department is engaged in.

**Senator JACINTA COLLINS**—What I am asking is: who reported from the task force to the minister?

**Mr Kalisch**—I can recall providing written briefings to the minister about the task force and its work.

**Senator JACINTA COLLINS**—Are you aware that the adviser was doing the same?

**Mr Kalisch**—I would presume that the adviser was also speaking to the minister at the time, although naturally I was not privy to those conversations.

**Senator JACINTA COLLINS**—No. I do not know how natural that is in the current political environment, but I am happy to take that for a given. How many times was the minister briefed by the department on the progress of the task force?

**Mr Kalisch**—As far as I can recall, after each meeting the minister or her adviser was briefed about the outcomes of that meeting and the future steps.

**Senator JACINTA COLLINS**—On Monday we heard that the work and family task force reported to cabinet on two occasions. Would you concur with that?

**Mr Kalisch**—I am not sure about that, or I would not know.

**Senator JACINTA COLLINS**—You do not have any reason to believe that it was more than that?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—We were advised that some matters were taken directly from ministers to cabinet as opposed to the task force to cabinet as well. Has the Minister for Family and Community Services brought forward to cabinet any measures or reports to cabinet that relate directly or indirectly to the work being progressed by the task force; and, if so, on how many occasions?

**Mr Sullivan**—Ministers take forward to cabinet their portfolio issues on a regular basis. The nature of this portfolio is that those matters that are taken forward by ministers could, in the description you just asked about—directly or indirectly associated with the work of the work and family task force—means that almost any submission that went from our portfolio ministers to cabinet would have a direct or indirect relationship possibly to a work and family task force report. So several and several.

**Senator JACINTA COLLINS**—Would it be as difficult if I narrowed the question down to directly related to the task force?

**Mr Sullivan**—Directly related to work and family would cover everything to do with—there are certainly instances and, clearly, that is evidenced by the fact that we have had

decisions made on issues taken by ministers to cabinet on areas related to the work and family task force.

**Senator JACINTA COLLINS**—I understand that. I am seeking some clarity on the number of occasions this has occurred. If I go to, for instance, some of the measures that we understand were being addressed by the task force—and again I am not going to ask you to clarify whether that is an accurate picture or not—

**Mr Sullivan**—I do not think that there is anything as directly related to the work of the work and family task force as the child-care places decision. It is probably the one where the linkage is clear.

**Senator JACINTA COLLINS**—Yes. On how many occasions did the minister and/or the task force report on those issues to cabinet?

**Mr Sullivan**—The submission on child care went to cabinet once.

**Senator JACINTA COLLINS**—Just the once? Were there submissions on other child-care measures canvassed by the task force that went to cabinet?

**Mr Kalisch**—Child care would have been noted in the earlier packages that went to cabinet.

**Senator JACINTA COLLINS**—Yes. So that is that occasion. Any further occasions?

**Mr Sullivan**—I think we are having a little bit of difficulty with the question in terms of, of course, anything that is directly or indirect related—

**Senator JACINTA COLLINS**—No, we have narrowed it down to directly now.

**Mr Sullivan**—If you are looking at the issues that we were charged with by the task force to pursue and how many of those issues were directly taken separately to cabinet by government, child-care places is the one.

**Senator JACINTA COLLINS**—Is the only one?

**Mr Sullivan**—In my head, trying to differentiate between all of the work we do—many matters go to cabinet, but in terms of direct issues—

**Senator JACINTA COLLINS**—Related directly to the work of the task force.

**Mr Sullivan**—Which were directed to us by the task force, but which ministers went to cabinet separately on, child-care places.

**Senator JACINTA COLLINS**—So that was done separately to the task force report?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—And you cannot at this stage think of other occasions that fit that criterion?

**Mr Sullivan**—Not anywhere near the same degree of direct connection as child-care places.

**Senator JACINTA COLLINS**—And when we are talking about child-care places—we will take a lesson from the minister here—of course, we are not just talking about child-care places here; we are talking about playgroups and women who are at home and family day

care. Given that the task force has not met for six months, does this indicate that the task force's work is not ongoing?

**Mr Sullivan**—I think Ms Scott reported in Prime Minister and Cabinet estimates hearings that she was still the chair of the task force.

**Senator JACINTA COLLINS**—Not that she was still; she has become.

**Mr Sullivan**—I think she said that.

**Senator JACINTA COLLINS**—Was she the chair when it last met?

**Mr Sullivan**—No. That means that it potentially will have an ongoing role.

**Senator JACINTA COLLINS**—So she is the new chair of the task force that has not met for six months.

**Mr Sullivan**—Yes, but in terms of does that mean that it has ended, no. A chair has been appointed and she is it.

**Mr Kalisch**—I think that it is also clear to say that there has been certainly a lot of activity in government around the issues of work and family.

**Senator JACINTA COLLINS**—So, beyond the December child-care places announcement, there has been ongoing work since then.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Good to see that I have kept you busy over Christmas, Mr Kalisch. Are you aware of any forward meeting date for the task force?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—No. What input has FaCS or Centrelink had to the process during the last six months—this is the task force process?

**Mr Kalisch**—As I think I mentioned just then, we have been doing ongoing work around these issues.

**Senator JACINTA COLLINS**—Internally.

**Mr Kalisch**—Internally, and with our ministers.

**Senator JACINTA COLLINS**—But you would do that anyway, from what you said earlier.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—So there is nothing new about the task force's activities that you have been doing in the last six months?

**Mr Kalisch**—We certainly continue to liaise with the other central agencies who have an interest in these matters. So in that sense the task force has been working more in an informal sense than in a formal sense.

**Senator JACINTA COLLINS**—Okay. How many times has the current minister been briefed on work arising from the task force's original report?

**Mr Kalisch**—At least once, if not twice or three times. It really is hard to put a number on it, because it is an ongoing notion. By ‘minister’ I presume you mean ‘ministers’, given that we have two ministers who have interests in these aspects.

**Senator JACINTA COLLINS**—Yes, but I mean the new one. The other one is an old one.

**Mr Kalisch**—Still quite young. He is younger than I am.

**Senator JACINTA COLLINS**—I was referring to you, Senator Patterson, as the new one.

**Senator Patterson**—No, they were saying there were two ministers.

**Senator JACINTA COLLINS**—Yes, but I was referring to the new minister, as distinct from the ongoing minister, who has an interest in this area. Can you confirm that FaCS has provided information on paid maternity leave to the PM&C to assist in the policy development work that has arisen from the task force report?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Did that work correspond to the costings made public by the Minister for Finance last year?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—It did not. Has the department been asked to provide input to the task force or to PM&C on the baby bonus or its interaction with other payments?

**Mr Kalisch**—Not on the baby bonus. That is a Treasury—

**Senator JACINTA COLLINS**—That remains with Treasury, does it?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—This is scary. Has the department provided input to the task force on family payments? I think you indicated that earlier in terms of observing officers.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Have you provided input on the administrative issues in the family payments system?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Was input provided prior to the letter being sent from the Prime Minister to Senator Vanstone?

**Mr Kalisch**—Which letter?

**Senator JACINTA COLLINS**—The letter that was referred to in the media last night.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Are you aware of why the minister wrote to Minister Vanstone to bring forward measures in relation to family payments in September 2003 when presumably the department had already brought forward reform options in relation to family payments?

**Mr Sullivan**—I am not going to speculate on why a prime minister writes to a portfolio minister.

**Senator JACINTA COLLINS**—I did not ask you to speculate. I said, ‘Are you aware?’ I presume from that that the answer is no.

**Mr Sullivan**—I am not aware.

**CHAIR**—Even if Mr Sullivan was aware, he has no obligation to inform the committee.

**Senator JACINTA COLLINS**—No. That is right.

**CHAIR**—So the question is out of order.

**Senator JACINTA COLLINS**—Not necessarily.

**Mr Sullivan**—It is asking me to comment on a document which was prima facie unlawfully disclosed to someone. I am not even going to talk about that.

**Senator JACINTA COLLINS**—For instance, were Mr Sullivan aware of a public explanation for that process, on occasions they would be quite happy to provide that.

**CHAIR**—That is not the question you asked.

**Senator JACINTA COLLINS**—Anyway. So let me understand Mr Kalisch’s response earlier. There were actually measures being considered by the task force prior to this letter that was canvassed last week?

**Mr Kalisch**—We had provided advice to the task force about family payments.

**Senator JACINTA COLLINS**—Was that also to the Prime Minister’s office or just to the task force?

**Mr Kalisch**—The task force, as I know you are aware, included a representative of the Prime Minister’s office.

**Senator JACINTA COLLINS**—But it was simply to the task force.

**Mr Kalisch**—To the task force.

**Senator JACINTA COLLINS**—Can you explain to us how one might go about contacting families who had missed out on top-up payments—I prefer to call them catch-up payments—from the 2000-01 financial year? Is that administratively plausible?

**Mr Kalisch**—The understanding we have, which has been confirmed in the debate around the top-ups legislation, is that the automatic link has been severed between Centrelink and the tax office for people in that financial year.

**Senator JACINTA COLLINS**—The automatic—

**Mr Kalisch**—The electronic link. So there would be quite a task to actually recoup those names, and you would not be certain that you would catch everyone.

**Senator JACINTA COLLINS**—To your knowledge, has FaCS provided advice to PM&C on the options for paying this group of families?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Was it the advice you just gave me or has the consensus changed?

**Mr Kalisch**—The advice was, as I recall, put together between this portfolio and the Treasury portfolio and would have been conveyed to the Department of Prime Minister and Cabinet.

**Senator JACINTA COLLINS**—To PM&C or to the Prime Minister's office?

**Mr Kalisch**—To the Department of Prime Minister and Cabinet.

**Senator JACINTA COLLINS**—Would there be any legislative impediment to offering an *ex gratia* payment to these families?

**Mr Kalisch**—You would need to change the legislation.

**Senator JACINTA COLLINS**—As you have indicated, there was a fair degree of interaction with the task force in relation to child-care policy. My understanding is that the IDC considered a number of issues in relation to children and families, reporting figures such as that there were 720,000 children and 500,000 families accessing formal child care. Where might those figures have come from?

**Mr Kalisch**—From what I recall, they sound like the sort of figures that we would have given to the task force, and they are the sorts of questions that sometimes you ask in these committees.

**Senator JACINTA COLLINS**—So there should be a fair consistency between the data I have achieved from these committees and what the task force was considering in terms of data?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—What has been circulated in relation to the work of the task force says, for instance, that a majority of Australian children aged 12 and under are not using formal care. How would this assessment have been made given that the data about informal care is only delivered through the ABS surveys? Did you provide ABS work to the task force or was there direct involvement from ABS into the task force?

**Mr Kalisch**—We would have quoted the ABS data. As I mentioned earlier, we reflect on the research and available evidence from a wide number of sources and bring that together in terms of judgments.

**Senator JACINTA COLLINS**—Some of the data that appears to have been canvassed in the task force refers to the discrepancy between CCB and the actual cost of child care. There is reported a considerable figure of \$1,753 based on a two-income family. Are you able to provide information that details the difference between CCB and the actual costs of child care in all states and territories, broken down into planning or local government areas? Is that the sort of data that could be made available?

**Mr Kalisch**—We have some CCB data that would go into different geographical areas. I will ask Ms Emerson whether we have the requisite data on fees. If you could be a lot more specific about the data you were seeking it would help us, because there is certainly a difficulty just drawing out averages.

**Senator JACINTA COLLINS**—What I am after is the difference between CCB and the actual cost of child care in all states and territories, broken down into planning or local government areas.

**Mr Kalisch**—We do need to investigate at what level of disaggregation we can do that. We can certainly do it by state averages, but in terms of local government area we would need to check that.

**Senator JACINTA COLLINS**—Okay. I would like to go back to the issue I was raising with you earlier about catch-up payments. You indicated that there is a legislative impediment. What is the nature of that? What would you need to change in legislation?

**Mr Kalisch**—Currently we are looking to change the legislation to extend the time period for lodgment of tax returns to pay for longer than the current 12 months.

**Senator JACINTA COLLINS**—Is that the legislation that would need to change or is there further—

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Just the legislation that is already proposed?

**Mr Kalisch**—Then if you wanted to go to that further year again, you would need to change the legislation even further than the government is now proposing.

**Senator JACINTA COLLINS**—So to effect one of the proposals that have been canvassed, you would have to extend the current legislation further and you would also have to deal with the difficulty with Tax as well, given that that has been severed.

**Mr Kalisch**—The administrative difficulty, yes.

**Senator Patterson**—Significant administrative difficulty.

**Senator JACINTA COLLINS**—I will bet.

**Ms Curran**—If I could just add to Mr Kalisch's comments, for those people who go through the tax office and claim lump sums through the tax office, depending on the way they claim there may be no record that they have lodged a claim that was invalid. The issue, leaving aside the legislative issue, is around the communications that would need to be conducted to try to contact those people.

**Senator JACINTA COLLINS**—So that is the administrative issue.

**Ms Curran**—Yes, that is an administrative issue.

**Senator JACINTA COLLINS**—But the legislative issue I am still a bit unclear on. For an ex gratia type payment you would still have to do it?

**Ms Curran**—Legislatively, you would still have to have the power to make a payment. Because the link has been broken, you would need to contact those people. Where they have come through Centrelink, there would be the scope for Centrelink to make contact with those families, but where they have come through the tax office, there would be some difficulties with contacting all of those families, because they have either claimed as individuals and they might have claimed on a paper claim or they have claimed through tax agents and you may

not be able to separately identify it. So the issues around the tax office you need to address to the Treasury portfolio.

**Senator JACINTA COLLINS**—But that sort of thing you could get a way through by an alternative approach—advertising, for instance.

**Ms Curran**—You could, but how effective would it be? We are now in 2004 and we are talking about claims relating to 2000-01.

**Senator JACINTA COLLINS**—Some of the material canvassed suggests that, if a mother salary and child subsidy was considered, this might destabilise the child-care sector. Can you explain how this might occur and what the impact was considered to be?

**Mr Kalisch**—As far as I can recall, the general issue was raised in the context of some of the propositions that have been put around by some commentators for having a universal family and child-care payment that crunched it altogether and provided it in one payment. There is an issue certainly with the child-care sector that a lot of these payments, particularly CCB, go direct into the bank accounts of the child-care centres and help their bottom line. There might also be issues about the extent to which child care is used in different places. So they have greater certainty with the child-care system that currently operates now, whereas there would be much more uncertainty if people had greater discretion about how they use that payment and whether it in fact met their child-care costs sufficiently for them to undertake work.

**Senator JACINTA COLLINS**—But I thought the policy objective here was to allow better choices for families, not how to maintain the viability of services that might be reliant on a CCB system.

**Mr Kalisch**—Certainly the objective is to encourage and enable choice, but one of the conclusions that was drawn by the task force was that providing people with the same level of dollar amount would not necessarily provide effective choice, because some people would have child care costs far in excess of what you would be providing through a universal payment and, therefore, they could not exercise their work choice to the extent that they were probably now.

**Senator JACINTA COLLINS**—If it is done in such a way as you end up having losers from the current system, yes.

**Mr Kalisch**—And that certainly would be the case.

**Senator JACINTA COLLINS**—But was the concern then that the number of people seeking child care would decline significantly?

**Mr Kalisch**—I do not know that we actually got into those sort of dynamic arguments. We were really looking at what would be the impact of that static change.

**Senator JACINTA COLLINS**—Surely that is a critical issue in terms of whether the child-care sector would be destabilised.

**Mr Sullivan**—I think that we are getting into very good policy discussion now. You are talking to us about the process of the task force in respect of documents which are now the subject of police investigations. We will answer in respect of process. You are now starting to



talk about the modelling of options in respect of child care in this country, which is policy advice going to government.

**Senator JACINTA COLLINS**—It is actually the sort of discussion that we could have in 1.4. I am happy to save it until then, if you want me to.

**Mr Sullivan**—I think that it is more appropriate.

**Senator Patterson**—We will have proper estimates questions, but we will not have the officers being asked policy questions.

**Senator JACINTA COLLINS**—No.

**Senator Patterson**—And they will not be answering them.

**Senator JACINTA COLLINS**—And they have not been.

**Senator Patterson**—You have just been advised that you are verging on a policy question.

**Senator JACINTA COLLINS**—As I said, I will remove it from the context of this report and re-engage in that dialogue in 1.4.

**Senator Patterson**—If it is a policy question, the officers will not be answering whatever section you ask in it.

**Senator JACINTA COLLINS**—It is not a policy question; it is seeking information on the viability of the child-care sector.

**Senator Patterson**—I remind you that it is double the funding it was when you were in government.

**Senator JACINTA COLLINS**—We will come back to that point at some stage, I am sure, because the figures you rely upon are not necessarily as secure as you think they are. Most of this I will come back to out of the context of this report, except for one area, only in that it is the second time I have seen this assessment characterised this way. So it is not necessarily caught up in the context of this report. Remind me of the time period we were referring to here. In December 2002 it appears that a reflection on the state of supply and demand for child care was made. Actually it was reported as a fact that supply and demand for child care being close to balance reflects the success of current policies. A conclusion in December 2002 that the supply and demand for child care is close to balance—where would that sort of assessment have been achieved from? What data is available to reach that conclusion, particularly with respect to long day care?

**Mr Kalisch**—Sorry, are you referring to a document that is now the subject of a police investigation?

**Senator JACINTA COLLINS**—I am also referring to past statements within the department.

**Mr Sullivan**—If you quote those statements, we might talk, but I am not going to have answers about a document which, as I say, is now the subject of a police investigation. You are asking us to get into a discussion of ‘How could you say that in that document?’ and we are not talking about that document. We will talk about the process around the task force.

**Senator JACINTA COLLINS**—I will rephrase the question. How might one conclude the state of supply and demand in relation to long day care, given the problems that we have had in trying to ascertain it in dialogue in this committee now for more than two years? Is there some data that I am unaware of that would enable people to reach conclusions about supply and demand with respect to long day care?

**Mr Kalisch**—There are some issues around the processes that we have and the data that we have had that I think we have talked about in past committees. We have certainly talked about the fact that long day care is uncapped and, therefore, the market is free to respond to aspects of demand and need in local areas.

**Senator JACINTA COLLINS**—Among other things.

**Mr Kalisch**—We have also, I think, noted that our planning advisory committees, while not controlling long day care places, do keep some handle on what is happening in those local areas and use the local intelligence that they gather. We are also aware of some of the information that we have around the utilisation of child-care centres.

**Senator JACINTA COLLINS**—Where does the information on utilisation come from—this is long day care we are talking about, isn't it?

**Mr Kalisch**—Yes.

**Ms Casey**—Some of the information that we have currently available on utilisation is from the 2002 child-care census. As Mr Kalisch mentioned, some of our state and territory offices do conduct random surveys and utilisation surveys of child-care centres.

**Senator JACINTA COLLINS**—So would that have been available for an assessment dated December 2002?

**Ms Casey**—Sorry?

**Senator JACINTA COLLINS**—The information that you are talking about from the 2002 census would not have been available at that point in time.

**Mr Kalisch**—I think as we mentioned, we are not about to talk about the document.

**Senator JACINTA COLLINS**—No, I am not asking you about it. I am asking whether there is an earlier source than the one that Ms Casey was referring to.

**Mr Kalisch**—The child-care census is done every two years.

**Senator JACINTA COLLINS**—Yes, so the previous two years—

**Mr Kalisch**—And we may also—I need to check this, but we may also have some information from our CCB records.

**Senator JACINTA COLLINS**—On utilisation? How might that occur?

**Mr Kalisch**—I have been advised we do have it through CCB sources, but its reliability is questioned, so we use it very sparingly.

**Senator JACINTA COLLINS**—Okay. I understand that there might be reliability elements, but I am at a more basic question of trying to understand how the CCB system generates that data.

**Mr Kalisch**—Because we know how many places centres can operate at and we know how many places we pay them for.

**Senator JACINTA COLLINS**—So how do you know how many places centres operate at?

**Ms Casey**—The number of places centres operate at comes under the state and territory licensing regulations, so we would know from their utilisation data. They provide some of that information to Centrelink. We would know the number of child-care benefit places that people would be claiming for in a service.

**Senator JACINTA COLLINS**—So it is the CCB rationalisation process that generates that data—is that correct?

**Mr Kalisch**—It is not necessarily just from within the CCB process. We bring that data together from a number of sources.

**Senator JACINTA COLLINS**—Is that data reported? You said you use it sparingly.

**Mr Kalisch**—That was in relation to the CCB data. My understanding is that the census data would have been available. Ms Emerson has been trying to find that.

**Ms Emerson**—The main data we look at for utilisation is from the census data, and that is every two years. I am not sure whether that data would have been available in the time space you are talking about, but there may have been preliminary data available.

**Senator JACINTA COLLINS**—Either that or you were relying on the census data of 2000—would that be right?

**Ms Emerson**—That would be correct.

**Senator JACINTA COLLINS**—Which, by that point in time, would have been quite dated.

**Ms Emerson**—In terms of being able to do our report on government services, I think we have preliminary data by the December period. So it just depends on the timing.

**Senator JACINTA COLLINS**—Okay.

**Mr Kalisch**—That is the Productivity Commission report that comes out each year on Commonwealth and state government services, in which there is a chapter on children's services.

**Senator JACINTA COLLINS**—Which again, by the time you get it, is relatively dated, like the welfare report.

**Mr Kalisch**—With their production processes, we need to provide our data well in advance of the publication times.

**Senator JACINTA COLLINS**—I will disaggregate other issues about child care that may or may not have been canvassed in a leaked document subject to police investigation and come back and have a different discussion when we get to child care. Salary sacrificing is my next issue.

**Mr Kalisch**—What is this in relation to?

**Senator JACINTA COLLINS**—We are talking about family payments, essentially. This issue crosses over between family payments and child-care benefit. In fact, you answered a question of mine, which related to CCB, which now has me thinking about FTB issues in relation to salary sacrifice as well. Can you explain how salary sacrifice impacts on family tax benefit and child care benefit?

**Mr Kalisch**—I will make a start on this, and then the experts can chip in. It is essentially around the income-testing arrangements for family tax benefit, which are also used for CCB purposes. A lot of these salary sacrifice arrangements do have a fringe benefits tax element. That is then reported on your tax notice of assessment, and the reportable fringe benefits are taken into account in the income testing for FTB.

**Senator JACINTA COLLINS**—The data that is reported does not include the nature of the salary sacrifice, does it?

**Mr Kalisch**—No.

**Mr Sullivan**—It is the gross amount that is reported in the tax system. In your tax return now, you are required to report the gross amount of fringe benefits.

**Senator JACINTA COLLINS**—You will recall that you came back to me last time and corrected an earlier discussion we had, which indicated that there had been some concern raised about potential for double dipping with CCB and salary sacrifice. Before I go to some of the family tax benefit issues, one area that concerns me is that I am not aware whether you could get the information, even from the tax office, to understand the impact if a beneficiary is also claiming salary sacrifice. Would that be correct?

**Mr Kalisch**—The issue is not so much whether you are claiming salary sacrifice but whether you have a fringe benefit tax liability or the employer pays it.

**Senator JACINTA COLLINS**—There are two different issues here. For CCB the issue is that, if your child-care fees are being paid by your employer through a salary sacrifice, you are not eligible to claim CCB. Yet I understand from some operators that this does, in fact, occur. Centrelink, or the department, originally said to me on the last occasion that they were not aware of a problem. Now they are saying, 'Yes, we understand that this might be an issue, but we have no process for identifying it.' So I have been trying to understand how one might establish a process to identify this. When people file their information with the tax office that they are claiming salary sacrifice, that information does not necessarily specify that it is with respect to child care, does it?

**Mr Kalisch**—No. But I just wanted to square the circle a bit around the family payments question, where the issue of child care is not necessarily as pertinent as it is in CCB. With regard to family payments, it is really the employer who knows what the salary sacrifice arrangements are. They report the fringe benefit tax liability to the tax office. It also get put on the person's group certificate, and that gets reported on their tax notice of assessment. So there is a process that is quite clean and quite clear.

**Senator JACINTA COLLINS**—Does the treatment differ from that which applies to the Child Support Agency assessments?

**Mr Kalisch**—You would have to ask the Child Support Agency about the way it does its income testing.

**Senator JACINTA COLLINS**—The way in which fringe benefits tax is taken into account in the assessment differs, I think. What interests me is why that is the case.

**Mr Kalisch**—One thing that is quite clear, once you look at this community services area, is that there are a number of different income tests. The income test we operate for family payments is different from the one that operates, say, for a parenting payment.

**Senator JACINTA COLLINS**—If the treatment of fringe benefits tax is different, I am interested in understanding why that is the case and what the policy rationale is for it.

**Mr Kalisch**—I think that is a policy question that you should not necessarily ask us.

**Senator JACINTA COLLINS**—If there is a policy rationale, the people who are likely to be best aware of it are those operating the system. I am not asking you to comment on matters of government policy. I am just asking: is there a policy rationale for why this is the case?

**Mr Sullivan**—I am not sure there is a policy rationale difference. The child support scheme has now been running since about 1988-89. The family payment scheme is of a different time. Clearly, in looking at family payments, we now ensure that an employer reports fringe benefits. They are reported through the tax system and taken into account in respect of family payments.

**Senator JACINTA COLLINS**—Are you suggesting this difference might simply reflect a difference in the point in time when the measures were introduced?

**Mr Kalisch**—I think we can clarify that even better. The advice we have just received from the Child Support Agency is that the systems are identical. They also take into account reportable fringe benefits.

**Ms Curran**—The issue might be around the year of assessment, because the FTB estimate is in respect of the current year estimate.

**Senator JACINTA COLLINS**—So your understanding is that the Child Support Agency also takes into account the fringe benefit in its assessments, whereas my understanding was that was not the case. How many FTB and CCB families have an adjusted fringe benefit added back to determine their ATI?

**Ms Curran**—We would have to take that question on notice.

**Senator JACINTA COLLINS**—I appreciate that. What is the average adjusted fringe benefit added back in? Will you have to take that on notice?

**Ms Curran**—Yes. We will have to check to see whether that level of disaggregation of data is available.

**Senator JACINTA COLLINS**—Let us see how you go with this question. For families with an adjusted fringe benefit, can you provide a breakdown of the number of families by ATI income band, including the average value of adjusted fringe benefit added back in by income band? Could this be done by ATI bands of \$1,000?

**Mr Sullivan**—That sounds like a question for the tax office. You are starting to ask us to disaggregate the incomes of Australian families.

**Senator JACINTA COLLINS**—The problem is that you guys are the ones actually doing it.

**Mr Sullivan**—We do reconciliations and Tax gives us adjusted taxable incomes. Now you are asking us to disaggregate tax data by income tax bands, so you are not even interested in our bands.

**Senator JACINTA COLLINS**—I am interested in your bands if that information is going to be more valid.

**Mr Sullivan**—I think you should go to Treasury and ask the tax office whether they can disaggregate their taxpayer databases.

**Senator JACINTA COLLINS**—But they will say to us that you do it.

**Mr Sullivan**—Reportable fringe benefits is a basic core of the tax system, which then flows from the tax system into all sorts of other payment systems, including taxes—for instance, Medicare levies et cetera. It is a feature we are able to pick up from the tax system so that we now have an automatic way of knowing reportable fringe benefits; we have a total. It comes across in a customer record from Tax to us. I do not think it is a reasonable request for us to then disaggregate that data by taxable income levels.

**Senator JACINTA COLLINS**—I am happy to translate that into bands that are meaningful for you. The point is that this is the process that occurs at your end, not at the Tax end. That is why I am asking you and not Tax.

**Mr Sullivan**—If a dollar of fringe benefits is treated quite similarly to a dollar of income in respect of FTB, what is the difference?. If someone gets \$2 and reports it as income for tax purposes, we take \$2. If someone gets \$1 as income and \$1 as fringe benefits, we take \$2.

**Senator JACINTA COLLINS**—But that is not my understanding of how it works at the fringe benefits tax end.

**Mr Sullivan**—That is how it works. Do not get confused. We take reportable fringe benefits. That does not mean that fringe benefits tax is assessed or payable. A lot of the reportable fringe benefits have no fringe benefits tax payable on them—but that is for Tax to assess. If you have a fringe benefit around the provision of a portable computer or a telephone, there is no fringe benefits tax payable but it is reported as a gross fringe benefit provided to the employee, and we take that dollar amount.

**Senator JACINTA COLLINS**—But the reportable amount is the grossed up value of the fringe benefit, which is what creates the advantage as compared to income from other sources.

**Mr Sullivan**—We will take it on notice and see what we can do.

**Senator JACINTA COLLINS**—I will go back to the CCB issue. Do you have any understanding—and I will be seeking to deal with this issue with Tax as well—of any way in which a person's ability to salary sacrifice their child care is reported at the Commonwealth level?

**Ms Emerson**—We ask them to inform us upon the application form, so we get advice through that mechanism.

**Senator JACINTA COLLINS**—Do you have any means of checking that against what is actually occurring?

**Ms Emerson**—Only through the reconciliation process at the end. Basically, it is about figuring out whether or not they are eligible to claim CCB.

**Senator JACINTA COLLINS**—Someone's self-report cannot be checked through any other means that I am aware of. Are you aware of any?

**Mr Sullivan**—The only way, if you had any suspicion around it, would be to go to the employer. We do not have a disaggregation of salary sacrifice coming out of the tax system. It is a number.

**Senator JACINTA COLLINS**—That is what I suspected.

**Mr Sullivan**—If we had any suspicions or if we had a tip-off, we could go to the employer.

**Senator JACINTA COLLINS**—That is partly why I am interested in the information I asked for earlier about the incidence in which the adjusted fringe benefit is added back in, in relation to both FTB and CCB. I am curious about the incidence in which this is occurring. Only a component of that will be CCB. If there are reports of people double dipping—

**Ms Emerson**—We address this issue through education techniques for the moment. We do that by trying to give good information to organisations who inquire about it. That includes child-care service providers and employers. We certainly have made a lot of information available recently to people who are interested in this area so that they self-report as correctly as possible. We also advise them to seek independent financial advice around this.

**Senator JACINTA COLLINS**—Have you had anyone report incidences of this occurring?

**Ms Emerson**—I am not aware of any. I know that there have been inquiries about it.

**Senator JACINTA COLLINS**—I have made inquiries, and some providers have raised issues with me. Beyond that, I have not had any particular individuals nominated as partaking in this practice, but I am curious as to whether such cases have been raised with the department.

**Ms Emerson**—There have been none that I know of.

**Senator JACINTA COLLINS**—The systemic issue, though, is that there really is, at this point in time, no means of checking if this is occurring.

**Mr Sullivan**—Other than through the employer.

**Senator JACINTA COLLINS**—By encouraging employers to report it if they understand it is occurring. But an employer normally would not know either.

**Mr Sullivan**—An employer knows whether they are providing benefits

**Senator JACINTA COLLINS**—But they are not going to know if their staff member is claiming CCB.

**Mr Sullivan**—Our process would be that if we, for instance, had any information given to us that a CCB recipient was actually in receipt of employer provided fees through salary sacrifice, we could ask the employer the question: ‘Do you provide that facility to that client?’ We would not even disclose why we were doing it; it would be between us and the client.

**Senator JACINTA COLLINS**—The main people who would know if that was occurring are actually the providers, because they are getting the payments from the employer and they are also receiving the CCB.

**Mr Sullivan**—As this discussion has gone on, it is the providers I would see as the source of information. They almost have an obligation, I think, to tell us.

**Senator JACINTA COLLINS**—The providers?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—I do not think they have been apprised of that obligation at this stage, have they? You have had an information campaign for parents.

**Ms Emerson**—And for service providers and peak organisations.

**Senator JACINTA COLLINS**—Have you been encouraging service providers and peak organisations to report incidences where they understand this to be occurring?

**Ms Emerson**—I do not think we have been doing that, no. We have not been encouraging them. We have not put out a particular marketing campaign or anything like that. But it is the sort of thing they would raise with the Family Assistance Office.

**Senator JACINTA COLLINS**—I refer now to question on notice No. 81 from the last occasion. Can you explain why you were unable to fully account for the answer previously provided to estimates? Why can’t you verify with the ATO its expenditure on family tax assistance in 1999-2000? How did you get the original figure that was provided in the first instance?

**Ms Curran**—There was a question on notice with figures, and then we got the figures from public sources. In FaCS we administer FTB A and B and CCB. The part of FTB administered by the ATO is paid from a Treasury appropriation.

**Senator JACINTA COLLINS**—Yes, but how did you get the original figure that was provided?

**Ms Curran**—Which original figure?

**Senator JACINTA COLLINS**—My question is about how information previously provided to us sat with what was subsequently provided. The answer to us has been, ‘You will have to talk to Tax about that.’ Yet FaCS was the agency that provided us with the data with respect to that side of it in the first instance.

**Ms Curran**—Can you direct us to the exact numbers? There was a table that accompanied the question, and we have reproduced that table in the question. The second page answers question No. 1.

**Senator JACINTA COLLINS**—The answer to question 2 states that questions in relation to programs administered by ATO should be addressed to the Minister for Revenue. Yet these



questions arise from the data that was provided by FaCS in the first instance. What we are trying to understand is why, if you can provide the data in the first instance, when we ask for some clarification on that data we are told that we need to go back to the ATO.

**Ms Curran**—That is correct.

**Senator JACINTA COLLINS**—But why is that, when FaCS provided us with the original figure?

**Mr Kalisch**—In this instance, we are saying that this is the Community Affairs Committee. We will provide you with answers from our appropriations. If you wish to get answers from the tax office, you should ask that committee.

**Senator JACINTA COLLINS**—But what is the difference in attitude between now and previously? Why did you provide that data previously?

**Mr Kalisch**—We are raising some concerns about the methodology that may have been drawn together. As I think we noted in the answer, you need to be particularly cautious about adding these numbers together.

**Senator JACINTA COLLINS**—Which methodology?

**Mr Kalisch**—Around the different treatment that happens in the tax system compared to the FaCS outlay system, particularly where lump sums that were paid in different years correspond to different financial years. It is not a clean comparison across the different financial years. Perhaps I can explain this a little further, because I can see you look puzzled.

**Senator JACINTA COLLINS**—No, that is the point of the question. The point of the question is that we understand that complexity, and so we are seeking to understand it to the extent that we can clarify issues in relation to family tax benefit. Previously you—as the lead agency, I would have thought, in relation to family tax benefit—have provided information as we have sought to do that.

**Mr Kalisch**—Perhaps I can clarify that. It is really a joint program between us and the Treasury portfolio.

**Senator JACINTA COLLINS**—A joint program?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Where are the family assistance offices located?

**Mr Kalisch**—They are in Centrelink, the Health Insurance Commission and the ATO.

**Senator JACINTA COLLINS**—All three?

**Mr Kalisch**—Yes. All three offices run the virtual FAO.

**Senator JACINTA COLLINS**—Who runs the policy with respect to the family tax benefit?

**Mr Kalisch**—It is a joint responsibility between the Minister for Family and Community Services and the Treasurer. That is my understanding.

**Senator JACINTA COLLINS**—So there is no central point from which to try to glean a collective understanding of the different areas which FTB pertains to these days?

**Mr Kalisch**—We can certainly provide you with information, and I would understand that the Treasury and the ATO would also provide you with information on FTB.

**Senator JACINTA COLLINS**—I still cannot understand why you would have sought in the past to deal with the ATO side of FTB in answers to this committee but are now refusing to do so.

**Mr Kalisch**—Perhaps I can give you an example. The ATO figures for payments made during the year 2002-03 would relate to lump sums payable for the 2001-02 year, as well as tax instalments payable through 2002-03—that is, the figure that you get for that one year is a hybrid figure. It is not a figure for a single financial year, and so we have some difficulty with answering the question appropriately and accurately because of this mix.

**Senator JACINTA COLLINS**—And it is as a consequence of that mix that you cannot get meaningful data?

**Mr Kalisch**—We would question the ability to add it up together.

**Senator JACINTA COLLINS**—The government does. It makes assertions about it all the time.

**Mr Kalisch**—No; we make some judgments and give them some advice around this matter.

**Senator JACINTA COLLINS**—So FaCS does provide advice to government on this matter?

**Mr Kalisch**—We certainly provide some information about the expenditure in the FaCS portfolio around the broader area of family assistance.

**Senator JACINTA COLLINS**—Yes, but does FaCS provide advice to government on the ATO side of this situation?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Not at all?

**Mr Kalisch**—That is a matter for Treasury.

**Mr Sullivan**—The Clerk of the Senate wrote about the accuracy and confidence in accountability of answers. We have in practice in the past generally been willing to take on issues of other portfolios and include them in our answers. Here, I have a problem with knowing whether the answer is right and whether I am accountable for it, and I prefer it to be answered by the portfolio that is responsible.

**CHAIR**—I think that is very fair.

**Senator JACINTA COLLINS**—So in order to understand, for instance, the methodological issues that Mr Kalisch referred to—which principally people in your department would be aware of—what is the best way to progress? Do we go and ask Tax a question and then come back to you and ask what methodological issues we need to be careful in dealing with this data?

**Mr Kalisch**—I think that is a question more appropriately directed towards the Treasury portfolio.

**Senator JACINTA COLLINS**—But Treasury is not going to understand how that pertains to financial years and family tax payments.

**Mr Kalisch**—Yes, they will.

**Senator JACINTA COLLINS**—They will?

**Mr Sullivan**—They have great expertise in this area.

**Senator JACINTA COLLINS**—Yes; they came up with the baby bonus.

**Mr Sullivan**—A number of very competent ex-FaCS officers who work there.

**Senator JACINTA COLLINS**—I will give it a try, but the last time I tried asking Treasury questions in this particular policy area it was not particularly successful. So maybe things have changed in a couple of years.

**Senator JACINTA COLLINS**—Could we have an update on the number of families taking up the More Choice for Families payment option?

**Ms Babbage**—As at December 2003, we have had 370,642 FTB customers take up one of the More Choice for Families measures. These numbers have been provided in response to question on notice No. 215 from the previous hearings and were made available to the committee secretariat on 16 February.

**Senator JACINTA COLLINS**—And when were they up to date until?

**Ms Babbage**—Until 26 December 2003.

**Senator JACINTA COLLINS**—Do you have an update on those?

**Ms Babbage**—Not at the moment, no.

**Senator JACINTA COLLINS**—With regard to that previous answer, did it provide a breakdown by choice, including the numbers and value of payments deferred by each option?

**Ms Babbage**—Yes. It goes through the choice groups of adjustment and job deferral, adjustment and deferral, adjustment only et cetera, the same as we gave previously. It has the number of customers and the average fortnightly rate of reduction.

**Senator JACINTA COLLINS**—And that was up to date until when?

**Ms Babbage**—Until 26 December.

**Senator JACINTA COLLINS**—When is the next meaningful period for that data?

**Ms Babbage**—We have been trying to provide data on a quarterly basis. You had the September data, I think, and now you have the December quarter data.

**Senator JACINTA COLLINS**—Could we ask for the March quarter data on those?

**Ms Babbage**—Yes.

**Mr Sullivan**—What are you asking for now? Are you asking the hearing, on this day in February, for something that has not happened yet?

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

**Mr Sullivan**—That is a great way of putting questions on notice.

**Senator FORSHAW**—It will have happened by the time we get the answer.

**Senator JACINTA COLLINS**—It will have happened by the time we get provided with answers to this question.

**Mr Kalisch**—As long as the answer does not need to be provided by mid February.

**Mr Sullivan**—It will be one of those answers which was not provided on time.

**Senator JACINTA COLLINS**—That is fine, but I will have it before the next estimates.

**CHAIR**—There is no guarantee.

**Senator JACINTA COLLINS**—If they are going to get any later, they have big problems, because it will be after the next estimates on this record. In fact, I am still waiting for my attachments.

**Senator FORSHAW**—That leads to catch-up payments. Is it true that catch-up payments that are made at the conclusion of this financial year are paid at the relevant rate that applied in the previous financial year?

**Mr Sullivan**—Yes, they are paid on the basis of the year of assessment.

**Senator FORSHAW**—So—just to make sure we clearly understand this—the indexation that normally occurs on 1 July each year does not impact on the catch-up payments for the previous year?

**Mr Kalisch**—No.

**Senator FORSHAW**—Does it not follow that the lapse in time and the effect of inflation means that the value of the catch-up payments is less than if the payments were made in full at their correct rate during the year? In other words, can the lag produce that impact?

**Mr Kalisch**—You are getting at the issues of whether there is any interest charge added on to top-ups. I have to say that the corollary of that is that there is no interest charge made on people who have overpayments and need to repay those. People who receive more in advance do not need to provide an interest charge.

**Senator FORSHAW**—Are you talking about those who elect to, in effect, avoid that problem, which never previously occurred, by understating and then getting a catch-up?

**Mr Kalisch**—It is hard to talk about what causes that.

**Senator FORSHAW**—It could be through overstating their income. I was thinking in terms of effectively understating the level of the benefit that they might otherwise have got. But it could also occur through overestimating their income.

**Mr Kalisch**—That is correct, although it is probably fairer to say that they misstate their income. We do not know whether they do that deliberately or whether they just miss out on getting it right.

**Senator FORSHAW**—The point remains that they do not receive the full purchasing power value of the payment, because of the need for a catch-up.

**Senator Patterson**—That is something can be looked at to try and make it fairer.

**Senator FORSHAW**—I am asking if that is the case now.

**Mr Kalisch**—Yes, that is the case now.

**Senator FORSHAW**—I would have thought that it was logical, but I just want to have this pointed out.

**Mr Kalisch**—It relates to people's normal budgeting. The other aspect that you might also want to consider is the fact that, when you receive that lump sum, you might tend to look on it more favourably than if you received a small amount on a more regular basis.

**Senator FORSHAW**—Would you accept that it could actually be a substantial decline in the value of the payment in some circumstances? It obviously depends upon the value of the family tax benefit. For example, if it \$3,000 a year, there could well have been a reduction of up to \$100, on a current inflation rate of around 3.2 per cent.

**Mr Kalisch**—People are still receiving their full entitlement for that year. They are having some slight deferment in when they receive that.

**Senator FORSHAW**—It is not a slight deferment. It is over the course of a year. It could be equivalent to the value of what the government saw as the tax cuts that were provided. If the government argues that they were significant and important, then equally it is important for it to be acknowledged that it has an impact if a payment of \$4 or \$5 on average a week—or more—is not received till the end of the year.

**Mr Sullivan**—Of course, this is a matter of choice. No-one is made to do it either way. To calculate the difference in net present value of an income stream received fortnightly over a year versus an income stream received at the end of the year, you have to work out the midpoint of the year and things like that. I would think the calculation is probably about half of what you are saying, because people receive their last payment right at the end of the year as opposed to their first payment at the start of the year. But it is a choice. For those who seek to take a lump sum, the government does not provide any interest payment on that lump sum to compensate for the lateness it incurs. As the minister said, I think, it is something that we should have a look at.

**Senator Patterson**—I never said anything about giving them interest; it was about making it fairer.

**Mr Sullivan**—It was the issue of the uneven trickle and indexation.

**Senator FORSHAW**—What are you going to look at? Can I have this clear? What are you saying you are prepared to look at, Minister?

**Senator Patterson**—I am not agreeing with giving them interest.

**Senator FORSHAW**—I did not think you were agreeing to that. But I wondered what you were actually saying you were agreeing to look at. I thought I understood you earlier, but maybe you could clarify it.

**Senator Patterson**—We could have a look at making it fairer across the board so that people taking the payment fortnightly and people taking a lump sum at the end are treated the same way.

**Senator FORSHAW**—Mmm.

**Senator Patterson**—Are you agreeing?

**Senator FORSHAW**—I am just saying ‘Mmm’.

**Senator Patterson**—Is that an agreement? What does ‘Mmm’ mean? Does it mean yes? You have raised it. Does that mean yes?

**Senator FORSHAW**—I was just noting it.

**Senator Patterson**—Does that mean yes?

**Senator FORSHAW**—Do you want to change places?

**Senator Patterson**—I am asking you if it means yes or no.

**Senator FORSHAW**—Stick to the job. You have got about another seven months. Do not get too anxious to give it up.

**Senator Patterson**—You have raised an issue of concern. I am saying it could be looked at. Would you agree with that or not?

**CHAIR**—That you could look at it?

**Senator Patterson**—Could we make it fairer? And, if we did that, would you agree with it?

**Senator FORSHAW**—Let us hear what you have to say, what you actually do look at and what you come back with, Minister. Is it not the case that the government is actually encouraging people to go for the choice that results in not having to repay a debt?

**Mr Kalisch**—I think the government has made the choices available to people, and they take them up as they wish. People have different perspectives.

**Senator FORSHAW**—Given that there is a choice, would it be preferable for Centrelink to have more people to be opting for the catch-up payment, on the basis that you would at least avoid a lot of the problems that are currently arising with having to chase overpayments, negotiate with people and go through that horrendous process that we keep hearing about?

**Mr Sullivan**—But that does not mean advising all people to adopt the lump sum payment process or catch-up payments. The advice that we give through the information is that particular families in particular income groups or families who have a view that their income may be volatile need to consider these issues carefully. For many, many families this is not an issue and the fortnightly benefit, we know, is an essential part of their fortnightly income and they use it. And there is no encouragement of that group of people to move to any form of lump sum payment. The point we make to some people is that, if they are in the income groups around paper rates or they have volatility, they keep an eye on their income estimate and their circumstances as they change. We would encourage someone with a volatile income to make as many income estimate changes as they need to make. At the moment we ask for one. If someone came in with 12 year, that would be fine.

**Senator FORSHAW**—We could go back to the discussion we were having earlier today. A lot of the concerns that are raised with me are in individual cases where people say that they have complied with the requirement, that they have been forthcoming in order to avoid the problem and they still end up with the problem. I did address one of those cases earlier.

**Senator Patterson**—I went out and sat down with people in a number of Centrelink offices. There are some people who tell Centrelink that they have had an increase in their income. But, even if they were to have no FTB for the rest of the year, the change in their income is such that they have already received an overpayment. They do not understand how it is that they told Centrelink but still have an overpayment. As we move on—and I think we have seen this—people are beginning to understand it is over a full financial year and that it is taken on their income for the whole year. That was a difficult concept, but people are beginning to understand that, even though they told Centrelink—even though they said, ‘I won’t have anymore FTB’—they still could have already had too much FTB, given the rise in their income or the fact that a partner went back to work and earned a small income.

**Senator JACINTA COLLINS**—I am not sure, though, that the reporting we are having on the incidence and the amounts of debts actually demonstrates that that understanding is occurring. The number of families still facing debts, and the amounts of those debts, do not seem to be diminishing in the way Senator Vanstone anticipated when she addressed that issue.

**Mr Sullivan**—Our analysis is that the occurrence of overpayments is reducing. The other thing that we are establishing more firmly is that there are certainly some FTB clients who, in the full knowledge of the circumstance they face with an income change, decide that the acceptance of an overpayment is the strategy they will adopt.

**Senator FORSHAW**—What is happening with the level of catch-up payments? Is it increasing? Are there more instances of that? Can you give us some more detail about how many clients or families it has affected and how much we are talking about?

**Mr Kalisch**—Certainly. The latest data we have for the 2002-03 reconciliation is showing that we have slightly more families receiving top-ups now than were receiving overpayment notices. So there has been quite a shift, with greater numbers of families receiving top-ups. It is still at a relatively early stage in this process for this financial year, but it is quite a different story to the previous years, where overpayments did dominate the top-ups.

**Senator JACINTA COLLINS**—Is that reflected in more families seeking to defer their payments?

**Mr Kalisch**—We think it is probably likely to be for a number of reasons. There are some early signs that some families are using the More Choice for Families options that have been provided.

**Senator JACINTA COLLINS**—What do you think the other factors are?

**Mr Kalisch**—Another factor is that people are getting used to the system. They are understanding that their income estimate is critical and advising Centrelink more often.

**Senator JACINTA COLLINS**—It is critical, isn’t? Take the example of the woman who had her baby six days early. She got caught in the wrong financial year and got nothing. I thought that was a really stark example. I wish I had had that two years ago.

**Mr Kalisch**—Was that a family tax benefit example?

**Senator JACINTA COLLINS**—No, it was another example. But that is essentially what we are talking about. We are talking about the impact, in this particular case on FTB, of prospective annualised income.

**Mr Kalisch**—I think that has been the nature of family assistance.

**Senator JACINTA COLLINS**—The best example of the impact of that that I have seen so far is the example of the woman who had her baby six days early, bringing it into the wrong financial year, and so got nothing.

**Mr Sullivan**—But you are not talking about family payments?

**Senator JACINTA COLLINS**—No.

**Mr Sullivan**—Thank you.

**Senator FORSHAW**—Would you also say that one of the reasons for the shift you pointed to might be that families that have had to cope with a debt in the last couple of years are endeavouring to avoid that situation?

**Mr Kalisch**—I think families, as they get used to the new system, are becoming more cautious about their income estimation.

**Senator JACINTA COLLINS**—And more careful in their family planning too.

**Mr Kalisch**—I think it is encouraging that they are becoming more careful about their income estimation.

**Senator FORSHAW**—Nothing draws your attention to it like getting a notice to say that you have so much to pay back or like expecting a tax return of X amount, which your tax agent has told you or you have calculated, and then getting very little, if any, back. I think we have finished with that lot.

**Senator JACINTA COLLINS**—We are finished on this issue, but we still have some 1.1 issues for after dinner.

**Senator FORSHAW**—There are some officers we can let go but I would prefer it if we could discuss that in the break so that we can clarify that the officers that are let go are the right ones.

**Senator JACINTA COLLINS**—I can help. I have still got questions in 1.1, in 1.2, in 1.3 and in 1.4.

**Senator FORSHAW**—I have questions in 2.1 and 2.2, but I intend to put them on notice, so we can let those officers go—although I cannot speak for other senators. I understood Senator Allison might have had some questions. There are some issues in respect of 3.1 that I can also put on notice. We need to check with Senator McLucas.

**Senator Patterson**—I would rather get them over and done with than put them on notice.

**Senator FORSHAW**—These are questions that I would imagine would be taken on notice.

**Senator Patterson**—Let us try them. If they are put on notice, the process goes on ad infinitum. I am really trying to get those on notice questions down.



**Senator FORSHAW**—We could have avoided this discussion. My proposal is to talk to you and the departmental officers in the break and sort that out.

**Senator Patterson**—Okay.

**Senator FORSHAW**—I am trying to be cooperative. I have a family too.

**Proceedings suspended from 6.35 p.m. to 7.46 p.m.**

**CHAIR**—I call the meeting to order. I call on Senator Collins to try to clarify for us what we left just before the dinner break as to who of the officers may be able to take their leave and go home to their families. Could you give us an indication of that?

**Senator JACINTA COLLINS**—Yes, I can clarify where I think we left things before dinner. We indicated we would put on the notice the rest of 1.1. We are about to move to 1.2. Child Support Agency is in 1.3, isn't it?

**Mr Sullivan**—You were going to put that on notice, weren't you?

**Senator JACINTA COLLINS**—Yes. We will deal with 1.4. We will put on notice all of outcome 2. On notice goes outcome 3.1, but will deal with the rest of those. What we are left with is 1.2, 1.4, 3.2, 3.3 and 3.4.

**Mr Sullivan**—Which is basically youth, child care and disabilities?

**Senator JACINTA COLLINS**—And support for carers and support for aged. The labour market is on notice.

**CHAIR**—Just to run through that again, we still need youth and student support, child-care support, disability carers and aged.

**Senator JACINTA COLLINS**—Have we got people from outcome 1.2? I have some questions regarding the youth bureau in relation to some more information on a program-by-program basis, but I will put them on notice. My next set of questions relate to the Green Corps. In question on notice No. 114, the department indicated that Green Corps was due to be evaluated again in 2004. How will this evaluation be conducted?

**Mr Popple**—We would engage a consultant to undertake the evaluation for us.

**Senator JACINTA COLLINS**—An independent evaluator then, as a consultant?

**Mr Popple**—Yes. That is right.

**Senator JACINTA COLLINS**—And when is this likely to be concluded? Given that you just said 'we would', it looks like it will be later in the year rather than sooner.

**Mr Popple**—Yes. It will be in the second half of the year, the next financial year.

**Senator JACINTA COLLINS**—At this stage do you have any anticipation of the result of this evaluation?

**Mr Popple**—No.

**Senator JACINTA COLLINS**—What does your tracking of the program to date indicate?

**Mr Popple**—We are satisfied with how it is going. It is meeting its performance criteria in terms of number of projects and number of young people being helped, but I have no indications of how the evaluation will go.

**Senator JACINTA COLLINS**—Have you ascertained any specific problems?

**Mr Popple**—No—no fundamental problems with it, no.

**Senator JACINTA COLLINS**—So is it intended that the Green Corps program will continue?

**Mr Popple**—That is a matter for government.

**Senator JACINTA COLLINS**—What proportion of participants in Green Corps are not unemployed?

**Mr Popple**—We could provide you with some information; I think we already have. I can go back and provide for you the number of participants who were not unemployed prior to entering Green Corps. Whilst they are on Green Corps, of course they are not unemployed. While it assists employment, it is not limited to unemployed people or people on unemployed benefits.

**Senator JACINTA COLLINS**—Which is why I asked the question.

**Mr Popple**—So we do get a range of people applying for it, yes.

**Senator JACINTA COLLINS**—How many applicants do you usually get in proportion to the number of places you can offer?

**Mr Popple**—It varies very much, depending upon the project. As you know, most of them are located in rural and remote areas of Australia. Often we find difficulty in getting the required number of 10. It is often a struggle. I do not have any figures on what sort of oversubscribing we might have for each project.

**Senator JACINTA COLLINS**—The data I am looking for is total number of participants in Green Corps each year of its operation by the following details: age group, broken into 15 to 17 years, 18 to 19 years, 20 to 24 years, and 25 years and over; income support status; and level of education. Is that information available?

**Mr Popple**—I will see what we can do.

**Senator JACINTA COLLINS**—Can you also provide the most recent data on outcomes achieved by participants exiting Green Corps by the following: proportion employed full time, proportion employed part time, proportion employed casually, proportion employed total, and proportion not in the labour force?

**Mr Popple**—We provided some answers to question No. 113 at the last estimates.

**Senator JACINTA COLLINS**—Yes.

**Mr Popple**—I do not think we have any more recent numbers than them. That is the information which is provided by the Department of Employment and Workplace Relations surveys.

**Senator JACINTA COLLINS**—And they are current to what date?

**Mr Popple**—There was a time lag. That was current to round 27, which is November 2002. I am not quite certain whether we have any more recent numbers, but I will check for you.

**Senator JACINTA COLLINS**—Not to November 2003?

**Mr Popple**—November 2002 was when round 27 commenced. We have to wait for that round to finish. It goes for six months. We wait three months and then we do the survey. So that data only became available in September or October last year. So I do not know whether we have more. We will go back and check for you.

**Senator JACINTA COLLINS**—When did round 28 commence?

**Mr Popple**—Round 28 would have commenced early in 2003. I do not have the precise date here in front of me.

**Senator JACINTA COLLINS**—So we are not too far off those figures?

**Mr Popple**—No. As I say, I will go back and check. Off the top of my head, I do not think we have the next round data available yet.

**Senator JACINTA COLLINS**—Mr Sullivan appreciated the question that I asked previously about providing information on notice. If, within the time frame of reporting back on this round of estimates that data becomes available, could you please provide that on notice?

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—I might provide you with these questions on notice in terms of the next round of data when it becomes available. I am exploring another couple of factors there in terms of what might be available for the next round. Do you have available any of the data about those who receive an off-income support outcome three months after participation in the project?

**Mr Popple**—Sorry, but I am not quite certain I understand what you mean.

**Senator JACINTA COLLINS**—I mean the proportion of Green Corps participants who, three months after exiting the project, are off income support.

**Mr Popple**—As I said, we gave you that data last time. We indicated that 48.9 per cent of participants were employed three months after they completed. About 62 per cent were engaged either in education and training or employment. So that is the sort of stuff we have now.

**Senator JACINTA COLLINS**—You do not have an update on it either?

**Mr Popple**—No.

**Senator JACINTA COLLINS**—That is part of the survey?

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—The Mentor Marketplace seems to be an important program that helps organisations such as the Create Foundation, the Smith Family and Big Brothers Big Sisters, and provides crucial mentoring for young people aged 12 to 25. The program particularly targets those at risk of disconnection from their families, community, education and work, and those with limited opportunities for participation in their community. Why then are the Mentor Marketplace projects limited to two years?

**Mr Popple**—The project only has funding for three years, so that is the natural reason why it only goes for two. Most of them are starting within the first year of that. I think it is a constraint because of the actual appropriation we received. It has actually only been a three-year program.

**Senator JACINTA COLLINS**—Is it regarded by the government as a pilot?

**Mr Popple**—No. I do not think it has been referred to as a pilot. It is part of the Commonwealth's response to the *Footprints to the future* report. In response to that they set up the Mentor Marketplace program. I guess it would come under the normal lapsing arrangements after three years.

**Senator JACINTA COLLINS**—So when is it due to lapse?

**Mr Popple**—This is the second year. It will go to 2004-05.

**Senator JACINTA COLLINS**—So there is a year of funding from mid-2004 to 2005?

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—But beyond that, programs have no assurance of ongoing funding?

**Mr Popple**—Yes.

**Mr Sullivan**—It is in the forward estimates, but it is a lapsing program. Basically that means that the portfolio will be required to be reviewed before government makes another decision on funding.

**Senator JACINTA COLLINS**—This is why, for instance, in question on notice No. 118 the department listed 30 April this year as the last closing date for funding applications. What happens after this date? There is no future funding beyond the round that commences in April this year.

**Mr Popple**—The funding is made up of four funding rounds. You are quite correct. The four funding round applications close this year. Successful applicants will receive the residual money which is left. That will be then be funded for two years for projects that go for two years from that point.

**Senator JACINTA COLLINS**—But no future funded projects beyond that?

**Mr Popple**—No.

**Senator JACINTA COLLINS**—Unless there is something unexpected in the budget this year?

**Mr Popple**—Some of the projects go for lesser times. Round 4 may go for only 12 months or 18 months, depending upon the time.

**Senator JACINTA COLLINS**—When is this review occurring and when you are due to report on the review?

**Mr Popple**—During the next financial year, 2004-05.

**Senator JACINTA COLLINS**—The framework as it has been established now anticipates no additional rounds beyond April.

**Mr Popple**—That is right.

**Senator JACINTA COLLINS**—So there is a void. Even subject to the review, the government decided that projects should be ongoing?

**Mr Sullivan**—All the programs will be running. There is not a void. There is a void in respect of new projects applying unless, as you described, there was something unexpected, such as some decision in the budget or elsewhere to do something else.

**Senator JACINTA COLLINS**—Yes. But at this stage the process does not anticipate another round beyond April of this year?

**Ms Beauchamp**—That is correct.

**Mr Sullivan**—At this stage, that is right.

**Senator JACINTA COLLINS**—And the review is timed in such a way as not to allow another round in the same time pattern as has been established by the previous rounds?

**Ms Beauchamp**—That is correct until such time as a review has been undertaken.

**Mr Popple**—But we will have all the projects running for the remainder of the two years. We have a whole range of projects going, so we will be able to see the benefits from what we have done so far and whether the projects are working or not.

**Senator JACINTA COLLINS**—Yes, but you will not be reporting those benefits until, as you have indicated, you report on the review, which is some time forth. In terms of the first round, when are programs due to end?

**Mr Popple**—We have different closing dates. There were three projects from the first round. They have been gradually coming on board over the last six months or so. Most of them will go for two years, so they will start ending in two years from towards the end of last year.

**Senator JACINTA COLLINS**—If they end in two years from towards the end of last year, they are ending at the end of 2005?

**Mr Popple**—Around then, yes.

**Senator JACINTA COLLINS**—When was it that you told me the review report was likely to occur?

**Mr Popple**—During 2004-05.

**Senator JACINTA COLLINS**—Can you update the information you provided the committee on the third round that is currently in progress, according to your previous answers.

**Mr Popple**—There is nothing further to report. We have received the applications for that round. We have gone through an assessment and we are in the process of making a recommendation.

**Senator JACINTA COLLINS**—How many applications were received?

**Mr Popple**—I do not have the precise information in front of me. It was a couple of hundred applications.

**Senator JACINTA COLLINS**—Was that the same as the previous rounds?

**Mr Popple**—Yes. It was very consistent with round 2. There was a slight increase.

**Senator JACINTA COLLINS**—Can the department provide the details of the 15 projects which have been approved under the Mentor Marketplace, including the names and addresses of organisations and individuals receiving the funding?

**Mr Popple**—Yes. They have all been announced and launched, so we can provide that information.

**Senator JACINTA COLLINS**—There is quite a detailed level of data that is sought from programs, such as the number of young people completing the project and the number of community business partnerships established. I am sure you are familiar with the series of criteria. Can the department provide any results at this stage of FaCS's assessment of the performance of organisations funded to date?

**Mr Popple**—No, not really. As I said, they only just started towards the end of last year. We have not really had an opportunity to evaluate how they are going at all.

**Senator JACINTA COLLINS**—You would not even have any of the first three-monthly reports, would you?

**Mr Popple**—No.

**Senator JACINTA COLLINS**—In answer to questions on notice Nos 129, 130 and 131, the department indicated that FaCS had contracted an independent consultant to provide an evaluation of the Youth Activities Services and the Family Liaison Worker programs. When will that evaluation be concluded?

**Mr Popple**—Later this financial year. We are hoping to get some indications in April, I think.

**Senator JACINTA COLLINS**—What does any departmental tracking to date indicate?

**Mr Popple**—YAS has been going for some time now. It started in 1990. The Family Liaison Worker program started in 1997. It seems to be providing quite a good range of service. Certainly the feedback we get from organisations is quite positive. But obviously we need to finalise the review to be able to make an informed independent assessment of it. We have no fundamental issues with it, in that we are not expecting levels of poor performance or anything like that, but it is good to have these independent evaluations done.

**Senator JACINTA COLLINS**—In answer to question on notice No. 132, the department provided a list of recommendations as a result of the review of Youth Activities Services and Family Liaison Worker programs dated February 2001. It has indicated that several of the recommendations were implemented. However, could the department indicate if recommendations 2 and 10 were implemented? Recommendation 2 was that a working group be established to further examine the original criteria for the YAS definition of high-need areas. Recommendation 10 was an appropriate level of funding should be determined and if additional funds become available, the funding level of existing services should be examined and adjusted as appropriate.

**Mr Popple**—Those recommendations refer to increased funding for the program, which we feel is really outside FaCS's control. They are government decisions, budget decisions.

**Senator JACINTA COLLINS**—And no increase occurred; is that correct?

**Mr Popple**—No. There has been no increase.

**Senator JACINTA COLLINS**—What about recommendation 2, which is that a working group be established to examine the original criteria for the definition of high-need area?

**Mr Popple**—Again, that was really dependent upon further funding being available.

**Senator JACINTA COLLINS**—So that has not occurred, in the absence of further funding?

**Mr Popple**—It has not occurred. That is right.

**Senator JACINTA COLLINS**—In answer to question on notice No. 134, the department indicated that there had been a suspension of the commissioning of new projects while an external review of the National Youth Affairs Research Scheme was conducted. At this stage, are you able to outline the outcomes of this review?

**Ms Chambers**—No. The review has been approved and it will be recommended that that is reviewed. That recommendation will go to the next full meeting of MCEETYA, the Ministerial Council on Education, Employment, Training and Youth Affairs. That is coming up as a recommendation.

**Senator JACINTA COLLINS**—That a review occur?

**Ms Chambers**—That a review of the topic areas that the NYAR scheme looks at, yes.

**Senator JACINTA COLLINS**—So there has essentially been no progress since last report; is that right?

**Ms Chambers**—No.

**Senator JACINTA COLLINS**—In answer to question on notice No. 134, the department indicated that there three new projects were expected to be commissioned in early 2004. Have these projects been commissioned?

**Ms Chambers**—They have.

**Senator JACINTA COLLINS**—What are they?

**Ms Chambers**—I thought I had them in front of me. I will just grab a moment to find them. I want to make sure I give you the right ones. Was that commissioned or completed?

**Senator JACINTA COLLINS**—I am coming to completed, but commissioned at this stage. You are looking for a list of three.

**Ms Chambers**—I am sorry, but I do not seem to be able to find that information just at the moment.

**Ms Beauchamp**—Perhaps I can clarify this. There are six new projects in train. There is 'Volunteering and young people', which is due to be completed shortly. There is 'Local government and young people', which is due to be completed in the next couple of months. There are 'Youth and citizenship'; 'Barriers to service provision for young people presenting

with substance abuse'; 'Rural and regional young people in transport', which will be finished later in the year; and 'Sustainable consumption, young Australians as agents of change', which will also be completed later in the year.

**Senator JACINTA COLLINS**—There were four in that last set. There were barriers to service provision, substance abuse—or were they connected—

**Ms Beauchamp**—They are the ones that are currently in train.

**Mr Sullivan**—That is connected.

**Senator JACINTA COLLINS**—The substance abuse is part of the barriers to service provision?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—That is right. That is how I get the six. Sorry, but what was the final one?

**Ms Beauchamp**—'Sustainable consumption, young Australians as agents of change'.

**Senator JACINTA COLLINS**—Are the last three in that list of six the ones that were recently commissioned?

**Ms Beauchamp**—They were recently commissioned. There are also three projects subject to a current tender process.

**Senator JACINTA COLLINS**—So we have three that are about to conclude?

**Ms Beauchamp**—Yes.

**Senator JACINTA COLLINS**—And three that were recently commissioned—as of when?

**Ms Beauchamp**—I cannot give you the exact date when they were commissioned, but they are due to be completed between now and the end of the year, those last three that I spoke of.

**Senator JACINTA COLLINS**—I am trying to work out if they are the ones that were due to be commissioned earlier this year.

**Ms Chambers**—They are the ones that were mentioned in the question on notice last year. They have now been set in train.

**Senator JACINTA COLLINS**—Fine. Then there are three more due to be commissioned now?

**Ms Beauchamp**—Later this year or early in 2004-05.

**Senator JACINTA COLLINS**—And where are you up to in the process with those three?

**Ms Chambers**—Those three are going to be held over at this stage. What is going to be commissioned is a scoping study to look at what types of issues various people in the youth field are interested in.

**Senator JACINTA COLLINS**—That is one of them or all three?



**Ms Chambers**—That is one of them. The other topic areas are going to be put on hold—this is currently a recommendation—until that study has been concluded in about September this year.

**Senator JACINTA COLLINS**—So when will the scoping one potentially commence?

**Ms Chambers**—In April.

**Senator JACINTA COLLINS**—So the process is that we have got three running at the moment that are due to conclude soon.

**Ms Chambers**—In December.

**Senator JACINTA COLLINS**—In December—for ‘Volunteering and young people’?

**Ms Chambers**—They should have concluded last December and they are just about ready for completion now.

**Senator JACINTA COLLINS**—So there are three that should have concluded, three that have now commenced and are due to conclude later this year, an additional one which is going to commence in April, which is the scoping one, and the final two have been put on hold until after the scoping outcomes?

**Ms Chambers**—That is correct.

**Senator JACINTA COLLINS**—Of the ones that were due to complete in December, is there any outcome of those projects?

**Ms Chambers**—They are all in final draft stage at this stage. They are undergoing final clearances. They have become a little bit held up by Christmas and New Year and the difficulties in getting our state and territory colleagues and ourselves to be looking over them. But we are expecting that they will be ready for publication by the end of March.

**Senator JACINTA COLLINS**—So I should be able to find them on the web site around the end of March?

**Ms Chambers**—That is correct.

**Senator JACINTA COLLINS**—Are there any outcomes that you can indicate at this stage, prior to publication?

**Ms Chambers**—Not that I am aware of.

**Senator JACINTA COLLINS**—Is the government still yet to action any of the important recommendations of the 2003 National Youth Roundtable?

**Ms Chambers**—Various ones have been actioned. I think we provided some information on notice to them.

**Senator JACINTA COLLINS**—Yes. I think that was prior to the 2003 initiatives, or did you include some of the 2003 initiatives in that?

**Ms Chambers**—The executive summaries to those reports have been released. We are currently in the process of writing to various government members and ministers who would be able to help roundtable members in implementing those recommendations. We also have

several that we will be taking on board within the department. At the moment, we are working on linking some web sites from some of those projects to the source web site.

**Senator JACINTA COLLINS**—But that is still yet to occur. Is that correct?

**Ms Chambers**—That is currently taking place.

**Senator JACINTA COLLINS**—Is there any of it that I can explore at the moment or is it yet to happen?

**Ms Chambers**—I can point you to the source web site, to the executive summaries on there.

**Senator JACINTA COLLINS**—But beyond that, I need to wait further before I can see any of those initiatives actioned?

**Ms Chambers**—It will be very shortly.

**Senator JACINTA COLLINS**—Have the participants for the 2004 Youth Roundtable been selected?

**Ms Chambers**—They have.

**Senator JACINTA COLLINS**—Is a list of those participants available yet?

**Ms Chambers**—It will be available very shortly, again on the web site. The announcement is just about to be made.

**Senator JACINTA COLLINS**—In terms of the selection of the participants for this next round, can you indicate the number of applicants as opposed to the number of participants selected?

**Ms Beauchamp**—We have had over 600 applications for this round.

**Senator JACINTA COLLINS**—And how many have you selected

**Ms Beauchamp**—Fifty.

**Senator JACINTA COLLINS**—And how does that compare to previous years?

**Ms Chambers**—It is about the same numbers. In five years of the National Youth Roundtable, 2,500 people have applied. So 600 is in the normal numbers.

**Senator JACINTA COLLINS**—What is the selection process for participants?

**Ms Chambers**—Young people are chosen on various selection criteria, including commitment to youth issues, their perceived ability to consult with other young people, knowledge of and interest in youth issues and their membership of or participation in community groups that are particularly youth focused.

**Senator JACINTA COLLINS**—And the department makes those assessments? Is there a panel that does so? How do you weigh those factors?

**Ms Chambers**—A panel makes recommendations to the minister. The panel is made up of departmental officers and some external people.

**Senator JACINTA COLLINS**—Who are the external people?

**Ms Chambers**—They are chosen from different groups each year, but they are typically chosen from groups like the Foundation for Young Australians or other independent youth groups.

**Senator JACINTA COLLINS**—So can you indicate for me who those people were from the last selection process?

**Ms Chambers**—I do not have that in front of me.

**Senator JACINTA COLLINS**—On notice is fine. In terms of the National Indigenous Youth Leadership Group, I have the same question in relation to their recommendations from 2003. Is there anything you can report there?

**Ms Chambers**—I can let you know that, once again, we have been able to put up a web site, suggested by one of the participants, around young Indigenous people and their access to community information. The web site is complete, but we are just making sure that it fits our security arrangements before linking it to the source web site. One of the participants on last year's leadership group is taking part in the World Youth Peace Summit in Thailand shortly. We also have some policies in our area of work in terms of Indigenous leadership.

**Senator JACINTA COLLINS**—Question on notice 148 indicated that there was a review of the nomination process for 2004. Has this occurred?

**Ms Chambers**—It is currently going on. We are reviewing it alongside this year's selection process and advertisement process and using what we are learning as we are going along.

**Senator JACINTA COLLINS**—So the selection process is occurring. It has not been delayed by this review. It is being conducted as you select this year's round.

**Ms Chambers**—It has been delayed by about three to four months over last year. This year, we will actually be opening it in National Youth Week and making the announcement of those successful participants in NAIDOC Week.

**Senator JACINTA COLLINS**—Question on notice 145 indicated that in the year 2001-02, \$5,736 was spent on publicity, promotion, photography and filming. This grew significantly in 2003 to \$29,263. But the answer to question on notice 149 indicates that in 2001-02 there were 72 nominations whereas in 2003 there were 41 nominations. How do you reconcile the two different figures in relation to publicity, promotion, photography and filming?

**Ms Chambers**—In the 2001-02 group, one of the recommendations was enacted in 2003. The costings there are included. That recommendation became a publication called *Fresh footprints*, which was a booklet profiling young Indigenous Australians.

**Senator JACINTA COLLINS**—What was the cost of that?

**Ms Chambers**—I am not sure of the exact cost, but I am aware that that explains that increase. I can get you the exact cost.

**Senator JACINTA COLLINS**—Do you anticipate as a consequence of that recommendation that you will have increased participation?

**Ms Chambers**—That would be one hoped-for outcome. In reviewing them and looking at how we seek applicants, one of the things we are very much looking at doing is talking directly to communities and community leaders.

**Senator JACINTA COLLINS**—I have a question on Youth Pathways Action Plan Taskforce report. This might be my last question on 1.2. In answer to question on notice No. 156, the department detailed the Youth Servicing Strategy, which aims to improve access to Centrelink information and services, improve Centrelink capability and progress whole of government partnerships to achieve better outcomes for young people. Given the recent overpayments referred to by the minister in his release of February this year regarding the PIT linking, how effective do you think the youth strategy is in making young people aware of the requirements for Centrelink?

**Mr Sullivan**—I think that is a matter for Centrelink. That is a Centrelink strategy. We will get an answer from Centrelink.

**Senator JACINTA COLLINS**—Thank you. In part, the evaluation is a Centrelink issue, but the question goes to how effective you believe the Youth Servicing Strategy has been in improving access to Centrelink, which is really more a departmental question. Do you think there have been improvements?

**Mr Popple**—The Youth Servicing Strategy is overseen by a committee comprising Centrelink, DEST, DEWR and FaCS. We are not overseen but consulted on it. They have certainly made a number of advances which are improving youth servicing and doing some quite innovative things around Australia. They bring all their youth managers together and discuss the various things they are doing in each location. Some things might include going into schools and colleges and universities in particular local areas and setting up arrangements with some of the local community groups so they are making certain that they are accessing young people as early as possible and advising them what facilities they have and about payments and stuff like that. But in terms of the detail, it is a matter for Centrelink. We have certainly been pleased with the sort of things that they have been coming up with and the progress they have been making and the utilisation of the existing youth resources, but I do not think it has been going long enough for us to be in a position to evaluate it.

**Senator JACINTA COLLINS**—So you cannot claim any credit for the minister's announcement about the parental income test waiver?

**Mr Popple**—I do not think the two issues are linked.

**Senator JACINTA COLLINS**—Mr Sullivan gave us a fairly apt description of the differential characteristics that apply to young people and whether they can be expected to be providing information about their parents' income. I was convinced.

**Mr Sullivan**—I think out of the youth strategy we are seeing a number of very pleasing initiatives. It flows through. I think it is a by-product of these sorts of initiatives that we see the accessing of self-service facilities by young people, the SMS trials and the opening of the Centrelink office at Curtin University in Perth. From the response of young people to these facilities, I think it is clear to us that it is a positive thing.

[8.24 p.m.]

**CHAIR**—We will move on to outcome 1.4.

**Senator JACINTA COLLINS**—The additional estimates statements for 2003-04 indicate the figure of \$191,523,000.

**Mr Kalisch**—Are you on support for child care?

**Senator JACINTA COLLINS**—Yes. They have been revised to \$193,236,000. Can you tell me why that amendment has occurred and explain it to me, including the changes that are outlined on page 41?

**Mr Kalisch**—Yes.

**Ms Casey**—That increase from \$191,523,000 to \$193,236,000 is the money that went into the child-care broadband for the additional family day care places that were provided in the announcement by the minister in December 2003. They paid for the operational subsidy funding for those places. There is some money in there for a special needs subsidy.

**Senator JACINTA COLLINS**—Why did we need additional special needs subsidy money? For family day care places?

**Ms Casey**—They are entitled to a percentage. They do take some business funding.

**Mr Kalisch**—There is an expectation that some special needs children will also be catered for in the additional family day care places, so we receive an additional allocation for that.

**Senator JACINTA COLLINS**—Are you suggesting there are additional SNSS places?

**Mr Kalisch**—Yes. Well, additional funding that is available to the broadband that could be used for inclusion.

**Senator JACINTA COLLINS**—Do you need more SNSS funding to cater for current SNSS places going into family day care than elsewhere in the system?

**Ms Casey**—I need to clarify it. I have just been advised that the SNSS funding was for the outside school hours care places. We just need to clarify that a SNSS place is actually an OSHC place or a long day care place. They are not different places.

**Senator JACINTA COLLINS**—I know that. That is why I was confused earlier.

**Ms Casey**—I am just correcting it. The money that is in there, the increase in our allocation, was for the family day care operational subsidy plus money for quality assurance for both the family day care and the OSHC places to actually cover the increase in the support that would need to be provided to those services.

**Senator JACINTA COLLINS**—In terms of the increase of OSHC places, what does that mean for SNSS? What is your estimate of an additional number of SNSS places available in OSHC?

**Ms Casey**—Well, there is an estimate of the percentage of places that might be allowed and of funding that might be required. I cannot give you the exact figure on how those costings were done right now. I guess our costings would account for a small percentage of SNSS children receiving those OSHC places. It would depend on where those places are allocated. Does that make sense?

**Senator JACINTA COLLINS**—I am still confused. If you are talking about SNSS and the outside school hours care places, does that announcement mean that there are some more SNSS places available to children in outside school hours care and that you have calculated that on the basis of, for instance, the proportion of SNSS children currently in outside school hours care? Or is there an expectation that existing SNSS places will move into these new places? I am not clear.

**Ms Casey**—In the costing model we would use, we would allow a small percentage of funds for children who would take up those places in OSHC services who may require SNSS funding.

**Senator JACINTA COLLINS**—Fine. So then we can say that of that 10,000 outside school hours care places there are some additional outside school hours care SNSS places funded?

**Ms Casey**—No. Additional funding for SNSS was not included in the costing model for the 10,000 additional OSHC places.

**Senator JACINTA COLLINS**—I presume you will need to provide this to me on notice. What number of places is that anticipated to deliver?

**Ms Casey**—It is difficult to say because that is a formula that would be used in calculating the funds for the OSHC places. But if there are children on a waiting list or children who are applying for SNSS over the coming year, they would get a percentage. They would be entitled to get the SNSS funding.

**Senator JACINTA COLLINS**—I understand that. But there has been a cap on SNSS. Some children have not been able to access SNSS despite the fact that they are technically eligible. So this announcement appears to have freed up some extra SNSS places for children in these new outside school hour care places.

**Ms Casey**—Since the government announced the additional funding last budget for the additional \$26.5 million for SNSS funding, we were able to move all of the children off the SNSS waiting list and additional children off the SNSS waiting list. So we have had no waiting lists since we moved those children off. So there are no children currently waiting to receive SNSS funding at all.

**Senator JACINTA COLLINS**—Yes, but there is also no capacity for growth currently.

**Ms Casey**—There is capacity for growth.

**Senator JACINTA COLLINS**—What is that?

**Ms Casey**—Well, at the moment, I can tell you how many children we currently have and our expenditures. But we have not reached yet our \$26 million that is quarantined within the broadband this financial year. So if additional children come to fill those places in OSHC services, we still have the funds available to take those children on as SNSS places.

**Senator JACINTA COLLINS**—Well then I fail to see why you needed an additional component in these appropriations to cater for additional SNSS funding. You have completely confused me.

**Mr Kalisch**—I think the fair thing to say is that it is part of the funding model that is used for these places just on the base of a proportion of children. So we have some potential for further growth.

**Senator JACINTA COLLINS**—I understand that there is a formula and sometimes formulas are complicated.

**Mr Kalisch**—Sometimes formulas are simple too.

**Senator JACINTA COLLINS**—But it is a straightforward question, which is what is the basis of the SNSS component of this and what does it represent? If it represents an estimate of three per cent on the basis that that is the current number of SNSS children in OSHC, fine. I would like to know what it does represent.

**Mr Kalisch**—I think we can try and get you that figure: additional funding for SNSS was not included in the costing model for the 10,000 additional OSHC places..

**Senator JACINTA COLLINS**—Thank you. The table on page 41 shows a reduction in the allocation for policy advice, a reduction in purchasing funding and relationship management and an increase in research and evaluation. In terms of service delivery, contrary to our discussion earlier, Mr Kalisch, we actually have a decline in Centrelink allocations. The other remains the same. Can you explain that to me?

**Mr Youngberry**—The way we develop our output costings is based on an effort recording model that we apply within FaCS. One fortnight each quarter, all staff in FaCS are asked to complete timesheets. Those timesheets are allocated against activities that reflect the output groupings that we have there. We then apply the costs of the department against the information that comes from the effort recording system to determine an output price. So it is basically based on where people attribute their effort for those fortnights.

**Senator JACINTA COLLINS**—When was this effort calculated?

**Mr Youngberry**—It is done from one fortnight each quarter; that is, a two-week period. We are actually in a two-week period at the moment.

**Senator JACINTA COLLINS**—When was the two-week period that was used as the basis for these revisions?

**Mr Youngberry**—I would have to go back and check that. But it is actually probably four two-week periods across the financial year that are used for these. It is not just a single two-week period.

**Senator JACINTA COLLINS**—These are additional estimates. I would have thought it would be the half year, wouldn't it?

**Mr Youngberry**—We update it each time the survey is run. I would have to go back and check when the exact dates were when these surveys were conducted.

**Senator JACINTA COLLINS**—On those estimates you have been less active on policy advice, less active on purchasing funding and relationship management and more active on research and evaluation. I still do not understand how this pertains to Centrelink.

**Mr Youngberry**—Centrelink have their own costing model. They then send us the information saying how much time or effort they apply to each of the output groups. I could

not actually tell you how Centrelink develop that, other than they tell us they spend a certain percentage of their time within each output group.

**Senator JACINTA COLLINS**—Does this component of the additional estimates deal with the issue of any anticipated extra costs associated with the extra child-care places?

**Mr Kalisch**—No, it is to deal with the costs.

**Senator JACINTA COLLINS**—The administration of Centrelink.

**Mr Kalisch**—They are the costs related to the provision of existing places and the new places that were announced last December.

**Senator JACINTA COLLINS**—It does deal with those costs?

**Mr Kalisch**—Yes. Are you looking for the Centrelink dimensions or the arrangements for the department?

**Senator JACINTA COLLINS**—Well, does what is represented here on page 41 just deal with the administration costs?

**Mr Youngberry**—Yes. They are the departmental costs associated with running this.

**Senator JACINTA COLLINS**—So where do I find the increases in costs associated with the December announcement?

**Mr Kalisch**—You will see that for Centrelink on pages 104 and 105 of the additional estimates booklet. Down the bottom is the one related to outside school hours care. It talks about an impact on Centrelink revenue of \$0.26 million in 2003-04 and, for additional family day care, an impact on Centrelink revenue of \$0.07 million.

**Senator JACINTA COLLINS**—That is a description. I am not sure where I actually find it in the appropriation tables.

**Mr Kalisch**—I have given you the figure for 2003-04. I presume that that is what you are after. Are you after the total costs or just the Centrelink costs?

**Senator JACINTA COLLINS**—No. I am after the total costs. We have the Centrelink costs on page 41.

**Mr Kalisch**—That is also the administrative costs for the whole shebang.

**Senator JACINTA COLLINS**—I am after the figures that deal with additional CCB costs and additional operational subsidy costs.

**Mr Kalisch**—That is on pages 69 and 70.

**Senator JACINTA COLLINS**—But where do I see these reflected in the total tables? That is the part I am trying to understand, the total revisions.

**Mr Youngberry**—These are a component of adjustments within each of the items in the tables on page 40. So there are other things that will impact on the total amounts shown in table 40 other than just new measures that have been agreed by government.

**Senator JACINTA COLLINS**—Okay.

**Mr Kalisch**—What you are seeing on page 40 are the new measures plus other adjustments. That is the difference between the budget estimates and the revised estimates.



**Senator JACINTA COLLINS**—But support for child care has gone from \$206,492,000 to \$208,205,000.

**Mr Kalisch**—Yes. That is largely reflecting, as Ms Casey said, the increase in the child-care broadband as a result of these new places.

**Senator JACINTA COLLINS**—So this is 2003-04. When are the family day care places meant to come on line?

**Ms Casey**—Those places were allocated at Christmas time as well. All of the places that were announced in December have now been allocated to the services.

**Mr Kalisch**—That is reflected largely in the costings that are provided on page 70. It shows fairly much a full half-year effect in 2003-04 with some change due to indexation factors. It is pretty close.

**Senator JACINTA COLLINS**—In the year 2003-04, that is an additional \$6.3 million?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—I cannot find \$6.3 million in the revised estimates on page 40.

**Mr Kalisch**—It is in there. You just cannot see it separately identified, which is what Mr Youngberry was saying.

**Senator JACINTA COLLINS**—Okay, I am missing three zeros on that table. Is there anywhere in this additional estimates statement that actually provides that break-up—how we get from the 206 to the 208?

**Mr Youngberry**—A line-by-line reconciliation for those adjustments.

**Senator JACINTA COLLINS**—This is why I liked the old PBSs.

**Ms Casey**—Under support for child care SPP there is an increase there because that also caters for the allocation that goes to the South Australian state government, which administers the family day care places there. So there is an increase there. That money that you are seeing on page 70 is divided up there as well.

**Senator JACINTA COLLINS**—I understand that element. Could you provide a detailed account of the new estimated spending by program by state and territory?

**Ms Casey**—By program?

**Mr Kalisch**—Could you be a bit more specific about what programs.

**Senator JACINTA COLLINS**—Within the broadband. There are quite a number of programs within the broadband. I think I am actually coming to that with a further question about the revised break-up within the broadband.

**Ms Casey**—I can give you a break-up of some of the programs by program. We do give our state and territory officers allocations from the broadband. We monitor them regularly to see how they are going against their expenditure. We actually manage the program as a whole, so if a state or territory office is underspending on its allocation under various programs, we might move that to another state or territory. The allocations fluctuate against programs so that we can monitor and get the full expenditure out of the broadband.

**Senator JACINTA COLLINS**—I am interested in understanding some of those movements too.

**Ms Casey**—They might fluctuate monthly when we do our monthly calculations or they might fluctuate as we get closer to the end of the financial year to ensure that we are fully committing our funds.

**Mr Kalisch**—If you can define your question, we can seek to see what we can get you in terms of spending.

**Senator JACINTA COLLINS**—In the past, if I recall correctly, you have given program-by-program break-ups of the broadband.

**Ms Casey**—Yes. We could give you those.

**Senator JACINTA COLLINS**—Could we have the current calculations of that. If you say that that changes monthly, then just give me the most current.

**Ms Casey**—I could probably do that now, if you would like.

**Senator JACINTA COLLINS**—Yes, please.

**Ms Casey**—Just for the broadband?

**Senator JACINTA COLLINS**—Yes. Do you have a table or something you could table as opposed to reading them all out?

**Ms Casey**—Actually, I could table this. It has a break-up by state and territory office of our expenditure. That is estimated expenditure for this financial year.

**Senator JACINTA COLLINS**—The next area is information you have provided in the past in relation to the number of services. Do you have anything in that area ready to go?

**Ms Casey**—The number of child-care services?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—I can give you that. Do you want the total?

**Senator JACINTA COLLINS**—Well, I am just wondering. Last time you actually came prepared with fund levels.

**Ms Emerson**—We have a set of tables for you on approved and registered services and places allocated. The series that you regularly ask for are updated to our most recent data.

**Senator JACINTA COLLINS**—I thought you might. Thanks. That is better than me going through the whole routine.

**Mr Sullivan**—That is service, Senator, before you asked the question. You ask questions and, in advance of them being available, we give you answers.

**Senator JACINTA COLLINS**—Is that a first? That cannot be a first.

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—‘This information is due to come available, can I please have it?’ It must have been asked many times by now.

**Mr Kalisch**—If you ask consistent questions, we will give consistent answers.

**Senator JACINTA COLLINS**—The problem is that as I understand more, I ask more questions. That one deals with the usual questions on the number of services. With regard to the usual information on unmet demand and places utilised, have you had any luck on that one?

**Ms Casey**—Where would you like to start? Do you want to start with the outside school hours care places?

**Senator JACINTA COLLINS**—Actually, if we are on outside school hours care, before I forget a different issue, we might go to that. I discovered recently in looking at the 2003 welfare report a discussion about the enormous growth in outside school hours care places. Let me read to you what was reported on page 235 of that report. It states, ‘There was enormous growth in outside school hour care places between 1991 and 2001 with the number increasing fivefold from 44,449 to 230,511. It is important to note that the large increase between 1997 and 1998 was mainly due to the inclusion of some Commonwealth supported places not previously recorded in the database and to changes in the counting methodology as opposed to new government policies.’ I was actually quite stunned, given the discussions we have had in the past about outside school hours care, that this was the first I had learnt of this.

**Ms Casey**—I think most of our tables have always provided that information as a dot point or when we have spoken of them.

**Senator JACINTA COLLINS**—It is not so much a departmental issue but more an issue of caution in ministerial statements about the growth of child care places that I think puts a significant rider on some of those statements that have been made to date.

**Ms Casey**—It does not actually put a rider on it because those places were previously funded through the child care broadband as block funded child care places. So they are still funded, but they were not counted as actual places. The note is that between 1997 and 1998, due to the inclusion of previously block funded, block granted vacation care places, they changed the methodology. My understanding was that in the past those places, because they were block funded, were not counted as part of the places. There are still places that have increased.

**Senator JACINTA COLLINS**—There are places that have increased. But when the minister claims for this government responsibility for a growth from nearly 45,000 up to 230,000, that is not really an accurate statement, is it? A significant proportion of those were previously Commonwealth funded as block funding under the broadband.

**Ms Casey**—I would not say it was significant. It was a proportion of those.

**Senator JACINTA COLLINS**—Well, what proportion?

**Ms Casey**—I cannot give you that information.

**Senator JACINTA COLLINS**—Who can?

**Ms Casey**—I could take that on notice.

**Mr Kalisch**—I think we can take that on notice and get you a considered view.

**Senator JACINTA COLLINS**—Thank you. I return to unmet demand. I was going to start with outside school hours care.

**Ms Casey**—As you know, at the last estimates in December 2003, we advised of the demand for outside school hours care places. We estimated at that time that it was 28,091. Since then, as you know, we had an announcement for another 10,000 places. We have to date since 2001 reallocated 14,335 outside school hours care places. The announcement by the minister of the new places in December pretty much met the demand for existing outside school hours care places. The minister did advise that he would be going back to government for funding for new services.

**Senator JACINTA COLLINS**—You were saying that met the demand from existing services for additional places to increase their capacity. Is that correct?

**Ms Casey**—Not totally, but the allocation significantly met the known demand for vacation care for this summer and before and after school hours care places in the new year.

**Senator JACINTA COLLINS**—From existing services?

**Ms Casey**—From existing services. The minister indicated that the need for more places to meet demand for new services would be considered in the next budget.

**Senator JACINTA COLLINS**—For new services?

**Ms Casey**—For new services.

**Senator JACINTA COLLINS**—So none of that 10,000 places actually goes to new services?

**Ms Casey**—No. We were given funding for existing services for outside school hours care, particularly so that we could allocate them out and they could be taken up for the vacation care period. It was December and the immediate need was to meet demand in those vacation services that were already up and running and to meet the demand in existing services for the beginning of the new school year.

**Senator JACINTA COLLINS**—So what proportion of the 28,091 you reported last time was for unmet demand in existing services as opposed to unmet demand where new services are seeking to be established?

**Ms Casey**—To date, we have only been allocating places out to existing services. We have not had funds for new services.

**Senator JACINTA COLLINS**—So that 28,000 figure, as of late last year, relates only to existing service demand, does it?

**Ms Casey**—There are some applications there for new services that have been on hand in that 28,000, but as some of the existing services move on, new services may come. The new service applications will remain. Your actual demand figure fluctuates as services move on and off for existing, but we have not made any allocations for new services.

**Mr Kalisch**—To answer your question quite concisely, the demand figure we gave you last year included both existing and new services. It was not just for existing services.

**Senator JACINTA COLLINS**—Yes. That is why I am asking what proportion of that 28,000 relates to those types of services that the minister has chosen not to fund.

**Mr Kalisch**—I think it was, as Ms Casey said, a decision not around what to fund and what not to fund but around what could be implemented quickly. Certainly existing services were much better placed to get up and running and provide vacation care services as well as services for the new school year. There was a decision made to give preferential treatment to existing services.

**Senator JACINTA COLLINS**—What about existing but presently not approved services?

**Ms Casey**—If they were existing services but not approved, if they had applications in for CCB places to become an approved service and if they had been on our waiting list, they would be prioritised by our planning advisory committees and would receive the places.

**Senator JACINTA COLLINS**—You provided me with the detail of the planning advisory committees. They do not meet. New South Wales has not met for 14 months.

**Ms Casey**—I will go back a step. If a service actually want an outside school hours care place, they put in an expression of interest to the department. The department will then validate their application or their expression of interest. After they have validated that they actually do need the number of places they had applied for, they will then go through a process where they prioritise based on demand and then it goes through a PAC process.

**Senator JACINTA COLLINS**—How does the PAC process occur? Does this PAC process occur without the committees actually meeting?

**Ms Casey**—It depends on when they need to meet. In terms of the PAC you referred to in New South Wales, they may have met and prioritised areas of demand already. Our state and territory office is able to allocate services to those areas that have been prioritised in those areas of demand. So they may not need to meet, but they will be meeting now because they are going through the next round of the process now.

**Senator JACINTA COLLINS**—Have any of them met subsequent to the minister's announcement in December?

**Ms Casey**—Some of them are just about to meet. I probably should tell you that the government is now testing the level of demand for new and existing OSHC services. We advertised in national and metropolitan newspapers last weekend and we will be advertising again this weekend so that we can get a true figure of the demand that is out there for outside school hours care services. Applications close on 2 April. We will then go through the process, as I said, of validating those expressions of interest, including the ones that are currently on record. Many of those may be new services that have only just put in expressions of interest. We have not gone through the full period because we have not had places to allocate. So we are now going through that process of validating expressions of interest, assessing priority areas of demand and then we will be ready to go should there be more places available. In the meantime, we are still going through the process of reallocating places. The outside school hours care sector has been very supportive in returning unutilised places. As I said, we have had over 14,000 places returned since 2001.

**Senator JACINTA COLLINS**—Yes, but if I recall previous dialogues on this issue—it was demonstrated most starkly when I looked at what had been reported on outside school hours care in the leaked document and what had subsequently been reported in this

committee—despite the reallocation process, the figure had stubbornly remained at around 30,000. So you can say that there have been 14,000 reallocations since 2001 but the stark reality is that despite that and despite the reallocations that occurred last year, the figure you are reporting at the end of last year to this committee was still over 28,000.

**Ms Casey**—That is true.

**Senator JACINTA COLLINS**—Taking that point further, I am quite nonplussed at the report that the 10,000 allocated meets existing demand. Over the last two months you have suddenly reallocated 18,000-odd places without there being a subsequent increase in demand in the system.

**Ms Casey**—There has been an increase in demand. That is continuing to happen now as services put in their expressions of interest. That is the way we will be able to substantiate the true demand for places that are there.

**Senator JACINTA COLLINS**—What do you estimate the demand is now?

**Ms Casey**—It is fluctuating because we did reallocate, as I said, 14,000 plus 10,000, but we have had subsequent expressions of interest come in to the tune of around 16,000. But a lot of those are expressions of interest only. When we go back and validate them, in many cases they are twice the number of places that services end up needing. So we are going through that process now so that we will be able to provide concrete advice to government on the true demand that is in the services.

**Senator JACINTA COLLINS**—Let's go back to the last reported figure, the 28,091. What has occurred since then?

**Ms Casey**—Since 31 December 2003, we have reallocated 14,335 places. We placed another 10,000 new places that were announced by the government.

**Senator JACINTA COLLINS**—The thing I do not understand there is that the report you gave me on the last occasion about what was available for reallocations was in the order of 2,000. Your answer to my question—

**Ms Casey**—Sorry, that is net reallocations to 31 December.

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

**Ms Casey**—Sorry. I correct that.

**Senator JACINTA COLLINS**—I did not think you had been that busy over the last two months.

**Ms Casey**—No. We are not that generous either. We have had it to 31 December.

**Senator JACINTA COLLINS**—Let's go back to that point. There is the 10,000 additional places and there have been reallocations of how many?

**Ms Casey**—It is 14,335.

**Senator JACINTA COLLINS**—No. How many since you last reported? How many of the 2,000-odd places that were available for reallocation have actually been reallocated to date?

**Ms Casey**—Sorry, how many?

**Senator JACINTA COLLINS**—I cannot recall. It was in the low thousands that were available for reallocation in that answer. If you have in front of you the table you presented to me on the last occasion, it was on the bottom of that.

**Ms Casey**—Perhaps it will be easier if I table the report that you have requested for each Senate estimates. It provides you with the break-up by local government area for outside school hours care, the new allocations and the total places. Would that be useful?

**CHAIR**—While you are tabling that, I seek the approval of the committee for the documents—table 1 and the child care services places utilisation and staff—to be accepted. Thank you.

**Senator JACINTA COLLINS**—That will be helpful, but I am not sure it will answer my question. Since you last reported the level of unmet demand, how many places have been reallocated?

**Mr Kalisch**—If I can get that clear, you are looking for the number of places that have been reallocated since November 2003?

**Senator JACINTA COLLINS**—Whatever was the base date that that 28,091 came from. How many reallocations have occurred since then?

**Ms Casey**—I would have to take that on notice. I only have the total reallocations since 2001.

**Senator JACINTA COLLINS**—That is a much more convenient figure, isn't it. It sounds far more impressive. Does the minister really think I am that silly? So we knock 10,000 off the 28,000. That gets us down to the 18,000-odd. If we knock off maybe a couple of thousand reallocations, that gets us down to the 16,000. If we add in some level of increased demand since that time, you really probably are still up in the order of the 20,000, aren't you?

**Ms Casey**—That is about right. We estimate that we are looking at a demand of 20,000.

**Senator JACINTA COLLINS**—Could you tell the minister that, please, so he will not contradict me on radio again.

**Ms Casey**—This is all happening as we are moving along because we have been allocating out the new places and we have been validating. So when I say we estimate, it really is an estimate because we need to validate those places.

**Senator JACINTA COLLINS**—I appreciate that.

**Ms Casey**—That is the process we are going through so that hopefully we can provide the minister in a very short time frame with some accurate data on the actual demand for services that we are substantiating now.

**Senator JACINTA COLLINS**—And I commend you if that process is now in train. The number of school communities that are crying out in frustration about their inability to establish new services is something that has astounded me over the last six months, as is, I must say, the extent to which these communities are now coming to understand that the lack of approval process is denying them access to the better CCB payments.

**Ms Casey**—The minister agreed to the advertising of places. We have now proceeded with that so that we can provide him with accurate data as soon as possible. As I said, we have not done that in the past because we had no places to allocate.

**Senator JACINTA COLLINS**—I appreciate that. The problem in terms of operating a sensible system, though, led to all sorts of inequalities then being developed, as we have discussed in the past. I am pleased to say that I have ascertained that my own service has sent back 20 of the 60 places it originally had. Equally, I dread the prospect that it is going to get to the stage like many of the other centres where you simply cannot get a place on a particular day of the week unless you give two weeks advance notice or that that level of inflexibility will start coming into some of these outside school hours care services.

**Ms Casey**—The Victorian services have been exceptionally good in their handing back of places and to the extent that the Victorian office has also been able to hand back places to services that did hand in places and then sought to get places back. So I think there has been a level of trust established, particularly in Victoria, that if they do hand their places back, when they need them, they do get them back again. So they have got a good system going there.

**Senator JACINTA COLLINS**—Are you able to provide a list of presently approved outside school hour care services?

**Ms Casey**—We could give you a list. All approved outside school hours care services now need to register for quality assurance through the NCAC. So we do have a list of all the services that are required which are receiving CCB.

**Senator JACINTA COLLINS**—Does that list also include the number of places they are approved for?

**Ms Casey**—Not to the NCAC.

**Ms Emerson**—We might be able to get that. We will just have to check what sort of data is held on which database.

**Senator JACINTA COLLINS**—I am also interested in looking at how well the ad hoc process to date has actually led to the distribution of places. My concern is that people living in well-resourced suburbs like mine can easily get access to places, but the newer areas and regions that have been established, particularly under the process of this cap, are the areas where there is a significant scarcity of services.

**Ms Casey**—Do you mean new services or established services?

**Senator JACINTA COLLINS**—Both.

**Ms Casey**—If they are new services, we would not be in a position to allocate those places to them at this stage.

**Senator JACINTA COLLINS**—Precisely.

**Mr Kalisch**—We will see whether we can get you a list of services and where places are available. I cannot guarantee that that will be available. I cannot guarantee that there will be places linked to the services.

**Senator JACINTA COLLINS**—To the actual service?



**Mr Kalisch**—We will see what we can do as long as it is not too much of an administrative impost.

**Ms Emerson**—With the list of services, would you like it at a level of disaggregation such as LGA? Is that useful.

**Senator JACINTA COLLINS**—That is useful, but I am interested now in trying to get a layer below that which will indicate two things to me. One is the number of services in an area. The second is the location of those services. As I am sure you are aware, there are significant differences state by state in terms of the extent to which these services are established in schools.

**Ms Casey**—I have pretty much given you that in the tables I just handed you. That would have services by LGA and the number of places that have been provided to them. Is that what you are looking for?

**Senator JACINTA COLLINS**—This is new allocations and areas. No, this is just places; it is not services.

**Ms Casey**—No, it is by area.

**Senator JACINTA COLLINS**—Yes, but it indicates by area the actual number of places rather than the number of services.

**Mr Kalisch**—We will look at what we can get.

**Senator JACINTA COLLINS**—I am looking for something that tells me that in Box Hill, St Francis Xavier Primary School has 40 places allocated to it. You might only be able to give me St Francis Xavier at Box Hill is an approved outside school hours care provider. But if you can go that further step of the actual number of places that is allocated to it, that would be very useful.

**Senator FORSHAW**—In respect of the table we have just received, where it says area, what is the nature of an area?

**Ms Casey**—That is local government area.

**Senator FORSHAW**—Local government. So it is only this area on the table.

**Ms Casey**—I am pretty confident it is the local government area.

**Senator JACINTA COLLINS**—While I am on this point, why are the outcomes of the planning advisory committee meetings confidential?

**Ms Casey**—We have discussed this before at estimates. It was a decision made that some of the discussions were commercial-in-confidence around specific services and their utilisation. I guess there is commercial-in-confidence information about their viability that should not be readily available in a competitive market environment.

**Senator JACINTA COLLINS**—But don't these advisory committees actually report their outcomes in a way which does not incorporate commercial-in-confidence information?

**Ms Casey**—Some of the information that those planning advisory committees have is available publicly and is provided to operators who are looking to set up services. So some of the information they do use is readily made available to assist services to set up in areas of

demand. Some of that information at the moment might show, for example, the area, the target population from nought to four and five to 12 in the total population and the number of places that are already in that area. So that information is readily available for a potential operator, but it does not go down to, as you say, St Francis Xavier's service and how much utilisation they have and what their viability is.

**Senator JACINTA COLLINS**—I am more interested in things such as you indicated, which is that they might meet and establish what their priority criteria are or what the priority areas are. Why can't that information be made available?

**Ms Casey**—There was a decision made that that was commercially sensitive and that it would not be readily made available. In certain circumstances, some of that information is made available where it is useful to help services, but it is not readily published.

**Senator JACINTA COLLINS**—But I cannot understand what would be commercially sensitive about information at that level. You are not talking about particular businesses at that level.

**Mr Kalisch**—No. But in this process I suppose you are seeking to get a level of trust from those that provide that information. If they believe that information is going to be used by potential competitors and people who come into the area to take over their business then you might not get that level of trust and information that is required in the planning process itself. It does not need to be at the service level to provide some risk to their ongoing viability.

**Senator JACINTA COLLINS**—We are not talking about long day care here. FaCS have not been addressing long day care for some years now.

**Mr Kalisch**—They do not through a formal planning mechanism but my understanding is that they still receive some information around long day care and keep a monitoring eye on it.

**Ms Casey**—They still know the number of long day care places that are out there.

**Senator JACINTA COLLINS**—But they do not record them publicly?

**Ms Casey**—That is some of the information that is provided. So if you were a potential long day care operator and you rang one of our offices, they would use some of the information that is available to PACs to tell you how many places were available and currently being used in long day care in a particular area.

**Senator JACINTA COLLINS**—And how many were in train?

**Ms Casey**—No. The only time we actually receive information is when a service actually registers for child-care benefits, so that is one of the difficulties. We only know what is currently on board and is established.

**Senator JACINTA COLLINS**—You only know what is presently operating rather than what is going to hope next week?

**Ms Casey**—We do keep in touch with state and territory governments, who do keep some of that information, but it is not readily available. There are also the local governments who approve the planning for those. But the state governments are, I guess, much more in touch with those requirements because they license those services and the local government associations know what is on the drawing board.

**Senator JACINTA COLLINS**—But they are not really participating in the PAC meetings from what I can gather. Victoria was a classic example.

**Mr Kalisch**—I think Ms Casey was saying that there are other ways in which people can seek some of this information aside from PACs, such as through state government processes as well as local government arrangements.

**Senator JACINTA COLLINS**—So what PACs will tell a new long day care operator if they seek information is the number of places presently catered for in an area and the number of nought to fives and the proportion of those you anticipate would want to access long day care?

**Ms Casey**—They would also be able to tell a potential operator where they knew there were areas of demand or where they had had feedback through the PACs that demand was not being met. But at the same time they would also refer any potential operators to the state government to get advice from them as well not only about the regulation and licensing requirements but also about their information and data they have available. So we share that information between state and territory governments and the federal government.

**Senator JACINTA COLLINS**—Without me needing to wait for next census data or the like, you would be able to advise me of the current number of long day care places for which the Commonwealth is expending CCB?

**Ms Casey**—Yes. We can provide you with that.

**Senator JACINTA COLLINS**—Can you advise me of that now, or is it something you need to take on notice?

**Ms Casey**—I can tell you the number of long day care places and the number of services that we have.

**Senator JACINTA COLLINS**—It is mostly the number of places I am interested in.

**Ms Casey**—Nationally, we have 212,000 long day care places. We have increased long day care places from 168,000 to 212,000. That is what my data tells me.

**Ms Emerson**—It is 211,645.

**Senator JACINTA COLLINS**—So that is up to when? Presently, is it?

**Ms Emerson**—Officially, September 2003.

**Senator JACINTA COLLINS**—The census data had a net decline of 500 places since 1998. Can you tell me how that has grown since then? The 2002 census data is the last public data I have been able to see.

**Ms Emerson**—Would you like that year by year? Is that what you are after?

**Senator JACINTA COLLINS**—The 2002 child care census data would have been which month?

**Ms Emerson**—I think it was May.

**Senator JACINTA COLLINS**—So let's try for May 2003.

**Ms Emerson**—I do not have May 2003 data; I have September 2003.

**Senator JACINTA COLLINS**—Well, that is what you just gave me, wasn't it?

**Ms Emerson**—That is correct. That is all I can give you. I cannot give you May 2003. I do not have a point in time. We have just gone through a reconciliation exercise to get our figures from two different systems totally reconciled so we could give confident data for September 2003. So we actually have not got that point in time of May 2003 available.

**Mr Kalisch**—That number is as useful a guide as you are going to get. That is the most accurate data.

**Ms Casey**—That is an additional 43,554 places since June 1996.

**Senator JACINTA COLLINS**—Yes, I know. But I do not think that 1996 is actually a particularly valid point to start that comparison from, given you still have the flow-on of capital investment and other policies in child care of the previous government. I think the 1998 figure is probably far more accurate a trend point to commence from.

**Ms Emerson**—I could give you some figures from 1998-99, 2000-01 and 2003 if that is of use.

**Senator JACINTA COLLINS**—Yes.

**Ms Emerson**—So in 1998 there were 194,600; in 1999 there were 190,300; in 2000 there were 190,900; in 2001 there were 193,809; in 2003 the total was the number I have just given you, which was 211,645.

**Senator JACINTA COLLINS**—You do not have a 2002 figure?

**Ms Emerson**—No.

**Senator JACINTA COLLINS**—What was 2003, sorry?

**Ms Emerson**—It was 211,645.

**Senator JACINTA COLLINS**—Why do not we have the 2002 year?

**Ms Emerson**—Basically because of the data issues we have been trying to reconcile since 2001.

**Senator JACINTA COLLINS**—But you were able to reconcile them for the previous years?

**Ms Emerson**—Yes. The transfer of data actually took place for the new CCB system. So we are actually changing the administrative arrangements. Therefore, where we draw data from is coming from different systems. It is a very substantial task to do that. The figures for a while there got a bit out of whack; I do not know if that is an official word. It has required quite a bit of validation since to actually make sure that the figures were correct. It has taken a while to do that because of a number of competing pressures around data.

**Senator JACINTA COLLINS**—But in trying to understand this data you have given me, the 2001 figure, for instance, is that in the same terms as the 2003 figure?

**Ms Emerson**—Yes.

**Senator JACINTA COLLINS**—So there are no reliability or validity issues about making that jump?

**Ms Emerson**—The 2001 figure is pretty good.

**Senator JACINTA COLLINS**—The usual data on the provision of services, has that already been provided in the table you gave me?

**Ms Casey**—Could you clarify that?

**Senator JACINTA COLLINS**—I think I am repeating myself here. I have lost my place.

**Mr Kalisch**—I think the first table given to you did give you a national break-up and a state and territory break-up by type of service.

**Senator JACINTA COLLINS**—That is fine. I had lost my place. We have done that.

**Ms Casey**—Can I just clarify the tables? I said I thought they were local government areas. They are actually planning areas which are often but not always the same as local government areas.

**Senator JACINTA COLLINS**—They are the same areas you have given us in the past?

**Ms Casey**—In the past, yes.

**Senator JACINTA COLLINS**—Have you given me the reallocations data yet?

**Ms Casey**—I have given you the outside school hours care data. I have not given you the family day care data.

**Senator JACINTA COLLINS**—There have not been any reallocations in in-home care, have there?

**Ms Casey**—In in-home care?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—Not that I am aware of.

**Senator JACINTA COLLINS**—I suppose it has not been occurring there.

**Ms Casey**—No. There are no reallocations.

**Senator JACINTA COLLINS**—Family day care?

**Ms Casey**—I can table the information that you request on the new allocations. Again, it is by those planning areas as we defined them. As you know, we had 2,500 family day care places provided in December. That has met the known demand for any additional places. We were able to meet the total demand we had for family day care in applications on hand. We are currently seeking expressions of interest around new applications for new services or existing schemes. We have been in close contact with the Family Day Care Association around that. They have been very supportive of it. At the moment, the total demand for family day care had been met. However, since those places have gone out, we have had additional expressions of interest from New South Wales and Queensland.

**Senator JACINTA COLLINS**—Not from Victoria?

**Ms Casey**—None from Victoria, no applications at all.

**Senator JACINTA COLLINS**—Let me look at a couple of areas in Victoria. The first is the City of Whitehorse in Victoria. Did they receive any additional places?

**Ms Casey**—It is on that table that we have just given you, if it was there.

**Senator JACINTA COLLINS**—It is probably out being copied.

**Ms Casey**—They may have been given. But if they still have demand, they would probably be putting in expressions of interest. But the latest information I have this week from our state and territory offices is that the only states that have sought or have expressions of interest in at the moment are Queensland and New South Wales.

**Senator JACINTA COLLINS**—I am surprised about Victoria. I can think of one council area in Victoria, which is the largest council area with the number of children from nought to five that, as I understand it, which was seeking additional places out of the reallocation process that were not available. That was the City of Casey.

**Ms Casey**—The data we have is that Victoria has actually given up some places to other states and territories.

**Senator JACINTA COLLINS**—So how does that process work? What do I say to the City of Casey when they say, ‘We only got X and we needed more?’ Who do they need to raise their complaint with?

**Ms Casey**—They would need to contact the state and territories offices. With the extra places we got, they were able to allocate out to all applications that were on hand. So if the City of Casey had applications or expressions of interest in, they would have been contacted to validate them. If they were able to validate them, they would have received places. It could be that they actually have demand for places but they do not have the carers to put the children into care. Our expression of validating is to ensure that the service is able to utilise the places within a short period of time. They may have said, ‘We have a lot of people wanting places’, but until they can get the carers, they cannot actually do that. We do allow a period. We say, ‘Okay, we’ll give you the places and have you a period of time to recruit and train carers.’ But they need to know that they can get them.

**Senator JACINTA COLLINS**—The carers?

**Ms Casey**—Yes.

**Mr Kalisch**—We can follow that up with our state and territory office in Victoria, that specific example.

**Senator JACINTA COLLINS**—So are there any initiatives in place to deal with the shortage of carers?

**Ms Casey**—We did meet with the National Family Day Care Association last week. They are looking at a number of strategies and working through how they may be able to increase the interest in carers. We are keen to support them in any of those initiatives and see what we can do to help them. But they are aware that that is an issue that they are currently experiencing. They have a number of things they are working on.

**Senator JACINTA COLLINS**—I will save this for another time, I think, but they were very pleased with the announcement in December.

**Ms Casey**—They loved it.

**Senator JACINTA COLLINS**—I need to go back to these planning advisory committees because I really do not understand how they work. How, for instance, can the Queensland planning advisory committee be regarded as functioning when it has not met since November 2002?

**Ms Casey**—As I said, the reason they would not have met is that they have no places to allocate out. But the data and, I guess, the decisions that that PAC made would have been the ones under which our state and territories officers would have been reallocating places.

**Senator JACINTA COLLINS**—So the places that were reallocated to outside school hours care for the start of the school year, follow the minister's announcement in December, would have been based in Queensland on priorities established at a meeting in November 2002. Is that correct?

**Ms Casey**—I do not have the data of when the last planning advisory committee met. If your data is accurate, that could well be.

**Mr Kalisch**—It would have been based on information that our state and territory office in Queensland would understand to be the arrangement with outside school hours care in that state.

**Senator JACINTA COLLINS**—So you are really saying that the state and territory officers are the ones that are really doing this?

**Mr Kalisch**—They have a fairly substantial input.

**Ms Casey**—They do, and they seek advice from, I guess, the professionals that are on those advisory committees.

**Mr Kalisch**—I suppose even the title itself is quite indicative in terms of planning advisory committees. They are not a determining body.

**Ms Casey**—Our state and territory officers provide a lot of the data to those committees.

**Senator JACINTA COLLINS**—I am curious about the cost of those committees functioning. Do you have that in a form that might be easily achieved?

**Ms Casey**—I would have to take that on notice, but I could provide that data.

**Senator JACINTA COLLINS**—I still fail to understand if data is available to potential operators seeking to establish a service why the outcomes of these meetings, as in, for instance, the priorities they might establish, cannot be made publicly available.

**Ms Casey**—Didn't we just talk about that one?

**Senator JACINTA COLLINS**—Well, yes, and I remain unconvinced why, if you have these advisory committees meeting and establishing priorities, commercial-in-confidence is a factor. I just do not see how that is a factor.

**Ms Casey**—What I was attempting to put forward was that the planning advisory committees receive a lot of information from our state and territory officers on the data they collect.

**Senator JACINTA COLLINS**—I am not after that information. I am just after the outcomes of their meetings, such as, 'We met on such and such a date and we determined

these should be the priorities for the future.’ Don’t they minute their meetings? Don’t those minutes include reports that do not include commercial-in-confidence data?

**Ms Casey**—It is not a practice we have undertaken because of a decision that that was commercial-in-confidence. Given that I have not looked at that data, I would need to take that on notice.

**Senator JACINTA COLLINS**—The whole process is open to allegations of a lack of transparency, favouritism and ownership of the process by particular operators. If you do not have a transparent planning process in play—

**Ms Casey**—The reason they are there is because they have a group of learned and experienced people who are making those decisions in a professional capacity rather than just our state and territory officers making those decisions.

**Senator JACINTA COLLINS**—Those people who do not happen to be the ones currently regarded as learned and experienced will have their noses out of joint that others in the sector operating who are regarded as learned and experienced are the ones who are able to participate in a process behind a closed door that is not open to public scrutiny.

**Ms Casey**—I guess there is an element of trust in your colleagues in the profession that they do operate in a professional capacity, as do members of the National Childcare Accreditation Council. They are appointed to be a professional in that capacity and to provide advice to the CEO of the council. Other professionals in the area trust their colleagues to make those decisions around quality accreditation, as they would in planning advisory committees.

**Senator JACINTA COLLINS**—Well, the reason I am still beating this issue is because in October 2003, one of our new Senate orders related to claims for commercial-in-confidence. I will read it to you:

... the Senate and Senate committees shall not entertain any claim to withhold information from the Senate or a committee on the grounds that it is commercial-in-confidence, unless the claim is made by a minister and is accompanied by a statement setting out the basis for the claim, including a statement of any commercial harm that may result from the disclosure of the information.

That standard has not been met yet. So it is no longer to appropriate to respond, as you did in the last round, to a request for information with just one line saying this is confidential.

**Mr Sullivan**—We will take that question on notice and get that taken into account.

**Senator JACINTA COLLINS**—Have you got a table in relation to questions to CCB expenditure that has been provided in the past?

**Ms Emerson**—I will just check whether we gave you one. I do not have one here. Are you talking about the characteristics of family or total CCB expenditure?

**Senator JACINTA COLLINS**—It includes a breakdown of the numbers on maximum, partial and minimum CCB rates.

**Ms Emerson**—That is in the set we have given you.

**Senator JACINTA COLLINS**—That is in what you have already provided?

**Ms Emerson**—Yes. That is correct.



**Senator JACINTA COLLINS**—Thank you.

**Mr Sullivan**—You got them before you asked.

**Senator JACINTA COLLINS**—That is right. You are doing well; see what you can do when you have to wedge your portfolio area into such a small timeslot!

**Mr Sullivan**—Small timeslot!

**Senator JACINTA COLLINS**—This is not my portfolio. I am just representing in relation to all of FaCS.

**Mr Sullivan**—Senator Forshaw is going to come in and give you a nudge soon anyway.

**Senator JACINTA COLLINS**—He already has.

**Mr Sullivan**—Good on him.

**CHAIR**—Before you go on, can we formally accept the figures that have been given for the state and territory area breakdown. Thank you.

**Senator JACINTA COLLINS**—Apart from that, I need to get all of this up front otherwise I have to wait two to three months for it. Was the proportion of CCB that goes to each of the different types included?

**Ms Emerson**—Yes.

**Senator JACINTA COLLINS**—Have we dealt with the level of CCB entitlements to parents or children using family day care and long day care with respect to the proportion of particular income groups within a particular service type?

**Ms Emerson**—Can you repeat that, sorry.

**Senator JACINTA COLLINS**—I know we have had discussions on this in the past but I cannot recall whether the data has actually been forthcoming. Take family day care, for instance. Do we have data which indicates what proportion of higher versus lower income groups utilise family day care as compared to long day care?

**Ms Emerson**—Yes. I can give you some proportional breakdowns, but I will have to provide that on notice. I do not have that here.

**Senator JACINTA COLLINS**—That is fine. I did not think that we had had that level of detail in the past. Are you able to indicate the detail of the amount of CCB that goes to children by age?

**Ms Emerson**—Yes. I think so. Once again, I will have to provide that later.

**Senator JACINTA COLLINS**—That is fine. With regard to the payment of advances to approved services, could you tell me how frequently CCB funding is subtracted from the service's advance?

**Ms Emerson**—I cannot tell you that. I suspect I will have to ask Centrelink about that issue. Could you repeat the question, please?

**Senator JACINTA COLLINS**—With regard to the payment of advances to approved services, could you tell me how frequently CCB funding is subtracted from the service's advance.

**Ms Emerson**—Is that talking about the advance-quit system?

**Ms Babbage**—Child-care services are operated on an advance-quit cycle. We advance the service funds for the first quarter and then we acquit that quarter. Any adjustment comes out of the moneys that we advance the service for the third quarter.

**Senator JACINTA COLLINS**—I am seeking to understand how frequently this needs to occur for a service.

**Ms Babbage**—It occurs as frequently as the adjustments happen in terms of the acquittal.

**Senator JACINTA COLLINS**—I understand the process. It is a bit like family tax. How many debts actually occur in this process? How often do the centres get their estimates wrong?

**Ms Babbage**—They do not actually get them wrong; it is an adjustment process.

**Senator JACINTA COLLINS**—I appreciate that.

**Ms Babbage**—Services have varying levels of child-care usage throughout the year. Often they have some quarters where they have a higher number of kids in care than other quarters. It sometimes varies throughout the year. Hence, there is always going to be an adjustment process that happens with the quarterly process. It is not really considered to be a debt as such; it is an adjustment which happens on an ongoing basis as part of the normal process.

**Senator JACINTA COLLINS**—I understand that. I am seeking to understand the nature of the amount of adjustment that needs to occur: that is, whether there are any particular peaks in the cycle, for instance; whether there are particular stages of vulnerability for services in terms of this adjustment process; the level of the adjustments that we are talking about; the extent to which adjustment needs to occur for different types of operators—questions of that nature.

**Ms Babbage**—It would be quite a detailed exercise to get data on that. It is not an easy exercise either. But we could look at what we might be able to do in that area.

**Senator JACINTA COLLINS**—One of the issues that has been raised with me is that, for this growing number of corporate services, there may be a particular vulnerability for the sector at a stage in the cycle when adjustments need to occur. Has that been brought to your attention?

**Ms Babbage**—I am unaware of it.

**Senator JACINTA COLLINS**—No-one else?

**Ms Emerson**—Do you want to take that a bit further?

**Senator JACINTA COLLINS**—It has been suggested with the corporate centre that suffered last year that the crisis came to a head because of the adjustment stage. I am seeking to explore and understand that further.

**Ms Babbage**—I think that where there is an adjustment that would cause a service a degree of hardship, they can talk to Centrelink about how they might deal with that. We can negotiate how we can work through that. Is that what you are talking about?

**Senator JACINTA COLLINS**—Yes—but I suspect not with the sorts of services that I am referring to. I am talking about stock exchange listed companies here operating quite a number of services. I think it would be a pretty large political problem for the government if those sorts of accommodations were made through Centrelink. I can understand that that scope might be allowed in relation to the viability of small private operators, but the suggestion being made is that people are reaping big profits out of CCB and that, when adjustments need to occur, further problems develop.

**Mr Kalisch**—You would certainly expect that, with some of the operators that have a number of centres within their fold, they would have a bit of adjustment on cash flow. There might be some ons and offs that to a large extent balance each other out.

**Senator JACINTA COLLINS**—So to your knowledge, no assessment of this issue has been looked at in the department?

**Mr Kalisch**—I am not aware of it being raised as a concern.

**Ms Emerson**—They can still only claim entitlement. That is why I am not quite sure what that question is actually trying to reflect. It seems to imply that they would be able to get a very large amount of money and then have it adjusted back. I do not know that that is the situation.

**Senator JACINTA COLLINS**—The issue is that their utilisation comes nowhere near their anticipation and that at a particular stage in the cycle they are confronted with an adjustment and significant costs because of that.

**Ms Babbage**—But, presumably, if they have not had the utilisation, they have not spent that money either—and therefore it is adjusted at a later date.

**Senator JACINTA COLLINS**—I am not sure I would make that presumption quite so easily and nor, I suspect, does Mr Sullivan.

**Mr Sullivan**—We can check with places where there has been such an issue in respect of the corporate sector. As I think we reported here, we watch the developing corporate sector. If this is a new issue, we will find out whether we have heard of it.

**Senator JACINTA COLLINS**—Thank you. I am also interested—I do not want you to go to extensive lengths here—to derive some sort of description of how the process is operating and how many centres have large adjustments that impact on their viability. That would be useful too.

**Mr Sullivan**—We will see what we can do there. It may be that we can look at some typical places within ranges and just explain how that sort of works for them.

**Ms Casey**—I want to table two other attachments to table 1 which I gave you on the broadband expenditure. You will need these attachments to have a full explanation from the first page.

**Senator JACINTA COLLINS**—Thanks. My next question relates to the use of the special child-care benefit. Have we had any cases of the use of this benefit that are not within your guidelines?

**Mr Kalisch**—Are you talking about fraudulent claims for the CCB?

**Senator JACINTA COLLINS**—No, not necessarily. It might be ignorant.

**Mr Kalisch**—Have you got a particular case in mind?

**Senator JACINTA COLLINS**—No. I am more interested in why the *Commonwealth Child Care News* in December included a reminder on rules for assessment special funds for families experiencing hardship due to exceptional circumstances. Why was that reminded needed? Had particular cases come to your attention?

**Ms Emerson**—No, there were not. We can take your question on notice, if you like, and see if anything has come through from a compliance perspective. We put out a number of facts sheets at the request of the sector on issues they had raised, where they wanted clarification or something they could easily hand out around those issues.

**Mr Kalisch**—We certainly make use of those newsletters and mailings to provide people with updated information and reminders.

**Senator JACINTA COLLINS**—Like much of the CCB process, the number of hours of care is very complex. It is difficult to understand how the upper limit of CCB applies. Put simply: you have 20 hours as the maximum for parents who do not work and you have got 50 hours as the maximum for working parents. Over and above that is for families in special circumstances. When deemed for special circumstances, the form needs to be renewed every 13 weeks. This is described at pages 129 to 133 in the *Child Care Services Handbook*. What is the uppermost limit you can place on CCB hours?

**Ms Emerson**—I think we should take that on notice because it is complex across the different service types as well.

**Senator JACINTA COLLINS**—I am also interested in whether you are aware of concerns about users who are students, for instance, feeling compelled to use the full number of hours that they are provided, particularly in long day care, rather than their actual need for child care. Are you aware of that issue?

**Ms Emerson**—You mean the commercial practices of child-care centres around charging?

**Senator JACINTA COLLINS**—There is that issue too—and that may in fact explain the behaviour of some people, too, in feeling pressure to fully utilise what has been allocated to them. But I think in part it is explained by some pressure that, if they have not fully utilised the full number of hours for a period, that allocation may be taken away from them.

**Ms Emerson**—There is nothing I am aware of in the child-care benefit regulations around that. It sounds to me more like it is connected to commercial decisions and practices. It would be perhaps sessional charging or the availability of places more generally.

**Senator JACINTA COLLINS**—My impression was that there is also another pressure on parents—that is, that if they have not used their full number of hours, then in some future adjustment it will be adjusted down.

**Ms Emerson**—Do you mean from work related care? It is not something that I am aware of.

**Senator JACINTA COLLINS**—This has been described to me with respect to students more than anything else.

**Mr Kalisch**—As far as we are aware, the CCB formula works on a percentage that is applied to the hours used. We have no provision within our CCB arrangements that would encourage or almost enforce a higher number of hours than people would otherwise need. As I think Ms Emerson said, it really gets to the commercial practices of the centres themselves.

**Senator JACINTA COLLINS**—I am just wondering whether some of this 13-week reassessment process is contributing to it. I do not fully understand how that is conducted.

**Ms Emerson**—Are you talking about special child care?

**Senator JACINTA COLLINS**—Yes. You might have someone who is receiving an amount over 50 hours as special circumstances—a student, for instance. They get allocated some amount—50 hours or more—and, for some reason I do not yet understand, the pressure is on the parents, whether it is through the commercial operations of the business or whether it is from the design of the system itself, to feel they need to use that number of hours regardless of the fact that their actual need for care may in fact be 30 hours.

**Ms Emerson**—Is there something specific you would like me to talk to you about?

**Senator JACINTA COLLINS**—I am just wondering whether this problem has come to your attention. Has any work been done on whether there is overutilisation being encouraged within the system?

**Ms Casey**—If you are talking about students, are you talking about JET child care or special CCB?

**Senator JACINTA COLLINS**—I think it is special CCB. I do not think it is JET.

**Mr Kalisch**—At this stage, all that we can say is that we are not aware of any issue like that. It certainly has not come to our attention. At this stage, we cannot think of any arrangements in the current system that would encourage that type of behaviour or that type of pressure that people might feel.

**Senator JACINTA COLLINS**—I have another question related to what is happening with the overall places in long day care. I wonder whether you have information readily available that might test this. In those areas where we have an oversupply of places. Are you able to say whether there is a higher proportion of those places being utilised for people for non-work related care?

**Mr Sullivan**—We will have a look.

**Senator JACINTA COLLINS**—I am curious to test the assertion that some of the planning problems in long day care that are leading to these areas where you have oversupply are actually generating overutilisation so that commercial businesses are able to fill places from people who might not ordinarily use the level of child care under other circumstances.

**Ms Emerson**—Ninety per cent of child care is for work related purposes. So we are looking at a pretty high overall percentage anyway.

**Senator JACINTA COLLINS**—If you pick an area where you know that there is a significant oversupply of places, I would be interested to see what proportion of the places in that area are work related as opposed to not work related?

**Mr Kalisch**—We will see whether there is some difference across regions. At this stage, we have certainly detected no change in that proportion of work related and non-work related care.

**Senator JACINTA COLLINS**—Has the final distribution of the December announcement been determined?

**Ms Casey**—Yes. As I advised earlier, all of the places have gone out of the 10,000 and 2,500.

**Senator JACINTA COLLINS**—So you can give me some information on the break-up of funding for play groups, for instance?

**Ms Casey**—I cannot. That is a different area from mine. Unfortunately, Mr Carmichael is not here at the moment.

**Senator JACINTA COLLINS**—This is still a question under outcome 1.4, though, isn't it?

**Mr Kalisch**—Play groups comes under outcome 1.1.

**Senator JACINTA COLLINS**—Can you take that on notice?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—I will put a number of these questions on notice if that is the case. What proportion of the additional outside school hours care places have been delivered for the new school year?

**Ms Casey**—They were all delivered before school started. It was an exceptional effort on the part of our state and territory offices to get them all out.

**Senator JACINTA COLLINS**—It sounds like it in that time frame and that time of year.

**Mr Kalisch**—It was very impressive.

**Ms Casey**—It was.

**Senator JACINTA COLLINS**—Have you provided me with a breakdown of the details of the allocation of these places by planning area?

**Ms Casey**—That is what I have given you.

**Senator JACINTA COLLINS**—Can you tell me the dollars allocated to the SUPS program?

**Ms Casey**—Yes, I can. It is probably in the table I have given you of the breakdown of the broadband expenditure. For this financial year, it is \$22,586,108.

**Senator JACINTA COLLINS**—Are the dollars allocated per child?

**Ms Casey**—SUPS—supplementary services—are provided to support services to provide assistance to incorporate children with special needs.

**Senator JACINTA COLLINS**—But how is it allocated?

**Ms Casey**—It is allocated to those providers.

**Senator JACINTA COLLINS**—I understand that; but how is it calculated in terms of the amount that is provided to the providers?

**Ms Casey**—We have a funding agreement with them. That identifies the areas they need to operate within, the number of services they need to service and the services they need to provide for that funding.

**Senator JACINTA COLLINS**—Is that calculated on a per child ratio?

**Ms Casey**—Are you talking about the \$400 payment they get for every child that remains in a SNIS program?

**Senator JACINTA COLLINS**—No, not necessarily. That might be a component of how it is all worked out.

**Ms Casey**—That is part of it.

**Senator JACINTA COLLINS**—Perhaps, on notice, you can provide me with an explanation of how that formula is achieved. Can you tell me the number of families using the program?

**Ms Casey**—We can tell you the number of SNIS children that are receiving care. It is 4,799. That is the number of children who would be received support from SUPS workers.

**Senator JACINTA COLLINS**—Can you provide the most recently available DSUPS data showing the number of families—or children, if you cannot do families—and services that require DSUPS and the dollars spent by state and territory?

**Ms Casey**—The number of children accessing DSUPS is 1,886: 1,651 are in family day care and 235 are in in-home care. The total expenditure for 2003-04 is estimated to be \$7,636,770. Do you want the break-up by state?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—New South Wales is \$1,453,696; Victoria is \$1,700,000; Queensland is \$3,755,997; South Australia is \$473,399; Western Australia is \$104,678; Tasmania is \$45,000; the Northern Territory is \$34,000; and the ACT is \$70,000.

**Senator JACINTA COLLINS**—For SNIS, could you provide the same?

**Ms Casey**—The total for 2003-04 is \$26,550,888. New South Wales is \$9,322,158; Victoria is \$6,788,778; Queensland is \$5,064,612; South Australia is \$1,716,244; Western Australia is \$1,987,407; Tasmania is \$452,500; the Northern Territory is \$519,189; and the ACT is \$700,000.

**Senator JACINTA COLLINS**—On the last occasion you gave me some information on PPI and DAS. Can you explain why none of the PPI has gone to Victoria?

**Ms Casey**—We have one service that is approved in Victoria and it is in the process of being established.

**Senator JACINTA COLLINS**—Where is it going? It was not in your data from the last occasion.

**Ms Casey**—It may not have been approved at that stage. My break-up says we have 14 that are established and five that have been approved—and one of them is in Victoria. I do not have where the one in Victoria has been established.

**Senator JACINTA COLLINS**—Those additional five were not part of the information you gave us previously, were they?

**Ms Casey**—They may not have been approved last estimates.

**Senator JACINTA COLLINS**—Could you provide their LGA, federal electorate and level of expenditure?

**Ms Casey**—For all of them?

**Senator JACINTA COLLINS**—You gave me some in December, so whatever information is new to that. Where is the outside school hours care quality assurance process up to?

**Ms Casey**—It is going very well. A majority of the services are now registered. As you know, it commenced in July 2003. Training is commencing nationally in February this year. As you know, it is quite a complicated service. It has 5,000 OSHC services including after school hours care, before school hours care and vacation care that need to be quality accredited and they make up different components. We have 2,750 service providers that have responded very positively to the system. Ninety-seven per cent have now registered to participate. The National Childcare Accreditation Council is chasing up the remaining three per cent that have not registered at this stage.

We have provided them with a number of training resources, which have been developed through national child-care accreditation; they have all received a handbook, a video and some training materials. We also contracted Gowrie RAP Consortium in Adelaide to develop training resources. The National Management Agencies Alliance, or NATMAA, was the successful tenderer for the delivery of training in all states except Western Australia, where the Western Australian Department for Community Development was the successful tenderer for the delivery of that training. The particular reason for that is that they are going to integrate the licensing of OSHC services with quality accreditation, which is a positive for the services.

**Senator JACINTA COLLINS**—The minister has made statements about the desirability of getting these services regulated as well. Has there been any policy development done on what the nature of such regulation should be?

**Ms Casey**—That is an issue for the state and territory governments. As you know, the governments of the ACT, Western Australia and Queensland have implemented regulation. The ACT was the first territory to implement licensing for outside school hours care services, and the other two have come on board. The other two have come on board. The only two that which are not doing anything about moving towards regulation are New South Wales and Victoria, although they do have national standards that were promulgated a few years ago.

**Senator JACINTA COLLINS**—When were they promulgated?

**Ms Casey**—National standards were developed in 1995, and the children's services subcommittee of CSSNCAC has been looking to review those standards because of the period



that has now elapsed. In the meantime, many of the other states and territories have taken those national standards and developed them into licensing and regulation requirements for their services.

**Senator JACINTA COLLINS**—Is there a state that you believe represents the Rolls Royce of this process?

**Ms Casey**—It is not for me to look at the licensing requirements of other states and territories. However, I would say that the process that the Western Australian state government have gone through in rolling out their licensing requirements with their outside school hours care has been excellent. They have received a lot of support from the services in the way that they have done that. That is the feedback I have had.

**Mr Kalisch**—I suppose it is fair to say that we see the potential for the outside school hours care sector to operate in much the same way in this regard as the long day care sector, where both licensing and quality assurance operate well sort of hand in glove. They really do complement each other.

**Senator JACINTA COLLINS**—Well, they can.

**Mr Kalisch**—Certainly where they are operating they can.

**Senator JACINTA COLLINS**—Where they are operating well they can.

**Ms Casey**—I think you will find that the outside school hours care sector are strong advocates for licensing to be brought in. Their peak body is a strong advocate for that as well. It is something that certainly enhances the quality of service and gives parents reassurance.

**Senator JACINTA COLLINS**—Yes. I have my usual questions on corporate child care. Do we have responses to them?

**Ms Emerson**—There has already been some information given to you in the tables you have in front of you. Is there anything else you need to know?

**Senator JACINTA COLLINS**—This provides me with the number and percentage of places for families and services that are administered or owned by companies listed on the stock exchange, by planning area, state, territory and electorate division?

**Ms Emerson**—I think we have only given it to you in total. I do not think we have done it by electorate. I will double-check that.

**Senator JACINTA COLLINS**—If I have had it by electorate previously, can I have it again; if I have not put you through that trauma in the past, do not worry this time.

**Ms Emerson**—Thank you.

**CHAIR**—Senator Collins, I draw your attention to the time.

**Senator JACINTA COLLINS**—Yes, I know. I have already indicated to my colleague that we are not too far off. Have you given to me the figure for dollars spent in proportion of CCB budget paid to corporate child-care providers that are listed on the stock exchange?

**Ms Emerson**—We have given you the total amount of expenditure in the quarter, I think.

**Senator JACINTA COLLINS**—From which that portion can be derived?

**Ms Emerson**—Yes.

**Senator JACINTA COLLINS**—Could you also tell us what other budgetary programs—PPI, SNIS et cetera—are paid to corporate providers?

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

**Senator JACINTA COLLINS**—You are probably going to need to take these issues on notice too, I think. I might just provide them to you on notice rather than go through them now. Essentially, I want to know what the overall costs have been with respect to a number of the consultation processes. The work force think tank is one but the whole national agenda consultation process is another. I am going right back to May 1999 in terms of that process.

**Mr Kalisch**—Can I get some clarification. When you talk about the national agenda, is it the National Agenda for Early Childhood that you are talking about?

**Senator JACINTA COLLINS**—I think I am talking about the initiative called Towards a National Agenda for Early Childhood, yes.

**Mr Kalisch**—There have been a number of announcements, yes.

**Senator JACINTA COLLINS**—If there has been an announcement that I am not aware of, please let me know. The last announcement I saw said it was still called, Towards the Development of a National Agenda for Early Childhood. I will put those questions on notice. Can you update the data for me on JET for the states and territories.

**Ms Emerson**—Do you want that now?

**Senator JACINTA COLLINS**—If you have it, yes.

**Ms Casey**—We have 13,000 children of eligible parents receiving JET assistance. We have \$15 million in the JET child-care appropriation this financial year. Is there anything else you need to know?

**Senator JACINTA COLLINS**—I need a state and territory breakdown. Perhaps you can take that on notice.

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

**Senator JACINTA COLLINS**—My final question on child care is with respect to the child-care census. Is the next census to be conducted in March 2004?

**Ms Emerson**—That is correct.

**Senator JACINTA COLLINS**—Has anything in particular been done to encourage a high response rate?

**Ms Emerson**—There is actually a substantial project plan that goes around the census every year, including letters of advice to services and reminders and follow-ups. We work with the sector in terms of encouraging them and keeping them informed about it and seeking their support. So we have a standard set of procedures around getting a high response rate.

**Senator JACINTA COLLINS**—The only issue that we really did not cover, I suppose, is part of that dialogue we were having earlier today on a different program. Part of our discussion about what is available through planning advisory committees in relation to long

day care I suspect part answers that. But is it the department's view in relation to long day care now that there is a balance between supply and demand?

**Ms Casey**—We are aware that there are areas of unmet demand. I think you only need to read the media to be aware that that is a fact at the moment. One of the areas we are still grappling with, though, is the issue around what that demand actually is. We know there are areas of significant unmet demand, but we also know that in the ACT, for example, there is underutilisation of some services but a significant demand for baby places. A lot of the media you hear is about the demand and the waiting lists for baby places. So the nought to two age group is a particularly difficult area. Getting data on that is a particularly difficult issue, even for the state and territory governments, as they do not license by baby places. They just license for the number of places in a long day care centre. It is up to the operator to actually choose whether they have the nought to two age group or the three to five age group. So child-care centres may have underutilisation in their places for three- to five-year-olds and significant demand for their baby places. It is a difficult area.

The other issue that is difficult with demand is around carers—not only in family day care but also qualified carers in long day care centres. So assessing what the demand issues are is complex. However, the good news is that the ABS survey identified that 94 per cent of formal requests for child care had been met.

**Senator JACINTA COLLINS**—Although interestingly the data the minister put out at Christmas indicated that centres were reporting that waiting lists had doubled. That is from the census data.

**Ms Casey**—The census data? The census data does not collect waiting lists.

**Senator JACINTA COLLINS**—Well, there was a component of that. I will have to get the terminology correct. It was not reporting waiting lists; it must have been reporting that they were fully utilised, and that was interpreted by at least one member of the press I spoke to as indicating that they would have a waiting list.

**Ms Casey**—We looked at the utilisation rates for long day care centres for the 2002 census. While they were high, they were not 100 per cent.

**Senator JACINTA COLLINS**—I will have another look at that. I do not want to spend too much time on that at the moment. Finally, it has been suggested recently that back in December 2002 more work needed to be undertaken to determine if there were emerging pressures in other areas of child care. Has that work been undertaken? If so, what has been the result of it?

**Mr Kalisch**—That is the sort of work that we do quite regularly, and we advise government as appropriate.

**Senator JACINTA COLLINS**—The suggestion seems to be that some further work, I suspect particularly related to comprehending what was occurring in the supply of places in long day care, needs to occur. I am curious as to whether that has occurred.

**Mr Kalisch**—As I said, we continue that work, just as we continue looking at outside school hours care and family day care places, and we advise government as that progresses.

**Senator JACINTA COLLINS**—Well, it seems as if there was a view that back in December 2002 there was a balance between supply and demand in long day care.

**Mr Kalisch**—Are you referring to a certain document that I cannot talk about?

**Senator JACINTA COLLINS**—No, I am not. But Ms Casey seems to say that in the present circumstances you would have to be Blind Freddy not to see that there are issues. I would assert that the same actually applied back then. I am curious as to whether anything has changed within the department about the extent to which you are mapping and planning regarding demand for long day care.

**Mr Kalisch**—I am not going to talk about a document that I cannot talk about.

**Senator JACINTA COLLINS**—I am not asking you to talk about a document; I am asking whether there has been a change in the practices within the department between December 2002 and today with respect to mapping and measuring the level of demand in long day care?

**Mr Kalisch**—We keep monitoring the situation as much as we can, with the information that we have access to, and we provide that advice to government.

**Senator JACINTA COLLINS**—But has there been any change?

**Mr Kalisch**—I think we provide updated and dynamic advice to government.

**Senator JACINTA COLLINS**—You can go.

**Ms Casey**—Before you finish, can I take one of my questions off notice? I can give you the JET data, broken up by state and territory.

**Senator JACINTA COLLINS**—Sure.

**Ms Casey**—The ACT is \$639,268; New South Wales is \$1,980,372; Northern Territory is \$1,325,481; Queensland is \$2,569,581; South Australia is \$1,309,695; Tasmania is \$583,392; Victoria is \$3,510,603; Western Australia is \$2,748,619, and there is a component of \$301,991, which is support for that program.

[10.19 p.m.]

**CHAIR**—Thank you very much to the officers. Senator Forshaw have you questions on outcome 3, Economic and Social Participation?

**Senator FORSHAW**—I indicated during the break that we have some questions on notice for outcome 2 and also for outcome 3, output group 3.1, regarding labour market assistance. We will submit them shortly.

**CHAIR**—While we are on that and the officers are coming to the table, I seek an understanding that we made at the last estimates about the putting of questions on notice. Could they be in by close of business tomorrow night.

**Senator FORSHAW**—I will try to meet that deadline. If not tomorrow, they would certainly be in there by Monday.

**CHAIR**—That then overcomes the problem of the 86 we had that were beyond the deadline last time.

**Senator FORSHAW**—I am not particularly familiar with that problem, as I was not involved in the last round of estimates in this area.

**Senator JACINTA COLLINS**—We are not even sure who it was.

**Senator FORSHAW**—We will endeavour to meet that deadline.

**Senator JACINTA COLLINS**—What is the deadline?

**Senator FORSHAW**—Tomorrow night.

**CHAIR**—Close of business tomorrow night.

**Senator FORSHAW**—I would have to say it would be more likely close of business on Monday.

**CHAIR**—Can we get agreement that it is close of business on Monday.

**Senator JACINTA COLLINS**—I would love to. Close of business Monday means that after being in transit tomorrow I can actually effect electronic versions on Monday, which will be easier for the secretariat.

**Senator FORSHAW**—That is the reason I said Monday rather than tomorrow.

**CHAIR**—Can I just add that the questions on notice are actually meant to be questions that you would have otherwise asked now.

**Senator FORSHAW**—They are.

**CHAIR**—They are not additional questions that are a consequence of the *Hansard* coming out. I think that is where things are getting extended now to the ridiculous.

**Senator FORSHAW**—They certainly do not in my case.

**Senator JACINTA COLLINS**—I have to admit I have never done that.

**Senator FORSHAW**—I have to confess I do not necessarily get to read the *Hansard* as soon as it arrives. You like to create a little bit of space between the day of the hearing and the reading of the *Hansard*.

I want to ask one series of questions in respect of outcome 3.2 regarding labour market assistance. It relates to the access of people who receive a disability support pension to labour market and rehabilitation services. I am after some statistics, so I will read them into the *Hansard*. I can provide you with a copy of this question as well. Firstly, can you provide us with information on the access of people receiving disability support pension to labour market and rehabilitation services? In particular, I would like to know how many people in receipt of DSP in the years 2000-01, 2001-02, 2002-03 and 2003-04 to date have accessed the following programs. I will give you a copy of this. The programs are disability employment services; business services; the workplace modification scheme; CRS; language and literacy training; the pensioner education supplement; the wage subsidy scheme; and the personal support program. Can you provide that information or not?

**Ms Winzar**—Yes, we can provide that information to you. We will have either current year or last financial year data for most of those, if you are interested. Alternatively, we can take the full set on notice, given the time.

**Senator FORSHAW**—Well, if it is not going to take too long now, if you want to read some of them, you could. I do not think much stands on it. Take it on notice, I think, and give them to me as soon as you can. I would appreciate it.

**Ms Winzar**—Yes.

**CHAIR**—Could I ask the minister to clarify for me some of these articles that have appeared in today's paper about how the disabled are to be tested for productivity.

**Senator Patterson**—I was a little disturbed when I read that article. I do not have it in front of me here. I have written a letter to the editor about some of the misinformation that is in that. I was concerned that the sector might get the wrong impression from the way in which the article has been written, particularly the headline.

**CHAIR**—It says 'Disabled to be tested for productivity'.

**Senator Patterson**—That is, I think, misleading in the sense that what the reforms are about is ensuring that people are paid according to their productivity levels rather than being tested for productivity. I think the headline is totally misleading and some of the information within the article is misleading. I have written a letter to the editor. It may or may not be reproduced.

**CHAIR**—So the situation is actually quite the reverse to what has been printed there?

**Senator Patterson**—What it is about is saying that there have been circumstances in business services where people have not necessarily been paid according to their productivity. It is about a range of reforms in the sector. You have been around long enough to know that there have been various reforms, some of which I disagreed with when I was a backbencher in the opposition. This is about moving towards using wage assessment tools. The implication in the article is there will be one wage assessment tool, which is not the case. The government has developed one, but there are other wage assessment tools that have been accredited, and there is one that a number of business enterprises have brought from one provider. Again, that was misleading. It was indicated that people might lose salary. That is wrong. There are a whole range of things in there. I have attempted to correct that with the industry themselves by contacting them today. There will be no loss of wages. There will be no mandatory tool. It is about opportunity and fair wages and quality services. I do not think you would have got that impression from the article. I would be quite happy to have incorporated the letter I have written to the editor. I will have it brought up.

**CHAIR**—Thank you.

**Senator FORSHAW**—I want to go back to the question I put a moment ago. If it is not going to take too long, can you give me the figures you have there tonight.

**Ms Davies**—I have figures for the Commonwealth Rehabilitation Service and business services for the year 2002-03. For CRS, the figure is 35,892; for business services, the figure is 19,443; for open employment, it is 44,702; and for open and supported it is 3,992.

**Senator FORSHAW**—Which year was that?

**Ms Davies**—That is 2002-03.

**Senator FORSHAW**—Do you have any other years?

**Ms Davies**—I only have total disability employment assistance figures going back for those years. I can give you the totals; I have not got the break-up.

**Senator FORSHAW**—Give me them. These will be included in the full answer, but I would like them tonight.

**Ms Davies**—For 2000-01, it is 60,352. For 2001-02, it is 64,811. For 2002-03, it is 68,137.

**Senator FORSHAW**—Thank you for that. I have some questions to ask about case based funding. What is the proposed allocation of case based funded positions for open employment services and business services?

**Ms Winzar**—By way of clarification, when you say the allocation, are you talking about the number of places or the amount of dollars?

**Senator FORSHAW**—I am asking how many people are expected to get assistance in each area per annum.

**Mr Halloran**—For the year 2003-04, the targets that we are expecting for this year are 43,186 plus another 6,360. They are our targets. They are to be achieved under a combination of our block grant funding and our case based funding for this year.

**Senator FORSHAW**—Can you break that up into how many for case based funding?

**Mr Halloran**—Our target is 6,360.

**Senator Patterson**—I have the letter I referred to just now here. It read as follows:

Dear Editor

I refer to the article in your paper (19/2/04), '*Disabled to be tested for productivity*'. I feel it is important to correct some of the misleading information printed in this article. Suggestions that workers in Business Services will lose money or that the Australian Government is trying to move people out of Business Services into open employment are incorrect.

The Australian Government recognises that business services are a very important provider of paid work for thousands of people with disabilities around the country. Far from being paternalistic, they offer their workers not just employment but a range of additional supports, social networks and improved access to community facilities.

Reforms to promote fair wages and quality services for workers recognise that Australians in work should be fairly compensated for their efforts. If a person is unable to work at full productive capacity due to their disability, a pro-rata award based wage should be paid based on a transparent wage assessment process.

Following requests from the industry the Australian Government has developed a wage assessment tool that will be released soon. It will be available free to all business services. While the article implied there would be only one tool but there will be a number of tools available for service providers to determine whether their workers are receiving adequate compensation for their efforts.

I reiterate that no person in a Business Service will be displaced nor will any person in a business service who currently receives a wage have it reduced as a result of the current reforms. The Australian Government firmly believes that all Australians with a disability should have choice, including the right to choose whether they work in a Business Service or in open employment.

Kay Patterson

Minister for Family and Community Services

Minister Assisting the Prime Minister on the Status of Women

**Senator FORSHAW**—Could you provide a list of all open employment services and business services providers, with their maximum capacity of places. Can you do that?

**Ms Winzar**—Yes, we can do that. We are going through a process at the moment with providers in terms of how their current block grant capacity will translate into places under the case based funding reforms. We can give you the number of places that they have currently allocated under their block grant target. I do not think we are yet in a position where we can give you the expected case based funding translation of them.

**Senator FORSHAW**—How long before you are able to do that?

**Mr Halloran**—We are in the process of negotiating back with the service providers at the moment. They have provided information to the department to enable us to calculate what the conversion will be so that we are able to negotiate contracts with them. I cannot give you an exact time on that, but I expect it will be in the near future.

**Senator FORSHAW**—This system is due to commence on 1 July, isn't it—the case based funding system?

**Mr Halloran**—Only for business services should they choose to make the transition at that point. That is correct.

**Senator FORSHAW**—How many places are currently empty?

**Mr Halloran**—That is case based funding places?

**Senator FORSHAW**—Yes.

**Mr Halloran**—Our current capacity is 7,215. Of those 6,159 are currently filled. It is currently at 85 per cent.

**Senator FORSHAW**—Thank you. In terms of funding, what is the recurrent funding for open employment services and business services?

**Ms Davies**—For this year?

**Senator FORSHAW**—Yes. This year first.

**Ms Davies**—The total recurrent funding for 2003-04 for open and business services is \$363.4 million.

**Senator FORSHAW**—Is that broken up into the two categories?

**Ms Davies**—No. I do not have the break-up with me.

**Senator FORSHAW**—I appreciate this may be in the PBS. What is the funding in the forward estimates?

**Ms Davies**—For 2004-05, it is \$395 million. For 2005-06, it is \$458.8 million. For 2006-07, it is \$499.5 million. For 2007-08, it is \$531.4 million.

**Senator FORSHAW**—Is that still based on a combination of both open employment and business services?

**Mr Halloran**—Yes.

**Senator FORSHAW**—Are you able to give me the break-up for each of those figures into the two groups—the two categories?



**Ms Davies**—I will have to take it on notice.

**Senator FORSHAW**—If you would not mind doing that. If savings are made in the changes from block funding to case based funding, what will happen to those savings? Will they be directed back into open employment services or business services?

**Ms Davies**—The case based funding represents an increase for both business services and open employment. It is nine per cent for open employment and 15 per cent on average for business services. That is an average. There are some winners and some losers under case based funding because we are moving from historical block grant funding.

**Senator FORSHAW**—Can you explain in brief how the voluntary income assessment arrangements work? As I understand it, this is where, for employees in sheltered workshops, the facilities can allow the employer to pass on income details to Centrelink.

**Ms Winzar**—Those arrangements are part of the introduction of working credit. Employees in business services will have the same obligations as other Centrelink customers who have earnings to report those to Centrelink. On a voluntary basis, those workers in business services can arrange for their employer to pass those details directly to Centrelink fortnight by fortnight, which saves them a lot of trouble because it is done electronically. It saves the provider a lot of trouble because they do not have to fill in paperwork from Centrelink. It also saves the worker the difficulty of remembering to get on to Centrelink and advise them of changes in their income.

**Senator FORSHAW**—I understand that this will also result in some savings in terms of payments. Is this right?

**Ms Winzar**—Yes.

**Senator FORSHAW**—I have a figure of \$2.7 million.

**Ms Winzar**—Yes, that is correct.

**Senator FORSHAW**—Can you tell me how that is likely to happen. Do you have estimates of how many people will have their benefits reduced, suspended or, indeed, cancelled?

**Ms Winzar**—I would be extremely surprised if any people had their income support payments cancelled as a result of the measure. I am afraid I do not have to hand details of the number of disability support pensioners that were expected to be affected. I can tell you that slightly over 6,000 DSP recipients in business services are currently using the automated employer reporting link to tell Centrelink about their income. As part of the rollout of that process we have certainly found a lot of people who had not been previously reporting to Centrelink the fact that they were earning at all. In some services it seems as high as 50 per cent of the workers had not been telling Centrelink about their earnings.

**Senator FORSHAW**—So that is where the \$2.7 million is likely to come from?

**Ms Winzar**—That is right.

**Senator FORSHAW**—They just have not reported the income?

**Ms Winzar**—That is correct.

**Senator FORSHAW**—I did ask if you are able to tell me how many people this would affect. Can you do that? To get to the figure of \$2.7 million, you must have some estimate of the number of individuals.

**Ms Winzar**—I will take on notice what the estimated customer impact was going to be. My understanding is that the 6,000 that are now reporting via the automated link with Centrelink is more than we expected. But I will certainly confirm that.

**Senator FORSHAW**—Can you give us a guarantee that in this system people will not have incorrect debts or mistakes with respect to Job Network and family tax benefit schemes? Obviously, people are concerned that we do not have some repeats of those circumstances.

**Ms Winzar**—Sure. This measure reduces the likelihood of customers incurring debts. It is my understanding that the Centrelink procedure for adjusting people's income support payments is being done in a forward way. So even when people are uncovered who have not been reporting their income to Centrelink, we are not pursuing a debt in respect of past earnings and the impact on income support, but from the time at which they authorise their employer to provide Centrelink with those details, their onwards payments will be adjusted. The fact that the customer no longer has to remember to tell Centrelink what their earnings are or when they change means that the likelihood of debt is much reduced.

**Senator FORSHAW**—Thank you. You will be watching it extremely closely, I hope.

**Ms Winzar**—We certainly will.

**Senator FORSHAW**—I want to follow on with some further questions in regard to Open Employment Services. What is the current level of unmet demand in the Open Employment Services sector?

**Ms Winzar**—It is not possible for us to give you the number of places that are required. We do not have a centralised waiting list system in place at this point. We expect that in about 18 months we will have some systems improvements which will enable us to provide you with that number.

**Senator FORSHAW**—You do not have any estimate?

**Ms Winzar**—No. We have no way of calculating it.

**Senator FORSHAW**—I am not sure whether you gave me this figure earlier. What is the current capped funding for Open Employment Services?

**Ms Davies**—We gave you the total for business and open.

**Senator FORSHAW**—You gave me the other detail?

**Ms Davies**—Yes.

**Senator FORSHAW**—I want an update from estimates in June last year. Have there been any changes to the breakdown of the \$135 million that is to be spent in the Open Employment Services area? I think there was a discussion about this back in the June estimates.

**Ms Winzar**—I think the \$135 million to which you refer was in relation to the last budget measure.

**Senator FORSHAW**—I believe so, yes.

**Ms Winzar**—There have not been any changes to the way that is proposed to be spent.

**Senator FORSHAW**—I am jumping about here because I am conscious of the time. How many Job Network agencies are specifically trained and accredited to assist job seekers with a disability? Do you know that?

**Ms Davies**—It is 37 outlets and 12 providers. That is 12 organisations with 37 outlets.

**Senator FORSHAW**—Can you tell me how many people who have applied for Open Employment assistance have been referred to the Job Network due to lack of places?

**Ms Winzar**—No. We cannot provide you with that information.

**Senator FORSHAW**—Is there a reason why you cannot?

**Ms Winzar**—I will give you an indication of what we can tell you. There are approximately 1,500 people on the disability support pension who use Job Network services at the moment. That is the full range of Job Network services. How many of them may not have been able to find a place in a disability employment assistance program is not known to us.

**Senator FORSHAW**—I am not sure how to pursue it then with respect to your area of responsibility. Would that information be able to be obtained from the Job Network?

**Ms Winzar**—It would not be able to be obtained. We do not keep a waiting list record on our computer system in relation to a particular individual. Therefore, it is not possible to know whether a particular customer has been waiting for a place for a long time and then moved into Job Network or whether or not they have been rejected as unable to be placed in a particular service and then gone to Job Network. We do not track in that way at this point in time.

**Senator FORSHAW**—Thank you. The new standards will apply to Business Services. Can you tell me how many business service providers are expected to be closed down due to not being viable once the new standards start to operate or operate?

**Ms Davies**—That is a complicated question to answer because, as you will recall, late last year we had a round of safety net consultations to look at devising a number of strategies to help those services that might struggle with that particular standard. That set of measures has yet to be announced.

**Senator FORSHAW**—It has been acknowledged, hasn't it, that the impact of this could well be the closure of some services. My recollection is that on a number of occasions that has been accepted. Certainly there is concern in the disability organisations about this.

**Ms Davies**—I think it is certainly acknowledged that a lot of services would struggle to meet that standard.

**Senator FORSHAW**—Why aren't you able to tell me what your expectation or estimate is? Do you believe you will be in a position soon to be able to tell us that?

**Mr Halloran**—There are a number of reasons that would put any employment service, whether it be an open or a business service, at risk. It is quite difficult to isolate a particular reform or incident that would cause a service to close. Our staff who work with those services try to identify those risks and put in place interventions, where appropriate, to help them. As

Ms Davies said, it is a difficult question. It is almost like how long is a piece of string. There are a number of factors, including remote and rural localities, globalisation and reducing markets that affect viability of services. The reform packages are aimed to address a lot of those issues.

**Mr Sullivan**—I think it would be right to say that some services have concerns about their capacity to meet the standards and, therefore, their viability. At the same time I think they are quite reassured by statements by the minister and the Prime Minister and the processes that Frances Davies went through in respect of the assistance they are being provided in respect of plans and assessments with a view for us to be able to understand what would be necessary for a service to remain viable and be able to pass it on to government. There is still some way to go in this process moving from the viability package to what it means.

**Senator FORSHAW**—I would like to pursue that further now but the time constraint is closing in on us, which is unfortunate. Can you tell me how many business service providers have been certified so far?

**Ms Davies**—It is about 20 per cent.

**Senator FORSHAW**—What does that figure represent?

**Ms Davies**—Almost 5,000 people in business services have been quality assured. The proportion of the total number of organisations is just under 20 per cent, I think.

**Senator FORSHAW**—Mr Halloran, were you going to add something?

**Mr Halloran**—Your question was how many business services have been certified? Is that correct?

**Senator FORSHAW**—Yes. How many business services providers have been certified so far?

**Mr Halloran**—Currently there are 30 straight business services that have been certified with an additional 31 that provide both a combination of open and business services.

**Senator FORSHAW**—I did ask for places as well.

**Ms Davies**—It is nearly 5,000.

**Senator FORSHAW**—Thank you. It is a bit late in the night to be trying to do the calculations of percentages in my head. Has funding been set aside to find places for people who may be displaced by closures or mergers? If so, how much?

**Ms Davies**—The sorts of strategies that were discussed late last year were not about funding so much but different types of funding models and alternatives for exploring other services, such as state services. There was not so much a discussion of what quantum of dollars would be needed. So it is exploring the range of strategies that you need to ensure that everybody who has a place has continuity of service.

**Senator FORSHAW**—Thank you. In the estimates in November, in discussion with Senator Collins, it was stated that of the \$25 million that had been allocated to assist in the viability of business services, \$5 million had been spent on consultants. Can you tell me how much will be spent on actually providing assistance to business services?

**Ms Davies**—It is \$18.1 million.

**Senator FORSHAW**—And the remainder is made up of?

**Ms Davies**—An amount of \$4.9 million is business reviews, those consultants you mentioned.

**Senator FORSHAW**—I said \$5 million. I am sorry.

**Ms Davies**—And \$2.39 million is departmental.

**Senator FORSHAW**—Thank you. How many business service providers have actually received any assistance under the program so far?

**Ms Davies**—There are 225 organisations that volunteered to have an assessment, which is well over 90 per cent. Twenty-five per cent of those have been completed and 60 per cent are under way at the moment.

**Senator FORSHAW**—Do you have estimates of the percentages of business services providers who will receive either more or less funding under the case based funding system? Do you have a break-up?

**Ms Davies**—Of winners and losers?

**Senator FORSHAW**—Yes.

**Ms Davies**—I think that is difficult to do rather than notionally because you do not know what the employment outcomes are.

**Ms Winzar**—The process involves us going into a particular service and assessing each individual's support needs before we can calculate how much money they will get for that particular individual. We have begun that process but we are nowhere near in a position to say there are going to be this many winners and this many losers in terms of services or outlets at this point.

**Senator FORSHAW**—Can you indicate when you might be?

**Ms Winzar**—It is an iterative sort of process. Even though business services can opt in and bring forward the commencement of their transition to case based funding from 1 July this year, they will still only translate a quarter of their current block grant customers to case based funding positions. So at the moment we have asked services to indicate whether they are interested in bringing forward the move to case based funding. As they accept, we can arrange for the classification assessments to be done and work out what their funding stream is going to be for that 25 per cent of customers who are assessed. Six months later, they will move another 25 per cent of their customers across.

**Senator FORSHAW**—I was trying to get a date out of you so I would know whether to ask about it again in May.

**Ms Winzar**—It is a two-year transition process.

**Senator FORSHAW**—When do the other 80 per cent of the providers have to be certified by?

**Ms Davies**—December this year.

**Senator FORSHAW**—Do you know what percentage of current business services are running at a deficit?

**Ms Davies**—No. I do not have that information.

**Ms Winzar**—That information is progressively coming to hand through the business viability assessments, which Ms Davies indicated were well under way at the moment. They are actually isolating for us which particular services are in financial difficulty, the extent of their indebtedness, for example, the examination of their cash flow, examination of other funding sources et cetera. So it is quite a complex process. As those business reviews are completed, we are then in a position to act on it. But we would not expect all of the reviews to be completed until probably early in the second half of this year.

**Senator FORSHAW**—I have two other areas that I hope to get through fairly quickly, if I can have indulgence for a few minutes beyond 11 p.m. I want to ask some questions about the wage assessment tool. It has been the subject of an amount of discussion over some time now. The introduction of this has been delayed on at least one occasion, I think. What is the current status of the wage assessment tool? That is probably the best way to get an update.

**Ms Davies**—Late last year, the Business Services Review Implementation Group, which is providers plus a consumer rep, asked that we do a further 1,500 assessments and combine that exercise with trying to calculate what their likely case based funding outcome might be so that we could get a take on the net effect, if you will. That exercise has been completed. The report is being written up at the moment.

**Senator FORSHAW**—Can you outline the current time line for reforms in both the award based wages strategy and the wage assessment tool?

**Ms Davies**—In terms of its release?

**Senator FORSHAW**—I am looking for the time line in terms of when it is expected to be finalised and these ongoing discussions are resolved and are anticipated to be implemented. There have been time lines put down previously and they have been delayed. I would actually like to know more detail about the delays too, but we are running out of time, unfortunately.

**Ms Davies**—The results of that research indicated that the tool is pretty robust and suitable for use in the sector. I think it is fair to say that its release is expected pretty soon.

**Senator FORSHAW**—Pretty soon. Can you shed any more light on the causes of the delays? Has it been because there was so much opposition or concern in the sector that you had to undertake more consultations? Isn't that pretty much the reason?

**Ms Davies**—The earlier research and evaluation of existing tools showed that there was not one purpose-built tool that did the job. The tool was developed and at each stage of its testing concerns that were raised had to be further tested because the tool will not be acceptable unless people are confident about it and that it is transparent and independently assessed. I think we are at the point where we are pretty comfortable that it will do the job.

**Senator FORSHAW**—Do you have advice on what you expect the average wage rises might be as a result of the introduction of it?

**Ms Davies**—The demonstration project found that existing wages were about \$1.80 an hour, but there is a lot of variation. The average wage under that demonstration project was about \$4.

**Senator FORSHAW**—That is still what you would anticipate?

**Ms Davies**—Yes.

**Senator FORSHAW**—Is there a potential that people with high levels of disability could actually lose their places due to being considered unprofitable?

**Ms Winzar**—It is not really a question of the degree of disability which a person is experiencing. It is more around their levels of productivity which will determine their retention. The case based funding prices have also been tested and fairly carefully modelled against the support needs that people have. It is not our expectation that people with high support needs will be displaced from services. In particular, some of the funding which was announced last budget was specifically designed to protect those high-cost workers who are currently in services by grandfathering their current place.

**Senator FORSHAW**—Has that concern been expressed to the department?

**Ms Winzar**—Yes, it has.

**Senator Patterson**—Senator Forshaw—

**Senator FORSHAW**—I did say, Minister, when you were not sitting at the table that I would seek indulgence for a few more minutes to try to complete.

**CHAIR**—He has just sought a couple more minutes.

**Senator FORSHAW**—Thank you. Can you tell me how many business services providers you expect might close down their operations due to increased wage pressure on the viability of business services?

**Ms Winzar**—We are not in a position to make an assessment of that at this point precisely because services have not had the productivity of the workers assessed yet so the wages that they will be required to pay is not yet known. But the business viability assessments, as I mentioned before, are providing quite a detailed set of information about how well off the business is, how effective its marketing strategies and so on are, how great its profit margins are and how effective its pricing strategies are and suggesting ways that the business services can improve all those things so that they can meet an increased wage bill.

**Senator FORSHAW**—Thank you. I will try to pick out the key questions here so that we do finish close to time. In the FaCS commissioned discussion paper headed 'Research into pro-rata wage assessment tools for people working in business services', which was prepared by Health Outcomes International, it stated:

Business Services should demonstrate a commitment to the payment of superannuation for all employees, including those earning less than the superannuation guarantee threshold.

You might want to take this on notice. What is the status of superannuation for people working in Business Services?

**Ms Winzar**—Like any other employer, they are required to meet a legal obligation to contribute superannuation if their employees are earning above \$450 a month. For workers

earning less than that figure, there is no superannuation guarantee liability that accrues to them. Some services, I understand, do pay a superannuation contribution even where workers earn lower amounts than that. But whether or not we would have comprehensive data available, I would just have to check with Ms Davies. The answer is no.

**Senator FORSHAW**—Will the cost of superannuation be considered in case based funding models for business services?

**Ms Winzar**—Case based funding is about assisting the services with supporting the worker. It is not about making a contribution to wages or explicit overheads of the business.

**Senator FORSHAW**—Thank you. I want to take a couple of more minutes on another area, which is the pension bonus scheme. Can you provide us with a brief outline of how the scheme operates?

**Senator Patterson**—Senator Forshaw, I am sure there is a brochure we can get you from Centrelink about how the scheme operates. We will take that on notice. A brochure is given to people. It goes through all the details of who is eligible, how long you can be off it and how many hours you have to work.

**Senator FORSHAW**—There have been a lot of complaints from people who say they have been unable to get their money from the scheme. Are you aware of that?

**Senator Patterson**—Well, it is a bit like Centrelink. Sometimes people misconstrue what they are entitled to.

**Mr Sullivan**—The more common complaint we have had—and we are working on this—is people’s awareness generally of the scheme and how it works and how you take the advantage that is meant for the scheme to operate. I have not seen too many complaints, but Alex Dolan is better equipped to answer the question.

**Mr Dolan**—Can I get clarification of your question, please?

**Senator FORSHAW**—I have asked a couple in the interests of trying to speed this up. I said a brief outline of how the scheme operates.

**Senator Patterson**—I said we will get a brochure and the information on how the scheme operates. While you were on your way here, he said there were some people who said they could not get their money out of the scheme. I thought it was highly unlikely and that there was a misconception about the conditions and how they were and what they were told.

**Mr Dolan**—Once a person registers on the scheme, certain criteria have to be met. They are provided in the information we will give to you. You can withdraw from the scheme before the five years. You receive a lesser bonus if you have been working less than five years. You get the maximum bonus if you work the five years.

**Senator Patterson**—Haven’t you got to work for one year to actually be eligible?

**Mr Dolan**—Yes. There is a minimum of one year and you have to meet a work test certain criteria. But you can leave the scheme before five years and get some bonus. It depends on the circumstances you are asking about.

**Senator FORSHAW**—I know it is 11.07 p.m. and I know the minister is anxious to get away, as everybody is. I also appreciate the attendance of the officers. This happens every



time. We are left right at the end dealing with this section of the estimates, due to the nature of the program.

**Senator Patterson**—Can you always change it around.

**Senator FORSHAW**—We may have to think about that. But that is a matter obviously for negotiation with the ministers as well. I have a series of questions here that I wanted to ask tonight. If I give them to you—and I can give you to them now—can you take them on notice, but would you please provide the answers to us as quickly as you can. In other words, could they not be left until the general answers come through on questions on notice.

**Senator Patterson**—We will put them down as a priority and answer them.

**Senator FORSHAW**—I am happy to do that.

**Senator Patterson**—You need to look carefully at the conditions of that because somebody may say they did not get their entitlement and they have not passed the work test or they have not participated for a year.

**Senator FORSHAW**—Let me give you an indication. As I understand it, there was an evaluation of the pension bonus scheme undertaken. Is that correct?

**Mr Dolan**—Yes, that is correct.

**Senator FORSHAW**—I would like details of when it was conducted, who conducted it, the circumstances of the contract, when it was completed, what recommendations it made and so on. I would have preferred to sit here and gone right through this, but I can see I am getting wound up.

**Senator Patterson**—We did spend a lot of time earlier.

**Senator FORSHAW**—I know it was not your situation, but we have sat well beyond 11 o'clock in some committees to try to finish the business. I know that is not what we like to do. I will give these to you now and you can take them on notice. If you could please respond as a matter of priority, that would be appreciated.

**Mr Sullivan**—We will do that.

**Senator FORSHAW**—Thank you.

**Senator Patterson**—I offer a deal: you get your questions in by Monday and we will try and have as many of those answered by Monday afternoon as possible if they are simple answers.

**Senator FORSHAW**—I can give you these now.

**Mr Sullivan**—If we can get a copy now, we can deal with them as quickly as we can.

**Senator FORSHAW**—Thank you very much.

**CHAIR**—Thank you. I thank Senator Patterson, Mr Sullivan and all the officers of the department, the secretariat and Hansard. This round of estimates is closed. Thank you.

**Committee adjourned at 11.09 p.m.**