



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

MONDAY, 31 MAY 2004

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Monday, 31 May 2004

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

Senators in attendance: Senators Barnett, Jacinta Collins, Eggleston, Forshaw, Greig, Humphries, Knowles and Moore

Committee met at 9.06 a.m.

FAMILY AND COMMUNITY SERVICES PORTFOLIO

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 Stephen Hunter, Deputy Secretary

Executive Directors and General Manager

Ms Cate McKenzie, Executive Director, Alliance and Delivery Frameworks Cluster
Mr Tim Youngberry, Executive Director, Budget and Financial Management Cluster
Ms Glenys Beauchamp, Executive Director, Community Development and Support Cluster
Ms Peta Winzar, Executive Director, Economic and Social Participation Cluster
Mr David Kalisch, Executive Director, Family and Children Cluster
Mr Robert Knapp, Executive Director, Strategic and Ageing Cluster
Ms Serena Wilson, Executive Director, Welfare Reform Cluster
Ms Catherine Argall, General Manager, Child Support Agency

1.1: Family Assistance

Mr David Hazlehurst, Assistant Secretary, Family and Children's Policy Branch
Ms Lynne Curran, Assistant Secretary, Family Payments and Child Support Policy Branch
Mr Tony Carmichael, Assistant Secretary, Family and Children's Services Branch

1.2: Youth and Student Support

Mr Jeff Popple, Assistant Secretary, Youth Bureau Programs Branch
Ms Kasy Chambers, Assistant Secretary, Youth Bureau Policy and Promotions Branch

1.3: Child Support

Ms Catherine Argall, General Manager, Child Support Agency
Mr Trevor Sutton, Assistant General Manager, Child Support Agency

1.4: Child Care Support

Ms Dawn Casey, Assistant Secretary, Child Care Services Branch
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

Mr Simon Rosenberg, Assistant Secretary, Community Branch

3.1: Labour Market Assistance

Mr Pete Searle, Assistant Secretary, Labour Market and Parenting Branch

3.2: Disabilities

Ms Frances Davies, Assistant Secretary, Disability Service Reforms Branch

Mr Glen Halloran, State Manager, Queensland State Office

3.3: Carer Support

Ms Peta Winzar, Executive Director, Economic and Social Participation Cluster

3.4: Aged Support

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

Mr Barry Sandison, Assistant Secretary, Participation Strategies Branch

FaCS Across all outcomes

Mr Evan Lewis, Assistant Secretary, Early Childhood and Communities Branch

Mr Steve Jennaway, Assistant Secretary Budget Development Branch

Mr Nick Hartland, Assistant Secretary, Centrelink Relationships Branch

Ms Linda Powell, Assistant Secretary, International Branch

Mr Brendan Jacomb, Assistant Secretary, Legal Services Branch

Mr Andrew Herscovitch, 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

Mr Bruce Smith, Assistant Secretary, Welfare Reform Taskforce

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

Mr Evan Mann, Senior Adviser, Special Advisory Group

Ms Patricia Pearson, Adviser, Special Advisory Group

Australian Institute of Family Studies

Dr Ann Sanson, Acting Director

Ms Catherine Rosenbrock, Manager, Strategy and Communications

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, Business Transformation/CIO

Ms Charitee Davies, Acting General Manager, Strategic and Business Planning

Ms Katrina Edwards, General Manager, Strategic and Business Planning

Mr Robert Williams, Acting General Manager, Participation and Client Partnerships

Ms Christine Hagan, General Manager, Centrelink Call

Ms Carolyn Hogg, General Manager, Service Integration Shop

Ms Carmel McGregor, General Manager, People and Corporate Performance

Mr Glyn Tomlinson, Acting National Manager, Corporate Performance

Mr David Wilden, Acting National Manager, Workforce Capability and People Management

Mr Mark le Dieu, Acting National Manager, Workplace Relations and Policy

Ms Ann Steward, General Manager, Capability Creation and Management

Ms Elaine Ninham, National Manager, Capability Planning

Mr Trevor Smallwood, National Manager, IT Refresh Program Office

Mr Grant Tidswell, General Manager, Families

Dr Louise Tucker, General Manager, I&T Operations/I&T Service Executive

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, Contracts and Procurement
Mr Paul Cowan, National Manager, Debt Services
Ms Elayne Strahan, Acting National Manager, Participation Payments
Ms Jan Bush, National Manager, Retirement, Carers and Means Test
Ms Michelle Gunasekera, National Manager, Working Age Reform and Simplification
Mr Phil Richardson, National Manager, Detection and Review
Mr Colin Parker, National Manager, Property and Services
Ms Jo Gaha, National Manager, Business Alliances
Mr Marilyn Prothero, Chief Finance Officer and National Manager, Financial Services
Mr Karel Havlat, National Manager, Resource Management
Mr Robin Salvage, National Manager, Service Delivery Integration
Mr Hank Jongen, National Manager, Communication, Media and Marketing
Ms Sally Babbage, National Manager, Families and Child Care
Ms Jenny Thomson, Acting National Manager, Participation Services
Mr Darryl Alexander, National Manager, Participation Requirements
Ms Desley Hargreaves, National Manager, Social Work and Social Inclusion Services
Ms Barbara Causon, National Manager, Indigenous Services
Ms Ruth Freeman, National Manager, Customer Assessment and Referral Services
Ms Elizabeth Hampton, Business Leader, Service Recovery Team
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, Rural and New Business
Mr Tony Barley, Acting National Manager, Customer Service
Mr Glenn Archer, National Manager, E-Business
Mr Graham Maloney, National Manager, Centrelink Call Operations
Mr Ian McShane, Group Director, Business Transformation
Ms Sheila Ross, Chief Customer Officer
Ms Margaret Hamilton, Dean, Centrelink Virtual College
Mr Dennis Mahony, Acting National Manager, Business Practices
Mr Brian Pacey, National Manager, Profiling and Reviews
Mr Brian Silkstone, National Manager, Customer Support
Ms Lynette Seeto, National Manager, Corporate Systems
Ms Robyn Kemp, National Manager, Environmental Management
Mr Paul Conn, National Manager, Business Intelligence and Information
Ms Peta Fitzgibbon, National Manager, Participation
Mr Brad Clark, National Manager, Project Services and Delivery
Mr Keith Bender, Business Manager, Families and Child Care

CHAIR—I declare open this hearing of the Senate Community Affairs Legislation Committee. The Senate has referred to this committee the particulars of proposed expenditure for the year ending 30 June 2005 for the portfolios of Family and Community Services and Health and Ageing. The committee will now commence examination of the Family and

Community Services portfolio. I welcome the Minister for Family and Community Services, Senator Kay Patterson; the departmental secretary, Mr Mark Sullivan; Ms Sue Vardon, Chief Executive Officer of Centrelink; and 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, of the resolution which states in part:

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

I also remind officers that they shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of them to superior officers or to the minister. Evidence given to the committee is protected by parliamentary privilege. However, 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 hope that we will finish before 11 o'clock tomorrow night, because it is going to be a long two days otherwise.

CHAIR—The committee will be working from the portfolio budget statements. I propose that we commence with issues relating to Centrelink on pages 273 to 305, followed by general questions on the portfolio and departmental overview on pages 9 to 50, and then departmental budget and non-budget measures, which will be called on seriatim as listed in the PBS at pages 51 to 94. I will then call for general questions relating to departmental output group 1.1. Are there any questions?

Senator JACINTA COLLINS—Could I just clarify a couple of threshold issues before we hear from Centrelink. In some committees it is the habit of the committee to indicate the date on which answers to questions taken on notice will be due. I have just checked with the secretary in relation to the last occasion, and it appears that that is not the case with this committee. That was 1 April, whereas we only received answers from the Department of Family and Community Services for the last round of estimates late Friday afternoon, on the Friday before we commenced this round of estimates. I am seeking from Mr Sullivan some explanation as to why we were so far behind the date on this occasion.

Mr Sullivan—All the questions were sent to you on 21 May—that is, 10 days ago. So that was the day before estimates.

Senator JACINTA COLLINS—Yes, that was the day before estimates.

Mr Sullivan—The answers to four questions were sent—

Senator Patterson—Hang on! It was the day before estimates started, but not the day before this estimates hearing. I think you need to be clear that it was 21 May.

Senator JACINTA COLLINS—I am quite happy to be clear on that.

CHAIR—Minister, I think it is fair to say that there are a number of senators who are involved in both weeks of estimates and we are talking about six or seven weeks late.

Mr Sullivan—Answers to four questions, which you asked in particular be hurried, were sent to the Senate committee on 25 March.

Senator JACINTA COLLINS—On 25 March?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—Which four are you referring to?

Mr Sullivan—I will get the numbers, but there were four particular questions which you and various members of the committee asked be advanced, and they were. They were delivered to you on 25 March.

Senator JACINTA COLLINS—My only recollection of one that came in before the bulk of them came in on that Friday—

Mr Sullivan—I will get you the numbers, but there were four.

Senator JACINTA COLLINS—Maybe they did not relate to me or maybe they did and other things have occurred.

Senator FORSHAW—They were on the Pension Bonus Scheme, as I understand it.

Senator JACINTA COLLINS—Okay. Aside from that, the only answer that came in ahead of that was one additional one from Centrelink in relation to a press release of mine—and I am pleased to say that I received an apology in a timely fashion. However, I am still seeking an explanation as to why, even if we set aside the four that you are referring to, this time lapse has occurred.

Mr Sullivan—We are endeavouring to improve the performance. We have worked with the minister's office in reviewing this one and there is no doubt that it is later than it should have been. We have come up with a new approach which we will take to this estimates and we think that will see the answers come in as close to on time as possible. We had 152 questions to answer. It was decided that we should answer all of them and not bring them in as they were ready. Some were ready earlier but we wanted to deliver the package of answers.

Senator JACINTA COLLINS—Why?

Mr Sullivan—I think in the context of all the answers it is important to check that they are consistent across each other. Clearly, both the minister's office and the department were keen to ensure that there was consistency across the answers.

Senator FORSHAW—That is not the usual practice, is it? I am certainly aware from other committees and from this one in the past that answers often come through on a sequential basis. I can understand, for instance, that, if there are answers to some questions which are related to other questions that may have already been answered, there may be some reason, in the interests of consistency, to deal with them in a block, but I would not have thought that extends to all questions. We have to get them and read the answers as well. It does help from time to time that you are actually getting them coming through periodically, particularly given that this portfolio covers such a range of specific topic areas. I fail to see how it was necessary to effectively hold them all back.

Mr Sullivan—I understand that. The decision was that we would consolidate them all and send them.

Senator FORSHAW—Whose decision was that?

Mr Sullivan—That was between the minister's office and the department.

Senator FORSHAW—So did the minister's office request that the answers be provided only—

Senator JACINTA COLLINS—Post budget.

Mr Sullivan—No, it was nothing to with the budget. When I say it is between us, it is between us: it was a discussion which was had between the office and sometimes me which was about (1) monitoring how we were going and (2) whether the delivery of them should be as a block or as they were produced. We are together reviewing how we are going to improve on this performance. I am happy to take that on and see whether we can look at that.

Senator FORSHAW—When the answers are prepared, they are then sent to the minister's office. Is that the procedure?

Mr Sullivan—There is a process where they go between the department and the minister's office. In the end, the answers must be cleared by the minister's office.

Senator FORSHAW—That is right.

Mr Sullivan—It is often not a single 'send them over and let them be cleared' thing. They have to work through the department. One of the points that we are looking at is just how many sets of hands a typical question on notice goes through, and it is too many.

Senator FORSHAW—They are released to the parliament once they have been cleared by the minister's office. So where does the responsibility for the delay ultimately lie? Is it—

Mr Sullivan—With the department, because in the end it has to be an answer that the minister's office is happy to release, and that comes from the department. So it is a problem for the department.

Senator JACINTA COLLINS—Unless the minister for other reasons is happy not to release the answers, quite unrelated to the department.

Mr Sullivan—I watched over this process and there was certainly none of that. The questions were worked through in terms of what the question was after and what we were providing.

Senator FORSHAW—When were they finally presented to the minister?

Mr Sullivan—The last questions came to the minister one or two days before they were released to the committee.

Senator FORSHAW—So they were presented to the minister sequentially. Is that the case? I thought you said that once they had all been prepared they were then provided to the minister.

Mr Sullivan—No, I did not say that. I said a decision was taken that we would present them to the committee as a whole. Clearly, they were being presented to the minister's office in blocks.

Senator JACINTA COLLINS—When was the bulk of them presented to the minister's office?

Mr Sullivan—The bulk in terms of numbers?

Senator JACINTA COLLINS—In terms of the work involved in answering questions from this committee. There may have been one or two questions two days before but—

Mr Sullivan—I would think the bulk of questions were presented to the minister's office in the last two weeks in their agreed final form.

Senator JACINTA COLLINS—So a full month after they were actually due to be given to this committee?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—So what do we anticipate is going to change this time?

Mr Sullivan—We are working with the minister's office on an approach to improve the time lines. The area where we see the most potential gain is in reducing the number of hands that questions go through and probably having some senior people deal with questions up-front.

Senator JACINTA COLLINS—The chair said to me—when I indicated that I wanted to deal with this as a threshold issue—that we might well just replay last estimates because we went through these issues on the last occasion. On the last occasion I indicated that it was quite uncharacteristic of my experience with FaCS for these sorts of delays to be occurring and yet they magnified in this round. I do not understand what has broken down from past behaviour.

Mr Sullivan—I do not think they have magnified over the last performance. The last performance was worse than this. The media got most of the answers to questions last time. You did not get all the answers to questions before estimates and you had most of them the day or a couple of days before estimates. This time you have had—

Senator JACINTA COLLINS—Maybe I am generous in the time lapse.

Mr Sullivan—We are concerned at the performance. You are right: our performance was very good up until the estimates before this one. All I can say is that there is a commitment from both the department and the minister's office to get us back onto that sort of performance level.

Senator JACINTA COLLINS—Perhaps we can clarify one element of the order in which we are proceeding at the moment and that might facilitate the timeliness of some issues as well. We are fortunate in this round of estimates that we have the opportunity for a spillover day. You will notice that on today's program we get down to output group 1.1, probably one of the most critical in terms of examining the budget, but on Tuesday we move on to output 1.2. Our intention is that matters we have not been able to resolve or deal with today will be dealt with on Friday. So there is the ability for the department to respond to issues in a more timely fashion between today and Friday rather than us waiting many months to get some straightforward matters dealt with—and indeed answers to questions that we have asked previously and should be just a matter of routine to update.

Mr Sullivan—We are quite happy to answer questions with that sort of content quickly, if you are talking about data trawling, but you will not get them on Friday.

Senator JACINTA COLLINS—Why is that?

Mr Sullivan—Because it takes longer. Some of the questions involved here do take a lot of trawling through data to answer.

Senator JACINTA COLLINS—You know that some areas—for instance, FaCS—come to the session with the answers to the questions that they know I will ask which relate to data trawling. They come prepared with answers to the questions they know I am going to ask. It would be quite helpful if that translated right across the department. There are some general straightforward questions about family assistance, for instance, that you get time and again that are not that difficult to anticipate; and if they have not been anticipated for today I am pretty sure they can be anticipated for Friday.

Mr Sullivan—I think generally they are answered on the spot—and will be.

Senator JACINTA COLLINS—Good.

Mr Sullivan—They are not of the nature of the questions which go on notice. We always expect a set of questions around family payments and CCB and around child-care issues generally.

Senator JACINTA COLLINS—Yes, but there is also some information which officers may not have on them at the time that are fairly easily resolved over a couple of days, and we anticipate that with respect to Centrelink and family assistance those matters should be available for Friday. That may in fact help relieve the burden on the department of answering questions on notice as well, as I know from time to time departments say to us, ‘Please, please don’t put this on notice, because it is more straightforward for us to deal with it directly.’

Mr Sullivan—That is right, and it means getting the questions out, because again last time twice as many questions were taken after estimates than at estimates. Of the 160 questions on notice, 59 of them were taken at estimates.

Senator JACINTA COLLINS—Yes.

Mr Sullivan—So we did not get an opportunity in 100 questions to be able to answer a question.

Senator JACINTA COLLINS—No.

Mr Sullivan—You put them on notice, written afterwards. You did not say, ‘Look, this is what we’re going to ask you.’ So it would be a very good process if we could understand what we are going to be asked.

Senator FORSHAW—Mr Sullivan, that is an interesting point, but you also understand that the last round of estimates involved one day.

Senator JACINTA COLLINS—And I seem to recall skipping over quite a number of areas within my direct portfolio that we simply would not have had time to cover. Those questions were not written after.

Mr Sullivan—I am just making the point that we did not get an opportunity to answer at the hearing and that is—

Senator FORSHAW—We did not get an opportunity at the hearing—

Mr Sullivan—We normally only sit for one day.

Senator FORSHAW—to ask the questions because we simply ran out of time, and my recollection is that we made sure that the questions were in on the following Monday, weren't they?

Mr Sullivan—They were in.

Senator FORSHAW—Indeed, I think we finished on the Thursday or something.

Senator JACINTA COLLINS—Yes.

Senator FORSHAW—The request was to get them in by the close of business Friday. That was simply impossible because people were travelling. My recollection is that they were in on the Monday.

Mr Sullivan—I am not making any excuse with respect to the written questions.

Senator FORSHAW—The reason why there may have been a lot of questions submitted afterwards was because we just did not have the time to go through them. The fact that those questions were submitted fairly quickly after demonstrates that they were already in contemplation; they were not dreamed up a few weeks later.

Mr Sullivan—I know.

Senator JACINTA COLLINS—Or even the day after! However, some of those issues—

Senator FORSHAW—Some of them we may not have wanted to dream up, but anyway.

Senator JACINTA COLLINS—As I said, tomorrow we will have ample time to investigate in detail some of the issues and the people in the department that relate to some of the later programs in outcomes 1, 2 and 3, whereas usually they get lost in the time constraints of that one day. So hopefully there will be fewer questions on notice across those areas.

CHAIR—Can we proceed to commence with Centrelink?

Senator JACINTA COLLINS—Can I clarify what the date is for answers for this round.

CHAIR—Can we come back to that in a moment.

Senator JACINTA COLLINS—That is fine.

CHAIR—We will now move on to Centrelink.

[9.25 a.m.]

Centrelink

Senator JACINTA COLLINS—My first question is under budget measures. It relates to the new Centrelink funding model.

Mr Sullivan—Are we doing budget measures or are we doing Centrelink?

Senator JACINTA COLLINS—We are doing Centrelink budget measures.

Mr Sullivan—The Centrelink funding model is a FaCS budget measure.

Senator JACINTA COLLINS—We prefer to have both of you here so that we can clarify these things, if this is what is going to happen.

Mr Sullivan—I took it as being general Centrelink questions followed by budget measures and non-budget measures.

Senator JACINTA COLLINS—You wanted questions on Centrelink related budget measures later, did you?

Mr Sullivan—There are only FaCS budget measures—there are no Centrelink budget measures.

Senator FORSHAW—It is a budget measure—

Senator JACINTA COLLINS—I would not mind dealing with this budget and non-budget distinction, because this is the only committee where we have this budget and non-budget measures break-up, that I am aware of. I am quite confused about how Senator Forshaw is now saying it is meant to apply.

Mr Sullivan—A non-budget measure is simply a measure that was announced prior to the budget. But budget and non-budget measures, whichever they are, are with FaCS. Centrelink is not appropriated money through the budget measures. I thought the order of things was Centrelink, Overview, Budget and Non-budget Measures, FaCS. If the committee is changing them then we will cope with the change, but we have—

CHAIR—We can deal with the budget measures first.

Senator JACINTA COLLINS—I thought we had Centrelink to deal with first rather than the budget measures.

CHAIR—Sorry, Centrelink first.

Senator JACINTA COLLINS—Let's plough through and if Mr Sullivan wants to say, 'Can we deal with that a bit later as a budget measure rather than now with Centrelink,' I am quite happy to delay the order that I am currently structured on to fit that.

Senator Patterson—There are some that are on the funding model. The other things Centrelink does for FaCS. So we can just say that that is a FaCS issue and we can just get through Centrelink, if that makes it easier.

Senator JACINTA COLLINS—But we will still want Centrelink here when we are dealing with some of these issues as well with FaCS.

Mr Sullivan—They always are.

Senator JACINTA COLLINS—That is right. So you would rather deal with the funding model as a budget measure, would you, Mr Sullivan?

Mr Sullivan—Preferably.

Senator JACINTA COLLINS—Would you rather deal with budget measures affecting Centrelink when we get to budget measures?

Senator Patterson—I hope the committee can take into account that Ms Vardon has applied for leave and will be away on Friday. If we can deal with any issue for Centrelink that we can answer by tomorrow afternoon it would be very good, because she is going to be away for personal reasons and I would like the committee to be cooperative about that. There will

be somebody here from Centrelink who can answer questions if we have a spill-over, but can we take that into account, because I do not want her to not be able to go on leave.

Senator JACINTA COLLINS—We will try to deal today with any issues that relate to Ms Vardon as representing Centrelink, but Centrelink will be—

Senator Patterson—She can be available tomorrow. Is that right?

Ms Vardon—I am not required tomorrow, but the deputy will be here with FaCS tomorrow.

Senator JACINTA COLLINS—I would like an update in regard to a number of staffing issues for Centrelink. Could you provide the current number of staff, including for the out years.

Mr Bashford—As of 30 April 2004, we have 23,647 ASL, which is the way we reported it in the PBS. Out-2year predictions for 2004-05 are 23,992; 2005-06, 22,975; 2006-07, 22,048; and 2007-08, 21,867. The out years, of course, do not include ASL for budget measures.

Senator JACINTA COLLINS—Could you also break them down by level, including each SES classification?

Mr Bashford—We do not have that for future years. For headcount, not ASL, as at 31 December we had 86 SES officers.

Ms Vardon—We have the information readily to hand in percentages.

Mr Bashford—Of the 86 SES officers, 74 are band 1, eight are band 2 and four are band 3.

Senator JACINTA COLLINS—I do not know if this is easy for you to do, but whilst we deal with this I will also want the income bands for each of the levels, and we will need to go lower than the SES levels as well.

Ms Vardon—We might have to take that on notice. We will get it to you by Friday. It is worth pointing out that the SES represents—0.3? I will come back to that figure.

Mr Bashford—I will adjust those figures. Those figures were for June 2003. The April 2004 figures for SES officers are 71 band 1, 10 band 2 and four band 3. That adds up to 85. The salary range for band 1 is \$107,603 to \$153,571; for band 2, \$131,939 to \$157,211. I do not have the figures for band 3 officers because there are so few of them.

Senator JACINTA COLLINS—There are four of them.

Mr Bashford—Yes.

Senator JACINTA COLLINS—Can you provide us with that figure?

Mr Bashford—Yes, we can.

Senator JACINTA COLLINS—Consistent with what Ms Vardon said, can we get that by Friday?

Mr Bashford—Yes, Friday.

Senator JACINTA COLLINS—That is the SES level.

Mr Bashford—I can use the annual report statistics for the other levels.

Senator JACINTA COLLINS—What date do those figures go up to?

Mr Bashford—June.

Senator JACINTA COLLINS—I would like something a bit more up to date than the annual report. If that is easier for you for Friday that is probably okay.

Mr Bashford—Bear with me for just a minute; I might have something. Are you interested in the salary ranges for each classification? Is that what you are after?

Senator JACINTA COLLINS—Yes, thanks.

Mr Bashford—Rates as at 30 March 2004?

Senator JACINTA COLLINS—Yes.

Mr Bashford—The APS 6 range is \$50,691 to \$59,843.

Senator JACINTA COLLINS—And how many do we have?

Mr Sullivan—All of this is in a question on notice and provided: for CSA, Centrelink and FaCS by classification and by salary range—right through.

Senator JACINTA COLLINS—At what point in time?

Mr Sullivan—Probably as good as you are getting now out of an annual report.

Senator JACINTA COLLINS—I have been asked to get an update, so I am assuming that that is not the case. If you would like me to seek counsel on that, I can do that, Mr Sullivan.

Mr Sullivan—I think it will be the same; we seem to have a lot of time.

Senator JACINTA COLLINS—One of the problems, Mr Sullivan, is that you are saying that we have it as an answer to a question on notice but the limitations we have had to actually absorb and analyse those answers are containing us at the moment. If you are able to point us to a particular answer to question No. X, I am quite happy to review that and to speed the process in that way.

CHAIR—Can we do that, Mr Sullivan?

Mr Sullivan—I should be open about this. The question does basically direct the questioner to the appropriate sections of the annual reports.

Senator JACINTA COLLINS—We are getting an update on the annual report at the moment.

Mr Bashford—I am reading from question No. 122.

Mr Sullivan—He is reading from an answer provided—

CHAIR—Would your people be able to look at that answer and see if that gives you the amount of detail that you want today?

Senator JACINTA COLLINS—Yes.

CHAIR—If there is additional detail we will come back to it.

Senator JACINTA COLLINS—We will come back to that, but can I clarify that question No. 122 is up to date until when?

Mr Bashford—Until 19 February 2004.

Senator JACINTA COLLINS—So it was not just referring to the annual report?

Mr Bashford—No

Senator JACINTA COLLINS—That's fine. And that gave us the salary levels as well?

Mr Bashford—Yes.

Senator JACINTA COLLINS—The next question I have is: please provide the numbers by salary level of personal advisers and estimates for the out years. Did we ask that one?

Ms Vardon—Would you do us a favour and ask us the questions and we will give you an answer on Friday rather than spend time going through the papers now?

Senator JACINTA COLLINS—Yes. What is the current average caseload of each personal adviser? Did we ask that one?

Mr Bashford—There is no such thing as a caseload for each personal adviser, I believe, but they are conducting in the order of four interviews a day.

Ms Vardon—The personal advisers have a number of people to contact in different groups, and they go through those groups as they come to them. They do not have X number at any one time; they have a group that they have to feed from, in a sense, that comes up to them.

Senator JACINTA COLLINS—So how do you compare the performance of one personal adviser against another?

Ms Vardon—It is not about raw numbers; it is about the fact that they make sure that they fill their days with positive work with individuals who are before them.

Ms HOARE—In their expectations for performance, which they all get and process, is there any kind of guidance given, then, as to the expected reasonable, normal client workload?

Mr Bashford—Yes. In a performance management meeting most recently, we have agreed some KPIs for PAs.

Ms HOARE—What are they?

Mr Bashford—I do not have them at hand, but I can certainly get them today.

Senator MOORE—Can we get a set of the KPIs for PAs?

Mr Bashford—Yes. We can tell you the agreed KPIs.

Senator MOORE—That would be very useful.

Senator JACINTA COLLINS—Can you tell us the average cost, including on-costs, of employing a PA?

Mr Bashford—We can find that for you.

Senator JACINTA COLLINS—Can you also provide the numbers, by salary level, of personal advisers and estimates for the out years? I think Ms Vardon is actually right—we got to all the new questions as soon as we had that lengthy discussion.

Ms Vardon—We are not sure that we can give you an exact answer on that one. We will give you the best answer we can.

Mr Bashford—They are at the same level as all other CSO officers. Some are more experienced than others, therefore they will be at a slightly different level.

Senator JACINTA COLLINS—Let us move on to Job Network referrals. For the period 2003 to the present, what proportion of people who discontinued Newstart or Youth Allowance returned to claiming these benefits within—and there are four layers to this question—three months, four to six months, seven to 12 months, and 13 to 24 months?

Mr Sullivan—You are right in the labour market programs for FACS now.

Senator JACINTA COLLINS—No, I am asking about referrals from Centrelink. You are in fine form this morning, Mr Sullivan.

Mr Sullivan—I have got a cold—sorry.

Ms Vardon—You were asking for three months, four to six months—and the last one?

Senator JACINTA COLLINS—There are two more: seven to 12 months, and 13 to 24 months.

Mr Bashford—We do not have that information.

Ms Vardon—I was going to say, if we had that I would be very surprised.

Mr Bashford—We will look to see if we can get it, but we certainly do not have it here today.

Senator JACINTA COLLINS—Also, then—and this will probably be the same—could you provide the number of Job Network referrals provided by Centrelink by payment type, by month, for the period 1 July 2003 to the present, and for the period 2002-03?

Ms Vardon—We will see what we can do.

Senator JACINTA COLLINS—How many JSCI assessments are challenged by Job Network providers each month for the period 1 July 2003 to present?

Mr Bashford—I am not sure what you mean by ‘challenged’.

Ms Vardon—Perhaps if we ask Robert Williams to tell you the procedure, then you might like to think about the question in light of that procedure.

Senator JACINTA COLLINS—And how to reframe that question—okay.

Mr Williams—When Centrelink does the JSCI interview with the customer the score is passed to the DEWR computer systems. Then, based on that, the job seeker is referred to the Job Network. If, when they arrive and start to engage with the Job Network, the Job Network finds that the circumstances are changed or different the Job Network can update the JSCI or refer the customer back to Centrelink for a further assessment. In actual fact I would not say there is a challenge process to the JSCI. As is often the case, once the Job Network starts to work with the person their circumstances become more known.

Senator JACINTA COLLINS—Maybe you are putting a little bit more meaning into the way I framed the question. I will reframe it. On how many occasions is the original JSCI assessment adjusted or sought to be adjusted?

Mr Williams—By the Job Network? That would probably be information that would have to come from DEWR. We pass the JSCI score that we obtain to DEWR and they maintain that score over time.

Senator JACINTA COLLINS—Okay.

Senator MOORE—So on your system there is nothing you can count to say how many times the Job Network has come back to you?

Mr Williams—That data would be stored in the DEWR systems.

Senator MOORE—But it is not stored in yours.

Mr Williams—No. We have access to the JSCI scores once we have done them but it is actually a recall from the DEWR systems. They maintain that.

Senator MOORE—And the data is kept with the other agency?

Mr Williams—That is right.

Senator JACINTA COLLINS—In relation to debt recovery activity, I am seeking an update—and you may need to go budget measures for this—on those budget measures which deal with data matching of various payments to check spousal income which were the subject of budget measures over the last two years. Maybe we will come back to that with budget measures. This also relates back to question 14 from the last round. We are seeking an update to those questions.

Ms Vardon—The question being?

Senator JACINTA COLLINS—Question 14 was about the widening data matching pilot. Can we have a breakdown of reviews by payment type, debts raised and money recovered for each year of the pilot?

Senator FORSHAW—The answer provided is for the end of 2002-03.

Senator JACINTA COLLINS—Yes.

Ms Vardon—The information we have in front of us is consistent with that information that you have. If you want an update, we will have to do the work.

Senator JACINTA COLLINS—Okay.

Senator FORSHAW—Could I clarify that: would that be something that would take much time? Wouldn't that data be constantly tabulated?

Mr Bashford—We will have to do some runs to get it. We will have a look at it for you and we will let you know in the next day or so how long it is going to take.

Senator JACINTA COLLINS—It would be very short. If the data is up-to-date it really is a matter of—

Senator FORSHAW—It is the end of last financial year. It is 2003.

Senator JACINTA COLLINS—It is only June 2003.

Senator Patterson—There are processes. We are going to have to get runs on masses of data. Was this an additional process to get this?

Mr Bashford—You always have to do a data run.

Ms Vardon—It is something that we can do.

Senator Patterson—I am going to watch very carefully. There is a limit to how often we can keep rerunning things to keep everything up-to-date. I would love to have information up to the last month, too, but we do not always get it.

Senator FORSHAW—Obviously we understand. We are asking for the up-to-date figures to the point of time Centrelink may have that information compiled. I would have thought if those figures relate to the end of the last financial year you would have some idea of maybe what they were as at the end of December or as at the end of March—on a quarterly basis.

Ms Vardon—Would you accept an answer to the end of December?

Senator FORSHAW—What we would like is the most up-to-date figures.

Mr Bashford—We do monitor it on a regular basis so we will get the latest information to you.

Senator FORSHAW—We are not necessarily thinking that it would be as of 30 May, because there is a month to go until the end of the financial year, but it may be as at 31 March, or something like that. The point about this, Minister, is that this was a major initiative of the government and, obviously, you would think it would be something that would be monitored on an ongoing basis to see how effective it is—not just doing the figures for the end of the year and waiting another 12 months and doing them again. Ms Vardon has offered to come back to us.

Senator Patterson—Centrelink will give you the latest figures that are easily available for them to do, because there is a limit as to how many things they can keep producing without taking them off other tasks.

Senator MOORE—Minister, would it be possible in the response we get to have clarified exactly what was involved in getting the response—so whatever effort was needed?

Senator Patterson—You might not want that, Senator Moore, with some of the questions that have been asked.

Senator MOORE—I would want it.

Senator Patterson—We might give it to you for all of them.

Senator FORSHAW—Oh, dear—

Senator MOORE—Exactly what it took to get the answers would be a good subset to all of the answers to be provided. It would be very useful.

Senator FORSHAW—You can go down this path, Minister, all the time—

Senator Patterson—Centrelink will give you the data—

Senator FORSHAW—Why don't we get this out of the road early, so we do not have the same debate for the next two days.

Senator Patterson—Centrelink will give you the data that they can get with as much ease as possible that is reasonable for them to do.

Senator FORSHAW—I would be the last one who would want to revisit the history of when we were in government and you were on estimates and other senators from the then opposition were—

Senator Patterson—I knew the questions I was asking—what I was asking about.

Senator FORSHAW—It is a bit early in the morning to be getting tetchy.

Senator Patterson—Centrelink will give you the answer which is the most up-to-date answer that is reasonable for them to get. I think that is a reasonable answer.

Senator FORSHAW—I remember that you used to keep us here until three or four in the morning. Senator Collins, should we go on with these other questions?

Senator JACINTA COLLINS—We want the information that is provided in that table updated; how many reviews have been conducted to date in each year.

Mr Bashford—I can give you some of those figures now.

Senator FORSHAW—Good.

Senator JACINTA COLLINS—Give us what you can now.

Senator FORSHAW—We could have avoided the waste of time in the last five minutes.

Mr Bashford—I have just found them—3.5 million entitlement reviews have been conducted to 30 April.

Senator JACINTA COLLINS—What number of those relate to the current year period?

Mr Bashford—They were all done in this year, up until 30 April.

Senator JACINTA COLLINS—Fine. I misunderstood your answer.

Senator MOORE—So those figures are from July to April?

Mr Bashford—Yes.

Senator JACINTA COLLINS—Can you tell us how many reviews have been conducted, by payment type.

Mr Bashford—No, I cannot.

Senator JACINTA COLLINS—Do you mean that you cannot at the moment?

Mr Bashford—Not at the moment.

Senator JACINTA COLLINS—Can you tell us how many debts have been raised for each payment type.

Mr Bashford—Debts, but not by payment type, of \$373 million have been identified from this review activity.

Senator FORSHAW—\$373 million.

Senator MOORE—Is that also up until April?

Mr Bashford—Yes.

Senator JACINTA COLLINS—Will you be able to break that into each payment type?

Ms Vardon—The answer is yes.

Mr Bashford—Probably, yes.

Ms Vardon—We will see what we can give you by Friday.

Senator FORSHAW—Could I just clarify this, so that I can understand it. The \$373 million, as the total figure, would encompass debts going back over what period of time?

Mr Bashford—From July.

Senator FORSHAW—Are they all debts that have actually accrued in that year? They would include debts carried over.

Mr Bashford—Yes.

Ms Vardon—Yes.

Senator FORSHAW—I am trying to get an idea of how many—

Mr Bashford—The debts may well have been incurred over a period of time.

Senator FORSHAW—That is what I am asking. Is it five years, two years? Do you have some idea of how far—

Mr Bashford—It will vary considerably. It will vary from debt to debt.

Senator FORSHAW—Obviously, there are repayment options available and people take some time, or some years, to repay a significant debt. I am just trying to get an idea of how many years that encompass—but you cannot tell me.

Mr Bashford—I cannot tell you from the information I have in front of me, no.

Ms Vardon—So there is no confusion, I want to be clear about what we have undertaken to give you by Friday. We are going to give you that by payment type. You want to know how far back they go. We have said they go as far back as people have outstanding debts. We dip into the pool the whole time, so there is no differentiation there. What other questions came out of that? I want to be clear about what you want. Do you want the number of debts for each payment type?

Senator JACINTA COLLINS—Yes. And how does the tally for this year fit with the budget estimates? Are you in front or behind on the original estimate?

Ms Vardon—We will give you that on Friday.

Senator JACINTA COLLINS—Further in this area, what is the average debt, and can you provide us with an idea of what the highest debt has been to date?

Ms Vardon—I will take that one on notice.

Senator JACINTA COLLINS—Can you describe the repayment options that have been offered to date?

Ms Vardon—Yes. We will add it into the whole of the answer. We have reported on that before, but I will regather that and bring it back in the answer.

Senator JACINTA COLLINS—What proportion of people have settled their debts with credit cards?

Mr Bashford—We have a lot of this information here. Repayment options available for customers are: deductions from ongoing social security or family assistance payments; direct debit from a cheque or savings account; Billpay by telephone from a savings, credit card or cheque account; Billpay by Internet from a savings, credit card or cheque account; payment by cheque or money order; payment by cash, EFTPOS or credit card at any Australia Post office; and deductions from wages.

Senator JACINTA COLLINS—What proportion of people settled their debts with credit cards?

Mr Bashford—I think the number is four per cent.

Senator MOORE—Are they the standard options?

Mr Bashford—Yes.

Senator MOORE—So that is a standard process across the whole system?

Mr Bashford—Yes.

Senator JACINTA COLLINS—Has court action been taken against anyone who had a debt raised against them?

Ms Vardon—We have prosecution activity going on all the time in relation to debts, so does this question relate to any debt?

Senator JACINTA COLLINS—Yes, but we are focusing principally on the data matching of spousal income or parental income.

Ms Vardon—In which case we need to get you an answer to that.

Senator JACINTA COLLINS—In that answer, could you provide a breakdown of debts raised by region or local government area—whatever is the most convenient in terms of how your system operates?

Ms Vardon—We will give that answer to you if it is readily available to us to give to you.

Senator FORSHAW—At the last hearing, I asked a series of questions regarding Allen Consulting and the contract where they had been engaged to review the department's compliance program. Have they finished the review of the compliance program?

Mr Sullivan—Yes, they have.

Senator FORSHAW—Can you tell us what the findings of their review were?

Mr Sullivan—I think we can answer in general terms. The expenditure review—cabinet sought this report and it was done under the auspices of the department of finance—basically sought to show whether the department and Centrelink had achieved the savings under the measures that have been progressively put through in the last number of years. The review looked at our strategy and its conclusions were positive—that, yes, we had met our savings measures and that we did have a forward-looking compliance strategy between the two agencies.

Senator FORSHAW—They have produced a report. Can the committee be provided with a copy of their report?

Mr Sullivan—I think you should be asking the department of finance. It was a report requested by cabinet through Finance. I will take it on notice and find out whether we can.

Senator FORSHAW—That would help. We dealt with Finance estimates last week; it might be a bit hard to recall them.

Senator JACINTA COLLINS—Although Finance have been very helpful in some areas. Finance provide us with information about costings which FaCS find too difficult. It has been interesting recently.

Senator FORSHAW—Are you able to tell us anything about the recommendations that they made in their report?

Mr Hartland—The major suggestion of the report was that we focus more on prevention, and that is reflected in part in the measure that was announced as part of this budget in the media campaign.

Senator FORSHAW—I am having a bit of trouble hearing you—that you focus more on prevention?

Mr Hartland—That is, we should use whatever mechanisms are available to convince people to let Centrelink know of a change of circumstance rather than chase those who have not declared the change of circumstance.

Senator FORSHAW—What problems or anomalies did they refer to in the report?

Mr Hartland—I do not think that we would say that they had found any problems or anomalies. As I said, their major suggestion to us was that we do some more work around prevention. As Mr Sullivan said, their conclusion broadly was that the detection mechanisms that we had in place were efficient and effective.

Senator FORSHAW—So they did not highlight any particular problems, anomalies or program issues at all; is that what you are saying?

Mr Sullivan—When I said I would talk generally about the report, I have taken the question as: can you have the report? There is no doubt that, in a long report, there is probably a reference, but in terms of an overall view government sought to assure itself that (1) we were pursuing the measures that had been announced over several years and achieving the savings—and yes, it got that—and (2) we were looking at our strategies. Its strongest recommendation was around this continued movement towards preventative compliance.

Senator FORSHAW—I understand that, and I understand you have taken on notice the request for a copy of the report, but I am also trying to get a bit more of a flavour of what Allen Consulting found. You have indicated what you say the broad findings were, which were positive in your view; I am trying to ascertain whether there were any specific problems or program issues identified.

Mr Sullivan—Nothing of any significance.

Senator FORSHAW—That suggests that there were still some.

Mr Sullivan—There are always suggestions in reports. As I say, I looked at the report and looked at what its outcome was in respect of the major questions we asked it and looked for its significant recommendations. I am assuming that there will be minor recommendations which go to issues in terms of administration or cross-administration or other things but there was nothing that came in terms of me reporting back to government that this report revealed other issues.

Senator FORSHAW—Did they have any conclusions or make any findings regarding the department's previous savings assumptions? Did they call them into question or did they agree with them?

Mr Hartland—There are a couple of comments that we need to do some more work to refine those assumptions.

Senator FORSHAW—Can you expand on that a bit? What did they find in that regard and what are they suggesting you should be doing?

Mr Hartland—When we calculate savings, to estimate the full effect of an intervention we make a couple of assumptions. One is that a rate change or a cancellation will last for 26 fortnights. The other is that we will collect 91 per cent of any debt raised. They felt that we needed to more regularly review those to see if there were differences across payments and different types of sources of error, if you like. So on the 26 fortnights they did not have information to suggest that it was wrong in aggregate but felt it was unlikely to be standard across all the different types of interventions that we do and all the different payments. So there is a body of work to further refine that methodology.

Senator FORSHAW—Did they suggest that was too long?

Mr Hartland—No, they did not suggest it was either too long or too short in aggregate, but their comment was that it is unlikely to be the same for every customer that we identify.

Senator MOORE—There is some issue of flexibility perhaps to be built into the system.

Mr Hartland—It is not a systems issue in terms of the social security system; it is an issue in terms of how we report to government.

Senator FORSHAW—Did they quantify at all how much they thought might be overestimated?

Mr Hartland—They did not put a view that it was either overestimated or underestimated. In aggregate their view was that there was no information that it was either too high or too low but it was just unlikely to be the same multiplier for each type of customer in each payment.

Senator FORSHAW—But that presumably would have an impact on the total of the budget savings assumptions, wouldn't it?

Mr Hartland—We are not in a position to be able to say that. In fact, we have a view that in some areas it may go up.

Senator FORSHAW—And correspondingly you then think it may also go down.

Mr Hartland—That of course is possible—

Senator FORSHAW—If the assumptions remain valid.

Mr Hartland—But in terms of the aggregate amount that we report to government we are just unable to say whether it would go up or down. Certainly the Allen Consulting Group did not make a conclusion anyway.

Senator FORSHAW—Have they completed their report? Is that the end of their contract?

Mr Hartland—Yes, they have.

Senator FORSHAW—As I understand it, the minister wrote to the Prime Minister requesting that the amount claimed as budget savings from compliance measures not be trimmed. Is that correct? It is probably a question for you, Minister.

Senator Patterson—I write lots of letters to the Prime Minister.

Senator FORSHAW—I am asking you about this specific one. It is a major—

Senator Patterson—You can ask me all you like. It is not an estimates question. I write to the Prime Minister frequently about a number of issues.

Senator FORSHAW—It does relate to the estimates. It relates to the—

Senator Patterson—I do not need to answer your question. I write to the Prime Minister about a number of issues. You are obviously referring to some document you think is the leaked document, and I am not going to comment on it.

Senator FORSHAW—I am asking you if there was a request made to not apply a reduction to the compliance savings to the 2004-05 budget?

Senator Patterson—I have answered your question.

Senator FORSHAW—I am not sure what your answer is. It is not a yes or a no—

Senator Patterson—My answer is that I write to the Prime Minister on a number of issues, and I am not going to discuss with you what I write to the Prime Minister about.

Mr Sullivan—But the savings in the budget documentation are the agreed compliance savings.

Senator FORSHAW—Can you tell me what they represent compared to last year's budget? I appreciate that the figures in the PBS—

Mr Sullivan—I am not sure you can relate them, because they are a completely different set of measures to last year's measures. But in terms of the costing mechanisms, they are quite the same.

Senator FORSHAW—And the quantum?

Mr Sullivan—The quantum is different from last year because they are a different set of measures, but there is no change in the basis of costings.

Senator FORSHAW—Can you remind me what the figures are?

Mr Hartland—The budget publicity material had a figure of over \$400 million. I will see if I can get a figure for you that is more precise than that. If you count the two lapsing measures, the compliance package this year was about \$494 million in net savings.

Senator FORSHAW—And the amount over the forward estimates?

Mr Hartland—That was over the four years.

Senator FORSHAW—So that is \$494 million over the four years?

Mr Hartland—Yes.

Senator FORSHAW—That is this coming year up to—

Mr Hartland—Up to 2007-08.

Senator JACINTA COLLINS—Can you explain how Centrelink and FaCS calculate savings from compliance? What are the assumptions that you use? How have these calculations and assumptions changed over time?

Mr Hartland—They have been constant for some time. We look at a result of a review. If we find that, say, the customer's rate was reduced, we multiply that rate by 26 fortnights to give an estimate of how that would continue in the future. We would count the debts raised as a result of the review as well, but we would only count 91 per cent of the value of the debts towards the savings figure to reflect the fact that we know that we will not get back some debts.

Senator JACINTA COLLINS—You estimate that what you get back is roughly 91 per cent?

Mr Hartland—That is right.

Senator JACINTA COLLINS—What other assumptions are built into that?

Mr Hartland—They would be the two major ones. In relation to cancellations, we wait six weeks to see whether the customer comes back on payment. If they do, we do not count that as a result to the review.

Senator FORSHAW—I have one other question in respect of the report—which, unfortunately, we do not have. All we have is what you say are the broad findings. Did the report make any comment about the success, the efficacy, of the legal actions that the department pursued for debt recovery?

Mr Hartland—Not that I can remember. I am fairly certain that it did not.

Senator FORSHAW—Did they question at all the accounting methods for the compliance savings or the administration of payments?

Mr Hartland—Other than suggesting that we needed to review the 26 fortnight model as it applies to different payments, as we have discussed, no.

Senator FORSHAW—That was it. We shall await the response to the request for the report.

Senator JACINTA COLLINS—I have a couple of other things before we move on to the Centrelink related budget measures. The first related to the matter we raised in the last estimates, where Centrelink apologised in relation to the management of one of my press releases. The outstanding issue I am still unclear on is why, if the standard distribution process had been utilised, the press release was never put on the Centrelink site. I am yet to

understand why as, from what I can gather, most other press releases end up on the Centrelink site. Would you care to address that issue?

Ms Vardon—I will ask Mr Jongen to answer that question.

Mr Jongen—I am going to have to take that on notice. It is unusual that it is not on the web site. We did use the standard distribution process. If it is not there, I can only say it is an oversight. I can get an answer for you this morning.

Senator JACINTA COLLINS—Originally my concern was that an assertion had been made that it had been released through the minister's office, and you dealt with that in your answer. What also appeared to be irregular was the fact that, unlike most other press releases, it was not processed through the web site. I understand you were away at the time, but I would like you to address that outstanding issue for me, please.

Mr Jongen—I will get an answer for you this morning.

Senator JACINTA COLLINS—Thank you. One other issue about Centrelink that I wanted to clarify was the management of job seekers and referrals to the Job Network. Is it the case that Centrelink is processing people in bulk numbers—that is, if a job seeker presents they are told to wait a set period, maybe a fortnight, to go to an introductory session and they will not get a job seeker number, through which they can then utilise the network, until they have actually been to the introductory session?

Ms Vardon—We are happy to answer that. It varies around Australia, but I have been to offices where it happens on the day a person walks in. It depends on how offices have configured themselves. Most of them are now going to a very rapid connection program. Robert will give the answer to you in general terms.

Mr Williams—In most instances the job seeker ID number is provided to the customer when they ring up to arrange an appointment at Centrelink. It is at that point that we actually ask them a series of questions. It is a process we call 'accessing assistance'. Out of that process a job seeker ID number is provided to the customer. We run seminars for job seekers around the country. Sometimes they are before the person is granted payment and sometimes they are afterwards. In all cases where a customer indicates a need for an urgent payment or where they are in financial difficulty, we would consider making those arrangements to make sure they get payment on time.

Senator JACINTA COLLINS—It is not a payment I am concerned about here; I am concerned about a job seeker who was advised that they could not be given their ID number until they went to a seminar or an introductory session—for a good fortnight. As a consequence of that, they were unable to engage with the network to look for alternative employment. This person was not eligible for immediate payment or assistance but wanted to find a job.

Mr Williams—Normally that would be done at the first point of contact with Centrelink and the ID number would be provided. Even if we could not interview them on the first day they walked into one of our offices, we would take their details through the accessing assistance process and hand them a job seeker ID card.

Senator JACINTA COLLINS—That does not appear to be the case in this case. I am concerned that it appears as if at least some offices are telling people they can wait until they have their seminar before they get their ID number. You are not aware of that concern?

Ms Vardon—I would be very happy to know, in general terms, those offices, because it is not appropriate. Our business is to connect people to the Job Network as fast as they possibly can be connected. As I said, some of our offices do it on the day a person walks in: they assess and the person walks straight out again. It may have been a very busy office. I cannot think what might have been the reason for it. I am happy to personally pursue it, because we have a very strong culture of getting people rapidly connected.

Senator JACINTA COLLINS—Apart from that, if they are waiting two weeks before they could even engage the network, that probably works contrary to every theory about how to get people back into work.

Ms Vardon—Of course.

Senator JACINTA COLLINS—This was a case I heard of only at the weekend. I will see if I can get the name of the centre. I too was somewhat surprised. We are ready to go to Centrelink budget measures and back to the funding model.

Ms Vardon—I would like to come back to the last question you asked Mr Jongen. I have to say that unfortunately it was an oversight.

Mr Jongen—The best laid plans, I'm afraid!

Ms Vardon—We are very grateful that such oversight occurred.

Senator JACINTA COLLINS—I would have to say that I am very grateful it is not sitting on the web either. Can you outline the key changes in the funding model that has been agreed?

Mr Bashford—The new Centrelink funding model takes over from the quite disparate funding models we have had with FaCS, DEWR and DEST. It is now a consistent model for all three departments. That was not the case before the Centrelink funding model. It is broken up into two basic parts: an infrastructure part and an ongoing business part. The real advantage of the Centrelink funding model is that it funds us on the basis of work done, rather than solely on the number of customers. There is a reconciliation 10 months into the year. If the work load is lower than estimated then Centrelink hands back money. If it is higher than estimated then Centrelink receives more money. In the first two years, while we review the system, there is a cap of 1.6 per cent on any extra money we might receive.

Senator JACINTA COLLINS—Why is that?

Mr Bashford—Because it is a brand new model and it is only natural that the department of finance have some control over the fact that it should not blow out of all proportion. So we are testing the model for the first two years.

Senator MOORE—But no caveat on what you might have to repay?

Mr Bashford—No caveat on what we might have to repay.

Senator JACINTA COLLINS—Can you outline what workload levels and program delivery costs will be measured and recorded under the new model?

Mr Havlat—There are two parts to the way the model is constructed, as Mr Bashford said. There is a transaction variable component and an infrastructure component. Within the transaction variable component we are able to report against all outputs for our three major client departments. There are about 35 output groups. We measure the workloads according to a series of price drivers mapped back to each output. We have a—

Senator JACINTA COLLINS—Could we have a list of those 35 output groups?

Mr Havlat—They are the ones that are formally reported in—

Senator JACINTA COLLINS—Yes; I realise that. I just think it would be useful to see it in the way in which it would have been built into the model.

Mr Havlat—Certainly.

Mr Bashford—We can give a list of that.

Mr Havlat—And each of those price drivers consists of—

Senator JACINTA COLLINS—I am sorry—‘price drivers’?

Mr Havlat—Price drivers are things like claims, notifiable events, income support reviews, raised debts, recovered debts—

Senator MOORE—So the new term is ‘price driver’?

Mr Havlat—They are the main constructs which aggregate the workload up to each of those individual levels according to each output, yes. It is a very detailed model. That is on the transaction variable component. We capture the information for each of those price drivers from transactions on our system, to which a workload effort is ascribed.

Senator JACINTA COLLINS—A ‘workload effort’?

Mr Havlat—Yes; five minute units which we call relative effort weights, which are multiplied out by the unit price to arrive at a cost for each transaction. It would require a bit of explanation to give a full detailed briefing on it.

Senator JACINTA COLLINS—Do you have a written brief on it that we can review?

Mr Bashford—We have some overheads that we have used to explain the process to our staff, which we can make available to you.

Senator MOORE—Can we request a formal briefing on the model?

Ms Vardon—If you put that request to the minister.

Senator MOORE—We will put it in writing.

Senator JACINTA COLLINS—The minister might be happy to deal with it.

Mr Bashford—It is very detailed. We have been working on it for some time.

Senator JACINTA COLLINS—We may be able to deal with this now.

Senator Patterson—I am happy to try to do it here.

Senator MOORE—Other people might be interested as well.

Senator JACINTA COLLINS—That is right.

Senator Patterson—You need to deal with the history of how it came about.

Senator JACINTA COLLINS—The briefing will probably cover this but is there a simple way to describe the baseline measures against which you will be reporting over time with the new model.

Ms Vardon—That will be in our briefing.

Senator JACINTA COLLINS—Yes. I am just wondering whether there is an earlier way we can deal with that question.

Mr Bashford—Other than the things that Mr Havlat has already discussed, it is against claims, debt recovery, debt raising and so on.

Senator JACINTA COLLINS—So all the price drivers?

Mr Bashford—Yes.

Mr Havlat—You will be able to see the costs aggregated by each output as you move forward in each year. It provides a far greater degree of transparency of Centrelink's costs. Each of the outputs that are reported in the portfolio budget statements we can trace back to get a cost for each of those—build up from the ground up of the price driver costs going back down to the transactions that are captured from the system.

Senator JACINTA COLLINS—It may be a little while before we get the full briefing but I would appreciate the overheads if we could have those during the week.

Mr Bashford—We will make those available.

Senator MOORE—With some translation, preferably.

Senator JACINTA COLLINS—Is the idea to regularly report against targets to determine resourcing? If so, what provisions have been noted for cost increases or workload changes that are not funded sufficiently?

Mr Bashford—The idea obviously is to provide the right amount of money in the financial year to meet the workload that we are going to get. We are going to review that on a monthly basis, and that will be provided to our client departments so that they have heads up on the work we have done and where it has been done.

Senator JACINTA COLLINS—What sort of cushion do you have?

Mr Bashford—We do not have any sort of cushion but there is a reconciliation, as I said, 10 months into the year. So we will be keeping an eye on it as it goes through on a monthly basis so that, if it looks as though the workload is going to be less by the end of year, we will be able to take some action in terms of staffing et cetera way before the end of the year. If we need more money then we will only get that at a later date.

Senator JACINTA COLLINS—If, for instance, DEWR's requirements of Centrelink change, how does the model provide for changed resourcing, given that it is FaCS providing the infrastructure money?

Mr Bashford—The infrastructure money changes on the total amount of work we do within the organisation, and there are tiers, so you do not get more infrastructure money just for a change in processing; it has got up to a certain limit before you get any more money for

infrastructure. That would be addressed in each year. So a small amount of change or even a medium amount of change may not cause an increase or decrease in infrastructure funding.

Senator JACINTA COLLINS—No, but let us say there is a change over that threshold from DEWR's requirements. How does that work, given that it is FaCS that is paying the infrastructure money?

Mr Sullivan—Such a change would be a measure coming from DEWR, and DEWR would have to incorporate in their measure the impact on us from the change in the threshold to infrastructure.

Senator JACINTA COLLINS—Incorporate in the measure the impact on FaCS, so essentially the description of the measure will need to involve whatever additional resourcing is required from FaCS.

Mr Sullivan—That is right.

Senator JACINTA COLLINS—Is Centrelink required to continue to meet an efficiency dividend each year?

Mr Bashford—It is.

Senator JACINTA COLLINS—What is the impact of the funding model in the out years?

Mr Bashford—The impact of the funding model in the out years should be to provide us with exactly the right amount of money for the workload that we are going to do. That will vary of course, depending on budget measures et cetera.

Mr Sullivan—The funding model is a major change for client agencies as well as Centrelink obviously and it has been agreed that we will run the funding model and at the end of two years will do a complete evaluation of whether it is achieving its desired ends, which are fundamentally around transparency, and giving the opportunity for government through client agencies either to use the normal processes of estimates and budgets to seek a response to change in work or to provide some guidance to Centrelink in respect of reducing those workloads if there is not sufficient money. It allows us to work both ways.

Senator JACINTA COLLINS—What is it based on? What is the previous application of a similar model across the Public Service?

Mr Sullivan—I do not think there is one. That is why this one has been a long time in the coming. It has been tested by at least two external groups in terms of its methodology.

Senator JACINTA COLLINS—Who are they?

Mr Sullivan—I think KPMG were one.

Mr Bashford—Ernst and Young.

Mr Sullivan—And that is why—

Senator JACINTA COLLINS—How do they methodologically test a model like this? What do they do?

Mr Sullivan—What we do is we attempt to populate the model for previous years, compare it to the resourcing outcomes that we had anyway from the previous model and see what it tells us.

Senator JACINTA COLLINS—What did it tell you?

Mr Sullivan—Basically, it told us enough for the government to go ahead with it and say, ‘Yes, it’s a sound model.’ But we will also want to see it run for two years, and then we will evaluate it and see whether it is the model to take Centrelink forward. All the client agencies—and, as you would imagine, client agencies have a great interest in this—have also signed off and believe that the funding model is suitable.

Senator JACINTA COLLINS—Had this funding model been applied in previous years, did it tell you what the impact would have been?

Mr Sullivan—No.

Senator JACINTA COLLINS—So it did not indicate that, for those previous years the population was taken, X savings would have been achieved had this model been applied as opposed to what was previously in place?

Mr Sullivan—No. It was working on the basis that we had a different sort of funding model in place for previous years, and it responded in various ways. It was basically looking at whether we were getting the transaction points right.

Senator JACINTA COLLINS—What do you mean by transaction points?

Mr Sullivan—One of the fundamental changes of the model is that it moves from raw customer numbers to transaction points. So it would distinguish the difference between a customer who rarely has any transactions with us and a customer who has multiple transactions with us. If customers’ transaction rates are fairly stable, using raw customer numbers is pretty good. What we are detecting with our work is that there is more interaction between a customer and Centrelink today than there has been. This basically refines testing down to whether those transaction points are the ones we should be interested in and then ascribing a value against them. In the end, we are breaking down Centrelink’s work into transaction points.

Senator JACINTA COLLINS—Give me an example of a couple transaction points.

Mr Sullivan—A review.

Senator JACINTA COLLINS—What about commencing payment?

Mr Bashford—Claims.

Mr Sullivan—Yes, claims.

Senator JACINTA COLLINS—Now people have transaction traits.

Ms Vardon—No—one said ‘traits’; they said ‘claims’.

Senator JACINTA COLLINS—Mr Sullivan said a moment ago that there were transaction traits, I think.

Ms Vardon—I do not think it is an official word; I think he just invented it.

Senator JACINTA COLLINS—Is it the case that Centrelink is expected to report another loss this financial year?

Ms Vardon—We are anticipating a small loss, a small deficit.

Senator JACINTA COLLINS—What is the order of that?

Mr Bashford—We reported \$18 million, but I suspect that it will be less than that. It is very difficult to tell at this stage because of all the counting procedures that go on in the last two or three weeks.

Senator FORSHAW—Do you believe that it will be significantly less, moderately less or a little bit less?

Mr Bashford—Less.

Senator FORSHAW—Do you have an idea? I know you said that it would be less, but let us try to get a little better detail.

Mr Bashford—It is very difficult to estimate. If I were to have an educated guess now, it would be around \$12 million to \$13 million.

Senator JACINTA COLLINS—Are you anticipating that the new funding model will prevent this occurring again? As I think Ms Vardon said, we were taking on the measures last time to prevent it.

Mr Bashford—I am not anticipating that the new funding model will necessarily stop sudden changes in revenue throughout the year. But I am not anticipating that we will go into the red next year, if that is what you are asking.

Senator JACINTA COLLINS—What will be different?

Mr Bashford—The difference will be that, under the new funding model, we will have exactly the right number of dollars for the workload that we currently have.

Senator MOORE—In the funding model, by this time in the cycle the 10-month review would have happened.

Mr Bashford—That is correct.

Senator MOORE—So you would have a point at which all the agencies and you would be able to assess how you are going.

Mr Bashford—We will be monitoring it on a monthly basis, but formal reconciliation will occur 10 months into the financial year.

Senator MOORE—That will be one of the clear advantages, I would expect, that you would hope to get from the model.

Mr Bashford—Yes.

Senator FORSHAW—At page 278 of the PBS is an overview of the various budget measures. Can you give us a breakdown of where the costs for each measure will go and what the budget and impact of each measure will be on Centrelink's workload and systems?

Mr Bashford—When you say 'where the costs for each measure will go' are you interested in the network? Is that your main interest?

Senator FORSHAW—Yes.

Mr Bashford—I will see if my colleague has something like that. We certainly know the levels. We do not have that here, unfortunately, but we could provide it in the next day or so.

Senator MOORE—I would like to follow through on how a couple of programs work. In particular, I would like to follow up on the previous responses about the report on compliance and what was going to change in the programs listed. But it seems silly to ask those questions before we have the detail you are going to give us. If it is okay, Ms Vardon, we will wait for the answers and if we have any supplementary questions we will ask them then. Otherwise, it is just a waste of time.

Ms Vardon—They could be asked on Friday.

Senator MOORE—That would be lovely. In particular, Mr Bashford, as you would expect, with the allocated funding we would be looking at network, staffing impacts, PR campaigns and time frames—those kinds of key delivery strategies around the expenditure.

Mr Bashford—Sure.

Senator FORSHAW—Can we just clarify what you can give us in the next couple of days.

Mr Bashford—We have to go through a detailed costing for each area. The information will be readily available. We can get it to you probably tomorrow.

Senator FORSHAW—This is for each of the measures that are listed on page 278 and following?

Mr Bashford—Yes.

Senator FORSHAW—Do you not have any of that information with you at the moment?

Mr Bashford—Only at the aggregate level, which you can see there on page 278 anyway.

Senator FORSHAW—I want to get a breakdown of each of those figures—for instance, what the dollars are for, what the impact on staff will be, what systems work is involved, the time frame for delivery.

Mr Bashford—We can certainly get that for you.

Senator FORSHAW—That brings me to a bit of a full stop on this.

Ms Vardon—Can I check that the questions that Senator Moore asked were in relation to two programs.

Senator MOORE—We are interested in that kind of detail for all of the budget measures but I had a particular interest in a couple. So the kinds of headings that Senator Forshaw listed are exactly the same things I was asking about. I would imagine you have all that detail and that would be part of the process. It is really the guts of how it is going to operate.

Senator FORSHAW—What we wanted to do was get the detail in regard to each one. Then there would be a few, obviously, that we may wish to ask further questions about. But that is a bit difficult if we have not got—

Mr Bashford—In aggregate terms we can tell you that it is about \$18 million for the network. But I cannot give you that—

Senator JACINTA COLLINS—For the network?

Mr Bashford—Yes. The areas. That will be available for staffing, for CSOs et cetera.

Senator FORSHAW—Can we pin down when this information can be provided, so that we can then pursue the questions?

Ms Vardon—We have said that we will give you the breakdowns on Friday.

Senator FORSHAW—But Mr Bashford said that he could get this information in the next couple of days. We would like to deal with this before we finish with FaCS tomorrow night. We do not want to end up with a whole lot of things left over for Friday that we just do not complete on Friday.

Mr Bashford—We will do our best to get the information to you tomorrow, so that you can ask questions on that information tomorrow.

Senator FORSHAW—That would be helpful—by close of business tonight or first thing tomorrow morning. Thank you.

Senator JACINTA COLLINS—With a couple of these measures—say the family assistance outside school hours care places—what you are talking about here with the impact on Centrelink's revenue being \$1.1 million is essentially CCB processing. Is that right?

Mr Bashford—It would be a mixture of two things: some changes to the systems and some processing.

Senator JACINTA COLLINS—What would be the systems change that would be required for that measure?

Mr Bashford—I do not know off the top of my head. We can find that out.

Senator JACINTA COLLINS—That is just allocating additional places under the current system. That is my understanding of that particular one. But as you can see, if on Friday we can deal with questions that arise from you being able to answer some of the more detailed issues that would be better. Let us go to the one-off and ongoing \$600 payment to families measure. How will Centrelink be able to meet the payment of the first of these payments?

Ms Vardon—We are already up to the testing stage. Grant Tidswell is probably much more able technically to answer than I am, but we are on time for the one-off payment.

Mr Tidswell—We are in the process of beginning the testing for providing payments to families today. We will test for the next two weeks. We intend then to pay families beginning about 14 June.

Senator JACINTA COLLINS—So the testing has not occurred yet? You will not know the result of the testing for two weeks.

Mr Tidswell—For two weeks.

Senator JACINTA COLLINS—When was Centrelink first approached to provide advice on the payment of the budget measures for families?

Mr Sullivan—That is going to processes.

Senator JACINTA COLLINS—I am seeking to understand how much notice you have had to prepare to make these payments.

Mr Sullivan—Clearly, in terms of being able to deliver, enough time to prepare.

Senator JACINTA COLLINS—We do not know that yet. You are only testing.

Mr Sullivan—My name, and Sue Vardon's name, is on the fact that this will be delivered in late June.

Senator JACINTA COLLINS—Your names?

Mr Sullivan—Yes. This is a major measure for this portfolio, and in advising government as to whether you can deliver it you take it very seriously—and it will be delivered.

Senator JACINTA COLLINS—What constraints were there on the timely payment of the new measures?

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

Senator JACINTA COLLINS—We will know that when the testing is concluded, won't we?

Mr Sullivan—I am quite positive about it.

Ms Vardon—I am very confident about it.

Senator JACINTA COLLINS—You are confident that the government has allowed sufficient time for the new payments to be paid in a timely way?

Mr Sullivan—Sue and I provided the government with advice that we could do it in this time frame, so of course I am confident.

Senator JACINTA COLLINS—We will clarify exactly what the time frames are in a moment. When will the initial \$600 payment for families be delivered?

Mr Sullivan—Some time in late June.

Senator JACINTA COLLINS—Some time in late June? What is your target date?

Mr Sullivan—It is probably about the third week.

Senator FORSHAW—Is that the completion date to get them all paid?

Mr Sullivan—No. That volume of transactions will require the payments to be made over a number of days.

Senator FORSHAW—Yes, I appreciate that.

Mr Sullivan—The banking system cannot accommodate them all in one day, so it will probably go over five or so days. That is our timing.

Senator FORSHAW—Are you saying that it would start flowing in the third week and be completed by the end of that week?

Mr Sullivan—That is the target. The measure is that the payment be made this financial year, and it will be. Obviously, our planning is not saying that we want to make the payments on 30 June. We want them earlier than that, and our planning is for around that third week.

Senator FORSHAW—How is the payment being made?

Mr Sullivan—It is being made into bank accounts electronically.

Senator FORSHAW—Is all of it being done that way?

Mr Sullivan—Yes.

Senator FORSHAW—What about cheques?

Mr Sullivan—There are no cheques in the family payment system.

Senator FORSHAW—So it is all done electronically. It is just that I thought I heard people say that they would all get it—

Mr Sullivan—I am sorry, there are some small numbers of cheques for Indigenous communities and some tax agent cases. They can be accommodated.

Senator JACINTA COLLINS—Is that just some tax agent cases or all tax agent cases?

Mr Sullivan—It is some tax agent cases. Most tax agent cases still give us bank account details.

Senator JACINTA COLLINS—Who are the people who do not?

Mr Tidswell—The individuals who we do not have bank account details on.

Senator JACINTA COLLINS—So someone like me? No, I am a CCB person, so you would have me as a CCB person.

Senator Patterson—I have been advised that it goes into the account and is treated the same way as an FTB payment, so the vast majority of people have an account number and it would go into that.

Senator JACINTA COLLINS—A fair number of people do not provide an account number for FTB.

Mr Sullivan—If you receive a fortnightly payment you do. The exception would be that, where you are seeking it through the tax system as a lump sum done by a tax agent and the refund, if there is a refund, is remitted to the tax agent, then we will have to send a cheque.

Senator JACINTA COLLINS—Even if the person is also a CCB person? No, you would not have their bank account then either, would you?

Senator FORSHAW—So the cheque would be sent to the tax agent.

Mr Sullivan—That is right.

Mr Tidswell—We are still working through those details in respect of how to deal with the small number of families that will be affected in that way.

Senator FORSHAW—What is the small number? How many?

Mr Tidswell—We have not got an estimate at this stage.

Senator JACINTA COLLINS—What about people who process their family tax benefit part B as a lump sum with Centrelink?

Mr Tidswell—We have details of the people who receive a lump sum and we are planning to send the money to them according to the number of children they have.

Senator JACINTA COLLINS—By cheque or by their bank account, if provided?

Mr Tidswell—By bank account, if we have that detail.

Senator JACINTA COLLINS—Is that how they would have received their lump sums previously?

Mr Tidswell—One would assume that would be the case.

Senator JACINTA COLLINS—How has the eligibility for the payment been established?

Ms Curran—Eligibility for the payment was set out in the legislation passed by the Senate on 13 May.

Senator JACINTA COLLINS—Yes, but how are you actually then going and establishing that?

Ms Curran—In terms of the systems issues?

Senator JACINTA COLLINS—Yes.

Ms Curran—We have been working closely with Centrelink on that and they will be looking at FTB part A instalment customers that were in receipt of payment on budget night, those families who had a confirmed entitlement to FTB part A for the 2002-03 year, and parents and nominees who were in receipt of Youth Allowance for dependent 16- and 17-year-old children.

Senator JACINTA COLLINS—You are saying this will occur, so at this point in time we do not know how many people this actually relates to?

Ms Curran—We do not have confirmed numbers at that this point, no.

Senator JACINTA COLLINS—Do you have estimates?

Ms Curran—We would anticipate that it would be around two million families, that is subject to the pull of the numbers from the system mainframe.

Senator JACINTA COLLINS—What systems changes are required?

Mr Sullivan—It is a highly significant job, but it sounds quite simple. For the first payment it is basically identifying, against the criteria discussed, families for whom a payment should be made, calculating how much that payment is and paying it.

Senator JACINTA COLLINS—Why do you need to calculate it?

Mr Sullivan—It depends on how many children there are—because it is \$600 if there is one, \$1,200 if there are two, and \$6,000 if there are 10.

Senator JACINTA COLLINS—Is it ever done pro rata?

Mr Sullivan—No, not this payment. The only time we pro rata it is under shared care.

Senator JACINTA COLLINS—What systems changes do you actually need to put in place?

Mr Sullivan—A particular program has to be written to drive the payment.

Senator JACINTA COLLINS—Where are you up to with that?

Mr Sullivan—Testing.

Senator Patterson—Ms Vardon just answered that question.

Senator JACINTA COLLINS—Not if that is the only aspect of it.

Senator Patterson—She was asked where we were up to and she said testing, before. I thought I would just point that out.

Senator JACINTA COLLINS—I was asking where you were up to with the systems changes.

Senator Patterson—Yes—and Ms Vardon said they were testing.

Senator JACINTA COLLINS—Are we going to continue on this path all day?

Senator Patterson—No, I just do not think we need to go around in circles.

Senator JACINTA COLLINS—We may need to to understand some fairly complex issues. We obviously have not had the benefit of the briefings that you have had, Senator Patterson, and if we hope to understand how these payments are going to be delivered, it may take a bit of time. Essentially, what you are telling us now is that you are still unsure about precisely what systems changes will be required and you will know further once the testing is approved.

Ms Vardon—No.

Mr Sullivan—No, we did not say that at all. You specified the systems changes. The systems changes have been written and they are now being tested

Senator JACINTA COLLINS—Yes.

Mr Sullivan—That is a confirmation exercise; it is not about uncertainty about what is required. What is required is certain and is being executed by the programmers. It is now being tested to ensure that it does what it is supposed to do.

Senator JACINTA COLLINS—So you see this testing as being finetuning. There may be some additional changes you need to do, but you would not anticipate they will be significant.

Mr Sullivan—There may be none. The professionalism of the programming group in Centrelink is such that I would expect there to be very little change required coming out of the testing.

Ms Vardon—It is perfectly normal, once a program has been written for us, to open one of our two testing centres—one in Adelaide and one in Brisbane—and to designate a number of testers to just make sure that the programmers have absolutely got everything smooth. So they test it by asking it a series of questions of it—you know: ‘I am this sort of person, with this many children’—and make sure that the right payment number and other things come up on the screen. They bombard the script or the program with lots of questions with many permutations to make sure that there is nothing untoward about any answers it might give. It is perfectly normal, perfectly straightforward.

Senator JACINTA COLLINS—I appreciate it is normal and straightforward, but I also have recollections of some fairly significant problems that in the past were not identified by this process—for instance, the problem of people whose income circumstances changed and who ended up with significant family tax benefit debts, when their views were that they had actually advised the system of their change of income circumstances—because the system had not been designed to deal with them.

Mr Sullivan—Now you are mixing policy issues with what is a straightforward programming of a specified system to specified criteria.

Senator JACINTA COLLINS—I understand that that message that came right back to us was a significant policy issue.

Mr Sullivan—And Centrelink's performance since their inception, in terms of delivering these sorts of payment systems, is exceptional, and they will deliver.

Senator JACINTA COLLINS—As I said, I understand that that problem in the past was a significant policy issue, but those policy issues are the purview of this committee as well, particularly if they are going to have significant harmful effects on families acquiring large debts, when they believe they have informed the system.

Senator Patterson—We have gone through this before. Some families inform Centrelink, but at the point at which they inform them they have already received, depending on how much income they are about to earn—

Senator JACINTA COLLINS—No, it is not that situation that we are referring to. We are talking about people who would have wanted to have their payments adjusted after they informed Centrelink in that first year and the system was not able to deal with it. That was, as Mr Sullivan said, a policy issue—that is where the problem ultimately lay—but it was a significant problem with the system.

Ms Vardon—This one is more straightforward than others that we have done.

Senator JACINTA COLLINS—For instance, how will you be able to pay the \$600 lump sum to customers if their family tax benefit entitlement has not yet been established?

Ms Vardon—This is a separate payment, not related to that.

Senator JACINTA COLLINS—What does that mean for those people?

Mr Kalisch—There are arrangements for paying the \$600 per child in a lump sum to those that have not yet provided their tax returns or had an entitlement established, and that was part of the legislation that was passed through the House of Representatives and the Senate. There is a separate administrative fund that will deal with those people once they have lodged their tax returns.

Senator JACINTA COLLINS—So it will happen with their tax returns?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—So they will not be receiving those payments at the end of—

Mr Kalisch—They are not recipients of family tax benefit yet. We cannot pay that to someone we do not know of.

Mr Sullivan—Until they tell us.

Mr Kalisch—Until they tell us; then we can retrospectively pay them.

Senator JACINTA COLLINS—But they tell you in advance of lodging their tax return—

Mr Kalisch—If their claim is established.

Senator JACINTA COLLINS—or do they need to wait until they process their tax return?

Ms Curran—Anyone who was in receipt of a fortnightly payment on budget night will get the \$600 payment per child. Anyone who had received a confirmed entitlement as a lump sum claimant for the 2002-03 year will also receive the one-off payment before June. There is a small group of families—for example, who might have had a child after 11 May but before 30 June—that we cannot pay because their child was not born before 11 May. They may not have claimed for FTBA. But, when they lodge their tax return and it is confirmed that the family has an entitlement to FTBA, they will be paid, at reconciliation, \$600 for that child. That is the intention. The legislation allows for a disallowable instrument to be tabled in both houses of parliament. The details of that still need to be worked through in their entirety, but the policy intent, if you like, is that families with a confirmed entitlement to FTBA—even if they did not meet the eligibility criteria on budget night—would have an entitlement to this payment.

Senator JACINTA COLLINS—But that payment in some cases may not occur until their reconciliation, because of tax?

Ms Curran—Yes, because we do not know them at this point.

Senator JACINTA COLLINS—But even if they were to come and introduce themselves to you and say, ‘This is me and these are my circumstances,’ you would not process it then. It would wait until—

Ms Curran—There is a moral hazard issue there, isn’t there, if they come and tell us, ‘Well, I do have an entitlement’ but we can’t check it, the way that we would confirm it is through the reconciliation process.

Mr Kalisch—In most cases, given the lateness of the stage of the financial year now, it is not going to be too long before their tax returns are lodged and we can verify that.

Senator JACINTA COLLINS—Then in their case, at the same time, they will be getting the second one as well.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—In the case where a baby was born before budget night but where a claim for family tax benefit for the child was not lodged until after budget night, will they be eligible?

Ms Curran—Yes. This is the circumstance we just spoke of.

Senator JACINTA COLLINS—It is just the birth that is critical.

Ms Curran—Provided they have a confirmed entitlement post-reconciliation for that child.

Senator Patterson—If the baby was born before the budget and they were not entitled to FTB because of their income, they will not get it. It is their eligibility for FTB. Some families are not eligible because their incomes are so high.

Senator JACINTA COLLINS—Yes; the eligibility rather than the claim is the cut-off point in time, which is what I am trying to understand. What advice will families be provided with about the nature of the payment?

Mr Kalisch—Families received advice around the broader dimensions through newspapers; they were referred to web sites and call centre numbers. Up until now a number of families have been taking up that opportunity to ring call centres, and we presume that will continue for some time. Also material was put on our FACS web site, the Centrelink web site and the Treasury web site, and people were referred to that information. We also anticipate their receiving some further information closer to the time or at about the time it goes into their bank accounts.

Senator JACINTA COLLINS—Will they be receiving a direct mail letter then or something of that nature?

Mr Kalisch—They will receive advice that it is happening. The intention is that there will be no direct-mail letter. That is not possible in the time.

Mr Sullivan—That is before the payment. We are still looking to ensure that we capture as many as possible with the possibility of writing after the payment.

Senator FORSHAW—What sort of advice is it that you have referred to, Mr Kalisch?

Mr Kalisch—We are looking at the best ways of communicating that advice to families. We are looking at a range of options at the moment that could involve some newspaper advertisements in the local press as well as larger metropolitan dailies. We are also looking at providing families with information, in terms of a generic flier they can take away with them, at Centrelink offices, child-care centres and other places they go to.

Senator FORSHAW—Would that advice be just a rerun of what you have put out so far?

Mr Kalisch—No. It would provide more specific information essentially saying, ‘If you are in receipt of family tax benefit, you should expect to receive \$600 per child in your bank account. If you are not yet eligible for a family tax benefit but expect to have a claim, then you should see Centrelink around that process.’

Senator FORSHAW—Will it include advice, for instance, for people who currently may be carrying a debt to Centrelink?

Mr Kalisch—That is another separate issue. I presume you are talking about the one-off bonus at this stage?

Senator FORSHAW—Yes.

Mr Kalisch—No. There will be no message about debts, because that does not influence the debt dimension.

Senator FORSHAW—It might influence the capacity of the individuals to pay the debt back.

Mr Kalisch—Certainly they could come to some arrangement with Centrelink, if they wished to.

Senator FORSHAW—This payment is being made and you will be advising people by a number of means, ‘Look, the government is giving you this extra \$600,’ or whatever amount it is. I wonder whether you are also taking the opportunity to remind people that there is still the requirement, if they have a debt, for it to be paid back. In other words, are they being given the good news with the bad news, so to speak, rather than just half the story?

Mr Kalisch—Certainly the \$600 per child they are receiving now is going to be paid into their bank account. There is no offsetting of debts on that specific part of it.

Senator FORSHAW—I appreciate that there is no offsetting of that; this is on the first round of payments.

Mr Kalisch—Most of those people certainly will have relatively small debts and they are on fairly generous repayment arrangements with Centrelink. I would envisage that most of them would just want to retain that facility.

Mr Sullivan—The great majority of the recipients of the lump sum of course do not have an overpayment issue.

Senator FORSHAW—That is where I was trying to get to.

Mr Sullivan—The great majority do not.

Senator FORSHAW—Mr Sullivan, what is contemplated in respect of further advice that would be sent out possibly after the payment is made?

Mr Sullivan—As you know, there is a public information campaign being built around the families measure which has to go through the normal campaign processes, and I expect we will see that develop and emerge in the coming weeks. But clearly, for this year pre 30 June, it is an information campaign using media and fliers—as David Kalisch said—at places where families go. So we will be distributing them to child-care centres and through any other mechanism we can so that people do understand that the payment is coming, when they can expect it and who is eligible. Also, if they believe they may be eligible but may not be receiving family benefit, there will be information about a telephone line service or a customer service office service which can tell them what to do.

Mr Kalisch—There is a very practical reason for advising families about this payment they are going to receive in their bank account: if they suddenly receive a payment and do not know what it is for, they are more likely to ring the Centrelink call centres and walk into their local Centrelink office. So this is a way of deflecting some of that administrative burden that Centrelink would otherwise face—a very cost effective way.

Senator FORSHAW—But I was following up more on your comment, Mr Sullivan, that after the payments have gone out or got into the accounts there would then be a need to have some further advice and that was being looked at. This arose in response to a question about the possibility of a mail-out. Your response seemed to suggest that maybe that could form part of a subsequent information campaign. That is what I am really trying to get some more detail on.

Mr Sullivan—We are looking at the feasibility of a letter, a mail-out, that would go out after the payment. Basically, it would be a way of contacting families and saying, ‘Well, you should have got this payment. If you haven’t you’d better talk to us if you think you may have

been eligible for it.’ It is probably a final basis for assuring ourselves that we have contacted as many people as possible who may be eligible for such a payment.

Senator FORSHAW—Who would that be targeted at?

Mr Sullivan—We are looking at how we can use our records to target it at families and not necessarily just families who are currently eligible. The letter obviously has to be able to then describe who is eligible, who is not eligible and to look at what the mechanisms are.

Senator JACINTA COLLINS—I will just go back for a moment to ‘assuming eligibility’. Who is eligible? Is it those who are in receipt of fortnightly family tax A?

Mr Kalisch—It is essentially those who had an entitlement to family tax benefit A during the financial year 2003-04, including those who received a lump sum family tax benefit A entitlement in 2002-03, because for most people we certainly have not even started the 2003-04 lump sum process at the moment.

Senator JACINTA COLLINS—And not those solely in receipt of family tax B?

Mr Kalisch—No.

Senator JACINTA COLLINS—So you will eventually be able to distinguish—this is a question that we have asked in the past—those that are solely family tax benefit B people.

Ms Curran—We have always been able to tell you how many customers there are; we have not been able to provide you with an expenditure split.

Senator JACINTA COLLINS—Will you be able to do that with the system changes you are doing through this exercise?

Mr Kalisch—Because this is based on a one-off payment solely on family tax benefit part A we are seeking to put in place some modest monitoring requirements that will be able to give us a sense of what category people fall into. But it certainly will not go across, as you recognise, into family tax benefit part B customers only.

Senator JACINTA COLLINS—Yes. But I am trying to understand—

Mr Sullivan—It will not improve our capacity to tell you.

Senator JACINTA COLLINS—No.

Mr Kalisch—We are trying not to complicate things.

Senator JACINTA COLLINS—I will still come back to you on what has gone on in this trial that you are about to conduct in terms of the changes, because I would like to understand that in a bit more detail. Senator Forshaw, have you finished your questions about the letter that is going out?

Senator FORSHAW—We think there is going to be a letter.

Mr Sullivan—It is purely being looked at as the feasibility of a letter and whether or not it forms part of the campaign. It has not been decided.

Senator FORSHAW—But if it were done, it would go to all those who presumably had received the payment—yes?

Mr Sullivan—Yes.

Senator FORSHAW—And who else?

Mr Sullivan—That is what we have to work through. For instance we could look at anyone who is currently on the family system who has ever received payment. We could look at any other systems relating to families. One of the ideas behind the letter is, firstly, to confirm with people what has occurred; and, secondly, to make sure we sweep up anyone who, for instance, may have done their own calculations and decided that while technically eligible they did not apply.

Senator FORSHAW—Where do you get that data from? I am having a bit of trouble understanding how you capture a group of potentially eligible recipients who are not receiving it at the moment. You said that maybe people who were receiving it in the last 12 months to two years. That relates directly to their eligibility for the family tax payment as distinct from the bonus or the top-up or the present of the \$600.

Mr Sullivan—The communication strategy generally targets all Australian families. If we are looking at the feasibility of the letter, it is looking at who else we can capture through our systems. It could be someone who was eligible for family tax benefit for some time or it could be people with children who are receiving other forms of benefit. As I say, we are looking at the feasibility of such a letter and we do not have a construct of whom we are going to send it to. But we are seeking, if the letter is sent, to explain to as many families as we can contact at an address what this payment was about, who was eligible and what the process is to go through if they did not receive a payment and they feel that they were eligible. That will largely be, as I say, through a media campaign to ensure that people are aware of their eligibility. We are now looking at the feasibility of a letter to assist those families in understanding whether or not they are eligible.

Senator JACINTA COLLINS—Are you talking about a letter to all families?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—I can understand why you are considering the feasibility of this—and indeed Senator Patterson’s expression a little while ago—but I cannot understand why you would send a letter to all families.

Mr Sullivan—We may not. As I say, we are looking at the feasibility of who we can send it to. The general theme of the communication strategy is to reach all Australian families.

Senator JACINTA COLLINS—Yes, but your first \$600 payment is going to reach most of those families.

Mr Sullivan—Yes.

Senator JACINTA COLLINS—So why would you write to all families to try to pick up those that the first \$600 payment has not reached?

Mr Sullivan—Including some people who have received the \$600, to make sure that they understand what they got and why they got it, is better than ringing. If we can capture people who may have thought that they were entitled, it would be good. The feasibilities are being looked at. It may be that it is not feasible to look at much more than what we have—

Senator JACINTA COLLINS—What sort of cost would you be looking at to write a direct mail letter to all families?

Mr Sullivan—A mail-out is a significant cost. To write to a couple of million of families, we are probably talking about \$600,000 to \$700,000.

Senator JACINTA COLLINS—Who is working on this education campaign?

Mr Kalisch—It is being done across a range of agencies. It is the Department of Family and Community Services, Centrelink, the Taxation Office and the Health Insurance Commission—all of the FAO partners—working together. We work through the normal government processes with regard to communications campaigns.

Senator JACINTA COLLINS—What is the Health Insurance Commission's role?

Mr Kalisch—They are one of the Family Assistance Office partners.

Mr Sullivan—You can claim FTB through the Health Insurance Commission—you can lodge claim forms.

Mr Kalisch—They provide advice about family assistance matters. You can receive information there. You can receive and drop off claim forms. They also provide advice to families that drop in.

Senator JACINTA COLLINS—I can understand, for instance, that you need to reach families who, as you have said, have assessed themselves in the past as not being eligible and who may now may be eligible because of the budget measures. From where would you access data to try to target those families?

Mr Kalisch—This is one of the aspects that Mr Sullivan was referring to in terms of feasibility. The letter is just one aspect in scope; and we are looking at a range of communication measures to look at broader families that are not on the Centrelink system.

Senator JACINTA COLLINS—Is that things like advertising in the mainstream media?

Mr Kalisch—Yes, certainly.

Ms Curran—I will give you a small, practical example. Earlier in the year a family might have been in receipt of FTB A for a child but not in receipt of FTB A on budget night because the care arrangements for that child had changed. That is information that is readily available on the system. So, when that family lodge their tax return, we would be able to determine whether they had a confirmed entitlement to FTB A at that point. There are a range of families that may have a confirmed entitlement to FTB A for the 2003-04 year but were not in receipt of payment as at budget night.

Mr Kalisch—Yet that information is still held within Centrelink.

Senator JACINTA COLLINS—I appreciate that. I am thinking more of the families who would not have been eligible but who the change in tapers will make eligible.

Mr Kalisch—That will be only from July 2004 onwards, so there will be no impact on their eligibility in 2003-04. The taper changes only operate from 1 July.

Senator JACINTA COLLINS—Yes, so they are not receiving the first payment anyway.

Senator FORSHAW—Is information about that going to be part of the educational advertising mail-out campaign?

Mr Kalisch—Yes, that will be part of the broader communication campaign, because the changes apply to family tax benefit part A and part B.

Senator JACINTA COLLINS—Have you contemplated data sources other than your own for a direct mail-out?

Mr Kalisch—Yes, that is being considered. We are looking into the feasibility of that.

Senator JACINTA COLLINS—What sorts of alternative sources?

Mr Kalisch—One of the sources is the tax office records, particularly around lump sum claimants.

Senator JACINTA COLLINS—Are there any others?

Mr Kalisch—As I say, we are still investigating the feasibility. I think it would be premature to focus on that now.

Senator JACINTA COLLINS—Have you looked at the electoral roll?

Mr Kalisch—That was not one thing that we were focusing on, unless you can identify families off the electoral roll.

Senator JACINTA COLLINS—No, but you can identify people by age and other demographics—

Mr Kalisch—We would want it to be a bit more precise.

Senator JACINTA COLLINS—and remove those families that you are already corresponding with through your database.

Mr Kalisch—This is getting far too complex for the processes envisaged.

Senator Patterson—Stop trying to micromanage it, Senator. You should stop while you are in front.

Senator FORSHAW—I thought that was the whole purpose of this initiative, Minister. There is a fair amount of micromanagement here.

Mr Kalisch—We are certainly trying to keep the processes as simple as possible, because once you get into more complexity then the chances of error compound themselves.

Senator JACINTA COLLINS—What about the HIC database? Does that help in any way?

Mr Kalisch—That might help, but certainly the aspects that we need to think about are the extent to which we can do the matching and remove duplicate people. It certainly becomes a bit more challenging.

Ms Curran—Any use of data of course is subject both to privacy guidelines in respect of the family assistance legislation and those which might apply to the tax office or the HIC.

Senator JACINTA COLLINS—I was going to ask you what the problems associated with getting access to tax data are. Are there constraints?

Ms Curran—Our legislation and the tax legislation have privacy constraints in them. We can only use data that is relevant to a payment under the family assistance legislation.

Mr Kalisch—There are also some practical constraints in terms of making sure that we can extract the data efficiently and accurately within the time and then match it properly. So there is a practical dimension to this as well as a legal one.

Senator MOORE—I have a question about the promotional strategy and the information strategy. Mr Sullivan, you said earlier that there is a national program being done to get information to families. Where do we find the costings for that?

Mr Sullivan—They are in the budget papers. I think there is \$3 million available this year and \$18 million available next year.

Senator MOORE—Is that in your book or someone else's book?

Mr Kalisch—It is in the portfolio budget statements. Ms Curran has been so good as to provide me with the page references.

Senator MOORE—That is good, because I cannot find it.

Mr Kalisch—Page 248 includes the \$3 million to be spent in this financial this year. On page 52 there is a reference to the \$18 million to be allocated for 2004-05.

Senator MOORE—So that is for the ongoing information to families about the whole change to program, as opposed to anything specifically on this one-off payment?

Ms Curran—It is the whole communications campaign.

Senator MOORE—I was looking desperately, under the one-off payment, for the PR campaign, and I just could not find it.

Senator FORSHAW—How many campaigns have you got? How many packages are we looking at within this campaign for these payments for family tax benefits A and B? There has already been some advertising and things happening to date. You have now indicated that, potentially, there will be more to come, coincidental with the payment of the money at the end of June and with the possibility of some after that. We then have the initiatives that take effect next year in respect of both family tax benefits A and B. Is that another round of initiatives that will be implemented? Is this a rolling campaign that you are talking about?

Mr Kalisch—There is a coordinated campaign that will run, essentially, over a little more than one financial year. There is money in 2004-05 for the campaign, and there is a small amount of money towards the end of the current financial year. There is one coordinated campaign. We are still working through the exact details of how that will be processed and what strategies and components will be put into that campaign.

Senator FORSHAW—So the answer to my question is that we are looking at a campaign over a substantial period of time.

Mr Kalisch—Over slightly more than one financial year.

Mr Sullivan—Our research is showing that people probably lost their understanding of family payments a long time ago.

Senator JACINTA COLLINS—And you make fun of us!

Mr Sullivan—A number of people talk about child endowment still as being probably the last system that they understood. When the new tax system was being implemented there were lots of things being implemented. There were a lot of education campaigns going on. Whether the family tax benefit was understood then I am not sure, but it is clearly the view that we need people to understand what family tax benefit is and how it works, and that campaign will run over the remaining months of this financial year and next financial year. It is a very small amount in 2005-06.

Ms Curran—It is only \$3 million this year.

Mr Sullivan—It is \$3 million this year, \$18 million in 2004-05 and nothing in 2005-06.

Ms Curran—Nothing after that.

Senator MOORE—That is in the midst of being tested and planned. That would be a long-term program, wouldn't it?

Mr Sullivan—Yes. And it has to go through the government communications processes.

Senator JACINTA COLLINS—Just before we move off the one-off payment, if someone is eligible because they received family tax benefit A in the 2002-03 year but on reconciliation they end up with a debt essentially to the whole amount that they had previously received does that then rule out their eligibility?

Mr Kalisch—The eligibility is really tied to 2003-04. I am just trying to understand. Are they receiving fortnightly instalments at the moment?

Senator JACINTA COLLINS—Yes. Let us say you have a family that is receiving fortnightly instalments at the moment, and then their circumstances change so that on reconciliation they were not eligible for any payment at all. What happens to them?

Mr Kalisch—If they were receiving fortnightly instalments as at budget night, they will be paid toward the end of June.

Senator JACINTA COLLINS—And they get to keep that payment, even if they have to repay all the family tax benefit A that they have received in that financial year?

Mr Kalisch—Yes. They will receive the full \$600 per child.

Senator JACINTA COLLINS—That is one of the rare cases where someone gets a bonus for overestimating their income.

Mr Kalisch—It is a generous arrangement.

Senator JACINTA COLLINS—It is only problematic if there was ever any suggestion that people had advance knowledge.

Mr Kalisch—Yes. This was kept very quiet so we are confident that people were not able to game play the situation. They had to actually be in receipt of family tax benefit on budget night, which means that they would have had to have put a claim in well before then to have been actually receiving it.

Senator JACINTA COLLINS—You would be kicking yourself if you had advised the week before that your circumstances had changed.

Mr Kalisch—Then you are just subject to the normal reconciliation arrangements—

Senator JACINTA COLLINS—And you miss out on the \$600, though.

Mr Kalisch—Theoretically, you were not eligible for family tax benefit in the circumstance that you were talking about.

Senator JACINTA COLLINS—Yes. If you were eligible in any sense during that year then you will come back in under that formula.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Can you describe for me the process of how the annual \$600 payment will be made?

Mr Kalisch—That will be made following the reconciliation process. It is an additional amount of \$600 per child on your family tax benefit part A. So it is an increase in the maximum rate of family tax benefit part A. For every family, it will be paid at reconciliation and in a lump sum.

Senator JACINTA COLLINS—The earlier payment does not increase the family tax benefit part A.

Mr Kalisch—No, it is a one-off bonus, payable at the end of June. The payment that you are talking about is a regular, annual increase of \$600 a child in family tax benefit part A.

Senator JACINTA COLLINS—From when will families be able to receive that payment?

Mr Kalisch—They will be able to receive it notionally after 5 September, when the systems release takes place.

Senator JACINTA COLLINS—After 5 September.

Mr Kalisch—That will be when they will be able to physically receive it.

Senator JACINTA COLLINS—So normal tax reconciliation would normally take—

Mr Kalisch—It will start from July onwards. It depends on—

Senator JACINTA COLLINS—These days, with Internet based claiming, it only takes about a fortnight, doesn't it?

Mr Kalisch—There are certainly aspects in the tax office's customer charter whereby they try to meet certain turnaround times.

Senator JACINTA COLLINS—Do you know what that is?

Mr Kalisch—I think it is that they will receive payments within 14 days.

Senator JACINTA COLLINS—So, in theory, mid-July is when you could process—

Mr Kalisch—In theory, you could. But, as you are aware, families do not always lodge early.

Senator JACINTA COLLINS—They do they if know they have money coming.

Mr Kalisch—Families can lodge tax returns up until the end of October and still meet the tax office deadlines, except in certain cases such as where they are self-employed. What we are looking at is quite a complex range of system changes in Centrelink over the month of

June. So it was not possible to put in place the system changes any earlier. September was really the earliest we could process it.

Senator JACINTA COLLINS—So when Mr Sullivan and Ms Vardon stake their reputation on people getting payments in time, that is actually the one-off payment, and the next payment may be delayed for some people?

Mr Kalisch—It may be delayed for some people—for those who put in their tax returns very early. As I say, we are working on a process with Centrelink which, for those who put in their tax returns early, would make the \$600 payment available from early September.

Senator JACINTA COLLINS—What happens to people's tax return if they put it in early?

Mr Kalisch—They have it processed by the tax office and they receive whatever is available to them from the tax office.

Senator JACINTA COLLINS—What if they have a debt?

Mr Kalisch—Are you talking about a family tax benefit debt or a tax debt?

Senator JACINTA COLLINS—A family tax benefit debt.

Mr Kalisch—If they have a family tax benefit debt, that will be held until September, until the system release takes place.

Senator JACINTA COLLINS—Their tax return will be held?

Mr Kalisch—No.

Senator JACINTA COLLINS—What is held?

Mr Kalisch—We are talking quite specifically about the family tax benefit debt being held. Their tax return will be processed and, if they are due a refund from the tax office, they will receive that refund. If they are due a debt to the tax office, aside from the family tax benefit, they will receive a notice from the tax office saying: 'Please repay.' Their family tax benefit debt will be held until early September, when this system release takes place, and whatever overpayment there is will be taken into account against the \$600 per child additional amount. If they have an overpayment of, say, \$400, and they have two children, they will receive an extra \$800 in early September.

Senator JACINTA COLLINS—Does this also mean that no debt notices will be issued before September?

Mr Kalisch—That is right—because we are still waiting for that process to take place in early September.

Senator JACINTA COLLINS—It could be quite convenient for a government going to an election to hold off any debt notices until after September. When do the debt notices usually appear?

Mr Sullivan—As you know from your figures, most family tax benefit overpayments grow as the lodgment period progresses. So it is probably not until September, October or November that we see a lot of lodgments from people who have overpayments. It is mostly the people who are looking for top-ups or who have large tax refunds that lodge early.

Mr Kalisch—As I mentioned, on the basis of Centrelink advice, we were confident that 5 September would be the earliest that that extra amount could be processed, and a judgment was made that it would make better sense to do the calculation in one go. It would be particularly complex, and not make much sense, to send out a debt notice and then send people money one or two months later. For those who lodge their tax returns after 5 September—which is probably the majority of taxpayers—it will be done in one process.

Senator JACINTA COLLINS—Going back to my original question: when would you normally start dealing with debt notices?

Mr Sullivan—Whenever a tax return is processed.

Senator JACINTA COLLINS—So ordinarily what proportion of those debts would be dealt with before 5 September?

Mr Kalisch—I can give you a rough figure—

Mr Sullivan—I think what you are asking is, if we had had this available from 1 July, how many people would be incurring a debt? Not many. It is not a comparison to last year; it is a comparison between, if you could have done this from 1 July and immediately been able to update the reconciliation process incorporating the \$600 per child payment, how many overpayments would we have seen.

Senator JACINTA COLLINS—No, Mr Sullivan, that is not my question.

Mr Sullivan—That is the only valid question—

Senator JACINTA COLLINS—Sorry, but it is not for you to determine which questions I want to ask are valid.

Mr Sullivan—No, but having passed a law that increases the minimum rate and maximum rate of family tax benefit by \$600 at reconciliation, as Mr Kalisch said, an overpayment notice which ignores the fact that that law has been passed would not be a valid thing to send. A person would look at that and say, ‘I don’t owe that much money—haven’t you read your law?’ So we cannot send one. It is not a matter of holding them. We do not know.

Senator JACINTA COLLINS—No, that is not my question. My question is this: last year and the year before what proportion of people would have received their debt notice, because they put in an earlier return, by 5 September?

Mr Kalisch—I can give you some numbers as at the end of September and then we can perhaps work on some rough almost pro-rataing. As at the end of September there were 231,000 families that had received an overpayment notice, and that is over a three-month period. If you look at the likelihood that those tax returns would have been skewed towards the later months, you would say that September would comprise more than one-third of that amount. This is a very rough figure, but you are probably looking at perhaps 100,000 to 140,000 notices as at the beginning of September. As I say, that is a very rough estimate.

Senator JACINTA COLLINS—To save Mr Sullivan dealing with the issue of whether there is any intent here, the reality of these circumstances means that roughly 140,000 families will not receive debt notices in what could be the lead-up to an election.

Mr Kalisch—I think the reality here is that a number of those will not have the debt—

Mr Sullivan—Because they will not have a debt, they will not have an overpayment. They are eligible for a \$600 per child payment. The fact that our systems cannot calculate into their reconciliation process that eligibility means that, of that 120,000 or so, we do not know—

Senator JACINTA COLLINS—What proportion will end up ultimately with the debt.

Mr Sullivan—All we know is that the average debt is \$800 or so.

Ms Curran—In September of this year it was \$668.

Mr Sullivan—So the average debt was \$668 and the average increase in family tax benefit will be around \$1,200.

Mr Kalisch—You asked the question about last year and I gave you the numbers for last year. I think the difficulty we have got here is that, firstly, we expect there potentially to be some behavioural change. As families are getting more used to the family tax benefit system, the number of people experiencing overpayments could even be less again. We do not know until we see those first numbers.

Senator JACINTA COLLINS—How much improvement did you make in the last round?

Ms Curran—Quite substantial.

Mr Sullivan—It continues to go down.

Mr Kalisch—It continues to go down as a proportion compared to the same time in previous years.

Senator JACINTA COLLINS—I realise it goes down, but it has hardly gone down in comparison to what your early estimates were of how much improvement there would be. The net improvement year by year has been fairly marginal, hasn't it?

Mr Kalisch—What we said in previous estimates was that it would take some time for the more choice dimensions to flow through. I recall some of the perhaps heroic statements I might have made last estimates that we would really know by the end of this calendar year, for the first time to have a really true picture, so probably by November we will have the first true picture of the more choice measures.

Senator JACINTA COLLINS—The impact of the more choice measures.

Mr Kalisch—This is still reflecting a part-year effect in these figures.

Mr Sullivan—But they are quite encouraging; they are not marginal any more. So we really are, I think, being cautious. Rather than saying, 'Well, it hasn't happened yet, but we still think it is going to happen,' it is starting to become quite marked, the difference.

Ms Curran—For the record, as at the end of March 2004, the number of overpayments was 469,904, or 28 per cent of total reconciliations as at the end of March. Over the equivalent period last year the number of overpayments was 32 per cent of the total reconciliations at that stage. So it is a very significant change.

Mr Kalisch—And the year before that it was 35 per cent, so it has come down from 35 to 32 to 28, and we expect that when we are asked the same question this time next year it will be similarly reduced from 28 per cent.

Senator Patterson—We have also made a significant effort in redoing the forms so they are clearer, and some of the material that goes out. I had a close look at it and I thought that sometimes the same thing was not explained in the same way in the form as in other material. I think there is much more consistency now there has been a task force working on it. They have worked very hard to make sure that the material in one document is the same as the material in others, referring them back in the forms to the information material in a much more useful way, with page numbers. There has been a very significant effort by the group of people who were put onto that task. I think all those things will assist in helping people to understand the ‘more choices’ issue and the whole family tax benefit issue.

Senator MOORE—Mr Sullivan, I only have one question, and it is to do with the comment you made earlier that there needs to be a great education process because the community does not really understand the situation. But increasingly over the last few years, people have become aware of the debt process and have got correspondence. In view of the conversation we have just had, if someone is following their tax circumstances closely, knows there is a possibility of their being in a debt situation, contacts the department, probably through the hotline, and says, ‘What is happening? Can you explain what is going to happen,’ what do you say to them between July and September?

Mr Sullivan—It is quite simple. We are going to make it very clear that we cannot put in place the system’s changes until September, to be able to incorporate the lump sum payment into their reconciliation. Therefore, if they are going to receive a negative tax assessment, that will flow without the family tax benefit reconciliation in it. If it is going to be a positive tax assessment, that will also flow. Come September, we will do the reconciliation and they will receive, in most instances, a further cheque from Centrelink in respect of family tax benefit— or where, even after incorporating the lump sum payment into their family tax benefit eligibility, they face an overpayment, they will receive an overpayment notice.

Mr Kalisch—I think, Senator, you have just identified one of the reasons why we need to have some communication with families.

Senator MOORE—Yes, with the message being positive but with a hint of caution.

Mr Kalisch—It has got to be factual.

Senator JACINTA COLLINS—I wonder, though, whether the information package itself might encourage people to lodge their tax returns earlier than they would normally.

Mr Kalisch—We hope that that will be one of the outcomes, particularly if they are not currently a recipient of FTB, and they will receive it on reconciliation, because of the one-off bonus.

Senator JACINTA COLLINS—So have people been advised that it will not be until September that they get the annual payment?

Mr Kalisch—I am not aware of that being in any of the promotional material, because we were really just working through the practical details.

Senator JACINTA COLLINS—So as a result of the advertising—‘Get your tax return in early, because you are entitled to this extra payment per child’—people may put in their returns early and then discover that it is not until September that they get the payment.

Mr Kalisch—They may well have that understanding, but we are certainly going to provide them with some factual material.

Senator JACINTA COLLINS—When will you be doing that?

Mr Kalisch—That is part of the campaign that we have been talking about.

Senator JACINTA COLLINS—Yes, but when will you be doing that?

Mr Kalisch—We certainly envisage that it will be soon. I cannot give you too much more detail, because we are still working through those details with the government communication area.

Senator JACINTA COLLINS—If someone is likely to have a debt but would like to ensure that it is not taken out of their tax return, your advice is to get their tax return in early?

Ms Curran—The average amount of debt, if you lodge in that first quarter, based on previous years is lower. The average FTB family has two children, so they are going to receive \$1,200. They are not going to have a debt.

Mr Sullivan—I think we will leave the other advice to you, Senator!

Senator JACINTA COLLINS—I understand what you are saying about most people. I think Mr Sullivan understands what I am suggesting. People get very uptight at the notion that FaCS takes money out of their tax return. If they get their tax return in early they will get their full return back because you have not been able to reconcile this payment before 4 September. Did I understand you to say that if they get their tax return in after 4 September, it will be reconciled with their tax return as well?

Mr Kalisch—Yes. The whole thing will be done in the one process if they lodge their tax returns after 5 September.

Senator JACINTA COLLINS—For those who have reconciled earlier than 5 September your standard debt recovery processes will kick in?

Mr Kalisch—They will receive their notice of assessment from the tax office and we will deal with any potential overpayment as at 5 September, when that also takes account of this increase in family tax benefit A rates of \$600 a child.

Senator FORSHAW—Will you tell people at any time during this period what their overpayment has been before the \$600 is taken into account? In other words, at the end of this financial year, as in past years and as we keep being told by the minister at question time and so forth, there is a debt for people who have been overpaid. Are they going to be told, as they have been in past years, how much it is?

Mr Sullivan—I think it is important. This is a \$600 increase in the minimum and maximum rates of FTB. If a person, because they have underestimated their income, is receiving FTB in fortnightly instalments, it now means that they have been receiving their \$600 in advance. They will get what remains of their \$600. We are not going to say, 'But for this \$600, \$1,200 or \$1,800 payment you would have received an overpayment.' You did not. Your entitlement to FBT will be calculated including for the year the \$600 per child increase and we know, as you know, on an average case we will see a huge reduction in overpayments coming out of the family tax benefit system, and I am sure that everyone is pleased about that.

Senator FORSHAW—Yes, which therefore proves that there was a huge overpayment debt level which is now being reduced or potentially being reduced by the additional \$600. I am not complaining about that; I am talking about the payments that will be implemented next year.

Senator JACINTA COLLINS—It is a retrospective increase.

Senator FORSHAW—The further \$600 payments and others that start to flow from 1 July are next year's entitlements.

Mr Sullivan—But they relate to 2003-04—the 2003-04 reconciliation.

Senator Patterson—It means that—we are talking about the second payment—for the financial year families that have been eligible for the FTBA for the whole year will get \$600 more for that financial year. Some of them may have received some of it during the year because they have underestimated their income. But overall families in similar—

Senator FORSHAW—Which they did not know about at the time. Go on.

Senator Patterson—People who have estimated their income correctly will not have known they were going to get \$600. They will get \$600 for each child if they have estimated their income correctly. If they have underestimated their income they will get \$600 for each child. In effect families will get \$600 for the financial year for each child if they were eligible for FTBA throughout that 12-month period.

Senator FORSHAW—That bears out the comment that Senator Collins just made.

Ms Curran—If a family rings a call centre and advises of a change in their income estimate, or something of that type, they still have the ability to ask the Centrelink officer, the FAO officer, on the basis of their revised estimate how they are tracking for the year. Centrelink can still have the conversation with them about the More Choice for Families options. All of that functionality remains between now and the end of the financial year. It will be ongoing with the new arrangements. Perhaps we neglected to mention in our earlier discussion around what we were doing to communicate with families around the one-off payment and the ongoing payment that when families ring the FAO call centre they are being advised of the arrangements that are intended to operate in respect of both the one-off payment and the ongoing supplement.

Senator JACINTA COLLINS—Can we go back to the reason for the delay to 5 September. Can you describe for me why we cannot apply the usual reconciliation process from 1 July?

Mr Sullivan—We cannot get the systems changes concluded before September. We talked about the first payment system changes—basically the taking of some customer record details and then providing a payment. This alters the reconciliation system and, to do September, a concentrated effort is required.

Senator JACINTA COLLINS—How much notice did you have?

Mr Kalisch—Can I give you a sense of the other system changes that are taking place. I think this will help put it into context. There is a system change taking place for the one-off bonus for both family payments and carers. There is the change to the taper rates in the

thresholds taking place with the indexation. There are changes to family benefits. There is also the introduction of a new maternity payment, with its own system release. These are all very substantial systems changes. Centrelink has put in a huge amount of effort and some very competent programmers to do those changes. There is a physical constraint in being able to do the reconciliation change as well, on top of those other changes.

Senator JACINTA COLLINS—I go back to the question: how much notice did you have that this would be an issue?

Mr Sullivan—We have been working on this for some time. I am not going to say how long.

Senator JACINTA COLLINS—When did you know that you would need to adjust the normal reconciliation process for this payment?

Mr Sullivan—For some time. Formally, it was when the legislation passed. We have to have a clear authority, and we did not get a clear authority until the legislation passed. But we had work going on.

Senator JACINTA COLLINS—We certainly did not hold that back, did we?

Mr Sullivan—You certainly did not, no.

Mr Kalisch—We were very grateful.

Mr Sullivan—We greatly appreciated that we got that flag as quick as we got it.

Senator Patterson—With eight seconds to go.

Mr Sullivan—I don't care!

Senator Patterson—Or eight seconds over.

Mr Sullivan—We have engaged our colleagues in Centrelink on this matter for some time, and this is the earliest we can do it.

Senator JACINTA COLLINS—We will probably come to the systems changes to do with the maternity payment a bit later.

Senator FORSHAW—What about when the care is shared, with the entitlement to the \$600?

Mr Kalisch—Is this the one-off payment?

Senator FORSHAW—Both, I suppose. I would have thought that the same issue arises whether it is the first payment or what happens subsequently.

Mr Kalisch—There is certainly, as you would see in the legislation, the need to split the payment according to the shared care percentages.

Senator FORSHAW—Yes, but can we just follow that through. Does it present any systems complexities beyond those that you have already spoken about?

Mr Tidswell—From the information we have on computer records, we would use that to pay the one-off bonus, plus the supplement amount. We have the data there, and we use that data to pro rata the payments.

Senator MOORE—So it would be no more complex with that group, once the system is working, than with any other group?

Mr Tidswell—Yes, that is correct.

Senator MOORE—If the system is working, it will work as effectively with that group as it does with the other?

Mr Tidswell—Yes.

Senator JACINTA COLLINS—Is it FaCS or Centrelink that people who have outstanding debts at the moment have a repayment arrangement with?

Mr Sullivan—With Centrelink.

Senator JACINTA COLLINS—Does this measure impact on that?

Mr Sullivan—Are you talking about the one-off payment or the other?

Senator JACINTA COLLINS—Either.

Mr Sullivan—The one-off payment, no.

Senator JACINTA COLLINS—I did not think so.

Mr Sullivan—The reconciliation payment, yes.

Senator JACINTA COLLINS—If you are in a fortnightly repayment regime at the moment for an outstanding debt—

Mr Sullivan—And you have a balance outstanding at the time of reconciliation, it will be part of the reconciliation, I think.

Senator JACINTA COLLINS—So is that a yes?

Mr Sullivan—I am looking for nods. Yes.

Senator JACINTA COLLINS—Can you give us an estimate of what proportion of families at 4 September will have outstanding debts that they are repaying through whatever means with Centrelink? Can Centrelink do that?

Mr Kalisch—I do not think that anyone can really do that for you, until we get closer to that time.

Senator JACINTA COLLINS—You would have an understanding at the moment of who has outstanding debts and the repayment arrangements, wouldn't you?

Mr Kalisch—Yes, but what we do not have is a clear picture of what is going to happen in the reconciliation process from July until early September.

Senator JACINTA COLLINS—I understand that, but I am more interested in those people who, in the absence of the next reconciliation to occur, have debts from the previous year that they are still repaying.

Mr Kalisch—Can I take that on notice? I want to look at the complexity of this calculation. It is not a simple one at all, as you would probably appreciate.

Senator JACINTA COLLINS—I understand that it is not simple. But the point is that, if you are presently having your payments reduced fortnightly for an outstanding debt, for

instance, and that might be over a two-year plan, all of what is outstanding on that, come 4 September, will be taken from your \$600 payments, to the extent that that is possible. Is that correct?

Mr Kalisch—We will come back to you on that and give you an answer.

Senator HUMPHRIES—In any given year, say last financial year, would there have been more top-up payments or more overpayments?

Mr Kalisch—The latest information we have for the 2002-03 reconciliation process is that, at the end of March, 478,400 families were receiving top-ups, and that is more than the number of families that received overpayment notices, which was, as Ms Curran indicated earlier, 469,900.

Senator MOORE—It is a very tight race, Mr Kalisch.

Mr Kalisch—It is a tight race, but it is a race that we know has swung around for the good.

Senator MOORE—Yes, it has turned around, but it is still very tight.

Mr Kalisch—For example, in the first year there was quite a marked difference, when 378,350 families received top-ups compared to 568,100 who received overpayments. It has really changed quite substantially, and that is what Mr Sullivan, Ms Curran and I have been saying. The trends have changed reasonably significantly over the last two financial years.

Senator JACINTA COLLINS—What is the growth in the number of people getting a top-up now?

Mr Kalisch—It is now 478,400 compared to 378,350 at the same time in the 2000-01 year.

Senator JACINTA COLLINS—I am not sure I would agree with you on the ‘for the good’ characterisation because I do not think it is necessarily in the interests of children to have their family support delayed.

Mr Kalisch—I was not suggesting that; I was just saying that there is a marked change in the way that people are reporting their incomes.

Senator JACINTA COLLINS—Sorry, I jotted down ‘for the good’ in there.

Mr Kalisch—The other aspect is in terms of the change in overpayments—we have also seen a reduction. So it has not only been an increase in the number of families receiving top-ups; we have also seen a substantial fall in the number of families receiving overpayment notices at the same time in the reconciliation process from 568,100 to 469,900.

Senator HUMPHRIES—Given the complexity of this arrangement, I suppose any exact hitting of the target is pretty difficult in any particular circumstance. Were these top-up payments available, say, 10 years ago for the equivalent payments? Was it available under the previous government?

Mr Kalisch—No, those that overestimated their income did not receive any top-up; they just received the family assistance or family benefit in its various names and forms on a fortnightly basis. There was no annual reconciliation that derived a top-up payment.

Senator HUMPHRIES—So some of the additional adjustments that have been made are occurring by virtue of the fact that we now have a more flexible regime which does allow people to have top-up payments?

Mr Kalisch—This is a system that provides equity to families whether they work through the tax system or the benefit system, and it provides them with the capability for top-ups that was not there prior to family tax benefit.

Senator HUMPHRIES—Under that previous regime, presumably you would have had an incentive to underestimate your income, knowing that you could not get a top-up if you overestimated but that you could certainly maximise your payments if you underestimated.

Mr Kalisch—The system really works on an accurate payment basis rather than working around variances and tolerances. People who had stable incomes could game-play. I am not sure how many did, but it was possible.

Senator HUMPHRIES—The use of the term ‘clawback’ in respect of overpayments is a bit misleading, isn’t it, because these are not entitlements being taken away; they are simply adjustments being made to reflect what actually are the entitlements?

Mr Kalisch—What happens at reconciliation is that people have, in effect, an accounting for what they should have received during the year. Those that have an overpayment notice have received more than they should have on the basis of their income and then they receive an overpayment notice to repay the difference. So they have received more during the financial year than they should have on the basis of their final income, and that is something that is quite apparent in terms of the amount of family tax benefit they should have received on the basis of their income. In that situation they have received more during the year than they should have and they are asked to repay the difference. So at the end of the day they receive exactly the same amount of family tax benefit as they should have on the basis of their final income.

Senator FORSHAW—I have a follow-up question on top-ups: what is the average level of top-up payment?

Mr Kalisch—The average top-up amount is \$848 per family. Do you want the overpayment average? I think Ms Curran may have given that figure—it is \$814.

Senator FORSHAW—Sorry, I missed that earlier.

Senator HUMPHRIES—I have a few questions about the change in the budget estimates for the amount that will be outlaid in family tax benefits. There has been some debate about that. Could we say whether any families will miss out on their entitlement to FTB as a result of the changes which have been made to the estimates?

Mr Kalisch—The estimates are just our estimate of what we will spend on family tax benefit. Families get what they are entitled to—no more, no less. Our estimate does not change what families are entitled to. It is a special appropriation: families just get what they are entitled to and that is processed through Centrelink. Our estimates are really just an accounting mechanism that we conduct as a broader whole-of-government mechanism, as agreed with the Department of Finance and Administration.

Senator HUMPHRIES—So no family misses out by virtue of those changes?

Mr Kalisch—Certainly not as a result of our changes of estimates. What we do is try and account for the total macro picture of what families receive.

Senator HUMPHRIES—Presumably the reduction that one might see over time in the expected outlays on this are due to the fact that, for example, people who did not previously have jobs are getting jobs and therefore have less need for these payments.

Mr Kalisch—That is certainly one explanation amongst a number of things that happen that impact upon the estimate. The estimate is impacted by quite a range of things, including economic factors, employment and the level of earnings. There are quite a few things that impact on our estimate. Quite frankly, as I think we have admitted at past estimates hearings, we are certainly coming much closer to the point of understanding the drivers of our estimates of family tax benefit. We have come to the point where we hope we are providing the government with more reliable estimates.

Senator FORSHAW—I assume that the shift to part-time or casual employment is one of the key factors that you had to look at in how you do your assessments, or in how you improve your predictions, if you like.

Mr Kalisch—One particular aspect is the extent to which families have both a full-time income and a part-time or casual income. That certainly drives up the estimate of family income, which then lowers their FTB entitlement.

Senator FORSHAW—Yes, but it also has the effect of income level shifting up and down, possibly through the course of a year.

Mr Kalisch—That does not affect us so much in terms of the estimate itself.

Senator FORSHAW—No, but it might affect families. For instance, if one member of a family gets two or three months work at a certain time of year and then maybe again a bit later—and we know this is an increasing feature—by the time Centrelink catches up with the impact of that upon their payments, it has accumulated and shows up at the end of the year.

Mr Kalisch—For our accounting purposes, the main driver is the level of family income. If, as you say, the secondary earner in a family has some casual or part-time work over two to three months and then stops work at that point in the financial year and then goes back to work towards the end of the financial year—and that was unexpected—then there will be a higher level of family income that we would not necessarily have anticipated in our broader estimate.

Mr Sullivan—The \$600 payment certainly moves to give some comfort to families worried about the volatility of their income estimate in that it can now move reasonably significantly and they will not face an overpayment.

Senator JACINTA COLLINS—How does that equate to the old 10 per cent measurement?

Mr Sullivan—It is different, because it is paid to everybody. Everyone gets this \$600. The old 10 per cent measure basically only applied to those who underestimated their income by less than 10 per cent, and not more, because if you earned more than 10 per cent you were—

Senator JACINTA COLLINS—So it was retrospective, not prospective?

Senator Patterson—With that old measure, if you had a more predictable income, you could game it too.

Mr Sullivan—It depends on the circumstances of families and where they are on the taper rate. With the taper rate going to 20c in the dollar, someone in the middle of the taper rate—say, an average two-child family receiving \$1,200—could earn \$6,000 above their income estimate and not have an overpayment result.

Mr Kalisch—I suppose the one substantial difference is that this is a dollar amount per family.

Senator JACINTA COLLINS—Yes.

Mr Kalisch—It depends on the number of children, whereas the 10 per cent was 10 per cent on your income estimate. Essentially, that 10 per cent arrangement gave a larger benefit—a larger tolerance in dollar terms—to higher income families, whereas this is quite progressive in terms of providing a more substantial percentage to lower income families than to higher income families by having just that flat \$600 per child. It is actually quite progressive.

Senator JACINTA COLLINS—It is certainly progressive in terms of having nothing, as the previous system did.

Mr Kalisch—It certainly changes it from the previous arrangement—

Senator JACINTA COLLINS—The one before that.

Mr Kalisch—as I am recognising it.

Senator Patterson—I want to go back to that, Senator Collins. You say ‘the previous system’. People had had that money during the year. They had more money than somebody else in similar circumstances during the year if they had underestimated their income.

Senator JACINTA COLLINS—I understand what you are saying, Senator; that is not the point on which we disagree. We have a fundamental disagreement about how the system adapts to people whose circumstances change.

Senator Patterson—You said they got nothing. They got more than that to which they were entitled, based on another family in similar circumstances.

Senator JACINTA COLLINS—You are mischaracterising what I am referring to when I say ‘nothing’. What I mean by ‘nothing’ is that the system had no flexibility to assist people to deal with significant changes in their circumstances.

Senator Patterson—The people who got nothing were the people who were entitled to a top-up under the previous system under the previous government, but we will not go back to that.

Senator JACINTA COLLINS—No; the system did not operate the same way back then. You are comparing apples and pears.

Senator MOORE—Is there any science to the \$600 amount? Is there a scientific basis to the \$600 amount?

Mr Kalisch—It was just a government decision.

Senator MOORE—I am interested. Was it based on anything? It is a one-off payment and then it is the payment going into the increased threshold.

Senator FORSHAW—The same amount.

Senator MOORE—The \$600 is a good amount but I am interested in whether it was linked back to any percentage, research or anything that came out.

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

Senator JACINTA COLLINS—I wondered the same question in the past. Just before we move off this area, going back to the question about people who have debts from the previous year's reconciliation, I am trying to work out whether we can understand, if those debts are recovered from the \$600 payment, how many families will have outstanding debts in excess of the \$600 from the previous year's reconciliation?

Mr Kalisch—As I understood your question that I took on notice, that is very much the dimension that I am going to investigate.

Senator JACINTA COLLINS—That is one component of it. I am hoping we could have a further breakdown showing the outstanding reconciliation debt in, say, \$100 bands.

Senator Patterson—I am trying to get something correct. If some families have had an overpayment this year they may have overestimated their income or taken one of the choices for families—

Senator JACINTA COLLINS—Yes.

Senator Patterson—You cannot predict that they would have the same overpayment this year.

Senator JACINTA COLLINS—No.

Senator Patterson—You are almost asking a hypothetical question.

Senator JACINTA COLLINS—No, I am not, because I am doing it on the assumption, in the absence of the next reconciliation—

Senator Patterson—An assumption is hypothetical.

Senator JACINTA COLLINS—We talk about assumptions all the time.

Senator Patterson—You will not know how many people had an overpayment until you get to the end of the financial year and have a reconciliation.

Senator JACINTA COLLINS—Mr Kalisch understands that he can do it on the basis of assuming that this next reconciliation is neutral.

Senator Patterson—Then you asked a hypothetical question.

Senator JACINTA COLLINS—He deals with hypothetical questions all the time.

Senator Patterson—No, he does not have to.

Senator JACINTA COLLINS—The whole funding model is hypothetical.

Senator Patterson—Based on assumptions, but then you are asking him for a figure, which I do not think—

Senator JACINTA COLLINS—The only figure that is available—the only figure that Mr Kalisch has access to would be those who have current debts. I am quite happy to deal with it on the basis that you are assuming that—

Senator Patterson—But the other thing is that if they underestimate their income this year, because they have learnt from previous years, that will be reconciled at the end, so they may not have debts.

Senator JACINTA COLLINS—We understand that.

Senator FORSHAW—Perhaps Mr Kalisch can tell us whether he can or cannot answer the question.

Mr Sullivan—We can examine it. I do not think there is an answer to that question.

Senator Patterson—That is right.

Mr Kalisch—What we need to do is look at the form in which we have the data as soon as possible.

Senator JACINTA COLLINS—That is right.

CHAIR—I ask both of you not to speak simultaneously. You are both making it impossible for Hansard to record the proceedings.

Senator Patterson—It is all your fault, Senator Collins.

Senator FORSHAW—It was going well until the minister decided to try and answer the question. That was when the problem started.

Senator JACINTA COLLINS—As I understand it, Mr Kalisch is going to see, on this year's debts, who will have outstanding debts—understanding that the assumption we are going to have to make is that the next reconciliation has no impact on it and accepting that in many circumstances it may. I understand that.

Ms Curran—It will be a very complex exercise—if we can do it.

Senator JACINTA COLLINS—We are basically asking for the current debt profile.

Ms Curran—But it is by size of family and family composition. So it is not just a debt profile; it is a very complicated exercise to undertake.

Senator JACINTA COLLINS—Let's drop the size of the family out of it, so that you are not actually providing me with that assessment—just the present debt profile.

Mr Sullivan—You cannot leave that out of it because that determines how much there is.

Senator JACINTA COLLINS—I understand how ultimately that will determine how much they get back. But, in the same sense that now we are talking about what average debts people have—but that is going to change when you are talking about these payments coming in now—

Mr Sullivan—I think this gets back to an exchange. I think you are now starting to ask us how many people would have got debts if this measure had not been implemented—and that is irrelevant.

Senator JACINTA COLLINS—No. What I am asking is: come this reconciliation, how many people will have outstanding debts that will then fall into the reconciliation? That is what I am asking.

Ms Curran—At this point, we could not answer that question for you.

Senator JACINTA COLLINS—No, but you have told me that those previous debts will fall into the reconciliation.

Mr Sullivan—Yes.

Senator JACINTA COLLINS—I am asking you to quantify that.

Mr Kalisch—I think that is where we are going to have to have a look and see what is possible. We really need to have a sense of the number of children per family.

Mr Sullivan—And we cannot ignore the 2003-04 reconciliation.

Senator JACINTA COLLINS—I know that when the reconciliation happens that will have that impact. You said that people's present debts will fall into this reconciliation with these additional \$600 payments per child, and I am asking you to quantify for me what the order of those previous debts will be.

Mr Sullivan—We will look at it, but it is going to be very hard.

Senator JACINTA COLLINS—I am not asking you to take that next step; that is, when one, two or three \$600 payments per child are factored in—

Senator Patterson—Or their top-up for this year because they have overestimated their income.

Senator JACINTA COLLINS—That is right—or the results of this financial year's reconciliations are built in. I am just asking you to quantify—because this is a new measure to change the previous debt repayment arrangements—what the present debt arrangements are that are going to fall into these new arrangements.

Mr Kalisch—That is where it gets quite tricky in terms of looking at particularly how this—

Senator JACINTA COLLINS—You do not need to tell me per child for that.

Mr Kalisch—We will come back

Senator JACINTA COLLINS—You just need to tell me X number of families are likely to have this level of outstanding debt when they are then reconciled.

CHAIR—I think the officers have given a commitment as best they can and we need to move on.

Senator JACINTA COLLINS—Before I leave this issue, I want to revisit the issue of when the department first started working on how you would be able to put these measures into place. For the life of me, I cannot understand why you feel uncomfortable indicating when the process commenced.

Mr Sullivan—The Treasurer stands up on budget night and a lot of work went into that budget.

Senator JACINTA COLLINS—I am not asking you for the detail of what went on in the cabinet consideration processes or the like; I am simply asking what lead time you had to plan and implement these measures.

Mr Sullivan—Some weeks before the budget.

Senator JACINTA COLLINS—Only some weeks?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—So when you were saying ‘quite some time’ it led to a very different impression to just ‘some weeks before the budget’.

Mr Sullivan—Not in my mind, because the budget process only starts in January-February.

Senator JACINTA COLLINS—Sorry, so you are saying some weeks prior to the budget process?

Mr Sullivan—To the budget.

Senator JACINTA COLLINS—So you had only some weeks prior to when the budget was presented?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—So April?

Mr Kalisch—I think it is very difficult to give an exact timing, because some of the aspects were discussed within government for a long time. Some of them were part of a process that was happening within government.

Senator JACINTA COLLINS—Do you agree that ideally you would have these reconciliations occur from 1 July?

Mr Kalisch—Yes, in an ideal world.

Senator JACINTA COLLINS—For how long did you understand that you were going to have the sort of time line that would lead to us now having this arrangement for September? If I understand you correctly—and correct me if it is not so—it was around April.

Mr Sullivan—No. In being able to provide government, as they came up with their proposed measures, with time lines of when we could implement, we advised government at the time they talked about the proposed measures that we could certainly implement the maternity payment in June and we could taper thresholds but we needed until September for the reconciliations processes to be finished.

Senator JACINTA COLLINS—And that would have occurred around April; that is, some weeks before the May budget.

Mr Sullivan—Yes.

Senator JACINTA COLLINS—Is Centrelink responsible for delivering the families’ hotline in connection with the budget measures?

Mr Tidswell—Yes.

Senator JACINTA COLLINS—What scripts are being used for families who are inquiring about the measures?

Mr Tidswell—We have a full set of scripts for all the measures that have to be put in place from budget night and they have continued to be updated since that time, as we get in new information about what customers are after. We are working with our colleagues in FaCS to determine how we are going to deal with all the other measures as they come through.

Senator JACINTA COLLINS—Could you provide us with a copy of those scripts?

Mr Tidswell—Yes. That is no problem; we can do that.

Senator JACINTA COLLINS—Who drafted them?

Mr Tidswell—They would have been drafted primarily by Centrelink staff in collaboration with colleagues in FaCS.

Senator JACINTA COLLINS—Do they need to be approved? What process do they go through?

Mr Tidswell—They go through a process of approval, making sure we have the right dates and details in the various scripts.

Senator JACINTA COLLINS—Have you had any feedback on how they are working?

Mr Tidswell—Yes, we have. They have worked very well. They have stood up to the comments we have had. Where we get extra inquiries, we put more information in as it comes through.

Senator JACINTA COLLINS—How many families have contacted the information line in relation to the measures?

Mr Tidswell—I do not have the exact number but, with the post-budget elements, we certainly have been much busier than normal. What we do have here is the number of successful calls in the week after the budget.

Senator JACINTA COLLINS—Successful calls?

Mr Tidswell—People getting through to talk to an operator, or talking to an IVR.

Senator JACINTA COLLINS—You do not characterise them as that, do you?

Mr Tidswell—That is what it says here.

Ms Vardon—That is to separate them from a call attempt. A call attempt is someone who is trying but does not necessarily get through. We are talking about those who were successful when they attempted to get through.

Mr Sullivan—Another budget measure, supporting Centrelink's call centres for another two years, has helped.

Senator JACINTA COLLINS—It has helped to try and fix that up?

Ms Vardon—Yes. Our customer satisfaction level with the call centres is extraordinarily high; it is over 90 per cent.

Senator JACINTA COLLINS—If they are a successful call—I am sorry; you are bringing back my own personal—

Senator FORSHAW—How do you know that?

Ms Vardon—Because we test it.

Senator FORSHAW—By telephone calls—

Ms Vardon—I am not going to answer any more questions!

Senator FORSHAW—or telephone surveys?

Proceedings suspended from 12.29 p.m. to 1.31 p.m.

Senator MOORE—Mr Sullivan, the next questions will be around the advertising campaign. Some of them we have already touched on because of the way the conversations flowed. But we are looking specifically at the advertising campaign, beginning with the Centrelink role in that. What role has Centrelink got in the cross-agency major advertising campaign?

Mr Kalisch—As I mentioned earlier, there is a cross-government committee looking at this that involves all of the FAO partners—Centrelink, the Health Insurance Commission and the Australian Taxation Office as well as the Department of Family and Community Services. Centrelink are contributing actively to that process.

Senator MOORE—Is there a key brief for the advertising campaign?

Mr Kalisch—Some briefs were prepared for the ministerial committee on government communications.

Senator MOORE—As we discussed earlier, it has a range of messages. It has the message about the one-off payment, followed by the other messages that come up—the priority aspects. Has focus of that been the result of a number of briefs that have gone through?

Mr Kalisch—It is really one major briefing around what is required in terms of the total campaign. There is also a research component as well that is being done.

Senator MOORE—We talked earlier about the fact that it was not going to follow one particular medium and that it was going to need to have a cross-media process. What has been the background to that? Is that part of the research or is that something that has already been decided?

Mr Kalisch—As we discussed a little bit earlier, there are some aspects where we have existing customers and can readily provide them with information. But there are some other aspects which require access and information to be provided to new customers. For example, the family tax benefit B tapers will mean some new customers will start receiving family tax benefit B who are not currently in receipt of that payment. We need to look at opportunities in total across Centrelink, the Health Insurance Commission and the tax office—as well as more broadly through the community—to provide people with appropriate information.

Senator MOORE—In previous discussions we have talked about the options for advertising and that the reliance on direct mail is almost a thing of the past in the current environment. Has there been any particular consideration looking at what will work and what will not for this campaign?

Mr Kalisch—That will be part of the strategy.

Senator MOORE—And the time frame for the strategy?

Mr Kalisch—It has effectively started already—the day after the budget—and will continue until 2004-05.

Senator MOORE—So the preliminary processes post budget are already part of that campaign?

Mr Kalisch—Yes.

Senator MOORE—As you know, I did have some trouble finding the documentation. Thank you for pointing it out. I was looking for an advertising campaign in the papers. How silly was that! In terms of the process, I would expect that the \$22 million has been allocated—

Mr Kalisch—\$21 million.

Senator MOORE—So \$21 million for this period—from the budget until the end of the financial year, and the bulk of it necessarily being in 2004-05?

Mr Kalisch—Yes, it is \$3 million this financial year and \$18 million in 2004-05.

Senator MOORE—And it will just be like a tube running as the money goes through?

Mr Kalisch—I think that is something that we are still working on. We are looking at the most effective way of using it.

Senator MOORE—So at this stage it is still in the developmental aspect and it is too early to ask about having access to the content, script or things like that?

Mr Kalisch—Yes.

Senator MOORE—I know we talked about this earlier, but the idea of a specific web site or a component on the FaCS Centrelink web site was always part of the strategy. Is that being worked on as part of the overall one or just part of normal day-to-day activities?

Mr Kalisch—That is something we do as a matter of course. There are other things that we might consider as part of the broader strategy, but again it is too early to predict.

Senator MOORE—In terms of finding out exactly how much things have cost as the program continues, is that something that we will be able to ask about as it goes?

Mr Kalisch—Without necessarily writing your questions for you, I would imagine you might ask those questions at additional estimates.

Senator MOORE—We have \$3 million for the period April to June. So what I will ask now is how much of that \$3 million has been spent and on what. I know you do not have those answers in front of you, but if we could have that information it will have started and then we will be back as it goes through the various stages to see how the \$21 million is going down the track. Is that okay?

Mr Kalisch—At the moment we are aware that around \$100,000 has been spent.

Senator MOORE—Mainly in research?

Mr Kalisch—No, in the advertisements in the papers the day after budget night.

Senator MOORE—And there has been no electronic component yet? I have not seen anything, but that does not mean—

Mr Kalisch—No, there has not been.

Senator MOORE—So there has only been that first round of papers?

Mr Kalisch—Yes.

Ms Curran—The web sites and whatnot were updated for the budget announcements, but there has been nothing specific in terms of an electronic component.

Senator MOORE—The web site update is an automatic part of business, so it would be my expectation that it would be, if anything, miniscule. My question was more about whether you were actually setting up a whole new program on the web site. But that has not happened.

We have asked about the family payments and we will be asking questions about the maternity payment as well. I think what we are struggling with is how you get such a wide message to the community. We are talking about a whole range of things and how you prioritise them. One of the things we talked about was how you get the mix of messages and whether a couple of different attempts are needed. That would be part of the research—so we will not go there. I have a particular question which I will read. Will families be advised of the non-budget measure to extend the time limit to lodge past period claims of FTB?

Ms Curran—Yes, they have been. There were ads in the metropolitan press on the weekend of 22 May and in the regional press on 29 May. If families had contacted Centrelink they would have received information about that as well.

Senator MOORE—So that particular advice was based purely on newspaper advertisements?

Ms Curran—Yes.

Senator MOORE—Is it the case that families who missed out in 2001-02 must claim their benefits by 30 June? What efforts are being made to contact that particular group of families?

Ms Curran—We had the press advertisements and those families who had contacted Centrelink previously have also had contact made with them. The Australian Taxation Office has also had contact through the Tax Practitioners Forum.

Senator MOORE—Had the people who had been in contact with the department, through either the hotline or other forms of contact, been noted and contacted specifically?

Ms Curran—Where they have contacted Centrelink, yes.

Senator MOORE—I now have questions particularly on the advertising strategy around compliance. I take it this is the campaign that has grown out of the discussion we had earlier about the review of compliance arrangements and the recommendation for an awareness campaign. Is that right?

Mr Hartland—Yes, that is right.

Mr Sullivan—There are two things: we had the review, and in 2002 we ran a one-year campaign around the idea ‘support the system to support you’. The evaluation of that was very positive.

Senator MOORE—That is certainly one of the things we are interested in about that particular campaign which we discussed in previous estimates. We are also interested in the impact of that and how, if at all, the new campaign will differ from that.

Mr Hartland—We have not finalised any new or different creative materials. We anticipate that broadly it would have the same type of flavour, which would be to encourage people to voluntarily contact Centrelink more often when their circumstances changed. At the moment we think it will have a similar look and feel to the campaign but, as I said, we have not finalised whether the creative materials will be substantially different.

Senator MOORE—Was there any ability to quantify exactly how much was achieved by the previous campaign? It is always difficult, but could you do it in terms of the expenditure on the campaign, the duration over which it ran and any ability to directly trace customers who then came to Centrelink as a result of that?

Mr Hartland—Yes. We did attempt to do that and reported savings outcomes to government. We did that mainly through monitoring calls to the special line that was set up as a part of the campaign as well as taking a sample of general calls into Centrelink's call services to get a sense of how many of those normal calls were caused by the campaign.

Senator MOORE—Was that through the actual interaction between staff and the customers asking a question or trying to assess it that way?

Mr Hartland—The monitoring we did for the campaign in terms of contact with Centrelink offices was really around the results of the contacts—whether people's rates were being changed, whether debts were being raised and things like that. We have talked before about some qualitative research we did that attempted to capture more of the flavour of it. I cannot recall specifically whether we asked them about their interactions with Centrelink customer service officers as a part of that.

Senator MOORE—Would the quality research then be fed into the research for the development of this next campaign?

Mr Hartland—Yes.

Senator MOORE—At this stage how far along is the campaign? You said you had not finalised it. Is it similar to the families one, being very early and nothing has been finalised, or is it a little further along than that?

Mr Hartland—I think it is fair to say that it is a bit behind the families campaign at this stage.

Senator MOORE—What is the proposed duration and timing of your particular compliance campaign?

Mr Hartland—We have sought funding for four years, so it will be quite a substantial period.

Senator MOORE—It is a large expenditure over the four-year period, isn't it?

Mr Hartland—Yes. We are anticipating expenditure of about \$4½ million a year on the media. In terms of timing, we would like the campaign to start as quickly as possible, because

it has obvious pay-offs in helping customers prevent debts, but we have not finalised just when we would be expecting to attempt to purchase space in the media and things like that.

Senator MOORE—It would be similarly a cross-media campaign, so we are talking electronic and newspaper—anything and everything that may be useful?

Mr Hartland—Yes, that is right. We will try and put in anything that moves.

Senator MOORE—The last one focused a lot on media—the previous compliance one had quite a strong media component?

Mr Sullivan—It had a strong media focus.

Senator MOORE—Prime-time advertisements, TV and so on.

Mr Hartland—Yes.

Senator MOORE—The cost-benefit is based on returns and debts that have been raised and finalised. Is that a fair statement?

Mr Hartland—Changes to people's rates, yes, and any debts that are identified as a result of the campaign.

Senator MOORE—The budget papers say that there is a savings increase in each year of the forward estimates—that there is an expected increased saving out of the proposals. Is that based on what happened with the last campaign or is the idea that it will just improve as it goes along?

Mr Sullivan—The last campaign was for only one year.

Senator MOORE—It actually increased over the year, didn't it?

Mr Sullivan—Yes. We anticipate that this one will build.

Mr Hartland—It certainly builds between the first and the second year. The savings increases after that are very small and would be mainly due to indexation.

Senator MOORE—Has any further work been done on the dissipation of savings after an advertising wave? You have the waves of advertising and you get the savings in. Has there been any work done on how those waves rise and fall and what you do to get the impetus up again?

Mr Hartland—We have seen a fall-off in customers recalled in the campaign that the qualitative research has told us about, but since the campaign has been parcelled up for some time now there is no activity that we are attributing to the old campaign at this stage. It is not a question on which I can bring some science to bear for you. Since this campaign is a longer commitment, we will be looking to make sure that we are sustaining the effect that we would want to see.

Senator MOORE—Are consultants being used for this one?

Mr Hartland—Yes, there will be.

Senator MOORE—Has that been finalised yet?

Mr Hartland—No, it has not.

Senator MOORE—So you are getting together the intent, drawing together the research from the previous campaign and before you put together—

Mr Hartland—Doing any other research that is necessary to develop the creative materials.

Senator MOORE—As your intention was to get the savings as quickly as possible, how soon do you think you will be going out to tender for the consultancies?

Mr Sullivan—You can compare this with the families one. The urgency of the families one is that we had money this year to expend. We do not have any money until 1 July on the compliance campaign. We still have to move quickly now.

Senator MOORE—And in terms of the competing demands of advertising so that the messages are not lost in other things. Hopefully, by next estimates we should have a campaign—

Mr Sullivan—You should have seen it in operation by then.

Senator MOORE—Making sure that we do not have any debts by then?

Mr Sullivan—We are all for less overpayments.

Senator MOORE—Is there any linkage between staffing numbers and staffing plans in your call centres and compliance areas linked to the proposed campaigns?

Mr Hartland—The costs in the PBS are in part for the advertising and in part for Centrelink's network and call centre staff for the increased workloads that we believe the campaign will bring to them.

Senator MOORE—Ms Vardon, on your particular need within the compliance areas and within the call centres, as it is a four-year campaign are you looking ahead that far or are you looking ahead for just a 12-month period on the staffing aspects?

Ms Vardon—We have a fairly sophisticated demand management strategy in our organisation that measures at any one time of any month what kinds of demands are likely to come in, depending on the initiatives that have been taken, the introduction of a new payment or whatever it might be. It is all measured. We staff up to the best that we can to that demand strategy. We might be required to put extra staff on. We normally anticipate it about three months ahead. The call centres are particularly good at doing that. We will staff, particularly with the non-ongoings, according to those waves as we think they are going to come through, and the call centres will project out about 18 months to two years.

Senator MOORE—Mr Sullivan, in the assessment of the previous campaign were there any indications about the staffing responsibilities and necessities that came with the different times of the advertising campaign?

Mr Sullivan—I do not think so. Again, in that campaign we basically worked through with our colleagues in Centrelink what impact it would have on their call centres and what impact it would have on the customer service officers. In such a public campaign—and Centrelink understood this—you need to be able to respond quickly if you had tip-offs coming in. I think that worked well between the two organisations, and we are expecting that this one will work just the same.

Ms Vardon—It was seen by our customer service officers as probably one of the best campaigns ever. They reported back very favourably about the customers' attitudes when they came in to report their changes of circumstances, and they have asked me on many occasions whether we could please have another one. So we are very happy that this one came through in the budget.

Senator MOORE—So this one has full staff approval?

Ms Vardon—My word it does.

Senator MOORE—The only other thing—and I do not know whether it has come out in the research—is: were there any records kept on the variation between self-assessment, or self-identification, and the dob-ins out of these campaigns? The impact of the campaign was very much on people self-identifying, but at the same time it raised awareness in the community. I am just interested in whether it led—

Mr Sullivan—It is about six or seven to one. About six or seven people reporting changes to their own circumstances to one tip-off is expected.

Senator MOORE—Is 'tip-off' a better term now than 'dob-in'?

Mr Sullivan—Yes, I think so. We expect about 100,000 changes of circumstances a year can be directly related to the campaign and about 15,000 tip-offs.

Senator MOORE—I did not get the information across client groups. Is there any variation? Can we have data on that?

Mr Sullivan—I do not think we did it across client groups. Really the only difference is between pension rates and Newstart rates. I will have a look, but I do not think we did. I think we just calculated it—

Senator MOORE—in terms of debts raised?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—I might have missed this earlier. The \$271 million gross savings—what is the basis of that estimate?

Mr Hartland—From looking at the experience of the last campaign and putting that together with what the random sample surveys tell us about whether or not customers' rates are right and by doing some modelling around likely effects of a second wave of the campaign.

Mr Sullivan—And the experience from terminating payments.

Senator JACINTA COLLINS—The experience from terminating payments? The net savings resulted from that? But you did that without actually breaking that up into client groups, other than the difference you mentioned before between Newstart and others. Is that right, Mr Sullivan?

Mr Sullivan—We will have a look at what we can get.

Mr Hartland—We have not got the figures to hand. I am just not sure whether the answer would be the same percentage across all client groups or whether we have made some

assumptions about different percentages across different payments. I am not sure of that, so we would have to take that on notice and come back to you with that information.

Senator MOORE—Ms Vardon, given the good feedback that staff members had on the previous campaign, in developing campaigns like this one—which is obviously a huge investment—are staff members, not necessarily just compliance staff but staff in the network, involved in putting ideas forward as possible campaign techniques?

Ms Vardon—Have we canvassed the staff, Phil?

Mr Richardson—I do not think we specifically canvassed views from staff. We do in the normal course of events get feedback. One of the things that we did last time, and I imagine we will do it this time, was some testing of the different approaches to the campaign, as Mr Hartland talked about earlier. There are a number of different feels you can give to the campaign. One of the options last time was to give a feel a bit like some of the campaigns that were run in the UK that had a much harder edge—‘If you do not do the right thing, you will get arrested.’ The UK ran some pretty hard edged campaigns. There was some market testing done by the people involved in putting the campaigns together, and that did not strike a chord with people. It was a bit of a turn-off and, as we were trying to get voluntary compliance, we thought that was not useful.

It was basically saying, ‘What kind of a message makes a connection with the public and what tone of advertisement has the best effect?’ You run with the different ideas and see what the results are through the testing before the campaign is finalised. Obviously, in putting ideas and alternatives together, we get some feedback from staff. We did not go and deliberately solicit particular ideas but, in framing the options, we took into account the feedback that we got from our day-to-day contacts.

Senator JACINTA COLLINS—Are you talking about the modelling that was done during the last wave?

Mr Richardson—Yes.

Senator JACINTA COLLINS—So you have not done any modelling or testing for this next program?

Mr Richardson—No, it is a bit early yet.

Senator MOORE—It is still in research.

Senator JACINTA COLLINS—It is in pre-research, by the sound of it.

Ms Vardon—Feedback from our staff, in support of the last campaign, has certainly fed the Centrelink position in relation to our contribution to the FaCS deliberations here.

Senator JACINTA COLLINS—Do you have a report on the last campaign?

Mr Hartland—We have produced a number of documents over a couple of years relating to the tracking of customers’ awareness of the campaign.

Senator JACINTA COLLINS—Could that be made available?

Mr Hartland—Yes, we will take that on notice.

Senator JACINTA COLLINS—I am interested in the nature of the modelling and what assumptions have been built into the modelling and that sort of question. It might be easier for me to understand that if I see a report on your evaluation of the last process.

Mr Hartland—Certainly. Some of the modelling about the savings estimates is the type of modelling that we produce as a result of advice to government, so we would use that information, but it would have some additional information in it.

Senator JACINTA COLLINS—I am interested in issues related to that too. For instance, how do you best optimise what you are putting into this type of campaign? Would additional money achieve even further results, or do you reach a peak where the savings you are going to achieve are compensated by the net costs that you are putting into it? Have you done any of those sorts of assessments?

Mr Hartland—Yes. The campaign savings estimates that we are expecting this time around are higher than the last campaign. I think our judgment at this point would be that there would not be a large capacity to increase them further.

Senator JACINTA COLLINS—How do the dollars being put into this campaign compare with the last one?

Mr Hartland—I am sorry, I do not know that off the top of my head. I will have to check that.

Senator JACINTA COLLINS—Do that, thank you.

Senator MOORE—In relation to your advertising campaign, which is run over four years—and I am looking at it in terms of the various campaigns that your department has done—where does it rank in terms of high-cost, middle-cost and that kind of thing?

Mr Sullivan—I do not know how we rank these things, but it is a significant campaign. It is multiple millions of dollars over multiple years, so it is significant.

Senator JACINTA COLLINS—Is the modelling that you referred to earlier internal modelling or did you contract assistance to assess the last campaign?

Mr Hartland—It is internal.

Senator JACINTA COLLINS—I will finish my questions on this campaign, and then I have a couple of questions as well on the earlier campaign, *More help for families*. The only question I have on keeping the system fairer is: are you looking at any regional targeting at this stage or is that still open?

Mr Hartland—That is still open. We want the message to be such that people in remote and rural areas would also have access to the information, but we have not gone any further than that.

Senator JACINTA COLLINS—I covered some of the questions I have on the *More help for families* advertising when we spoke about the family tax stuff, but I have some questions on the timing of the campaign. What is it to happen when? When are television, newspaper and radio ads going to run? Are you able to give us a breakdown on that at this stage?

Mr Sullivan—Other than the fact that we ran the newspaper advertisements the day after the budget, nothing has been decided in respect to timing of further activities.

Senator JACINTA COLLINS—Nothing at all?

Mr Sullivan—No.

Senator JACINTA COLLINS—That is interesting. On the creative aspect of the campaign: what costs have been incurred or are being set aside for that at the moment?

Mr Kalisch—That is something that is still under discussion.

Senator JACINTA COLLINS—That is still in the discussion stage. Are you currently using particular creative or research agencies?

Mr Kalisch—No.

Senator JACINTA COLLINS—Not for the More Help For Families campaign?

Mr Kalisch—Not yet.

Senator JACINTA COLLINS—Are you planning any public relations element to the campaign, such as displays or road shows? We had a discussion earlier about mail-outs: what about any other mail-outs?

Mr Kalisch—That gets very much to the detail that is still being discussed. There have been no decisions made on those aspects. But we are certainly looking at a variety of mechanisms that will be effective.

Senator JACINTA COLLINS—Regional?

Mr Kalisch—We are also looking at the regional dimensions.

Senator JACINTA COLLINS—Are you looking at a variety of timings?

Mr Kalisch—There needs to be some concordance with when families will be receiving the benefits and when they will be eligible for that. So we are looking at some aspects of the communications strategy that will take place toward the end of this financial year and then also some into 2004-05.

Senator JACINTA COLLINS—So towards the end of the month—the month starts tomorrow—you will be looking at some of them going out but we are still not with any particular creative or research agencies?

Mr Kalisch—Those processes are in train at the moment.

Senator JACINTA COLLINS—What do you mean by ‘in train’?

Mr Kalisch—There are some discussions happening with the government ministerial communication processes. That will lead to the engagement of research capability as well as a creative capability.

Senator JACINTA COLLINS—And none of that has occurred?

Mr Kalisch—None of that has occurred yet.

Senator FORSHAW—In relation to this campaign—More Help For Families—the budget papers say that \$21 million will be spent over the two years from 2003-04. Can I clarify that that includes the money that has been spent in the last few weeks? How much has been spent so far?

Mr Kalisch—We answered this question earlier. It was around \$100,000.

Senator JACINTA COLLINS—I thought Mr Sullivan said we had \$100,000 for this financial year?

Mr Kalisch—We had spent—

Mr Sullivan—We have \$3 million.

Senator JACINTA COLLINS—For this financial year?

Mr Kalisch—That is what we mentioned earlier.

Senator JACINTA COLLINS—So you have another \$2.9 million to spend in a month and you do not know what you are doing yet?

Mr Sullivan—We know what we are doing. We are going through a process with the ministerial group.

Senator FORSHAW—Spend, spend, spend.

Senator JACINTA COLLINS—We know we are going through a process. We do not know the outcome of the process yet but we have \$2.9 million.

Mr Sullivan—You know that until those campaigns are agreed there is no campaign. But it will be agreed very soon.

Senator FORSHAW—I do not want to go over this. I know you have answered questions on this. The \$100,000 covers the advertising to date, does it?

Mr Kalisch—Yes. That was just the series of newspaper advertisements the day after the budget.

Senator FORSHAW—Is that just for the cost of the advertising? What about the cost of having those ads prepared? Presumably, you would have used some advertising agency, or were they done in house? Where is the cost for that?

Mr Kalisch—My understanding is that they were largely done in house in terms of preparing the text. They were not flashy. They were quite factual and quite straightforward.

Senator FORSHAW—Desktop.

Ms Curran—Very frequently for press advertisements the content is drafted within FaCS and then we run it past people just to make sure that they can tell us that it makes sense from a communications perspective.

Senator FORSHAW—What does \$100,000 actually get you? I have seen some of the ads, but how many ads are we talking about?

Ms Curran—I could not tell you the number, but we do not get many for \$100,000.

Senator FORSHAW—On how many occasions would they be in the major daily newspapers?

Ms Curran—Once.

Senator JACINTA COLLINS—Are you looking at a particular regional aspect to this program?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—What would be the nature of that?

Mr Kalisch—I think it is still to be determined in terms of that, but we would certainly be looking at an effective use of regional press as well as other electronic media that operate in regional centres.

Senator JACINTA COLLINS—You are not looking at targeting particular regions?

Mr Kalisch—No. It would be the same message going out into regional areas of Australia.

Ms Curran—We would hope that some outreach activities would also be associated with the communications campaign. The nature of that is still to be worked through, but that will be important as well.

Senator JACINTA COLLINS—Does FaCS have a role with the illicit drugs campaign in terms of advertising?

Mr Sullivan—We certainly have a role and needs in respect of providing counselling services for families who have adolescents who are exposed to drugs or at risk of exposure to drugs, but that is a counselling service and not the public information campaign.

Senator JACINTA COLLINS—Who is looking after that?

Mr Sullivan—The Department of Health and Ageing is looking after the public information.

Senator JACINTA COLLINS—Who is looking after the giving, or philanthropy, campaign?

Mr Sullivan—The ‘giving more’ campaign? That may be us. From the look of things, it is ours. I think it is from the Prime Minister’s Community Business Partnership arrangements.

Ms Beauchamp—That is correct.

Senator JACINTA COLLINS—What is being envisaged with that campaign?

Ms Beauchamp—The Prime Minister’s Community Business Partnership is currently considering a giving campaign to be run later this year.

Senator JACINTA COLLINS—What is to be the nature of that campaign?

Ms Beauchamp—It targets corporations and individuals to encourage philanthropy.

Senator JACINTA COLLINS—And \$2.7 million has been set aside for that?

Ms Beauchamp—Yes.

Senator JACINTA COLLINS—When are you looking at starting that campaign?

Mr Rosenberg—It is going to start around September.

Senator JACINTA COLLINS—What mediums are you envisaging at this stage?

Mr Rosenberg—Multimedia, and TV will be a big emphasis. But, as with many campaigns, public awareness campaigns need to be backed up by on-the-ground information, so we are also producing things like special kits for businesses and the community sector.

Senator JACINTA COLLINS—Have you had any creative input at this stage?

Mr Rosenberg—Yes, there certainly has been.

Senator JACINTA COLLINS—What has been the cost of that?

Mr Rosenberg—I cannot tell you precisely what the development costs were.

Senator JACINTA COLLINS—Has any particular research been done or have any creative agencies been involved?

Mr Rosenberg—Some developmental research was done as a background to this campaign. I can get you the details.

Senator JACINTA COLLINS—Can you tell me which agency it was?

Mr Rosenberg—I should be able to do that. I will take that on notice.

Senator JACINTA COLLINS—Can you also tell me or provide me on notice the process for selecting that agency?

Ms Beauchamp—Yes, we will give you that information.

Senator JACINTA COLLINS—Please also take on notice the cost. Are you looking at any other public relations element to the campaign?

Mr Rosenberg—As I say, a range of media will be used, but it will all be coordinated around the same themes, which is to encourage not only the spirit but also the practical aspects of how people can make contributions.

Senator JACINTA COLLINS—But are you looking at any particular displays, roadshows or mail-outs as well as television advertising?

Ms Beauchamp—That is all currently being developed.

Senator JACINTA COLLINS—By this agency you are to give me the name of?

Ms Beauchamp—Yes—in consultation with government.

Senator JACINTA COLLINS—Are you anticipating any particular regional focus for the campaign?

Ms Beauchamp—I cannot tell you that off the top of my head. I would have to get that information to you. I think we are looking at more of a national focus, which would include regional areas.

Senator JACINTA COLLINS—National television advertising seems to be the main focus. Is my impression accurate?

Ms Beauchamp—It is a combination but it will be targeted nationally.

Senator FORSHAW—I want to go to the issue of call centre supplementation. As I understand it, there is \$67 million to be provided over three years. It is on page 73 of the PBS. Could you tell us what that money could be utilised for?

Ms Hagan—We had \$15 million this financial year, and we have employed more staff and had quite a significant impact on performance. As a result of that, the average speed of answers decreased by 37 per cent.

Senator FORSHAW—How many more staff did you employ?

Ms Hagan—We employed 302 since the \$15 million but we had put some on earlier—which I guess we could not afford at the time. There was a fairly significant increase in staff as a result of that.

Senator FORSHAW—Is the 302 the actual number or does that comprise full-time equivalent staff numbers?

Ms Hagan—Yes, full-time equivalent staff.

Senator FORSHAW—Is all the \$67.4 million going to be used for additional staff? Is that the plan?

Ms Hagan—That is the plan. That would help us stay at the same staffing level over the next couple of years to meet anticipated demand and keep the unmet demand at a reasonable level.

Senator FORSHAW—How many additional staff are we talking about that can be funded by the \$67.4 million? Should I assume that it would include the staff who have been funded through the additional \$15 million? Or is this \$67.4 million over and above that \$15 million?

Ms Hagan—It is keeping the staff at the current level—the ongoing costs of retaining those staff and replacing them as they leave. So it is keeping it at that level, which is around 4,700 full-time equivalents.

Senator FORSHAW—So \$67.4 million gives you the equivalent of an extra 300-odd full-time equivalent staff over three years on an ongoing basis? I want to understand what the actual impact of this is on staff in terms of numbers.

Mr Bashford—The net impact in terms of the extra capacity is about 1.95 million extra calls that we can—

Senator FORSHAW—But I am looking at what it means in terms of additional staff for the call centres. You have given me a figure—that is, that the \$15 million funded the equivalent of 302 staff. Will this additional money get you any more staff over and above those who have already been engaged.

Ms Hagan—The 300 plus the 140 that we had put on before we got the \$15 million. So we will be able to keep on about 450 additional staff.

Senator MOORE—So you will be able to maintain that staffing level?

Ms Hagan—Yes.

Senator MOORE—So with ups and downs you would be maintaining that staff?

Ms Hagan—Yes.

Senator FORSHAW—So the \$15.4 million that you received in 2003-04 has covered the cost of 302 staff? You talk about the 140 you had employed but you did not have the funds to cover it.

Ms Hagan—Yes.

Senator FORSHAW—I am trying to get to a simple understanding of it.

Mr Bashford—The measure will give us the capacity to do another 1.95 million calls. I cannot tell you exactly how many staff that is, because we have been underfunded in the past in this and we have found money from here, there and everywhere. What it now means is that we can maintain staff at this level, which is a promise to the government to have a met demand of 18 or 19 per cent.

Senator FORSHAW—I find it a bit difficult to understand how you can say that this amount of money will expand the capacity to cover 1.95 million extra calls. I cannot get a clear picture of how many extra staff that results in.

Mr Bashford—It is about 440 staff.

Senator FORSHAW—That is what I wanted to understand. Will the staff be allocated across the board throughout all centres or will there be a particular focus on certain centres?

Ms Hagan—It depends more on the business lines where the forecast is showing need—for example, families offices. We will be beefing up the family queue, and it depends on which call centres have families. Not every call centre has every business line. We would put it where the business line is that we want to beef up and where we have available seats.

Senator FORSHAW—Where are they?

Ms Hagan—I do not have the actual locations here. I have distribution by business line at this stage. But I can get the details on where that would be.

Senator FORSHAW—Would that make it any clearer for me? Tell me what that says and then I will know whether I need to ask a question.

Ms Hagan—Of the 300 we put on recently, 100 went into the families business line, youth and students got 86, retirement and disability got 64, employment services got 40 and the multilingual service got seven.

Senator FORSHAW—You would be able to provide me the details of where they are located?

Ms Hagan—Yes.

Senator FORSHAW—Can you do that for the additional staff to be covered by this extra funding?

Ms Hagan—Yes, the 440.

Senator FORSHAW—I think you have explained the basis upon which the allocation of staffing would be made, relative to the business lines et cetera, but who makes that determination?

Ms Hagan—Who determines where we put the staff?

Senator FORSHAW—Yes.

Ms Hagan—That is done within Centrelink Call. My ops manager and I make the decisions about where we can best place those staff. We have to get across the time zones, where there are seats available as we have accommodation issues and so on.

Senator FORSHAW—Does it relate to the backlog of unanswered calls? I am trying to understand how you calculate it.

Ms Hagan—It does not much matter where we place people because, if you ring the families line, you will be put through to the first available operator in Australia.

Ms Vardon—It does matter, though. If we want to increase the hours of service we want to put the calls in the families queue in Western Australia. That gives us the advantage of a 12-hour time span. That is the biggest geographical thing we are going to take into account.

Senator FORSHAW—You will provide that other detail?

Ms Hagan—Yes.

Senator MOORE—What about the other costs? We talked about staff but does that allocation take into account the extra infrastructure costs of accommodation, phones, computers, re-establishing location and all those things?

Ms Hagan—Yes. There is a component in there for property costs and telephony costs as well as for recruitment, training, team leaders et cetera.

Senator MOORE—So it is not just bodies but all the other things that go with it?

Ms Hagan—No, it is all the other things that go with extra phone staff.

Senator MOORE—What about the Indigenous call centres? Are they going to pick up staffing through this process?

Ms Hagan—They are not increasing in this round. We seem to be meeting demand reasonably well with the Indigenous call centres, so we are not planning to expand at this stage.

Senator MOORE—So none of this specific allocation is for them?

Ms Hagan—No, not out of this lot.

Ms Vardon—Although I am not going to say no. There is a big need in western New South Wales and, whilst we do not plan it now, I am not going to say no for the year. It may well be that we consider that option.

Senator MOORE—In terms of how demand operates?

Ms Vardon—Yes.

Senator MOORE—It would change, wouldn't it, in some locations?

Ms Vardon—Yes. There is a big call from the Indigenous community of western New South Wales for something responsive to a footprint which goes out from Dubbo, Moree or around there. So, whilst we have not actually got it on the table, I do not want a 'no' that will last for a whole year. We may actually move in that direction.

Senator HUMPHRIES—I have a question for the minister on the advertising campaign that was the subject of earlier questions. I have not been around as long as some of my colleagues on this committee. Have advertising campaigns like this been typical for major initiatives within Family and Community Services? Were such campaigns run under previous administrations?

Senator Patterson—I remember one about people being able to buy sandshoes or something. I remember kids tying up the sandshoes they could now buy. I think that was in

the 1989-90 financial year. If you put that into today's dollars, it was about \$18 million for promoting the initiatives and programs which included the family allowance supplement initiative. So it is not unheard of. I think there was another one on the working nation campaign, which was about \$13 million. I do not know whether that is in today's terms, but I know the other one was \$18 million in today's terms. But the working nation one with Bill Hunter was about \$13 million. I think the previous member for Lilley, Elaine Darling, defended it on the basis that people needed to know what their entitlements were.

Senator HUMPHRIES—I think the slogan they were running for that working nation one was '300,000'—or 400,000—'people have a good reason to get out of bed every morning'. You could run that now and say 1.3 million have a good reason to get out of bed, couldn't you?

Senator Patterson—I am not necessarily saying we will do the same thing, but governments in the past have used various techniques to tell people things. I remember asking questions about balloons, and I was told that balloons were purchased so that people would know what their entitlements were. That was only a very small thing—about \$8,000 if I remember correctly—but that has become apocryphal. But this major campaign for the family allowance supplement issues and other programs was about \$18 million in today's terms in 1989-90. But people need to know. They need to be informed. Somebody may quote that back to you one day—I hope in the very dark distant future.

Senator JACINTA COLLINS—Moving on to the maternity payment, could you describe how families will apply for the new maternity payment?

Ms Curran—As early as possible in July we will have a claim form available for families to claim the new maternity payment. Currently, Centrelink officers frequently go into the maternity hospitals with a little bag of goodies, including an FTB claim form.

Senator Patterson—A new FTB claim form.

Ms Curran—Yes.

Senator JACINTA COLLINS—Is this separate to the other bag of goodies? There is a Centrelink bag of goodies too?

Mr Kalisch—It is part of that bounty bag.

Senator JACINTA COLLINS—It is not really a Centrelink bag of goodies, is it?

Ms Curran—No; it is a bounty bag. That process will apply after the new maternity payment comes into effect on 1 July 2004.

Senator JACINTA COLLINS—Whilst we are talking about the bounty bag, other people using the bounty bag pay. Does Centrelink have to pay to use the bounty bag?

Ms Curran—You will have to ask Centrelink that question.

Mr Jongen—The answer is yes. I will take that question on notice. I thought I may have it but I will take it on notice.

Ms Vardon—But, yes, we do pay.

Mr Jongen—Yes, we do pay for bounty bags. I need to clarify that. The bounty bags are actually gift bags made up of contributions from a whole number of suppliers. That could include commercial organisations et cetera. We pay to have some Centrelink information material included within the bounty bag.

Senator JACINTA COLLINS—I want to ask that on Friday, when you are back, you give us the detail of how much it costs to disseminate the information that way and who it is that actually coordinates the bounty bag. The answer to the earlier question is that you will be including this material within that.

Ms Curran—And the claim form will be available from Centrelink offices and HIC offices.

Senator JACINTA COLLINS—Is that a new thing, that this information is in the bounty bag?

Mr Jongen—We have been using bounty bags, as far as I can recall, for at least 10 years. It is a very effective means of putting information into the hands of new mothers.

Senator JACINTA COLLINS—I have seen an evaluation of the bounty bags for other reasons, and one of the suggestions was that on leaving hospital is not necessarily the best time to be presenting mothers with masses of information. I was comparing that to my recollection, and I do not recall anything from Centrelink in my bounty bag, but that might be the timing of the delivery.

Ms Vardon—My daughter had a baby two years ago and she had a bounty bag with the Centrelink form in. We filled them in together while she was in hospital. It was very convenient.

Mr Kalisch—The other aspect is that attached to that Centrelink claim form is recognition that the baby has been born, so there is actually the proof that is readily identifiable so that the form can be processed quite quickly.

Senator JACINTA COLLINS—What is the proof?

Mr Kalisch—The sister who is in the delivery suite or whatever certifies that the birth has taken place. It is a sticker that goes on the form and there is no birth certificate required.

Senator JACINTA COLLINS—They charge for registration these days too.

Mr Kalisch—And sometimes that takes some time for it to be registered and then for the office of births, deaths and marriages in each state to give you a certificate.

Ms Vardon—We have the answer to your question, Senator.

Mr Jongen—I was able to rifle through my papers. The cost for a year for the inclusion of a brochure in the bounty bag was \$58,864.

Senator JACINTA COLLINS—Someone is on a good wicket. This is for a brochure. So will this cost more to add to that brochure?

Mr Jongen—At this stage the decision has not been made as to whether we put an additional product in or whether we rewrite the existing product and update it.

Senator JACINTA COLLINS—It would probably make sense to update the existing product.

Mr Jongen—I guess that that is the most likely outcome.

Senator JACINTA COLLINS—All you require after that is the nurse's certification that the birth occurred.

Ms Curran—And the child must be in the care of the person claiming for the maternity payment. The person claiming for maternity payment must meet the Australian residency requirements and must have the care of the child, so nobody can claim for the child simply because the child has been born. It must be demonstrated that the carer, usually the mother, or some other person has the care of the child.

Senator JACINTA COLLINS—How do you demonstrate that?

Ms Curran—In most cases it will be the mother, but in some circumstances there might be a foster carer.

Senator JACINTA COLLINS—I am assuming that in most cases it is assumed to be the mother.

Ms Curran—Yes.

Senator JACINTA COLLINS—They do not usually need to prove it, do they?

Mr Sullivan—It is not assumed; we ask the mother: is the baby living with you? If you are the mother and the baby is living with you then, yes, care is established.

Senator JACINTA COLLINS—So it is just a self-report.

Mr Sullivan—Yes. But if it is no to either of those questions then there is some work to go through.

Senator JACINTA COLLINS—I understand that. I was somewhat concerned a while back to discover that the process had changed and you now have to pay to receive registration of a birth, whereas in the past that was an automatic process and it was just sent to you. Obviously, some of the changes that have happened in public administration have affected births, deaths and marriages as well. Do you know, if you are looking at updating the existing product, whether the claim form will be the same as the one for the family tax benefits, or will you have a separate form?

Mr Kalisch—As Mr Jongen indicated, we certainly are looking at that aspect. We would prefer to use the same form, with some modifications.

Ms Curran—For 1 July 2004 we will have a form that is essentially the FTB form but with a different streaming process for the maternity payment, as an interim measure.

Mr Kalisch—Maternity payment is not income tested, so those receiving it will not need to fill out some of the questions that are in the family tax benefit form. We are trying to make it as easy as possible for people.

Senator JACINTA COLLINS—In your assessment so far, has the baby bag arrangement been effective?

Mr Jongen—Yes, it has been, particularly when you consider the amount of money involved—\$58,000, which ensures that basic information is provided to mothers, is a good investment from our perspective.

Senator JACINTA COLLINS—I do not argue that it is not a good investment from your perspective; I just think someone else is getting a pretty good deal from the other end, by the sounds of it.

Mr Kalisch—When you compare it with about 250,000 births a year, it is a very small cost.

Senator JACINTA COLLINS—From your end, yes. But there would also be a relatively small cost to deliver products like those that are in that bag, and if someone is making \$58,000 from Centrelink and similar amounts from the other contributors they are doing pretty well off the back of the public hospital system.

Senator MOORE—Mr Jongen, what is the coverage of the bag now? Does it go to most maternity hospitals?

Mr Jongen—My understanding is that it goes to virtually all hospitals, including regional hospitals. I have to say that \$58,000 for ensuring distribution around the country is, as I say, a good investment from our perspective. It does put our product into a welcoming environment, because there are all sorts of goodies included in the bag.

Senator MOORE—And the Centrelink form.

Mr Jongen—Yes.

Senator JACINTA COLLINS—Will the maternity payment form part of the families electronic media advertising campaign?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Do you think that is an effective use of the money, if the existing targeting is working well?

Mr Kalisch—That is one thing we are looking at in the broader communications campaign: how best to target messages for different client groups. That is certainly one of the tests that we will be placing on that communications strategy.

Senator JACINTA COLLINS—So you may end up with different targeting strategies within the strategy?

Mr Kalisch—Different submessages within the strategy.

Senator JACINTA COLLINS—How will the payment be made? Will it simply be a continuation of the existing arrangements, where an electronic funds transfer is made with the initial family tax benefit payment? How are you envisaging issuing it?

Mr Kalisch—We are certainly looking at, as much as possible, using the electronic funds arrangement. That is certainly Centrelink's preferred approach.

Mr Tidswell—We will be changing the system to reflect the new rate of maternity payment—from the \$830-odd to \$3,000—and, effectively, using that capability as of,

hopefully, 1 July. If we do not have it all in place by that date, progressively we will build up to that capability.

Senator JACINTA COLLINS—What happens to the immunisation payment? That becomes completely separated out.

Mr Tidswell—No, it does not. That is one of the critical areas. We have to keep that link going. The link for the immunisation payment will continue. What we have to do is de-link the means testing for the current maternity payment.

Mr Kalisch—So the maternity immunisation allowance, as was announced in the budget, will also become non-means tested, consistent with the maternity payment. It is a separate amount that is continuing in addition to the maternity payment.

Senator MOORE—So the immunisation payment and the maternity payment will be in the same system?

Mr Tidswell—That is correct.

Senator MOORE—But we have to get rid of the means-testing component?

Mr Tidswell—Yes, that is right.

Senator JACINTA COLLINS—Will the maternity payment be offset against any existing family assistance debt?

Mr Kalisch—No.

Senator JACINTA COLLINS—It will be a completely separate payment.

Senator FORSHAW—I understand that one of the other parts of this measure is that it would be paid to parents or mothers who adopt a child. Is it within the first 26 weeks?

Mr Kalisch—That is the same arrangement as currently applies to maternity allowance.

Senator FORSHAW—Was there any consideration given to looking beyond that and considering a longer period than the 26 weeks?

Mr Kalisch—Not that I am aware of.

Senator FORSHAW—A number of us have had some representations—as a result, I suppose, of the publicity surrounding this initiative—from some groups associated with adoption rights et cetera that maybe a longer period could be considered. I understand your answer: that it is reflecting what is already applicable. But has this been considered at all?

Mr Kalisch—I am not aware of a large number of representations being made to us about this issue.

Senator FORSHAW—There is not a large number. But that in itself might suggest that it might be worth while considering, given that this is a one-off sort of payment. It is one-off at the birth of a child and it has been suggested to me that sometimes adoption procedures might take longer than that length of time or that younger children are adopted a little bit later than at birth. But they have to confront those same initial expenses that apply normally.

Ms Curran—It was not considered in any detail. But one of the driving considerations for us was that there are currently around 210,000 families a year that get maternity allowance

and that we anticipate that around 250,000 would receive the new universal payment. In comparison to the number of families that might come through adoption, I do not know the exact numbers but my understanding is that it is in the order of some hundreds, rather than 200,000. What we were endeavouring to do—

Senator FORSHAW—I was not suggesting it was a large number. It was put more in the context of a bit of equity, if you like.

Mr Kalisch—It certainly was not part of the policy discussion.

Senator JACINTA COLLINS—But the arrangements that were previously in place for the maternity immunisation allowance had that cut off at 26 weeks.

Mr Kalisch—It was just a transferral of that.

Senator JACINTA COLLINS—So to some degree their issue was also in relation to that but it is now compounded by it being \$3,000 rather than a lesser amount. In a public policy sense, the consideration now is that, if the maternity allowance is meant to deal with the prescribed period during which usually a mother generally should not be working, in what circumstances does that then apply to an adopted couple and what would be a reasonable time frame to apply to them?

The counterargument from the people concerned was that a large proportion of babies end up being adopted after 26 weeks, and they are still required to take, usually, 12 months away from work to care for them, but they are ruled out of the payment because of that 26-week stage. That case is something that the minister might like to look at, if you have not thought of it.

Senator Patterson—I will have a look at it. I do not know whether I have got discretion, but one might argue that at 26 weeks they might be entitled to half the payment. I do not know; I would need to look at it. It is not a large number, but I do not know whether there is any discretion. We will have a look at it and see if there is any discretion.

Senator JACINTA COLLINS—Okay.

Senator Patterson—There is no discretion; you have to look at the legislation and see whether it is possible within that, or you might have to do a change. I will look at it.

Ms Curran—I think there would also be some equity issues that would have to be considered. If you were going to increase the period in which adoptive parents could claim, you could then have another set of issues around children that might change care and whether they should then be eligible for a maternity payment because the child is in their care a year or two down the track. So there is a whole series of issues that mean one could not just look at it in isolation in respect of the adoptive parents.

Senator Patterson—That is right. The other thing is, if the person has had their payment and they have only had the child for 26 weeks, have they then had in excess of what they are entitled to. They are the sorts of things you will get into.

Senator JACINTA COLLINS—That is right. I think a fairly reasonable principle, though, would be one maternity payment per child. There might be some issues then as to whether the full amount of it should remain with the first carer.

Senator Patterson—You are not suggesting an overpayment, are you?

Senator JACINTA COLLINS—Sorry?

Senator Patterson—You are not suggesting they might have had an overpayment if they relinquish the child?

Senator JACINTA COLLINS—No, I am talking about in the case of an adoption, where there would not be two payments; it would just be the one that you are talking about for that child. In the case of a change in carer arrangement, if one payment—

Senator Patterson—I just want to understand what you are saying. Are you saying that if the child is adopted at 26 weeks the adopting parents would not be entitled to any payment—

Senator FORSHAW—No.

Senator Patterson—if the mother has had one? Because if the mother has had one—

Senator JACINTA COLLINS—Yes, that is an interesting principle too; that is right.

Senator Patterson—I am saying that you would then be arguing that the mother was in receipt of an overpayment because she had been paid for what you are saying is 12 months, and she has only had the baby for 26 weeks.

Senator JACINTA COLLINS—No, I am not saying the 12 months; I am not talking about it in that 12 months.

Senator Patterson—In the context of what you were saying, when you said there should only be one payment—I am trying to get a bit of a handle on what you are saying—

Senator FORSHAW—You are trying to steal our policy, are you, as we work it out?

Senator JACINTA COLLINS—We are still in the parameters of your policy, not our policy, just at the moment.

Senator Patterson—You have sighted the legislation! If you think there should be only one payment per child—that is the conclusion you have to come to if the mother has had the payment and has not had the child for the 12 months.

Senator MOORE—It is an interesting issue.

Senator Patterson—This is always the difficult part; the very clear cases are very easy. The difficulties are always with people who do not fit into the clear cases—where custody changes or where the child is adopted. There are always these anomalies whenever you have a payment and a cut-off point like budget night. I did play with the idea of it being when you were pregnant, but how do you decide which day you were first pregnant and how do you know? Whenever you have a cut-off, there is always a difficulty around those edges—and that is a grey area. I will have a look and see what the legislation entitles me to do and whether in fact you and I might be barking up a tree, because it makes it even more complicated.

Senator JACINTA COLLINS—No, the point you make—

Senator Patterson—No, I am saying both of us could be in thinking that we can try and even this out. Maybe it just has to be that if they have adopted the child that is it—the money has already gone; one payment has gone to the parent. You cannot always make these things absolutely even, as much as we would all like to try.

Senator JACINTA COLLINS—What would happen to the payment in the case of a mother planning to relinquish a child?

Ms Curran—The legislation provides scope for a payment to be shared. There is a discretion for the secretary, and we will be developing guidelines around that so that the mother would be asked if she proposed to relinquish care of the child. The guidelines are still to be developed, before 1 July, around that issue.

Senator JACINTA COLLINS—This is partly the point: is the payment for the actual care of the child, or is the payment for the—what is the phrase for when a woman is—

Ms Curran—Maternal health?

Senator JACINTA COLLINS—There is a dreadful word for when a woman is—

Senator FORSHAW—You are not thinking of ‘confinement’, are you?

Senator JACINTA COLLINS—That is it—when a woman is in confinement. That is when that issue becomes complicated, because, yes, the woman is in confinement and, for good reason, is not working, but it does not actually link to the care of the child if she relinquishes it at birth.

Ms Curran—It is not an income replacement payment; it is to assist with the additional costs that families incur at the birth of a child.

Senator JACINTA COLLINS—At the birth? So not necessarily costs incurred in the care of the child?

Ms Curran—Around the birth, I am sorry, rather than at the birth.

Senator FORSHAW—This sounds like a stupid question, but I will ask it. What are those costs?

Ms Curran—They could be a variety of costs, such as—

Senator FORSHAW—I am thinking in the context of loss of income—you have excluded that. I assume you exclude medical costs, or are they part of the costs?

Mr Kalisch—We do not have any focus on what they actually spend the money on. But, no doubt, if you were to ask any mother or father about what happens around the birth of a child, they will say that they have quite considerable costs.

Senator FORSHAW—Oh yes; I am obviously aware of that. But you have made that comment, and one of the things that has been running through my mind while this discussion has gone on relates to the scope of what the payment is intended to cover or to compensate for. In the context of adoption, the counterargument might be that there may be no cost relating to loss of income prior to receiving the child.

Senator JACINTA COLLINS—Who was the present maternity allowance paid to? How was this situation managed under that arrangement?

Mr Tidswell—The current system is that the claim is put in for FTB and maternity allowance at the same time, and the mothers are paid at that point in time, by and large. So it is the existing paradigm sort of swept up into one process.

Senator JACINTA COLLINS—Under present arrangements, a relinquishing mother would not be receiving the maternity allowance but probably stayed on something like special benefit if they had income replacement.

Ms Curran—The relinquishing mother may have received maternity allowance, but it is the quantum of the money involved—it was \$800 as opposed to \$3,000. If it was a foster care situation there could have been some arrangements, but \$800 is different from \$3,000 and I think it becomes more of an issue.

Senator JACINTA COLLINS—So they would have received some of the present \$800?

Ms Curran—They could have.

Senator JACINTA COLLINS—Even though they may not have been caring for the child?

Ms Curran—In normal circumstances, the mother would have received the \$800, the maternity allowance.

Mr Kalisch—I suppose the distinguishing feature here is actually when they chose to relinquish the child.

Senator JACINTA COLLINS—I am asking about the situation when they relinquish the child at birth.

Mr Kalisch—If they relinquish at birth, then presumably they would not put in a family tax benefit claim or a claim for maternity allowance.

Senator JACINTA COLLINS—Which was my earlier point: that, under those circumstances, no, they would not have received payment. So the payment, in that sense, does not relate to confinement; it relates to care of the child.

Mr Kalisch—Yes.

Senator MOORE—Under the existing payment, how long after the birth can you still make a claim and receive payment? What is the process for claiming?

Ms Curran—You must be eligible within 13 weeks of the birth of the child.

Senator MOORE—So you have to formally put your claim in within 13 weeks?

Ms Curran—I just have to check this. You have to claim within 26 weeks.

Senator MOORE—Is that the same arrangement with the new payment?

Ms Curran—Yes.

Senator MOORE—So there is a limit there in terms of the time people have to make the claim, which should pick up some of the issues of decisions made.

Senator JACINTA COLLINS—We will move to the issue of family tax benefit A and B, income test changes. Will Centrelink be able to deliver increased payments as a result of means test changes to family tax benefit A and B from 1 July?

Mr Tidswell—Yes; that is our intention.

Senator JACINTA COLLINS—What changes are required to Centrelink's systems to pay these increased benefits?

Mr Tidswell—My understanding is that we need to change the rate calculator that provides the payments. On top of all the other things we have talked about today, that is one of the key things that we will put in place by 1 July.

Senator JACINTA COLLINS—Do you have other rate calculators for where tapers change?

Mr Tidswell—What do you mean?

Senator JACINTA COLLINS—Do you have other Centrelink payments where the tapers actually changed mid—

Mr Tidswell—Yes.

Senator JACINTA COLLINS—What would an example of one of those be?

Mr Tidswell—In terms of the rate calculator itself or the taper?

Senator JACINTA COLLINS—The taper.

Ms Vardon—There is certainly one relating to the Newstart with Working Credit. There is a taper associated with that. I am sure there is a taper associated with retirements. I am not an expert.

Senator JACINTA COLLINS—Is that a two-level taper? Does it move from one level to another?

Mr Tidswell—I am not sure if it is exactly the same as the FTB style of taper, but tapers are part of the social security system and payment system.

Senator JACINTA COLLINS—I am all for making things simple too, though.

Mr Kalisch—Certainly there were some reductions in income support tapers around 1995, and that would have been put into the system at that stage.

Senator JACINTA COLLINS—What would have been put into the system?

Mr Kalisch—There would have been put into the system some reductions in the income support tapers—from 100 per cent down to 70 per cent for some of the income support allowances, particularly Newstart. That would have been a comparable change to the system.

Senator JACINTA COLLINS—Are any steps being undertaken to ask customers to update earnings, and does this occur as a matter of course at this time of year, or are there special measures that need to occur?

Mr Tidswell—The arrangements are that you need to keep your income estimate up to date—if that is what you are implying in terms of family tax benefit. We continue to give that message to our customers throughout the year, and we increasingly provide the choices option to families.

Ms Vardon—We do have a philosophy of ‘every contact, every time’. To the extent that we can, at call and customer services centres we say to people, ‘Have you updated your estimates?’ I think that we actually have it being built into a script to be used at the front line, at reception where people come in. It was about to be added in.

Mr Kalisch—Centrelink also go through processes around the beginning of each new financial year, so that would be quite opportune.

Senator JACINTA COLLINS—That was my question about the coinciding, but beyond that I assume there would need to be special measures to deal with people who have presently assessed themselves out of the system?

Mr Kalisch—Yes. That is part of the communication strategy we were talking about earlier. There are some people currently not receiving family tax benefit part B in particular who will be newly eligible as a result of the increased threshold and the reduced taper.

Senator JACINTA COLLINS—You still have not decided quite yet how you are going to try and reach those people. Do Centrelink have any specific strategies, in terms of their present database, for how they will reach those people?

Ms Curran—In terms of how the system is being built, there will be two categories of FTB A families that will be impacted by these taper changes. One group is those families that are currently receiving the base rate of FTB A. Because of the change to the taper rates, they will receive a higher rate of payment. The other group will be newly eligible for FTB A because of the \$600 ongoing supplement to the rate of payment. As Mr Kalisch has said, we are going to target communication activity across the families population but, around the income estimation, updating income estimates and informing people of their rights and obligations, there will be particular emphasis placed on income estimation and the need to advise Centrelink or the FAO of changes in circumstances. With the way the system is being built, we would like to be able to identify some of those families that are newly eligible for a higher rate of payment.

Senator JACINTA COLLINS—With those two levels what is the level at which the base payment cuts out at the moment? Is it about \$30,000?

Ms Curran—It depends on the age and number of children.

Mr Kalisch—It is actually in More Help for Families, the budget document released by the Treasurer.

Senator Patterson—I think it gives you the various cut-off points—

Mr Kalisch—Certainly for a few examples.

Senator Patterson—for different children at different ages.

Senator JACINTA COLLINS—I appreciate that, but isn't it roughly around \$30,000?

Mr Kalisch—Income testing starts at \$31,000.

Ms Curran—That is from the maximum rate.

Senator JACINTA COLLINS—Yes, but I was talking about the group you started talking to me about, which is those who are just on the base rate.

Ms Curran—If you have one child under 12, the base rate would start to apply at around \$43,200. If you have more children it can get up to \$59,000. So it really does depend on the age and number of children.

Mr Kalisch—That information is on page 10 of the More Help for Families booklet. There are some scenarios with different ages and numbers of children—and similarly for FTB B.

Senator JACINTA COLLINS—So the range for the other category of those that will be eligible for a higher rate is essentially from there up, I would have thought, for that target group.

Ms Curran—The base rate would apply over a range of incomes. Then we have the second taper. I do not know whether you have this booklet.

Senator JACINTA COLLINS—I do not have it with me.

Ms Curran—There is a little graph, which you will not be able to see from there. The second group is the second part of the taper here. They are families with incomes over \$80,000.

Senator JACINTA COLLINS—That is right. The base rate level seems to have changed considerably since I last looked at it, when it must have been around \$30,000.

Ms Curran—We have the maximum rate, which is around \$30,000. Then there is the first taper, which is the taper that has now gone from 30c to 20c. Then we have the base rate and a second taper.

Senator JACINTA COLLINS—Which is now to be?

Ms Curran—It is still 30c.

Senator JACINTA COLLINS—That is right. Will families receive advice of the increased payment before it occurs? Has a letter been drafted to accompany the change in their payments?

Ms Curran—In terms of the changes to the A and B thresholds?

Senator JACINTA COLLINS—Yes.

Ms Curran—No.

Senator Patterson—I presume that, if that letter is able to be sent, information about family tax payments A and B would be included in that letter.

Senator JACINTA COLLINS—So you would combine it with the other letter that you are thinking about?

Senator Patterson—If information is going out, people will be told about the various changes—the \$600 and the other changes, I presume. I do not know; it is still to be decided. But I think people need to know as clearly as possible. Some of the material will also provide people with the new cut-off points. Brochures go out now that show people where they fit and what their cut-off points are.

Senator JACINTA COLLINS—Yes, but the issue here is that essentially there are three measures with different time points—although, as it turns out, two of them now have the same time point. There is the \$600 one-off payment and, at around the same time, changes in the amount at which they will be eligible for family tax, because of the adjustment of the tapers. Won't that occur as a matter of course? If they do not adjust their income assessment, the new taper arrangements will be applied to their current income assessment and they will get an

increase there as well. Then, in September, there will be a different reconciliation process and a second payment. And we wonder why people find the family payment system complicated! Minister, are you saying to me that you think it would be sensible to combine the advice in relation to the one-off payment with the fact that people may well get an adjustment to—

Senator Patterson—That would be considered depending on the timing and on whether it is possible to identify families and send the letter; all those things have to be taken into consideration.

Senator JACINTA COLLINS—‘Yet to be determined’ is probably a summary of the answer to that one, then. People may well find they get an increase in their family tax and not necessarily understand why.

Ms Curran—The communications campaign is still in development, as we have mentioned, and that will be an important part to explain to people that the rates and tapers have changed.

Mr Tidswell—From July we will start to put in place all the changes that we have talked about here and put the communications products into the suite of products that we have available so people will have ongoing access to that information.

Senator JACINTA COLLINS—I think I have finished on the implementation of family tax A and B.

Senator MOORE—Mr Tidswell, could you provide a list of what changes are going to happen to the family system and when?

Mr Tidswell—Yes, we can get that.

Senator MOORE—It would be good to have them listed, because a number have been mentioned. Some of them cross over, but it would be useful to see what you are changing in your system and when it is happening.

Ms Vardon—Let me clarify that. Do you want to know when each thing is being introduced?

Senator MOORE—That is right.

Mr Sullivan—The usual occurrences like indexation also have to be mapped on.

Senator MOORE—I would like those as well, because they give an indication of what stress the system is under and the expectations we have of it.

Senator JACINTA COLLINS—There will be an indexation increase on 1 July as well.

Senator MOORE—Absolutely.

Senator Patterson—There is a lot happening.

Senator FORSHAW—Can you tell us how the delivery of the one-off carer bonus, the \$1,000, is going? This is due to be paid in June, which starts tomorrow.

Mr Sullivan—Again, this involves a special set of programs being written by Centrelink staff to extract the payment details. We expect it to be made in the latter half of June.

Senator FORSHAW—How many people are we talking about?

Ms Winzar—The \$1,000 bonus will go to around 89,000 carers who are in receipt of carer payment. There are almost 200,000 carers in receipt of carer allowance—

Senator FORSHAW—Which is a separate initiative.

Ms Winzar—That is right.

Senator FORSHAW—That is going to come into operation next year, isn't it?

Mr Sullivan—No, this year.

Senator FORSHAW—I am sorry I interrupted you, Ms Winzar, but I want to go through each one step by step. You were talking about the carer payment.

Ms Winzar—There are around 89,000 carers and they will receive their \$1,000 bonus late in June.

Senator FORSHAW—How is that paid?

Ms Winzar—Through Centrelink as a direct credit into their current accounts.

Senator FORSHAW—Are they going to be advised of why they suddenly have this extra money in their bank accounts?

Ms Winzar—We are still exploring the communications angles, but my understanding is that one of the elements that is being examined is an insert in the next edition of *Disability and Carer News*, which will alert them to the bonus payment.

Senator FORSHAW—When will that be published and received?

Ms Winzar—That is a good question. I will have to take the exact time on notice, but I believe it is within the next six weeks or so.

Senator FORSHAW—That could be after they have received the payment.

Ms Winzar—Yes.

Senator FORSHAW—Has that been the subject of any advertising so far?

Ms Winzar—No, it has not.

Senator FORSHAW—So the people who are eligible are those who are already in receipt of carer payment. Is it possible that, just as we have heard with the family tax benefit one-off payments, there could be others who might be somehow found to be eligible or is it a distinct, finite group being targeted here?

Ms Winzar—We are trying to target those who have reasonably substantial care responsibilities, either through carer payment or carer allowance receipt, and the bonuses will be paid to those who were receiving those payments on budget night.

Senator FORSHAW—Did you want to also cover the carer allowance payment, which is \$600, isn't it?

Ms Winzar—That is right.

Senator FORSHAW—Did you want to say anything about that at this point?

Ms Winzar—It is the same principle.

Senator FORSHAW—So the same answers apply with respect to that payment?

Ms Winzar—That is correct.

Senator FORSHAW—How many people are in receipt of carer allowance? I think you might have given me a figure before, sorry.

Ms Winzar—There are around 190,000 carer allowance recipients. By way of clarification, that is carer allowance paid in respect of adult care recipients. On top of that there are around 110,000 carer allowance recipients who care for a child.

Senator FORSHAW—Will any carer receiving any other social security payment be eligible for this one-off payment?

Ms Winzar—Many people who receive carer allowance are also receiving another income support payment—a carer payment or perhaps an age pension, or any other sort of payment. They will get their \$600 bonus if they are also receiving carer allowance.

Senator FORSHAW—Was Centrelink asked to provide the department, or anyone else for that matter, with an estimate of eligible customers in the development of this measure?

Ms Winzar—I do not believe that Centrelink was asked to, but we have regular data on the number of carer payment and carer allowance recipients.

Senator FORSHAW—Have those two estimates of 89,000 and 190,000 been revised at all in the development of this measure and/or since it was announced in the budget?

Ms Winzar—No, the number of carer providers has not been revised. I think there may have been some confusion about the number of people who attract carer payment—that is, they need care—and the number of people who actually provide that care, because we do have some carer allowance recipients, for example, who might care for two children with care needs.

Senator FORSHAW—Is there any proposal to look at a direct mail advice here in the same way as potentially could be used for family tax benefit?

Ms Winzar—Not that I am aware of.

Senator FORSHAW—If it was happening, you would be aware.

Ms Winzar—I would hope so.

Senator FORSHAW—So the plan here is to just alert people to the fact that the payment is being made and beyond that nothing more will be necessary?

Ms Winzar—That is my understanding, yes.

Senator FORSHAW—I will ask this question now but it may be more pertinent to ask it at a later stage in the proceedings. There are also the expanded eligibility criteria for the carer allowance, which are noted at page 58. What is happening with regard to providing information to people about that?

Ms Winzar—With respect to expanding the eligibility criteria for the carer allowance, and this is particularly about removing the co-residence requirement and for those carers who do not live with the person—

Senator FORSHAW—That is a whole new group of people.

Ms Winzar—That is right—when a certain level of care is required. To give effect to that, we need to change the legislation. At the moment we are in the process of finalising the instructions for that legislation, which will be introduced later this year. The start date for that measure is April next year.

Senator FORSHAW—Where did the figures of \$1,000 and \$600 come from? Was there any particular methodology? The \$600 seems to be a bit of a familiar figure already. I am wondering about the \$1,000. That is a figure that has been paid out in the past as a one-off payment but for different recipients. Why is there a difference between the two?

Ms Winzar—I am not sure that there is any particular science to the amounts of \$1,000 and \$600.

Senator FORSHAW—Minister, would you care to comment?

Senator Patterson—The thing is that when you have run a budget in a way that means that you have a dividend and you are not paying almost \$6 billion in interest, there are various groups that you can assist—sometimes on a long-term basis and at other times on a one-off basis. It was a decision that carers need a carer payment and carers getting the carer allowance would get assistance on this occasion. The cut-off point for the amount is always arbitrary—it is what you can afford. But let me just say that you can afford things when you have paid back \$70 billion worth of debt and you are not paying almost \$6 billion of interest.

Senator FORSHAW—Thank you for the lecture. But I question—

Senator Patterson—I just thought I would remind you of why we are able to do it.

Senator FORSHAW—My question was: was there a particular reason that the carer payment, the one-off bonus, is \$1,000 but the carer allowance is \$600? They are both being paid under the same initiative.

Senator Patterson—The carer payment is in recognition of a person usually who is of working age. It is also has an income and asset test associated with it.

Senator FORSHAW—Yes.

Senator Patterson—The carer allowance is across the board for people who are caring for someone for 20 hours a week—if the person has been assessed as requiring 20 hours a week of care. It has been deemed that those people who are of working age and who are in many cases not working because they are caring should receive a slightly higher payment. Some of those people are in receipt of both the carer payment and the carer allowance, but it was a decision that was made. Whatever decision you make will always be arbitrary—whether it is \$600 or \$700. What I think is tremendous is that those people's contributions have been recognised and we have been in a situation where we have been able to do that.

Senator FORSHAW—I think you understand what I am getting at, Minister. I am not asking this question in any critical way; I am just trying to understand if there was some logic to having two levels of payment. Given that other payments that are initiatives in this budget are one-off payments—such as in the family tax benefit area with the \$600—and this is a one-off payment that is being made, I just wondered why it was decided that one group should receive a higher payment than the other. I appreciate that there is a difference between carer payment and carer allowance, but there is a difference between eligibility for family tax

benefit A and eligibility for family tax benefit B and there is a difference between what applies this year and what applies in next year's budget. That issue did not seem to lead to different amounts being provided in that area, so I am wondering why it is the case here.

Senator Patterson—It is because the carer payment is income and assets tested and the carer allowance is not. The thing is that the vast majority of people who are on a carer payment are of working age. So it is assumed that many of them, in lieu of working, are involved in caring for someone. Some people on carer allowance who are of working age could be on a higher income or they may be on an age pension. There are different conditions for people on carer payment in terms of portability et cetera.

Senator FORSHAW—What you are saying is that there is an argument that one group might be or would be deserving of more given their particular income circumstances. That is what you are getting at, isn't it?

Senator Patterson—The fact is that they are usually younger. Not all of them are; there are a small proportion of people over 65 who are on carer payment. But the vast majority of people on a carer payment are of working age and, if they were not caring, could have significantly more income than they do on a carer payment.

Proceedings suspended from 3.19 p.m. to 3.39 p.m.

Senator JACINTA COLLINS—We are moving now to those areas working principally for FaCS budget and non-budget measures. We will start with the Stronger Families and Communities Strategy. That might help you decide what company you want, Mr Sullivan.

Mr Sullivan—That is helpful. On this one I need company.

Senator JACINTA COLLINS—Ms Casey is here. I heard Ms Casey had moved somewhere else.

Mr Sullivan—Not yet. It depends on whether you give her the tick—not the flick—from this one.

Senator JACINTA COLLINS—What is the tick for? I am not able to ascertain what it would be for.

Mr Sullivan—It is for good performance.

Senator JACINTA COLLINS—No—to move to where?

Mr Sullivan—Dawn is going to move to our ministerial and executive support group.

Senator JACINTA COLLINS—To improve the quality of advice to the minister?

Mr Sullivan—It is part of the strategy of getting our answers to you quickly.

Senator JACINTA COLLINS—When the government announced the refunding of the Stronger Families and Communities Strategy, the Prime Minister's press release of 7 April claimed that record funding was being allocated. However, I find it difficult to find in the budget papers where the new funds are. Perhaps Mr Kalisch or Mr Sullivan might like to give us some indication of where this record funding is provided.

Mr Kalisch—It was in the forward estimates for the Stronger Families and Communities Strategy.

Senator JACINTA COLLINS—So it is just the forward estimates?

Mr Sullivan—I think the \$200-plus million for the Stronger Families and Communities Strategy was included in the forward estimates. It was a lapsing program, then an additional amount of money was committed to the Stronger Families and Communities Strategy, which was announced pre-budget. In terms of a budget measure, it did not add new money because it was announced in April and the budgets are therefore then adjusted upwards.

Mr Kalisch—For example, when the first Stronger Families and Communities Strategy was announced, it was announced as a program costing \$240 million over four years, and this program when announced will cost \$365.8 million over four years.

Mr Sullivan—And the Prime Minister, in his speech at the launch, made the distinction that it was a recommitment to the existing money plus new money.

Senator JACINTA COLLINS—Yes, but I am a bit confused about the new money, because there are some things that were not previously part of stronger families, which were other non-recurrently funded programs, that are now part of stronger families. A big case in point is the in-home care program, that is now counted as part of this \$365 million—or am I wrong there? Was the original in-home care announcement of 2001 part of stronger families?

Ms Casey—It was. The in-home care funding was part of the initial stronger families package. Then the funding moved into the child-care broadband funding for us to administer. So it has been part of the child-care broadband, but it was announced as part of the stronger families—much the same as it is now. It is announced as part of the stronger families package, but it is administered and managed through the child-care support program.

Senator JACINTA COLLINS—But the cost of it is part of that \$365 million?

Ms Casey—Yes.

Senator JACINTA COLLINS—Does that include the cost for the CCB related to in-home care? Is that also part of the \$365 million?

Ms Casey—Yes.

Senator JACINTA COLLINS—When I try to understand what is happening with the CCB, I need to look not only at that line in the budget but also at what comes under stronger families as well?

Ms Casey—Yes.

Mr Kalisch—This is one of the challenges of understanding budget papers but, as was mentioned on page 87 of the PBS, the \$365.8 million includes funding through the child-care benefit as well as the longitudinal study of Australian children. So that is part of that funding.

Senator JACINTA COLLINS—Yes, and a few other elements. Did the original \$240 million over four years include the original in-home care costs?

Mr Kalisch—Yes, for that four-year period, 2000-04. What is announced in here is the spending on in-home care and other measures. That takes place from July 2004 onwards, so it is not double counting. It is new money and extra money.

Senator JACINTA COLLINS—Is your argument that the new money is \$125 million?

Mr Kalisch—It is the additional over the \$240 million.

Senator JACINTA COLLINS—Can you provide us with a breakdown of where this \$365 million has come from?

Mr Kalisch—Yes. There is \$110 million over four years for the communities for children element; \$70.5 million over four years for the early childhood invest to grow component; \$60 million over four years for the local answers service component; and \$125.3 million over four years for choice and flexibility in child care.

Senator JACINTA COLLINS—That is the breakdown of where it is going to. I am asking where it has come from. Has it come from unspent funds, redirected funds, additional funds—

Mr Kalisch—It has come from consolidated revenue.

Senator JACINTA COLLINS—Directly from consolidated revenue, additional into FaCS?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Has any program or service been discontinued or has any program whose funding was lapsed not been re-funded?

Mr Kalisch—That is a process that is still ongoing. We are currently engaged in a process for considering those local initiatives that will be funded from July 2004 onwards and special arrangements were put in place to ask those projects that had funding that was going to cease around June this year or soon after to put in a further bid if they wanted further funding to be considered.

Mr Sullivan—You have to remember that in Stronger Families and Communities Strategy funding it was made very clear that there would be one-off funding. In fact, an applicant for funding was asked to show us why they would not be dependent on recurrent funding. So there was no project being terminated which was funded but no project necessarily had a view that the one-off Stronger Families and Communities Strategy funding would go on.

Senator JACINTA COLLINS—Is it fair to say, though, in response to Mr Kalisch's earlier point, that in seeking further funding if they do not fit the new focus on early childhood their prospects are not great?

Mr Lewis—The local answers stream is not just about early childhood; it is about a range of measures, including many of the areas of interest in the first phase of the strategy, including volunteering, mentoring and community development more broadly. So it is not just about early childhood.

Senator JACINTA COLLINS—No, but most of mentoring—no, that is not necessarily early childhood.

Mr Kalisch—Certainly the strategy as a whole has been refocused around early childhood, but I think, as is suggested by the term 'refocusing', it was not sort of dominated by just early childhood. There is this component that is going to have a bit more flexibility.

Senator JACINTA COLLINS—Okay. When we look at trying to understand again what element of it is in a sense new money, and we look at my favourite, the in-home care example,

the original commitment to in-home care was actually 7,700 places. This measure is only going to deliver just over 4,000 places. There are still another almost 4,000 places that simply will not be delivered. Is that the case?

Ms Casey—No, that is not correct. We did actually advertise for an additional 1,000 places now, and once those have been allocated we will continue to have rounds until we meet the 7,700 places that are available.

Senator JACINTA COLLINS—But do the costings in this budget show that?

Ms Casey—There has been an increase in the allocation. The previous budget allocation was \$48.85 million. We now have \$103.982 million in in-home care, of which \$73.008 million is for the child-care benefit and \$30.974 million is for the child-care support program for in-home care.

Senator JACINTA COLLINS—Take me to where in the budget papers further than the first extra 1,000 places have been provided for.

Ms Casey—In the budget papers it says, in the funding commitment that is there, that the government when it first announced the in-home care program allocated 11,700 places. Over the last four years we have slowly rolled out those places, as the program was taken up and services were able to provide the service. To date, we have got about 4,000 places.

Senator JACINTA COLLINS—Is that 4,000 with this recently announced extra 1,000?

Ms Casey—There are 4,408 on a currently approved in-home care basis.

Senator JACINTA COLLINS—Does that include the current 1,000?

Ms Casey—No. On top of that, we have now advertised for a further 1,000 places, which would be available. Should those 1,000 places be taken up and allocated out, we would have additional funds over the remaining four years for the remaining places that would be available.

Senator JACINTA COLLINS—I am a bit confused here. At the last round of estimates we were at about 3,000 places. There were about another 2,000 places added onto that, and then the extra 1,000 that were announced in this budget. Where did the extra 1,000 materialise from?

Ms Casey—The extra 1,000 places are just part of the 7,000. We did not get additional places. We got some additional funding.

Senator JACINTA COLLINS—So you got additional funding. The last time we had this discussion you said to me that you had, in a sense, massively miscalculated the cost of providing in-home care and, for that reason, there was not scope to allocate additional places.

Ms Casey—I think I said that the in-home care program had proven to be a more costly program than the additional budget estimates had been.

Senator JACINTA COLLINS—When I asked when might there be further places allocated, I think the answer back then was that there was not scope for them to be.

Ms Casey—I understand that we would have said that it is part of the lapsing program. We did have some places that were available to be allocated, but services were reluctant to take

them up because we were only able to offer funding for six months. The services that had applications in declined to pick up the funding agreement for six months. Once we knew that the budget commitment had been made, and we had funding for a further four years, we were able to offer those services that were waiting for funding over a two-year period. We knew that we had the funds available then to continue to have that service operational for a longer period of time.

Senator JACINTA COLLINS—So it is still a lapsing program?

Ms Casey—It is still lapsing.

Mr Kalisch—But in four years time, in June 2008. There is four financial years guaranteed funding. You will find a lot of the information that you are seeking in the documentation that was provided at the time that this program was announced.

Senator JACINTA COLLINS—Yes, I know. I have read that. But that was not sitting, then, with an update on additional places that had been provided since the last time we discussed in-home care, and I have now learnt that an additional release of places was made.

Ms Casey—Can I clarify that that was not places additional to the 7,700.

Senator JACINTA COLLINS—I understand that—additional to the last report I had, which was at about the 3,000 level—so 4,200 are presently allocated?

Ms Casey—It is 4,408 places, and 79 service providers.

Senator JACINTA COLLINS—Add to that the extra 1,000—

Ms Casey—That we just advertised for.

Senator JACINTA COLLINS—and that brings you to 5,408. When do you think you might be in a position to deliver the full 7,700 advertised as being funded in 2001?

Ms Casey—We would be monitoring the funding arrangements for the current 1,000 places, but we have not had a huge—

Senator JACINTA COLLINS—Why?

Ms Casey—Once we have allocated those 1,000 places out and looked at the expenditure that we have been allocated for this financial year, if there is additional funding available this financial year, we will be able to go out again for another round. If not, we would be doing it in the following financial year. So we will continue to roll out places as they need to come. But at the moment we do not anticipate receiving more applications than the 1,000 places we have advertised.

Mr Kalisch—I think that is the aspect that also needs to be understood: if there is no great need for more places other than what we have in the marketplace, there is no point in trying to spend more money on places that will not be used.

Senator MOORE—Do we know the current demand for in-home care, Ms Casey?

Ms Casey—We know that there are some on hand—a couple of places that were waiting because they did not want to take a short-term agreement. Applications have closed for the 1,000 new places. They are currently being assessed by our state and territory officers. I have

not yet received an indication of what that demand has been, but we do not anticipate that it will be more than 1,000 places.

Senator JACINTA COLLINS—Do we have a forward estimate over four years of achieving the 7,700 places?

Mr Kalisch—I think we need to be reasonable about that 7,700 number.

Senator JACINTA COLLINS—I think people are being very reasonable, since it was promised in 2001.

Mr Kalisch—But I suppose the point we are also making is that, if there is no great requirement for that 7,700 figure, there is not much point in funding that number of places. We would prefer to use the funding in other parts of child care where there is more need.

Senator JACINTA COLLINS—Mr Kalisch, one of the problems in the last discussion we had on this program, where we were being advised by people wanting to provide services, was that it took something like two years to get approved places. If you have a credibility problem with the program now because of the previous administration and the funding arrangements involved with a lapsing program, it is not necessarily a measure of poor demand that is at issue here.

Mr Kalisch—But the aspect, as Ms Casey mentioned, is that we are currently testing the market through an advertisement process. That will give us a good guide to it. If at the end of that robust process we understand that there are only a further 1,000 places needed—or 1,500 or whatever the number is—that is then an appropriate guide as to what we should fund.

Ms Casey—Demand in some areas has been much lower than expected. For example, the Northern Territory, the ACT and South Australia have sought no places at all through this program. It is a very specialised type of care that the service provider needs to provide, and some of the allocations were held back because we needed to ensure that services were in a position to provide the quality care that was required under this program. The demand has been lower than we anticipated. We are not holding back more than 1,000 places; we are going out with 1,000 to see if there is demand for 1,000. If the demand is there and they all meet the eligibility criteria then we would certainly be allocating those places.

Senator JACINTA COLLINS—The holding back was what related to earlier criticisms about how the program was being administered. I am seeking to understand how you are hoping to move from here. One of the other criticisms earlier in the program was that funding was being allocated to too small a service provider, so that the arrangements were essentially unviable as well. I noticed at the last round that there were allocations being made of 12 places here and 20 places there and still very small services for service providers to be seeking to work with. Have you come across that concern?

Ms Casey—Some of those places would have been additional places to services that started off with small numbers, became viable, established their market and were seeking additional places. I would need to check the data, but I think the majority of the current places that have been rolled out in the last financial year have been additional places.

Senator JACINTA COLLINS—To existing service providers?

Ms Casey—To existing services, yes. I guess one of the reasons we delayed approving some of the applications was to ensure that the service provider was able to become viable and meet the needs of parents and establish itself. They do get some up-front funding and we found that in some cases we gave up-front funding and then they decided that they could not provide the service and pulled out. So we needed to go through a fairly extensive and rigorous process to ensure that the services were able to provide that care.

Mr Kalisch—One other aspect is that one of the particular groups that are targeted as requiring in-home care are those living in rural and remote areas, where centre based care often is not a viable option, because of the distances that people need to travel. So in that instance you would not expect there to be large numbers of places that would otherwise be available.

Senator JACINTA COLLINS—I understand that element of the program. I am still trying to understand, in terms of what is in the budget papers, how many places have been provided for. Is it just the 1,000 at this stage?

Ms Casey—No. We have been provided with funding over the four years to cover the 7,700 places that either have been rolled out—

Senator JACINTA COLLINS—In a phased approach.

Ms Casey—In a phased approach.

Senator JACINTA COLLINS—So you may not get to 7,700 until the last funding year, but the forward estimates accommodate reaching those 7,700 places?

Ms Casey—Yes.

Senator MOORE—Ms Casey, would you have any idea of how many potential places were lost because providers were not prepared to take on a funding program that was going to be shorter than 12 months?

Ms Casey—They were not actually lost. We just—

Senator MOORE—Opportunities not taken up.

Ms Casey—I suppose I know none of them. They held off until we had notified them that we were in a position to offer them a two-year contract, and they have now taken those contracts up.

Senator MOORE—What kinds of delays were there?

Ms Casey—These were just the applications that we had in hand. My understanding—I do not have the exact numbers—is that there were very small numbers of services that had been approved just prior to the program lapsing, and we were only able to offer them that six months. My understanding—and I can confirm that—is that all the services that declined to take the six months have now taken the full contract up.

Senator MOORE—With the confidence of the four years?

Ms Casey—Yes. So no-one has actually lost the opportunity.

Senator JACINTA COLLINS—Going back to the more general, using that one as an example, has any program or service been discontinued or has any program whose funding has lapsed not been re-funded at this stage?

Mr Kalisch—Is this about the general—

Senator JACINTA COLLINS—Stronger Families.

Mr Kalisch—I think that goes back to the answer I provided. They were given an opportunity to put in in the current tender round, and that is currently being considered. That is for those projects that have funding that would otherwise cease on 30 June or soon after that. So they still have funding now—

Senator JACINTA COLLINS—Until 30 June.

Mr Kalisch—until 30 June that they know for certain, and they are in a tender process if they chose to be part of that process.

Senator JACINTA COLLINS—Did any not?

Mr Kalisch—I am not sure about that. I think probity dimensions might restrict the giving of that answer.

Senator MOORE—You said that special arrangements were put in place to advise people who are receiving current funding about the opportunity to be re-funded. Can you tell us what those special arrangements were? In particular, how did you phrase the message? You said that you had made a considerable effort as a department in warning providers that programs were of a limited length, that this was a one-off and all that kind of stuff. I am interested in how you go back to the same group and say, ‘You now have an opportunity again.’

Mr Kalisch—Mr Lewis can answer that.

Mr Lewis—I might answer that in a number of parts. First of all, we wrote to every single existing project.

Senator MOORE—How many were there?

Mr Lewis—There were 400. These were all projects that were going to finish funding particularly between April and September. They were of particular interest. We notified them by email or letter in April that the funding round was going to be undertaken and that it would be closing on 14 May. We are still in a tender assessment period at this time, so no decisions have been made and we cannot really talk about whether they have applied, obviously, at this stage. We also had public ads in the national newspapers for briefing sessions in all state capitals and we undertook public briefing sessions in all of those capitals over a period of two weeks. We also produced a video of the briefing sessions, which was available for those who could not attend. We have a web site with every question and answer of a general nature that we could put up, to allow those who could not attend but who had specific questions to access and ask questions about the process. So there were a number of ways in which we tried to address that issue.

Senator MOORE—Do you feel confident that all 400 projects received your message?

Mr Lewis—That is hard to answer.

Mr Kalisch—It is not to be confident, but certainly from what Mr Lewis explained we went through a very thorough process.

Senator MOORE—Were your public meetings in the capitals well attended?

Mr Lewis—They were very well attended.

Senator MOORE—In all capitals?

Mr Lewis—In all capitals. They ranged from 120 to 200 people. We have a hotline in addition to the web site, which has all the information which was made public at those briefing sessions.

Ms Casey—Can I clarify in relation to your question about programs that may have lapsed or not received funding. There was one program, the private provider incentive scheme, which has not lapsed and which has changed in its scope to become the long day care incentive program.

Senator JACINTA COLLINS—The PPI was funded at what level? We have the new long day care incentive program, which is now 12.3, off the top of my head.

Ms Casey—The new long day care incentive scheme is 12.78.

Senator JACINTA COLLINS—What was the earlier PPI?

Ms Casey—I will have to come back to you on that one.

Senator JACINTA COLLINS—There was some underspending involved in that as well but I am interested in what its original estimates were.

Ms Casey—I thought we did fairly well on that one but I can confirm that fairly quickly for you.

Senator JACINTA COLLINS—No; I think you had delays getting projects happening.

Ms Casey—We did have some services that were delayed in getting up and established, yes, but overall it was a very successful program.

Senator JACINTA COLLINS—While we wait for you to tell us how much the earlier PPI was, perhaps you can clarify for me the DAS—

Ms Casey—The disadvantaged area subsidy.

Senator JACINTA COLLINS—as it pertains to long day care and how much money previously resided with that program and what its future is with this new long day care incentives program that also has scope to incorporate not-for-profit services. A bit of a smoke-and-mirrors appears to be occurring here.

Ms Casey—That is one of the reasons why the minister went through the redevelopment of the child care broadband, and the disadvantaged area subsidy is part of the announcements that will be made under the new child care development program.

Senator JACINTA COLLINS—On Wednesday night?

Ms Casey—Yes.

Senator JACINTA COLLINS—But that surely does not preclude your telling me now whether—

Ms Casey—If a private provider or a community based provider receives funding under the long day care incentive scheme they are not entitled to any funding under the disadvantaged area subsidy.

Senator JACINTA COLLINS—Yes, but does this new long day care incentive scheme envisage replacing the old disadvantaged area subsidy as it applied to not-for-profit long day care?

Ms Casey—No. It is a different type of program. The focus of the long day care incentive program is really on rural and remote and urban fringe areas now.

Senator JACINTA COLLINS—Or now urban fringe. I was bemused to see—I think it was in the PBS—the PPI being described as having an urban fringe element that I was not aware of earlier.

Mr Kalisch—I think we described that as one of the differences—the PPI did not have the urban fringe element but this new long day care incentive scheme does have it.

Senator JACINTA COLLINS—I will come to it a bit later. I thought the terminology was a bit confusing, given that the urban fringe was a new element.

Mr Kalisch—Perhaps we have not clarified the description as much as we should have.

Ms Casey—This is a program in its own right. It is a limited program. It is available under the new guidelines and under the old guidelines only where there is a need for a long day care centre in an area of high demand. They get this type of funding, as opposed to the DAS funding which is available for very remote areas. It is available where there are other services available in the community. There are different requirements in order to receive DAS funding as it stands at the moment.

Mr Kalisch—The broad answer to your question is that there are a number of ways in which we can try to assist the market to provide places for long day care where there are fewer places than there should be. This long day care incentive scheme is one strategy but there are other elements of the child care support program that contribute to that.

Senator JACINTA COLLINS—What I am trying to get a handle on—this is a good example of how this applies pretty much across Stronger Families—is what element of this is new money. Ms Casey is going to come back to me about what the old PPI was funded for but this program replaces PPI and I am still in the air over whether DAS is going to continue post Wednesday.

Mr Kalisch—The one thing I can say in advance of those announcements relates to the SFCS component. PPI funded a certain number of child-care centres—and we will get you the number—and contributed to the establishment of that number of child-care centres. What this new money does is contribute to the establishment of an additional 25 long day care centres.

Senator JACINTA COLLINS—It replaces a lapse in programs.

Mr Kalisch—It is an additional 25 centres that will be funded now as a result of this announcement. PPI contributed to the funding of a further number of child-care centres in the previous four financial years.

Senator JACINTA COLLINS—Had PPI continued, would it have funded a certain number of child-care places in future years?

Mr Kalisch—If it continued, it would have contributed to the funding of a number of additional child-care centres in addition to what it had already funded in the last four financial years. So we have a certain number of centres that were done in 2000-04—this funding allows us to fund 25 additional centres.

Senator JACINTA COLLINS—Yes, some of which PPI would have funded if it had continued as a program.

Mr Kalisch—Theoretically.

Ms Casey—PPI only goes for two years.

Senator JACINTA COLLINS—I understand that. So each two years there is another—

Mr Kalisch—There is another number of centres.

Senator JACINTA COLLINS—Precisely; that is the point I am trying to make. So it is, to some degree—and we are yet to establish the degree—smoke and mirrors to say that this is all new money, because you are replacing PPI.

Mr Kalisch—It is all new money. It is quite clear.

Senator JACINTA COLLINS—That is only because you would describe PPI as a lapsing program.

Mr Kalisch—It is because the money that is used for PPI has funded a number of centres. That funding has expired because it is not required for later years.

Senator JACINTA COLLINS—It was a lapsing program.

Mr Sullivan—It was a terminating program, I think, so it so had no more money.

Senator JACINTA COLLINS—When was PPI first established?

Mr Kalisch—It was established as part of the first Stronger Families and Communities Strategy.

Senator JACINTA COLLINS—So it is in the same category as the in-home care. It failed to deliver the number of places that were originally paraded and has now been rebadged as another program.

Mr Kalisch—I think Ms Casey said that we thought it had reached, broadly, the number of places that was originally anticipated.

Ms Casey—It has.

Mr Kalisch—We have also extended the reach into the community sector, as you have said, and also into the urban fringe. So there are some significant policy changes as well.

Senator JACINTA COLLINS—Can you clarify for me whether it will have an impact on DAS?

Mr Kalisch—We can probably clarify that after Wednesday night.

Ms Casey—Can I clarify what you mean by ‘have an impact on DAS’?

Senator JACINTA COLLINS—In the past, subsidies for not-for-profit centres were available through DAS.

Ms Casey—Yes.

Senator JACINTA COLLINS—Now, subsidies for not-for-profit services will be available through this scheme. You are able to be quite clear that PPI will no longer be available. I am asking whether DAS will be.

Ms Casey—One of the priorities that was highlighted in the consultation around the redevelopment of Child Care Support Broadband was around support for services in rural and remote areas. That is an issue that has been looked at in the redevelopment and will be announced later this week.

Senator JACINTA COLLINS—Yes, so at this stage it is very difficult to understand how much of this program is new money, because you cannot tell me whether the extension to not-for-profits will have an impact on other not-for-profit programs.

Ms Casey—It will to the extent that, if I am a not-for-profit provider and I want set up a service in a rural and remote area or an urban fringe area, and I apply for Long Day Care Incentive Scheme funding—and I am accepted—I will be given the funding that is available under that model.

Senator JACINTA COLLINS—Yes.

Ms Casey—I cannot then go and apply for any further funding that may be available under the Child Care Support Program for not-for-profit services in rural and remote areas. I would not be eligible, because I am receiving this funding. However, that does not preclude me—if I am a provider looking to set up in a rural and remote area, particularly where there may be other services available and I would not be eligible for the Long Day Care Incentive Scheme—from applying for funding under the Child Care Support Program to support the viability of my service.

Senator JACINTA COLLINS—If the intention of the government in establishing this long day care incentive scheme is to also continue DAS—and we have to wait until Wednesday to get the answer to that.

Ms Casey—I guess the only thing I have said is that one of the highlights to come out of the consultation process was that there was a need to support services in rural and remote areas.

Senator JACINTA COLLINS—You could say that the long day incentive scheme can do that. Or do you mean ongoing support?

Ms Casey—Yes.

Senator JACINTA COLLINS—What processes were used to select the initial successful organisations in this round of Stronger Families?

Mr Kalisch—What component are you looking at?

Senator JACINTA COLLINS—Let's start with the first.

Mr Kalisch—There was obviously a government decision. We provided some advice and the government made some decisions.

Senator JACINTA COLLINS—No selective tender process?

Mr Kalisch—No. We provided some information around a range of locations where non-government organisations had been quite active, where there were a large number of children and where there was an indication of community disadvantage. The government made its decision around the specific locations, and they are to be used essentially as some sort of pathfinder sites.

Senator JACINTA COLLINS—So you provided some information about where particular NGOs had been active in the early childhood area?

Mr Kalisch—Yes, and working with the local community.

Senator JACINTA COLLINS—Did the government seek from the department advice on particular NGOs?

Mr Kalisch—The government sought advice around which NGOs had been active in which communities and which locations would be good ones to fund.

Senator JACINTA COLLINS—I am confused about which one comes first. Was it the NGOs or the localities that were the priority for the advice?

Mr Kalisch—It was really around both. They were wanting advice around which NGOs were operating in suitable locations and doing suitable activities that could benefit from further funding.

Senator JACINTA COLLINS—In that assessment did you take into account what organisations were active at a state level?

Mr Kalisch—Yes. We looked at what was happening in the local community, and that involves a whole range of players, including state governments.

Senator JACINTA COLLINS—So if there is—and this is an assumption—an accurate criticism that there is duplication in these funding arrangements, poor advice was provided to government about what was occurring on the ground?

Mr Kalisch—We knew quite explicitly what was happening in terms of state government activity as well as other activities in the community sector. There is an expectation that there will be no substitution of funding. One of the particular examples that I can draw upon is the Mission Australia Inala site, where there is extensive activity from, we understand, the Queensland education department. We had full knowledge on that, and we expect the funding to be additional to the efforts that are currently under way.

Senator MOORE—In the application process, when people came forward wanting this funding, were they specifically asked whether they received funding from other bodies?

Mr Kalisch—In these initial seven sites, we sought that information and received it.

Senator MOORE—I would imagine just a specific question, so that—

Mr Kalisch—It is part of gathering the local intelligence.

Senator JACINTA COLLINS—Rather than a case such as that in Inala, a site you just referred to, the concerns that have been raised with me in the past have been more about other agencies performing a very similar role, assisted through state funding, in a region where Stronger Families has now provided funding to a different organisation to deliver a similar service. Are you aware of those criticisms?

Mr Kalisch—I am not aware of the Stronger Families and Communities criticisms because I have only just taken over that program.

Senator JACINTA COLLINS—Who might be?

Mr Kalisch—I am not sure whether the past people are here. They might be.

Mr Sullivan—I have not seen those criticisms. I think this one is very important. In looking at how this policy could be determined, there were a number of major changes based on what we had learned from Stronger Families and Communities. One was a very specific decision to seek out non-government organisations that were taking a lead in communities around early childhood development and making a difference in a community and to see where government could assist them in improving the outcomes that they were already achieving. Then it was seen as important that, if we were going to proceed down this path, we could find good examples of the sorts of things that we wanted people to do. That is why seven of the 35 were found and we canvassed around our network to understand what was happening and who was doing what. Then we had a team that basically assessed those opportunities we had seen and provided advice to the minister in respect of an initial statement of projects, and that is where the seven projects were announced. We felt it was very important in terms of then advertising for the 28 further communities to be addressed, because one of the problems the old Stronger Families and Communities Strategy had was getting going. If you remember that first year, we had an underspend and we did not get going. We did not want to see that happen again. Having seven of these projects up and established gives a very good guide to others—who will now bid for the other 28 projects through a tender process—regarding what we are expecting and the style of project that we are doing, which is quite different probably to anything we have done before.

Senator JACINTA COLLINS—This is where I am interested to go back to the nature of that canvassing which Mr Kalisch seems so confident about, given his new role.

Mr Kalisch—Before you ask another question, I will give you a little more information about the contact we have had with state governments. Around the time the new Stronger Families and Communities Strategy was announced, Minister Anthony wrote to responsible ministers in state and territory governments. He wrote to the Chief Minister and to a number of other ministers who had portfolio responsibility that overlapped with some of the interests around SFCS. We are certainly aware of some very positive responses from state governments, which want to work with us around that aspect. It has certainly been envisaged that Mr Sullivan would have further discussions with very senior state government officials.

Senator JACINTA COLLINS—State ministers have been crying out for it for some time. They have been writing to the minister saying, ‘Engage us. Engage us.’

Mr Kalisch—This is a really positive thing, and I would not want to sour it by saying, ‘Yes, we would like to similarly have discussions with them around some programs that they

are running.’ The other aspect I can mention is that the forums that Mr Lewis talked about around local answers were also well attended by state government bureaucrats, who had the opportunity to ask questions and find out further information. So there has been quite an active process of engaging with them, and we are certainly encouraging that.

Mr Lewis—I might add to that that we actually had local site discussions with state governments, NGOs and local communities. Many of the state government people were of the view that this strategy actually complements much of what they are doing on the ground and talked quite clearly about how they could work with us at a national level in building a framework that was streamlined. There is that intention. We have had some correspondence from the state governments to that effect.

Senator JACINTA COLLINS—I certainly understand the potential for this to be complementary, and that is why I was concerned to hear of one particular project in a marginal seat where another service provider raised the concern that their program was essentially being duplicated. That is why I am coming back to the nature of this canvassing to identify those seven agencies.

Mr Kalisch—Are you willing to divulge the identity of that service provider?

Senator JACINTA COLLINS—I will need to consult the relevant agency before I take it that far.

Mr Kalisch—It is most difficult for us to answer it if you cannot disclose that but, if you are willing to get their approval and if they provide that, then we will certainly look at that aspect.

Senator JACINTA COLLINS—Again, I am simply giving you the background to my question, which was: what was the nature of the canvassing process? This is why I am seeking this sort of information. As you said, some elements of this area are relatively new for FaCS, but you seemed incredibly confident that the canvassing process had been accurate, whereas if this assertion is true there were some problems with the advice given to government.

Mr Kalisch—We certainly drew upon the evidence and the understandings that our state and territory offices have. They have a good understanding of what is happening in their state and territory, so we drew on that advice as well as advice from other people working and living in different communities.

Senator JACINTA COLLINS—How were the communities identified?

Mr Kalisch—It was really the same process. We looked at those areas where NGOs were active. We looked at indicators of disadvantage. We looked at those communities that had a high proportion of young children, including significant numbers of families receiving family tax benefit.

Senator JACINTA COLLINS—Did you do anything in the city of Casey?

Mr Kalisch—I am not sure that the city of Casey would quite fit our criteria.

Senator JACINTA COLLINS—It has the highest proportion of children. It would fit into the criterion of disadvantage. There are certainly a number of service providers active in early childhood in the area.

Mr Kalisch—Is there a major NGO already active in that area?

Senator JACINTA COLLINS—Yes, and it is doing good work.

Mr Kalisch—If it has not been picked already, it may well be one area that could well be selected as part of the following 28.

Senator JACINTA COLLINS—I will have to sit down and highlight a few more, then, won't I?

Senator MOORE—Mr Kalisch, you mentioned before a term that I have not heard a lot. Was it the pathways project? My mind keeps saying pathfinder, and I know it is not that. What exactly is the expectation? These seven agencies have been selected through the processes you have done, and they are being set up as pathways projects. What does that mean?

Mr Kalisch—We have been having extensive discussions with those seven major NGOs, at this stage looking at the ways in which they can operate. Their learnings at this very early stage will help inform the development and characterisation of the next 28. So we are looking to take the early learnings from those seven sites and put them into practice for the further sites.

Senator MOORE—You are working with those groups to set them up?

Mr Kalisch—Yes, quite actively.

Senator MOORE—In what kind of time will they have a chance to be a pathways project? Is it simply while you get the others on board, or is there an expectation that they will be leading the way throughout the whole process of this period of funding?

Mr Lewis—I might add to what Mr Kalisch has said. I think that the term we used was pathfinder, not pathways. There is a Pathways to Prevention project.

Senator MOORE—I know that one. So pathfinder is right. I cannot believe I was right. I will write it down.

Mr Lewis—The intent is that the NGOs for the seven will blaze a trail, I suppose because, as Mr Sullivan has said, this is a new model. We are working with them in a very collaborative new way which is working well.

Senator MOORE—Is this FaCS terminology, or is it in the industry at the moment?

Mr Kalisch—The only other example I can recollect where it has been used is the Sure Start program. The early projects that they started in Sure Start had that very specific role. So we are learning from that experience.

Senator MOORE—Did they blaze the way too?

Mr Sullivan—Yes, we are certainly influenced by the bridge program. Sure Start is very interesting to examine. It has had some successes. The other important thing in this is the role of the lead NGO. This is not about granting money for them to spend as Mission Australia or Lifeline or the Smith Family or Centacare; it is about them as a lead NGO. The expectation from us is that they will look at the services provided in their location and basically attempt to develop coalitions within a community and be in a position to offer funding.

In the arrangements that we have, there is certainly a capacity for the facilitating NGO to be able to offer part of the funds to others. That is why we would not want to see them developing, for instance, a duplication of already existing services. It is about forming a coalition around the services provided. That has been the framework which we have explained to the NGOs. This is not saying, 'You shall go and build X new services in this location'; it is about improving the outcomes for children in an area by looking at what is there. It really is site based work. It is probably our second major step in the site based work, after our Indigenous trials.

Senator JACINTA COLLINS—How do you deal with areas that fit every other element of your criteria of disadvantage, number of children et cetera where there are not major NGOs?

Mr Sullivan—Good question.

Mr Lewis—I might have a go at it. In consulting with the first seven, who call themselves facilitating partners—they do not like the term NGOs; they choose the term—we have talked about this, and one of the features of the model is that there is a capacity for NGOs who are not doing any work in a community to move into that community and to start to work. The framework allows for this; in fact, it facilitates it. It is not just one provider; it is the capacity either for a few to get together with a local existing provider or for national providers to get together and make a bid.

Senator JACINTA COLLINS—They make a bid?

Mr Lewis—They make a bid. The next process will involve—

Senator JACINTA COLLINS—So we have got the seven. The next process will be the next how many?

Mr Lewis—The next 28.

Senator JACINTA COLLINS—You are not going to do the next 28 all at once, are you? The cynic in me says that you have phased these localities over four years.

Mr Lewis—We want a four-year longitudinal set of outcomes, so—

Senator JACINTA COLLINS—On the costings you have done, how many of these projects are coming on line in the next year?

Mr Lewis—All 35 will be on line in the next year.

Senator JACINTA COLLINS—There you go; the cynic in me has been proven wrong on this occasion!

Mr Lewis—All 35.

Mr Kalisch—It is a challenging project, but that is what we are aiming for.

Senator JACINTA COLLINS—When are the bids going to be managed in relation to the next 28?

Mr Lewis—I can give you some key dates. At this stage, we hope to run a public process from June 2004. I can go by stream, if you would like. For the first stream, Communities for

Children, in June there will be a public tender process, with an intent to announce in August to September 2004. But these are tentative dates at this stage.

Senator MOORE—Will the tender advertisement go out in June?

Mr Lewis—That is right. Sites and an invitation to tender for those sites will go out in June. There will probably be a briefing process on these sites to inform potential tenderers.

Senator JACINTA COLLINS—When will you be selecting the sites?

Mr Lewis—We hope to announce them between August and September, so by the end of September.

Senator JACINTA COLLINS—Can I go back a step. So in July you are going to identify 28 localities?

Mr Lewis—We are going to locate localities by June. We are going to go to public tender with the localities to invite tenders for those localities.

Senator MOORE—So the advertisements and requests for tender will be quite focused.

Mr Lewis—That is right.

Senator MOORE—So you are going to go to 28 sites, or regions?

Mr Lewis—That is right.

Senator JACINTA COLLINS—You have not identified those 28 regions yet, and you are doing this in June?

Mr Lewis—We have some views about those sites.

Senator JACINTA COLLINS—Could you help us with what those views are, or how you have come to those views?

Mr Lewis—Not at this time.

Mr Kalisch—We are going to provide that advice to government and they will make some decisions around those sites.

Senator JACINTA COLLINS—So you have not yet provided the advice to government?

Mr Lewis—We have provided advice to our minister's office, so it is with the office.

Senator JACINTA COLLINS—What criteria have you used to select the remaining 28?

Mr Kalisch—The very criteria that we talked about earlier around the additional seven.

Senator JACINTA COLLINS—So you are still looking at where NGOs are active?

Mr Kalisch—And where there is a capability for NGOs to be active.

Senator JACINTA COLLINS—So none of these 35 will involve localities that are in desperate need of services but do not have someone on the ground, providing at the moment?

Mr Lewis—There is a possibility they will. The process which we going through and thinking through is that you have to have some capacity for that community. I think Mark Sullivan talked about the timeliness of relevant activity. Certainly the capacity for the community to participate is one of the factors in there as well. Coming back to my previous

answer about consortia or bids from a number of collectives, we have a capacity for NGOs to go to a site and work there where there is no work currently being undertaken.

Senator JACINTA COLLINS—But you are identifying the sites before the people come to you. If you are identifying sites where a criterion is that an NGO be active or a certain level of capacity be present, then the scope to encourage NGOs to go to areas that need new capacity is not in the framework that you are working with at the moment.

Mr Lewis—It is one of the criteria. We have a range of criteria and one of them is: is there an NGO working in that site? That is obviously an element in the consideration.

Mr Kalisch—It is certainly quite possible that sites may be selected where there is very poor service provision. That may be one of the aspects that encourages the minister to select that site. It is a bit premature to talk about it now.

Senator JACINTA COLLINS—Let us go to the criteria you have in mind at the moment. You have poor service provision, active NGOs and large numbers of children. What else have you got? It cannot be too premature to tell us what criteria you are applying if you have already provided some level of advice to government—unless you want the whiteboard?

Mr Kalisch—The other major one is around the indicator of community disadvantage.

Senator JACINTA COLLINS—What indicator are you using there?

Mr Kalisch—The SEIFA scale that we largely use.

Senator JACINTA COLLINS—What about the recent work conducted by the Jesuits? Have you encompassed any of that?

Mr Lewis—Is this the work by Tony Vinson?

Senator JACINTA COLLINS—Yes.

Mr Lewis—We have certainly taken consideration of some of that in our look at the whole picture.

Senator JACINTA COLLINS—Any other areas?

Mr Lewis—One of the other elements is the proportion of families receiving family tax benefit in those sites. Because the strategy is about early childhood in this regard, as you noted earlier, the 0 to 5 proportion of the children within the community is a key indicator.

Senator JACINTA COLLINS—How would you measure poor service provision?

Mr Kalisch—Some of those aspects are what advice we get from our local state and territory office staff. Some of them come from people working and operating in that local community. They are largely qualitative rather than quantitative measures, as you would expect.

Senator JACINTA COLLINS—So, if after the end of this process I am aware of a locality that meets all of those criteria but has failed to be identified, I will have good reason to be concerned about the way the process has worked. Would that be fair?

Mr Kalisch—No, not at all. We would expect there to be many more than 28 locations that fit this—

Senator JACINTA COLLINS—I meant that has a significant score on all those factors.

Mr Kalisch—If they have a significant score on all factors, well in excess of others that are then selected, I think that would be one question you could ask. But I would be surprised.

Senator JACINTA COLLINS—What—if they miss out?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Good. If you would like to put your name on the veracity of this process, I will be very happy.

Mr Kalisch—We are certainly providing robust advice.

Senator JACINTA COLLINS—Was your advice accepted in the seven?

Mr Kalisch—Yes.

Mr Sullivan—We are very comfortable with the seven.

Senator MOORE—It is a significant process to go through. In effect, you have one month to do quite a detailed assessment of, I would imagine, a significant number of applications. Mr Lewis, the time frame that you have outlined is: advertising is tendered in June, and then the expectation is, if everything goes to plan, of being able to announce the successful people and get them running in August-September, which only really gives the department a month to go through the process before making recommendation to the minister. Is it a ministerial decision?

Mr Sullivan—Yes, it is.

Senator MOORE—Is the recommendation made by the department and an identified group in the department or just the standard processes?

Mr Sullivan—There is a group being formed to process the tenders, and we will put considerable resources into that group. I think it is up to 35 or 40 people.

Senator MOORE—Sometimes putting in more people is good, sometimes it is not.

Mr Sullivan—These are people who are—

Senator MOORE—committed.

Senator Patterson—‘Experienced’ might be a better word.

Mr Kalisch—Certainly they are quality, experienced officers.

Senator MOORE—So we have a special task force who will be tasked only with this process for the period of time?

Mr Kalisch—Yes.

Senator MOORE—And the clear goal is that this allocation will be made, so money will begin flowing by the end of this calendar year?

Mr Sullivan—Yes. We have a project plan. We have already put in place our probity plan. We have started our tender processes. We have our projected time lines to know exactly whether we are going to meet our deadlines, and Evan Lewis has the responsibility to report,

through David Kalisch, to our board of management that this is on track. It would take a major assessment issue to move it off track.

Senator MOORE—Is this a FaCS-only project, so you are not having to deal with cross-government issues?

Mr Sullivan—It is a FaCS-only process. There is obviously a lot of involvement with stakeholders in it.

Senator MOORE—But in terms of the ownership it is FaCS only? That other element of complication of going across government is not there?

Mr Sullivan—Yes.

Senator MOORE—The only concern I have at this stage is the kind of feedback that we have all been receiving over the last few years about the possible divisive nature of having hardworking, committed people competing against each other for a very attractive but very limited funding model. I am interested in the kinds of processes you have had so far in terms of the discussion and in your plan for the future about how to address that. You have identified a list of criteria which really focus on disadvantage. In communities of that kind there are always a number of people who are working with goodwill. This process once again sets them up in contest. How does the plan address what you do to continue building community after that happens?

Mr Kalisch—Before Mr Lewis gives you some detail on that, I suppose one thing that we should emphasise at this stage—and Mr Lewis mentioned it earlier—is that the best thing we could see come out as part of this process is the organisations and agencies working in that area putting in a joint bid. That would be the ideal circumstance—that they put in a consortia bid; that they collaborate amongst themselves to agree a process for working in that community and put forward one bid. As long as that bid was suitable, that would be the best outcome. We want to see out of this strategy not only good services and good outcomes for children but also building of the local capability—and that local capability includes collaboration and partnerships.

Senator MOORE—Would that be a suggestion in the briefings that you will be doing beforehand?

Mr Kalisch—That is part of what we are saying to them as part of this process.

Mr Lewis—The role of the facilitating partner is a novel one, and it is one in which there is a high transparency about their activities in the community. There is a series of steps that they need to go through to attract the funding and to tell us that they are going to work with the community closely. There is a series of phases which aims to highlight to us the community consultation that has taken place and the community ownership of what is going to happen.

Senator JACINTA COLLINS—Are you talking about the present seven facilitating partners?

Mr Lewis—I am using the seven as an example of how the model might relate—

Mr Sullivan—There will be 35 facilitating partners.

Senator MOORE—I had not got that point. I had the seven as facilitating partners, but the expectation is for all 35?

Mr Lewis—That is right. They have to show us how they are going to consult with the community to develop a community action plan. Once they do a community action plan, they will have an annual service implementation plan—

Senator JACINTA COLLINS—Just before you go on to this stage, are they all of the criteria that apply to the seven that have already been selected?

Mr Lewis—Yes.

Senator JACINTA COLLINS—So they have all come into this process with the conditions that they have to go through all of these stages, and they have already satisfied you that they can perform on all of those levels?

Mr Lewis—They have all lodged implementation plans which clearly show how they are going to develop a community action plan.

Senator JACINTA COLLINS—And they did that before the finalisation of their projects?

Mr Lewis—Yes. And those plans have to show us how they are going to involve the community. They have to establish a framework of governance that will clearly involve community members and will show that decisions made are community owned. So there is a real pressure on the first seven to spell out how they are going to spend the money. The range is quite large. I have been to a few of the local meetings that the NGOs have held and there are focus groups, for example, running where in a room such as this up to 60 or 70 people actively engage in brainstorming how they might address issues in their community in a positive way. We have at a departmental level been attending all the local early meetings and that model seems to be working very well. The NGOs, the first seven, the facilitating partners, are sharing their learnings actively and publicly. When they exchange ideas they are exchanging ideas quite openly and are fostering each other's work. We have had a very successful phase where this model is proving itself on the ground.

Senator JACINTA COLLINS—Though I think the whole community sector might have been a bit more confident of the process had the original selection been a bit more open. The criticism that seems to haunt this project now is from those agencies that feel they were excluded from the genesis of the project, so to speak.

Mr Kalisch—There are pros and cons around that. I think on balance our judgment is that it was desirable to have some pathfinder sites that would then provide some understandings and some knowledge that would be of use to the further 28 rather than having everyone start from scratch. That was really a judgment.

Senator MOORE—Those seven are quite widely spread. How do they exchange information?

Mr Lewis—A number of mechanisms. They have had a series of breakfast meetings that they have arranged. They have phone hook-ups. We facilitate meetings with them. I think we have had three or four meetings to date.

Senator MOORE—Face to face, where you bring people together?

Mr Lewis—Yes.

Mr Kalisch—We had them in Sydney at the beginning of last week.

Senator MOORE—Is the expectation that that model will continue with 35?

Mr Kalisch—Yes.

Senator MOORE—That means considerable expense, as Ms Casey knows with child-care advisory groups and so on. That is all funded into the process?

Mr Kalisch—That will be part of the funding mechanism, but one of the keys for this program is that they share the learnings, that they build on the best process.

Senator FORSHAW—I want to go to a slightly different area of questioning but still related to the Stronger Families and Communities Strategy. As I understand it, prior to the latest announcement in this budget and the Prime Minister's press release following it there were five subprogram elements to the stronger families program, which were stronger families fund, early intervention in parenting, flexible child care, leadership and local solutions. Is that correct?

Mr Lewis—Yes.

Senator FORSHAW—For each of those components, what has been the actual funding over the four years to now? Particularly has there been any underspending or re-funding of those initiatives in this forward proposal? Perhaps you could take them one at a time.

Mr Lewis—I am just trying to see whether it would be best to table this.

Mr Kalisch—We need to understand what you are asking for, Senator. Are you asking for the funding over the four years?

Senator FORSHAW—Yes.

Mr Kalisch—I think that might be a little bit challenging. We might need to come back to you. I am sure that we can get that quite quickly.

Senator FORSHAW—What can you give me so far?

Mr Kalisch—We have some information around the last financial year.

Senator FORSHAW—Give us that, but I am interested in getting the total picture for the four years.

Mr Lewis—I do not have the breakdown of the four years, but I can give you where we are at on some of them at the moment.

Mr Kalisch—Why don't we just get the four years for you?

Senator FORSHAW—Okay. When would you be able to provide that? I have a range of questions that would follow on from getting that information.

Mr Kalisch—In terms of that depth, I would hope that we could get that for you tomorrow.

Senator FORSHAW—Could you give us that detail with the original estimates as well—that is, the amount that was originally estimated to be spent?

Mr Sullivan—We will start with the original estimates from the Stronger Families and Communities Strategy. In year 1 there certainly was some underspending.

Senator JACINTA COLLINS—We would also like to see what has flowed on from that underspending year by year.

Mr Kalisch—Yes.

Mr Lewis—I might start with the Stronger Families Fund, just to give you an idea. The allocation in 2000-01 to 2003-04 was \$26.52 million. Expenditure to date 2000-01 to 2003-04 is \$12.61 million.

Senator FORSHAW—Sorry, but what was that figure?

Mr Lewis—It is \$12.61 million. Committed in 2004-05 is \$3.6 million. Committed in 2005-06 is \$1.26 million. The allocation for Leaders in Local Communities—

Senator JACINTA COLLINS—Let's stay with Stronger Families for the moment. So the original estimate over four years was \$26.5 million? Is that right?

Mr Lewis—Yes, \$26.5 million.

Senator JACINTA COLLINS—If we add up the actual spend, we come to \$17 million.

Mr Lewis—I have \$18.16 million.

Senator JACINTA COLLINS—So a further \$8 million odd has not been allocated?

Mr Kalisch—I think that was one of the programs that took a while to get going. It is a little bit difficult to do one program in isolation or one component in isolation. Why don't we get you the full figures and then we can have a proper discussion?

Senator FORSHAW—Yes.

Senator JACINTA COLLINS—Okay.

Senator FORSHAW—We would also like to know—and you can take this on notice when you are preparing that material, so that if I ask you this question tomorrow you will know the answer—what proportion of the funds will shift or may shift from one initiative to another. I think you get the idea of the sorts of questions that I am likely to be pursuing in that respect.

Senator JACINTA COLLINS—We can possibly give an example. What proportion of the total funds will shift from one type, such as the leadership initiative, into the early childhood initiative? What is the current initiative you were telling me did not have the early childhood focus?

Mr Kalisch—The Local Answers initiative. It does not have a specific or primary early childhood initiative, although it could fund some early childhood projects in local communities.

Senator JACINTA COLLINS—As well?

Mr Kalisch—That one could as well. It certainly will not exclude early childhood projects.

Mr Sullivan—We will show you how the Stronger Families and Communities Strategy mark 1 was created, and how it has worked through its budget. I do not think you will find that you will be able to directly translate where the leadership element of that went. It is a

total which was seen as the core funding of the new strategy. Of the \$240 million or so in that four years, you will be able to see what we spent and what we spent it on and then identify that there was a \$240 million core plus \$120 million or so of new money in the new strategy and identify where it is envisaged that that will be spent. But we will not be able to say that we took \$5 million out of leadership and put it here. It is a cut line, a hard line.

Senator FORSHAW—But you would be able to show us, in relation to each of the previous five components, what the underspend was?

Mr Sullivan—Yes. We will certainly be able to show you the estimate of expenditure and the actual expenditure for each of those years. It was largely that in year 1 we had some underspending and in years 2, 3 and 4 we did not.

Senator JACINTA COLLINS—But with the process Mr Kalisch was talking about earlier, the present Stronger Families programs seeking further funding—if that is successful, is that funding going to have to come from one of these new subprograms?

Mr Sullivan—Yes.

Mr Kalisch—It will largely come from the Local Answers component.

Mr Sullivan—There is not a separate fund to say, ‘Let’s continue on from the old Stronger Families.’ They must be identifiable within the new framework and be funded out of the new framework.

Senator JACINTA COLLINS—I understand.

Senator FORSHAW—Does it follow that some of the previous focus is lost or has failed to be fully administered?

Mr Sullivan—Yes, there is a refocus and a new strategy which is certainly around early childhood. There is a refocus and a new strategy which basically says: let us attempt to do some reasonable scale, site based capacity development but let us preserve those elements of the old program that we can—particularly around local solutions. I think you are asking me the question: if Stronger Families and Communities had continued on as it was and we had funded people, would we fund the same group of people under the new one? No, we would not. Some will not get funded now.

Senator FORSHAW—I mean not just the same group of people but also the particular focus on that aspect of the campaign.

Mr Sullivan—It is largely taking the community development focus of Stronger Families and Communities to focus even more on the early childhood aspects of community development. The old strategy, while it had a significant element around early childhood, certainly allowed you to move in that space a whole lot more broadly. We are saying that, in terms of local solutions, and a few of the subcomponents of this, you can move in a broader space but not as much.

Senator JACINTA COLLINS—When do you anticipate that you will be able to answer, for instance, how many programs are ceasing?

Mr Kalisch—We expect that would be once the tender process has been finalised.

Senator JACINTA COLLINS—When will that be?

Mr Kalisch—We estimate that it will be in June.

Mr Lewis—Our aim is to announce in mid-June.

Senator MOORE—Taking on board all the change in focus and all those things, is it too simplistic to say that you are funding about 400 projects now—all of which knew they had limited funding; that was very clear when they got their money and so on—but under the new program you are able to fund a maximum of 35?

Mr Kalisch—No, that is not correct. That 35 just relates to the first component, Communities for Children.

Senator MOORE—That is what I thought. There is that view out there—

Mr Kalisch—There will be many further projects funded through the process.

Senator MOORE—As recently as last week I heard someone from the social welfare communities say that the Stronger Families and Communities Strategy now funds 400 projects and their new project will only fund 35.

Mr Sullivan—This gets quite complex in that where we used to fund subproject by subproject, for instance, we in funding those 35 could find that those 35 fund several of the existing providers in a community. The funding is not, therefore, a funding agreement between FaCS and a service provider; it may be a funding agreement between Mission Australia, the Smith Family and a service provider in that location. So the number of projects—

Senator MOORE—That is a significant change.

Mr Sullivan—It is a significant change. It is basically putting front and centre the role of the non-government organisations.

Mr Lewis—It might be worth clarifying that much of the discussion we have just had is around stream 1. The third stream, Local Answers, is the one where there would be many local, smaller scale projects. But, as Mr Sullivan has said, stream 1 also has the capacity to fund many small projects within the framework. It is quite a complex model. There are different elements to the overall strategy.

Senator MOORE—I think there is a lack of real understanding, particularly in some of the smaller agencies, despite the program that you have spelt out, which is very extensive, to try to get people to understand. When people are looking at funding, the future of their agencies and their jobs, they sometimes become quite nervous. Certainly the feedback to my office, particularly from those in the key area of suicide prevention, is that they cannot find themselves in the new funding model. That seems to be a particular group that, in a number of the areas, received Stronger Families and Communities Strategy money, and used it, but now are lost in the process.

Mr Kalisch—I think the information that did go out around the new program was quite clear. It probably reflects that it takes some people some time to get used to new arrangements and come up to speed. That is something we are trying to address in a number of different information strategies.

Senator JACINTA COLLINS—Although, if agencies see that the arrangements after June leave little for issues such as suicide prevention and we start getting a decline in our indicators on youth suicide, for instance, you may well find a legitimate concern about how the process has been managed.

Mr Kalisch—The other aspect is that this was not the only source of funding for those sorts of programs. SFCS was used where there were other programs as well. That is one thing that we will be continuing to monitor around community wellbeing.

Senator JACINTA COLLINS—That may well be a whole-of-government issue as well. If we have made progress in recent years on our indicators in suicide, or youth suicide, and a refashioning of the Stronger Families and Communities Strategy is subsequently seen to essentially exclude suicide related programs and there is no improvement in other avenues to support that type of program and we start to see a decline in those indicators, you would be quite concerned.

Mr Kalisch—I would be. But I would also be surprised if a change in the focus of the Stronger Families and Communities Strategy was the driver of such a change in the indicator.

Senator JACINTA COLLINS—So you do not necessarily claim credit for the improvements in suicide during the Stronger Families and Communities Strategy period.

Mr Kalisch—No, what I was saying is that SFCS by itself may not be the main game.

Senator MOORE—The model you are bringing in, if implemented effectively, may well bring that into play. It is obviously your hope that that would be the way that a community would bond.

Mr Kalisch—Certainly we hope that there will be a more robust and concentrated effort in those communities which will be more effective than some of the one-off projects that have more limited reach.

Senator MOORE—We asked earlier about where the magic number of 600 came from. Can you give me an indication of where the magic number of 35 came from?

Mr Kalisch—It was just part of the government decision-making process.

Senator JACINTA COLLINS—Is it based on FaCS regions? There are 35 of those, are there not?

Mr Lewis—In terms of the quantum, there were some learnings from the Inala project that Mr Kalisch mentioned earlier about what it cost to do certain things. There was some information in that regard and certainly some learnings from the UK experience and the site based activity there. But in terms of the actual overall quantum, then I fall back to Mr Kalisch's answer.

Senator JACINTA COLLINS—In terms of the localities selected, is there a particular region level? Are we working on state or Commonwealth regions, local government areas or a variety?

Mr Kalisch—We are trying to work on natural regions—regions that make some sense.

Senator JACINTA COLLINS—Communities?

Mr Kalisch—Communities, essentially—depending on whether they are rural or urban, those communities may be defined quite differently by some of those other, more arbitrary, indicators.

Senator FORSHAW—That is no reflection on the electoral commission.

Mr Kalisch—No—none at all.

Senator FORSHAW—I did not think there was.

Mr Kalisch—In fact, we largely used LGAs, statistical districts, or indicators other than the one that you referred to.

Ms Casey—I can provide the answer to the question about private provider incentive. At last estimates I think I advised that we had 14 services that had been established under the program. Since then we have approved another five, so a total of 19 services have been approved since the program was instigated. We were provided with \$7.6 million over three years. There was no funding provided for this initiative in the first year of the Stronger Families funding, although we did spend \$133,000 from the child-care broadband on that. So our total expenditure—

Senator JACINTA COLLINS—So in the first year you spent \$133,000.

Ms Casey—Yes, there was no actual allocation of funding. So we had \$7.6 million over three years of the funding rather than four years. As at last estimates, we had expended 87 per cent of the funding—that was \$6,677,265—but further funds have been committed since then for the additional five services that have been approved. So we are looking to expend the majority of those funds this financial year.

Senator JACINTA COLLINS—So, at the end of this financial year, you think you will be close to that \$7.6 million over three years.

Ms Casey—Yes, pretty much—with the additional services.

Senator JACINTA COLLINS—Are you able to tell me the figures for DAS?

Ms Casey—No, but DAS is not actually a total expenditure. If a service is entitled to get DAS, they get it through the program funding. We do not say there is an amount of money allocated. We do have a plan of how much we expect each state and territory office to allocate but, if a service applies for DAS and they are entitled to it, they get that funding.

Senator JACINTA COLLINS—Can you tell me what DAS has been for those periods?

Ms Casey—I can provide you with the figures over the last few years. Is that what you are looking for?

Senator JACINTA COLLINS—I want to combine DAS long day care—not DAS OSH—with PPI to see what that figure is.

Ms Casey—We would have to take that on notice, but hopefully I could give that to you tomorrow.

Senator JACINTA COLLINS—That would be good. And then we will all wait with bated breath on Wednesday night to see if DAS continues.

Senator MOORE—I have a question again about the selection process. In terms of the extensive selection process which you have put in place, how does the department handle people or organisations in the community that are unhappy and feel as though they have been unsuccessful? Is there a process by which they can come and talk to the department about their concerns? I know there is no appeal mechanism, but in terms of feedback—discussions about how it happened, what the opportunities are in the future, and continuing to work in the community—how is that built into the process?

Mr Kalisch—We would anticipate that if people were unhappy about the process we would hear about it, that they know who to contact. We would anticipate that they would probably also write to ministers and they would receive responses. So it is really the normal mechanism.

Senator MOORE—So people do sense that they have that ability to complain?

Mr Kalisch—They are certainly not short about writing letters to ministers about things they do not agree with.

Senator JACINTA COLLINS—How long have you been in your new role, Mr Kalisch?

Mr Kalisch—Since November 2002.

Senator JACINTA COLLINS—No, in terms of Stronger Families.

Mr Kalisch—Really just whenever this new strategy was introduced, so from April.

Senator JACINTA COLLINS—In the detail that has been provided with the refocused Stronger Families, the \$110 million to 35 organisations over four years, can you provide us with a breakdown of expected expenditure for each of the organisations nominated so far for each of the four years?

Mr Kalisch—Yes, we can. For Mission Australia the Miller and surrounds area it was \$3 million; the Smith Family project in Girawang from Boola, Balga and Mirabooka, \$3.8 million; Lifeline Australia in Coomera, Cedar Creek and surrounds in Queensland was \$3 million; YWCA of New South Wales in Lismore was \$3 million again; Anglicare in Launceston and surrounds, \$3 million; Kilmany Uniting Care in East Gippsland, \$3.3 million; and Wesley Uniting Care in north-western Adelaide, \$3.4 million.

Senator JACINTA COLLINS—Is that the rough figure that you are looking at for each region?

Mr Kalisch—The announcements talked about an amount of up to \$4 million a region and we would be looking at the scale of the region, their needs as well as what current service infrastructure was in that region in making some of those judgments and recommendations to ministers.

Senator JACINTA COLLINS—Looking at these seven at the moment, can you tell me how many of the programs currently receiving this funding were already running prior to April this year?

Mr Kalisch—A number of them were already sort of active in some of these communities. I am not sure whether Mr Lewis has any more detail.

Mr Lewis—I suppose to answer the question we need to look at it in a number of ways. The YWCA, for example, in Lismore was doing something similar in another site. It comes back to your earlier question about greenfields site and bringing an NGO into a site where nothing is happening. So it comes back to the answer we gave about the capacity for the NGO to do something.

Senator JACINTA COLLINS—Where was the other site?

Mr Lewis—Gold Coast.

Senator JACINTA COLLINS—So then on what basis was this site selected on the basis of an active NGO?

Mr Lewis—That was only one of the criteria.

Senator JACINTA COLLINS—On what criteria was that site selected?

Mr Lewis—Along the criteria that we went through before, the disadvantage and the other elements that we went through.

Mr Kalisch—The YWCA would have also demonstrated experience and ability to undertake this type of project even if it was in another location.

Senator JACINTA COLLINS—But Lismore was selected as a location on the basis of having a significant score with respect to poor service provision, large numbers of children, indicators of disadvantage and the proportion of people receiving family tax benefit B. Is that correct?

Mr Kalisch—They were the indicators that were broadly used in selecting the sites.

Senator JACINTA COLLINS—But on the basis that they did not have an active NGO in the site, then for Lismore to have been selected you would expect a significant score on most of the other—

Mr Kalisch—They would have scored highly on a number of those, yes.

Mr Lewis—Can I just correct that? Lifeline was the one I had in mind at Lismore that we were doing some work there in conjunction with Woolworths. Sorry; I omitted to say Lifeline. Lifeline were doing some work nearby on the Gold Coast. That is my correction.

Senator JACINTA COLLINS—Had you concluded the answer to how many of them were active in running programs prior to April?

Mr Lewis—They were all running some sort of program that was of applicable.

Senator JACINTA COLLINS—In the locality concerned or in alternative localities that they have now extended to new?

Mr Lewis—Within that vicinity. As you can see, the Lifeline one is within the vicinity.

Senator JACINTA COLLINS—So pretty much all of them are expansions of existing programs? Is that a fair characterisation?

Mr Lewis—Yes; or a proven model that is working.

Mr Kalisch—Certainly the funding is to provide enhanced services from what they are providing now.

Senator JACINTA COLLINS—Were all of them already funded by the Commonwealth, or do some of them have other funding sources?

Mr Kalisch—The one I talked about before—the one in Inala—is an example of where there is extensive state government involvement.

Senator JACINTA COLLINS—Were they also receiving any Commonwealth funding?

Mr Kalisch—It is really hard to tell whether they were through other portfolios. We could perhaps take that on notice and get back to you on whether there were some—

Senator JACINTA COLLINS—I thought through that canvassing process that you were confident of that that would have been one of the things you would have known.

Mr Kalisch—It is part of the advice that our state and territory officers would have received. I do not have that information on me.

Mr Lewis—I will come back on notice on the quantum. Certainly the Inala model that Mission Australia were undertaking in Queensland was one of the rationales for them being able to work in Miller and surrounds. So the transposition and appropriate application of the model that Mission Australia were using in Inala in inner Brisbane was seen as one of the factors in their potential capacity to work in Miller.

Senator JACINTA COLLINS—You might then want to add to those criteria that you gave me before the general capacity of the organisation.

Mr Lewis—Certainly infrastructure and general capacity is an element there.

Senator JACINTA COLLINS—The general capacity of an organisation prepared to go to the locality—although, unfortunately, it was not an open process of selecting an organisation that was prepared to go to the locality; just a specific one, because you did not canvass more broadly than one organisation, did you? Did you canvass any organisations that were not prepared to come on board?

Mr Kalisch—I am not aware of any organisations that knocked back an approach.

Senator JACINTA COLLINS—So all of the organisations you approached came on board and succeeded in satisfying your criteria for the localities that they were approached about?

Mr Kalisch—We also went through an internal process that looked at those opportunities that probably had the best fit. So there was already some process. We did not just look at seven opportunities in total.

Senator JACINTA COLLINS—Did you approach specific organisations and ask them whether they were prepared to deliver a service in one particular locality or select a locality?

Mr Kalisch—From what I understand, there was some discussion with the organisations themselves as part of that process, because they also have some information around which areas they have capability and where they recognise that there are some needs that need to be met.

Mr Lewis—I might just add to what Mr Kalisch has said. Certainly a range of approaches were made but officers from the department did not necessarily make the early approaches to gauge interest.

Senator MOORE—So officers of the department did not necessarily make contact with—

Mr Kalisch—There was some engagement from our minister's office as well, as is quite appropriate.

Senator MOORE—I was not thinking that; I was thinking that the organisations rang up and said, 'We're really interested in doing this'—that it came from the organisations. But quite likely there is political involvement.

Senator JACINTA COLLINS—In the announcement, you provided in the detail the number of children who are possibly able to benefit from the programs, broken down by organisation. As an example, the Kilmany Uniting Care East Gippsland Shire project has the potential to assist 2,450 children. Is that the number of children from the local population, or is that the number of children who are likely to get access to the service?

Mr Lewis—I think it is zero to five—

Mr Kalisch—It would be a population number.

Senator JACINTA COLLINS—It is the population. The penetration of the service is probably very different from the actual population figures. Is that right?

Mr Kalisch—What needs to be clearly understood is that it is not just one service. It is multiple services operating within that community, so a single child may receive multiple services. One child may receive service from one organisation. It is really hard to know at this stage—I suppose we will be getting a better sense when we look at the implementation plans—quite how this approach will take place within that community in terms of the reach.

Senator JACINTA COLLINS—And the services as they are designed may well not reach a number of children.

Mr Kalisch—That is certainly possible. There may be a number of children that are being quite adequately serviced at the moment who do not need additional services.

Senator JACINTA COLLINS—Going to the Early Childhood Invest to Grow initiative, could you provide the breakdown of the expected expenditure for each of the organisations—are there six, or do we have facilitating partners and broader numbers in this one?—or programs in each of the four years?

Mr Hazelhurst—I can provide the details of the amounts over the four years. I do not have the breakdowns with me by year, but that is in part because those contracts are still in the process of being negotiated with those agencies. The division of general practice in the Northern Rivers, \$100,000; the National Aboriginal Sports Corporation, \$500,000; Good Beginnings, \$3 million; the Australian Research Alliance for Children and Youth, \$2 million; SNAICC—unfortunately the full name escapes me at the moment—\$4 million for the establishment of the Indigenous family and children wellbeing resource centre; and \$4 million for the establishment of a parenting web site. That last one will go to tender. We expect it will go to tender during June.

Senator JACINTA COLLINS—When will that process be finalised?

Mr Hazelhurst—Our expectation is that the tender period will be between six and eight weeks, then there will be an assessment period, and an announcement would follow shortly after that. It could be as early as mid-August.

Senator JACINTA COLLINS—All of these are essentially new projects, aren't they?

Mr Hazelhurst—Yes and no. They are all funding for new activity, but the Australian Research Alliance for Children and Youth, for example, is an organisation that has been in existence for nearly three years now and has previously been provided with funding from the Commonwealth. This funding for that organisation, for example, is for an extension of the kinds of activities that it has been involved in to date but with a particular focus on supporting the new Stronger Families and Communities Strategy.

Senator JACINTA COLLINS—Supporting it in what ways?

Mr Hazelhurst—We are still in the process of discussing that with the alliance, but in broad terms the alliance has been established to facilitate the networking and sharing of knowledge in relation to the area of children and youth and building a better connection between practitioners, researchers and policy makers, so functions broadly consistent with those objectives are being discussed with the alliance as it relates to the Stronger Families and Communities Strategy. For example, one possibility that we are talking to them about is supporting the networking of the 35 sites and the project managers and expert advisers to those 35 sites in a way that facilitates the sharing of ideas, learning and whatever between those sites.

Senator JACINTA COLLINS—Is there anything else of significance in that ARACY bucket that you can inform me of?

Mr Hazelhurst—Only that it will be consistent with ARACY's themes to date and that it will be connected to the strategy in various ways.

Senator JACINTA COLLINS—Do they have alternative funding elsewhere? Is all of the ARACY funding in that area now?

Mr Hazelhurst—All of the funding being provided by the Australian government to ARACY beyond the projects that they have already been funded for will come out of that funding at the moment.

Mr Kalisch—But it certainly is the case that ARACY receive other forms of funding outside of the Commonwealth.

Senator JACINTA COLLINS—Did they have previous stronger families funding?

Mr Kalisch—They did receive some funding that was also project based.

Senator JACINTA COLLINS—My problem is that you say they are project based, but at the moment we are saying, 'Yes, we have set aside \$2 million for projects, but we do not know what the projects are yet.'

Mr Kalisch—I think Mr Hazelhurst is giving you a pretty good idea of where that project will operate, and we are in finely detailed discussions with ARACY now.

Senator JACINTA COLLINS—Is there just one project, or is there potentially more than one project with this \$2 million?

Mr Hazelhurst—I think there is scope for a range of activities within that \$2 million. One of the examples, as I suggested, was supporting the networking of the sites. The alliance has also been very interested in clearing house like functions. We will be looking at discussing with them possibilities regarding their ideas around clearing house functions and our ideas around clearing house functions. It is worth bearing in mind that the way in which the alliance works is that it has some funding for its core activity of running itself, but it also commissions work to be done through its members. We certainly anticipate that a significant proportion of any funding we provide to the alliance would be for activities that they would get facilitated through their members.

Senator JACINTA COLLINS—With the parenting information web site, are you able to tell us how many parenting information web sites there currently are?

Mr Hazelhurst—I am able to tell you that it is a very substantial number.

Senator JACINTA COLLINS—What is the objective with this one?

Mr Hazelhurst—The government has received very strong feedback from the focus groups that were conducted in relation to the National Agenda for Early Childhood last year and from some further research that we had been conducting in relation to parenting information that, whilst there is a myriad of information out there, whether that is in the form of web sites or other documentary information forms, parents still report considerable difficulty in knowing where to go for trusted information. So the intention behind the web site is to provide a single source or portal to quality assured information on issues to do with parenting to both parents and professionals.

Senator JACINTA COLLINS—Is the Commonwealth providing any assistance at this stage to any web sites that perform that role in perhaps a limited way that you are hoping to improve on?

Mr Hazelhurst—We had provided some initial funding to Early Childhood Australia to do some further development work around a concept that they had. But that was really only at an early development stage. It is certainly not a web site that is currently in operation or available to the public or anything like that. There are, of course, other sites such as the families portal. As I understand it, that is simply a search engine type web site.

Senator JACINTA COLLINS—Is that the one with the Family Assistance Office?

Mr Hazelhurst—I do not believe it is actually through the Family Assistance Office. It is a separate families portal.

Senator JACINTA COLLINS—So parenting advice through the Family Assistance Office site is perhaps another one that the Commonwealth is—

Mr Hazelhurst—I am not familiar with that site having parenting information or advice on it, but I would need to confirm that.

Senator JACINTA COLLINS—Have you had any expressions of interest for that funding yet?

Mr Hazelhurst—We have certainly had people expressing interest in being able to apply for it and who have indicated their interest in the process for accessing the money. We have explained that will be through a competitive tender process.

Senator JACINTA COLLINS—How many so far?

Mr Hazelhurst—I could not tell you the answer to that. There have been a handful, at most. But they have mostly been informal approaches, not in writing.

Senator JACINTA COLLINS—We will move on to Local Answers.

CHAIR—Before you do, I have been looking at the news service and I have noticed that there has been a comment from Mr Bashford that there were going to be 2,000 jobs cut at Centrelink. I am a bit concerned that there will be a lot of Centrelink staff out there who will be most nervous at that news. That is not what I understood Mr Bashford to have said. I think this committee should have that clarified because clearly the news service has got it wrong, and I have no doubt that other news outlets will pick up the story and run with it. Mr Bashford, would you care to make a comment to the committee?

Mr Bashford—What I said was that those figures did not contain any allowance for budget measures—and that is simply because they cannot because the budget measures are in the future. Based on the history to date, we would get a lot of new work and there certainly would not be any need to reduce the numbers by 2,000 out into the future. I did make the call this morning that this was without the budget measures included. It is the same every year: it looks bad for a reduction in staff, until we nail the budget outcomes.

CHAIR—Thank you.

Senator JACINTA COLLINS—Chair, what time was that reference?

CHAIR—I have just lost it because I have clicked the wrong button.

Senator Patterson—Chair, hopefully they have taken it off.

CHAIR—I do not think they have, because it is now on ninemsn as well. It was at a quarter to five on that one, but it was much earlier on this one. Senator Collins, I will let you know.

Senator Patterson—For Centrelink staff, it is absolutely vital that the report is right. Mr Bashford is saying that that was not a correct interpretation of what he said.

CHAIR—Sorry, Senator Collins. Would you care to continue?

Senator JACINTA COLLINS—That is all right. You just diverted me to try and find the piece.

CHAIR—I will find it for you and let you know.

Senator Patterson—I hope the news services that have got it will correct it—if they have any concern for the staff of Centrelink.

Senator JACINTA COLLINS—Could you provide me with a breakdown of the expected expenditure for each of the Local Answers projects in each of the four years?

Mr Kalisch—The ones that have been announced?

Senator JACINTA COLLINS—Yes, please.

Mr Kalisch—Because there are obviously quite a number that are still in the process of being decided.

Senator JACINTA COLLINS—Yes, and then I am going to work out how much is left, and all of those that are awaiting an outcome will get some feel for the nature of the competition.

Mr Kalisch—There are quite a number of these. They include: Support at Home for Early Language and Literacies, \$135,000; Integrated Service Response to Pregnant and Parenting Young People in Beenleigh, \$98,000; the One Stop Shop project in Mackay, \$138,000; the Enfield Cafe (Children And Families Everywhere) project, \$200,000; Glenorchy Parents and Kids Together Project, \$175,000; Collingwood Community Information Centre, \$75,000; parenting support services for teenage mums at Balga Senior High School, \$90,000; Strengthening Mining Families in the Eastern Goldfields, \$85,000; Caring Across Communities Project in the ACT, \$103,000; Family as Community in Alice Springs, \$180,000; the Tool Box for Blokes project in Nambucca, \$90,000; the Parental Aspirations Project, \$110,000—

Senator JACINTA COLLINS—Do you have any women's surf boarding projects in this?

Mr Kalisch—No, but just wait—the family support project, \$11,900; and a beach education program on the Central Coast, \$138,000. Of course we do not want people to drown, so that is quite a worthwhile project.

Senator JACINTA COLLINS—So this is designed to make people aware of—

Mr Kalisch—water safety. It is done by the Surf Life Saving Association on the Central Coast.

Senator JACINTA COLLINS—So what is the remaining surplus at this point?

Mr Kalisch—It is a large amount. I do not have the total here. We can certainly get a calculator and do that for you.

Senator JACINTA COLLINS—I would appreciate that because, at the pace you were reading, I did not write down all those figures.

Mr Kalisch—The vast majority is still remaining. We are talking about between one hundred to two hundred thousand dollars for those 14 projects.

Senator JACINTA COLLINS—Were any of them running ahead of April?

Mr Kalisch—A number of them were previously funded projects.

Senator JACINTA COLLINS—Previously funded under what?

Mr Kalisch—Under the Stronger Families and Communities Strategy.

Senator JACINTA COLLINS—So these were projects that had been advised at the outset that they should aspire to become self-sufficient and that it was non-recurrent funding et cetera—

Mr Kalisch—And they were able to demonstrate to us a need for further funding.

Senator JACINTA COLLINS—For what period?

Mr Kalisch—This is from July 2004 onwards.

Senator JACINTA COLLINS—But what is the term of this present funding?

Mr Kalisch—I think that really depends on a location by location basis.

Senator JACINTA COLLINS—So some of them have one year and some of them have two years?

Mr Kalisch—They have been given that total amount, and how they use it over that period is up to them. But we would have arrangements with each of them that might differ. I would need to seek advice on that. We still have \$50.163 million uncommitted for Local Answers.

Senator JACINTA COLLINS—What is your time frame to roll out the rest of the \$50 million?

Mr Kalisch—As I said, we have a first process in place that is happening at the moment, and that will come to some conclusion, we hope, around June. But that is just the first round of funding.

Senator JACINTA COLLINS—How much is in that round?

Mr Kalisch—I think that largely depends on the quality of the projects.

Mr Lewis—This is one of the questions that many of the community groups asked us in our briefing sessions. What we see in the tender round will obviously determine how much money we need to put into those projects. This first tender round will be instructive for subsequent tender rounds, and we have another five tender rounds to go.

Senator JACINTA COLLINS—So there are five rounds.

Mr Lewis—Six in all, and there are another five to go.

Senator JACINTA COLLINS—So there are five further rounds. How are they to be paced?

Mr Lewis—There will be two a year in the first three years.

Senator JACINTA COLLINS—One every six months, roughly?

Mr Lewis—Yes.

Senator JACINTA COLLINS—Do you envisage a certain rough carve-up of that expenditure over those periods?

Mr Lewis—We expect that the second and probably third rounds will be larger because of the longitudinal nature of some of these projects. It depends on how much interest we get, because it is market driven to some extent.

Senator JACINTA COLLINS—Could you provide me with the projects that were previously funded?

Mr Lewis—Support at Home for Early Language and Literacies, Integrated Service Response to Pregnant and Parenting Young People, One Stop Shop, the Enfield Cafe (Children and Families Everywhere) project, Glenorchy Parents and Kids Together, the Collingwood Community Information Centre, parenting support services for teenage mums,

Strengthening Mining Families in the Eastern Goldfields, Caring Across Communities, and Family as Community.

Senator JACINTA COLLINS—Mr Kalisch, some of the information I have tells me the time periods for the projects, so you probably do not need to bother pursuing that issue. I presume it was on the announcement attachments.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—For the current round how many applications have you received to date?

Mr Lewis—Around 1,000.

Senator JACINTA COLLINS—How many do you anticipate you will be able to allow for?

Mr Kalisch—I think that is an answer that we just gave you—we are still looking at the quality and quantum of the funds that are being sought. We will provide advice to the minister around that. It is hard to make that decision at this stage, given that the process has not finished. We basically cannot give you that answer now, at this stage of the process.

Senator JACINTA COLLINS—When did the tender go out for the round 1 funding?

Mr Kalisch—It was advertised on 17 April 2004 and closed on 14 May.

Senator JACINTA COLLINS—I think we have partly covered choice and flexibility in child care, but I will run through what we might not have covered. With the funding for in-home care—and I think Ms Casey may have answered this earlier in relation to some of the figures that she gave me, but I will ask it again because it is a bit of a mess—what proportion of the allocated funds set aside is for the child-care benefit?

Ms Casey—For in-home care, \$33.791 million was set aside for child-care benefit and \$15.066 million was set aside for the in-home care program.

Mr Kalisch—That was in 2003-04. Is the question about the previous funding or the current program?

Senator JACINTA COLLINS—It is about the current program.

Mr Kalisch—That is a larger amount.

Ms Casey—Yes. Sorry, I thought you were asking about the previous amount.

Senator JACINTA COLLINS—I am talking about the announcement in relation to in-home care for the four years ahead.

Ms Casey—For the new program, there is a child-care benefit allocation of \$73.008 million over the four years, and there is \$30.974 million over the four years for the in-home care program.

Senator JACINTA COLLINS—Is that essentially the operational subsidy?

Ms Casey—Yes. That is the funding that they get to set up and establish themselves and to use for the operational subsidies.

Senator JACINTA COLLINS—On what basis did you establish the CCB?

Ms Casey—That would have been part of the funding model that was used—the costing model that was put forward. I do not have that detail available.

Senator JACINTA COLLINS—Would it be the same model that the department of finance applies in other areas to calculate CCB?

Mr Kalisch—This is an agreed figure with the department of finance.

Senator JACINTA COLLINS—So if they use average CCB in other areas they are likely to have used it in this one?

Mr Kalisch—That is possible. But, as I say, this is an agreed figure with finance. This is what is in the budget papers.

Senator JACINTA COLLINS—But I am trying to understand the methodology for reaching it.

Mr Kalisch—I do not have that detail with me.

Senator JACINTA COLLINS—Is that something you could provide on notice? That is an agreed figure, so I presume FaCS has some knowledge of it.

Ms Casey—We will take that on notice.

Senator JACINTA COLLINS—Moving to the long day care incentive scheme, the \$12.8 million there does not account for additional CCB, does it?

Ms Casey—No, because they do not claim CCB. They get a funding block in lieu of CCB payments.

Senator JACINTA COLLINS—So additional places generated through the long day care incentive scheme for two years do not generate additional CCB?

Ms Casey—Unless they choose to move off the funding, which many of them do, and move onto CCB funding. We fund them for two years under the long day care incentive program or the previous provider funding, which means they do not claim CCB. If they prove to be viable and choose to move off the private provider funding, they then go onto CCB funding and no longer receive the block funding that they received under that program.

Senator JACINTA COLLINS—What happens at the end of two years?

Ms Casey—At the end of two years they have to be able to show that they are viable services. The funding is provided based on a business plan and meeting certain criteria that show they will be viable after the two years and will move onto CCB funding.

Senator JACINTA COLLINS—Shouldn't these costings include CCB for those centres established in the first two years for the future two years?

Ms Casey—Following two years, after they become a viable service and move off the private provider funding or the long day care incentive scheme funding, they become part of the normal CCB projections and calculations.

Senator JACINTA COLLINS—Yes, but as Mr Kalisch was saying earlier this scheme generates additional places which will mean additional CCB on the main CCB allocations after two years.

Mr Kalisch—And that will be part of our forward estimates.

Ms Casey—They do not need actual allocated places. Long day care is uncapped, so those places just become approved CCB places and form part of the projections.

Senator JACINTA COLLINS—Yes, but the department makes projections about growth in terms of CCB. I know that it has had some pretty wacky estimates and some significant underspends in the last few years, but I am curious as to whether the additional places to be generated under this program factor those CCB costs in the remaining, for instance, two years of the four-year period—and Mr Kalisch says the answer is yes.

Mr Kalisch—Certainly the notes that I have received suggest that is the case.

Senator JACINTA COLLINS—We are still waiting for an answer on the long day care DAS. We may have to wait until Friday to talk about whether this program is in addition to DAS—or can you be definitive on that now?

Mr Kalisch—No. I think you will need to wait until the announcement on Wednesday night to look at the total funding that is going to be available for the establishment of new child-care centres. The DAS may not be the only component—or the former DAS that you are thinking about.

Senator JACINTA COLLINS—But the previous collection of tools for that purpose was essentially PPI and DAS. Have I missed anything?

Ms Casey—They got establishment funding, then DAS, innovative flexibles and mobiles. There are a lot of innovative services and funding provided for rural and remote areas in Australia, not just DAS.

Senator JACINTA COLLINS—But I am looking specifically at what assistance was available for the establishment of long day care centre places, and that was essentially PPI and DAS long day care, wasn't it? Is there anything else I am missing?

Ms Casey—We do joint ventures with the state and territory governments. We put in funding and they put in funding under those different models. There are various components of that, but the major program to support viability in rural areas for the community based sector has been the DAS funding.

Senator JACINTA COLLINS—What joint projects have generated long day care centres?

Ms Casey—There are a few. I cannot give you that straight off, but I can tell you where we have done some joint ventures where we have put in some money—it may not be capital funding, but it has been funding to set up services. For example, we have done one in the Northern Territory. I think the minister just announced one in Victoria. The Victorian government put some dollars in and we put money in through the child-care support program to do that as well.

Senator JACINTA COLLINS—Do you know where the Victorian one is?

Ms Casey—I knew you would ask me that. I can come back to you with that.

Senator JACINTA COLLINS—I am very interested in those because, if anything, I have a criticism that many potential opportunities for that to occur have been let go in recent times.

The last \$3 million announcement that the minister made was one example. I am interested in—and I think we will get to it later—the additional \$8 million he said over the weekend would be available for capital upgrades for centres. The scope to combine that with the state funding that might be available for a joint venture—to actually put enough in the bucket to generate a long day care centre—has been one of the problems. To make enough change to the existing community infrastructure so that it is a viable, vibrant centre into the future has been one of the limitations in terms of how funding has been made available for some time now. So I am interested in that Victorian one.

Ms Casey—I guess the issue we have had has been the restrictions on the funding that has been available in the child-care program that is available. However, where funds have been available we have been very keen to work with state and territory governments in joint ventures.

Senator JACINTA COLLINS—There has been no question about that. In fact, I think some of the leaked material has highlighted the fact that the child support—what is the right name now?

Ms Casey—The child support program.

Senator JACINTA COLLINS—Or the broadband is overcommitted.

Mr Kalisch—It is the Child Care Support Program. I would not want it to be confused with child support.

Senator JACINTA COLLINS—No. So the Child Care Support Program has been overcommitted. Mr Kalisch, are you able to tell me what the forecast is, under the long day care incentive program, for additional CCB projections?

Mr Kalisch—I think that is what Ms Casey just gave you in terms of the \$70 million.

Senator JACINTA COLLINS—No. You said that the projection for CCB, once they come off the long day care incentive scheme, would have been incorporated. Are you able to tell me the quantum of that?

Mr Kalisch—I cannot give you the exact figure. I will see whether I can get that for you. It will be a small fraction of the total CCB amount—necessarily. Where you have around, if not more than, \$1.5 billion going to CCB—

Senator JACINTA COLLINS—Or when you have estimates which are out by around \$100 million, this small fraction is probably insignificant. Is that what you are saying?

Mr Kalisch—Yes. As you are aware, we deal with large numbers in this portfolio.

Senator JACINTA COLLINS—I was told by my staff earlier today that I have subsequently received a copy of the long day care incentive scheme guidelines. So I might see whether I can absorb those overnight and see if there are further questions relating to that.

Ms Casey—There is quite a lot to read.

Senator JACINTA COLLINS—I know. One point that I was curious about that was raised with me is that on page 23 of the national call for applications it states that information published by the department on the web takes precedence over information provided by any other nominated departmental staff. Why was it felt that that sort of rider was necessary?

Ms Casey—That would have been part of our probity guidelines, just to ensure that we put any further updates up on the web so that people can make sure that they get the latest up-to-date information.

Senator JACINTA COLLINS—But, as we know from previous estimates, the information we find on the web is not really infallible either.

Mr Sullivan—When we are running tender processes, the web is very up to date. It is basically a reminder that the web is the most authoritative source of information from the department. So if you alleged that Mark Sullivan said something, it would be pointed out in terms of the guidelines that the web is the authoritative source.

Mr Kalisch—And there is a very real and appropriate reason for that, in that the web gives access to everyone on an equal footing—so everyone can access that information.

Senator JACINTA COLLINS—What if Mark Sullivan says, ‘You are best to refer to the web site, find reference to it and print it off on that date and hope that that remains the most accurate until it ever gets challenged?’

Mr Sullivan—I would then comply with what I was supposed to have done.

Mr Kalisch—And we would discourage Mark Sullivan from speaking individually to people who are putting in tender bids.

Mr Sullivan—I am glad he specifically said what he would discourage me from.

Senator JACINTA COLLINS—To the extent that you are not able to discourage ministers from doing so with NGOs. From what I have seen so far from the guidelines, they say that the Australian government is concerned that long day care centres have places for children 0 to 24 months. Apart from expressing that rhetoric, is there anything to ensure that 0-24 places are going to be generated?

Ms Casey—In the applications that people would have to fill in to apply, one of the criteria is that they would have to identify how many baby places they would be providing. That would be one of the factors that would be taken into account in the assessment of their application for the scheme. It is a criterion. They also get more funding should they provide baby places.

Senator JACINTA COLLINS—Do they?

Ms Casey—Yes. They get a higher rate of funding for baby places as opposed to the 0-24-month places.

Senator JACINTA COLLINS—Even though they would not under the normal arrangements?

Ms Casey—No. This is an incentive to encourage child-care centres to take on more baby places, which is one of the areas of need that have been identified.

Senator JACINTA COLLINS—Are there any other particular areas that you focused on?

Ms Casey—I guess the main changes in the new scheme have been around the eligibility, so as to open it up to not-for-profit services; the location, so that urban fringe areas can meet—

Senator JACINTA COLLINS—No, I mean in terms of how they structure the care—for example, 0-2 two places—and other elements of the nature of the service they provide that you focused on.

Ms Casey—With regard to baby places?

Senator JACINTA COLLINS—Are there other issues that you have addressed aside from baby places?

Ms Casey—No, they have been many around the baby places. They would still be required to meet the quality assurance guidelines and the licensing and QA requirements of a long day care centre in order to continue their service provision.

Senator JACINTA COLLINS—Is there any facilitation of, for instance, children's centres working in cooperation with other services in a locality?

Ms Casey—This incentive is purely a long day care incentive scheme. However, you would need to look at announcements from the minister for future support that might be provided in those areas.

Mr Kalisch—One thing that is probably worth while noting is that there have been some previous announcements around child-care links projects and other initiatives that have focused on encouraging child-care centres and child-care arrangements to fit in with and to collaborate and work with other children's services in their local region. So there are other initiatives that we could point you to, but they are not relevant to these budget measures.

Senator JACINTA COLLINS—I appreciate there are other announcements, but I am curious as to whether the best practice model, so to speak, of trying to facilitate engagement between long day care centres and other children's services in a region is a component of the guidelines, and I think the answer is essentially no.

Mr Kalisch—Certainly, if a provider were to highlight aspects, we may well take that into account.

Ms Casey—The application process is quite intense, but if they had supporting information it would certainly go in their favour.

Senator JACINTA COLLINS—One that comes to my mind, for instance, is the ability of their service to interact and ensure that children are receiving a preschool or transition to school or a kindergarten program at the four-year-old end, but that is not a component of these guidelines at this stage.

Ms Casey—They would need to demonstrate how they would be able to provide a program that was based on a development curriculum. For example, in New South Wales, they would need to have a licensed preschool teacher if they were having children of that age group.

Senator JACINTA COLLINS—If they were of a certain size.

Ms Casey—Yes.

Mr Kalisch—They would also still need to meet the quality assurance dimensions that talk about developmental education.

Senator JACINTA COLLINS—Yes, but there is a difference between the accreditation guidelines and what would be required in, say, Victoria, which has a registered kindergarten program. There is a significant difference in the standards that would be required. The long-term objective would be to try to ensure that most children at that end are getting a transition to school program of the order of the latter, rather than the earlier.

Mr Kalisch—We certainly look at the complementarity of those licensing and accreditation processes.

Senator JACINTA COLLINS—The continued roll-out of the quality assurance system is due to cost \$7.9 million over four years. What is new about that announcement?

Ms Casey—Is this under the Stronger Families funding?

Senator JACINTA COLLINS—We are still dealing with the Stronger Families strategy.

Ms Casey—What you are talking about there is a component of funding that is provided to the child-care support program. Initially, under the first wave of Stronger Families, that money was provided on top of the funding that that was already provided in the broadband for the quality assurance system. That was money that was put on top to assist with the implementation of the family day care and outside school hours care program. We did not have enough money in the broadband to fund that, so we were given additional money through Stronger Families to assist with that roll-out. The new funding that has been announced is money that continues to go back into the quality aspects of the child-care program, and that will go towards continuing the roll-out of the outside school hours care program and will start to look at funding around Indigenous QA and in-home care QA issues. It is additional funds to allow us to continue the quality program.

Senator JACINTA COLLINS—Why didn't we just add the \$7.9 million to the \$16-odd million that has been supplemented to the broadband and put it all in the broadband?

Ms Casey—We could have done that, but we would have had to have a different funding program.

Mr Kalisch—That is essentially the outcome, but it has been funded at two different times.

Senator JACINTA COLLINS—At two different points in time?

Mr Kalisch—Yes, at two different points in time. This was announced in early April and the other funding to the broadband was announced in the budget.

Senator JACINTA COLLINS—We will come to that, because some of the announcement—for instance, in December—has ended up as a budget announcement too with respect to playgroups. We will wait till we get to output 1.1 for that one.

Mr Kalisch—Output 1.4 is child care.,

Senator JACINTA COLLINS—Well in the past it has been output 1.1.

Mr Kalisch—No, output 1.1 is family assistance and output 1.4 is child care.

Senator JACINTA COLLINS—I appreciate that. We will come to it, so do not worry about it.

Mr Kalisch—I am sure that we will do it, irrespective of the number.

Senator JACINTA COLLINS—In the last round of estimates we discussed the level of regulations in each state. Can you provide me with a state-by-state update on how the implementation is going in relation to quality assurance?

Mr Kalisch—Quality assurance applies across each state in the same way. Are you talking about state-by-state licensing? There is a difference across the states in terms of what the state governments do.

Senator JACINTA COLLINS—I will come back to that one when we get to output 1.4.

Senator FORSHAW—I would like to ask some questions on the Indigenous financial management program, which is noted at page 64 of the PBS. It says that there is \$4.4 million to be provided over four years for additional financial management projects in Indigenous communities. Can you give me some information about the funding of the existing projects?

Mr Sullivan—There have been three tranches of funding for this project: the initial project, which funded up to four communities—and I stand to be corrected—in Cape York; some second funding, which came from various departments to fund another two communities in Cape York plus two communities outside of Cape York; and now this third level of funding, which is, again, to improve or increase that coverage with a further six communities.

Senator FORSHAW—So you started off with four and another two were added?

Mr Sullivan—Another two in the Cape plus two elsewhere, and now another six.

Senator MOORE—In the Cape?

Mr Sullivan—No, those further six will not all be in the Cape.

Ms Beauchamp—The centres or sites we have in the Cape at the moment are Aurukun, Coen and Mossman Gorge. They are the three existing FIM sites in the Cape. We have also tried to get another site going up there, but we are having trouble working through some of the governance arrangements around that. We will continue to work with the communities and officers up there. So in total there are four. The announcement in the budget papers is for another six.

Senator FORSHAW—What about the second lot of four that Mr Sullivan mentioned: the two plus two?

Ms Beauchamp—There are another couple we are trying to get started, but they have not actually commenced, up in the Cape.

Senator FORSHAW—There must be another two somewhere else. Is that right?

Ms Beauchamp—There is one being established in Wadeye in the Northern Territory.

Senator FORSHAW—So it is actually four. In terms of the first four in the cape, there are three that are going and one that you are trying to get started.

Ms Beauchamp—Yes.

Senator FORSHAW—You are then trying to get another two started in the cape, plus—

Ms Beauchamp—one in the Northern Territory.

Senator FORSHAW—Is that one proceeding at the moment?

Ms Beauchamp—It is not proceeding, no. We are still in the development phase.

Senator FORSHAW—Then there are another six to come?

Ms Beauchamp—Yes.

Senator FORSHAW—Do you have any idea which regions or communities they will be located in?

Ms Beauchamp—Not at this stage, although we do need to work through with those communities that are ready that there is good infrastructure in place—for example, that there are banking facilities there. The program is entirely voluntary, so it is really about talking to communities who are able to take this project on.

Senator FORSHAW—How long has the funding been available? How long have these projects been going on?

Ms Beauchamp—Since 2001-02.

Senator FORSHAW—Are you able to tell me how much has been spent or the amount of the funding allocated—I appreciate that they may be different figures—on the projects that are under way?

Ms Beauchamp—The initial funding allocated was around \$1.2 million.

Senator FORSHAW—So that would have been for the first four.

Ms Beauchamp—Correct.

Senator FORSHAW—Has that all been spent?

Ms Beauchamp—I would have to take that on notice. I am not sure if it has all been spent.

Senator FORSHAW—Presumably it has not been if there was one more project to go—

Mr Sullivan—It could have all been spent. We did an evaluation of what we had done in the cape last year. It was an extraordinarily positive evaluation, but they are expensive projects to run. They require quite intensive interaction between financial counsellors and the community. In the early cape community that is being done on a pro bono basis between Westpac, the Boston Consulting Group and the Cape York Partnership along with the department. We are trying to find ways of implementing the FMIP in a slightly less costly way so that we can replicate it more quickly. We can certainly get you some details of our expenditure levels on FMIP since it was funded.

Senator FORSHAW—Thank you. What was the amount of funding for the second tranche, if you like—the two further projects that were undertaken, with one more to be developed?

Mr Sullivan—I will have to get the details. That came from other departments to start up some new projects. I think this funding incorporates maintaining those new projects.

Senator FORSHAW—That was where I was leading to with my next question. The \$4.4 million includes ongoing funding to—

Mr Sullivan—I think we now have 10 available projects.

Ms Beauchamp—I may be able to clarify some of the funding figures.

Senator FORSHAW—I keep getting to the point where my numbers are adding up, and then—

Mr Sullivan—I spoil it for you. Sorry, Senator!

Senator FORSHAW—you spoil it, Mr Sullivan!

Ms Beauchamp—There was an initial allocation of \$1.2 million. Other agencies have also contributed to the funding of this program to bring the total commitments so far from this government to \$3 million.

Senator FORSHAW—They have contributed, but who actually administers the program—FaCS?

Ms Beauchamp—The department—FaCS, yes.

Senator FORSHAW—So they are funds coming into FaCS.

Ms Beauchamp—That is correct.

Senator FORSHAW—How much?

Ms Beauchamp—In total we have \$3.1 million.

Senator FORSHAW—So there is another \$1.9 million from other departments.

Ms Beauchamp—Correct.

Senator FORSHAW—Are you able to say—and I think you have taken this question on notice to some extent—how much of that \$3.1 million has been expended to date?

Ms Beauchamp—It will take us probably until 2006 to expend the \$3.1 million. It takes a long time to work with Indigenous communities to get these projects up and running, so that funding will be used over the next couple of years.

Senator FORSHAW—I am getting a bit confused here. I think I know how much was allocated both from within FaCS and from other departments outside—a total of \$3.1 million. Is the \$4.4 million in addition to the \$3.1 million?

Ms Beauchamp—That is new money. In total, it is \$3.1 million plus \$4.4 million.

Senator FORSHAW—That is what I understood the budget statements to say. But I thought you just said that some of the \$4.4 million will be to carry on projects that are under way. Is that right?

Ms Beauchamp—Sorry; some of the \$4.4 million?

Senator FORSHAW—Some of the \$4.4 million, which is future funding, will be allocated to projects that are already under way.

Ms Beauchamp—The \$4.4 million will provide for six additional sites to the ones we have already mentioned; and the location of those we will need to work through in terms of readiness and the infrastructure available.

Senator FORSHAW—Just to clarify this completely: the \$4.4 million is the allocation over the next four years for the six new projects?

Ms Beauchamp—Correct.

Senator FORSHAW—The remainder of the \$3.1 million is to fund the existing projects?

Ms Beauchamp—Yes.

Senator FORSHAW—What about the projects that were to be commenced by now but which you have said you have had difficulties in getting up and running? Are they part of the new six?

Ms Beauchamp—They are part of the \$3.1 million and not part of the six.

Senator FORSHAW—That is where you get your 10 projects from, is it? I think you said there were 10 projects in total for an overall funding of \$7.5 million. Is that right?

Ms Beauchamp—Correct.

Senator FORSHAW—It was a bit tortuous but we got there.

Ms Beauchamp—I think the number ultimately will depend on what projects we can actually get up and running and where—and it does, as I said, take time.

Senator FORSHAW—What is your expectation about the ones you are trying to get started at the moment? Can you give us a bit of a feel about how likely it is that they will commence? Can you tell us where they are?

Ms Beauchamp—There is a couple in the cape. We are working extremely hard to try and get them up and running.

Senator FORSHAW—I am sure you are, but tell me how optimistic you are.

Ms Beauchamp—I am quite optimistic, yes.

Senator FORSHAW—Are we talking about in the next 12 months or six months?

Ms Beauchamp—Within the next 12 months, yes, definitely.

Senator FORSHAW—How are these projects developed? Are they developed locally?

Ms Beauchamp—Definitely locally, with the local community and representative groups and in consultation with state and territory governments and local councils and the like.

Senator FORSHAW—Are there specific components that FaCS looks to or requires being involved or covered? For instance, with budgeting, how much of the project would you want to see as being core components and how much of it would come about through the local communities?

Mr Sullivan—The cape projects are the most interesting to talk about because that is where we have got the most experience. This was a project we initiated with Cape York Partnerships, which is a combination of the Queensland government, communities from the cape, some corporates and us. We were looking and they were looking for communities which had, after some consultation with the community, a sufficient number of people interested in the program to justify us going in. This happened in Coen, Mossman Gorge and Arakun. Westpac provide the financial management people and some systems; we provide the infrastructure and some counselling and we work with family groups. They can choose to participate in this project as extended a family as they wish. They go through some budgeting

understanding and make some decisions as to where they will commit some of their income be it to savings for small capital goods like washing machines or refrigerators, savings for savings sake, a commitment to a nutritious school lunch program for their children or their rent and things like that. Westpac then helps them put that in place so that we can clearly show them a trail of their various forms of income support and other payments coming in to the family and its distribution amongst the various accounts that they wish to keep.

In the cape, we extend that to a fairly full service. If you are saving for a washing machine we will provide the services that *Choice* provides and advise them on what sort of washing machine, where they can purchase it and what the best deal is. The experience in those communities has been a good early take-up with no-one stepping out of the program—even though you could stop it tomorrow—and an improvement in the take-up as we have moved on. All we look for to start with is sufficient numbers of people who are willing to give the program a go. The outcomes from the program are very clear. We see people's capacity to save for capital goods improve but, most importantly, we start seeing reductions in expenditure on alcohol, reductions in expenditure on gambling and school retention rates increase—almost every wellbeing indicator of the community increases. To say that we can conclusively claim a correlation between those improvements and the FMIP program is hard, but it seems to be accepted in the community that there is a strong link between these initiatives and outcomes.

Senator FORSHAW—I was going to ask you about outcomes, but you have already mentioned some of those in your answer. Who is actually doing the monitoring of the outcomes? Is it FaCS or a combination of FaCS, state instrumentalities or the communities?

Ms Beauchamp—We are oversighting the monitoring and evaluation.

Senator FORSHAW—You mentioned Westpac's involvement. Would they be doing any assessments on things like improvements in financial personal management?

Mr Sullivan—The evaluation covers all aspects of the trial, including the services provided by other partners and the community reaction. I will get back to you on whether it is conducted internally or by an external consultant. I know that Cape York Partnership has been conducting an evaluation of its activities on a broader scale over the last couple of years because they have interviewed us about that evaluation. I will come back with the details of the evaluation of the communities in the cape.

Senator FORSHAW—That would be helpful. Do you envisage that the new projects to be funded under the additional money will be of a similar format to the current ones, or are you looking at other elements?

Ms Beauchamp—I guess we would like to learn from the pilot so far and adopt what is best practice and what works in particular communities. But we are looking at trying to simplify the process from here on in.

Mr Sullivan—As I said, the first projects involved intensive personal assistance at the family level. We understand that we need to put a fair amount of effort into understanding the concepts of budgeting and financial management. We are looking to see whether there are any innovative ways to reduce the level of personal assistance required to maintain the program, because clearly it dramatically increases the capital cost of running a program if you have to

have people available at all times to assist in maintenance of the program. We have to be very careful not to lose the effectiveness of the program. We cannot suddenly throw someone at a computer and say, 'There's Internet banking—go for it.' We are going to trial ways that are somewhere between what we are doing and more cost-effective ways.

Ms Beauchamp—As an example, there may be some generic budgeting and educational materials that can be prepared and have broader application than just in one site.

Senator FORSHAW—What are the actual funds mainly spent on—staff and resources?

Mr Sullivan—They would be largely spent on the provision of some infrastructure and staff. The advice that we give to people is the main cost. There is a little bit around the creation and setting up of the account structures, but not very much. As I said, Westpac staff come pro bono from Westpac, but some infrastructure around them is required. The most expensive things are basically personal advisers—not in the Centrelink sense but financial advisers—and vehicles and infrastructure to support them.

Senator FORSHAW—What proportion of those would be Indigenous Australians? Are there many?

Mr Sullivan—Not from Westpac. At the moment a lot of staff are from Westpac. Westpac are probably at the upper end in the proportion of Indigenous staff in their organisation, but that proportion would still be very low. Staff would generally be non-Indigenous professional finance staff who were sent or asked to go to the cape.

Senator FORSHAW—There are a couple of other issues on this aspect that I would like to ask about but I need to check something, Chair, so we might suspend now and resume later.

Proceedings suspended from 6.28 p.m. to 7.49 p.m.

Senator MOORE—Ms Beauchamp, we have a couple of final questions about the Indigenous program. You told us before the break about the process for staffing and the process for consultation with the local communities. One of the key partners in this project is the Cape York communities, and certainly Noel Pearson has had a high profile in that area. One of the ideas that he has been running with is the possibility of changing legislation to have common pools of funding. Has FaCS looked at that kind of legislative change or done any research about how that kind of pool funding could operate?

Mr Sullivan—Not really. It is correct to say that such a concept would require legislation and it would be very major legislation because it would basically have to attack one of the major tenets of social security law, and that is the individual right to payment. We read with interest what Noel Pearson and others have written. We are conducting some work for the minister on flexibility within the current social security system itself, as to how we could use the law, but clearly that is around the sorts of things we do in the FMIP trials, and that is voluntary measures, using nominees and things like that. We have some ideas which, as I say, are developing as to how we could address some of the issues in the system that people like Noel Pearson see as a problem, and we are interested in hearing any further ideas that people have, but that would be a very major change. It would probably introduce compulsion and certainly could not be based on race.

Senator MOORE—No. One of the things we talked about earlier was how you assess whether these things are working, whether community financial management is improving. Certainly one of the things we talked about in the past is the use of cash advances and prepayment. Do you keep any records about whether that style of processing has been affected?

Mr Sullivan—There is not a lot of access into those sorts of traditional measures—you are right—in remote communities. We could ask Centrelink whether they have seen any change in that, but I am not aware of it. Certainly we do know, and it is not breaching any privacy to say, that money is accumulated in these accounts. We know capital purchases are being made and we know that it is at the cost of spending on things like alcohol and gambling. We can measure those in those communities, because there is often one formal outlet.

Senator MOORE—Yes, so it is easy to trace, to an extent.

Mr Sullivan—To an extent it is easy to see where it is going, and people are reporting to us as well why they are themselves able to save for various things.

Senator MOORE—Mr Sullivan, where are the FaCS staff who are working on this project located?

Mr Sullivan—The project leader is located in Brisbane. Others are located in Canberra.

Senator MOORE—Do you have any Cairns based staff now?

Mr Sullivan—We have Cairns based staff who work for us on youth issues, and we have an office in Townsville.

Senator MOORE—The closest locational office would be Townsville?

Mr Sullivan—The project leader is Brisbane based.

Senator MOORE—I know that the intergovernment project, of which FaCS is the leading agent, is in that part of the world. Is there any kind of linkage between the work being done there and this kind of process?

Mr Sullivan—Yes. For the intergovernment agency pilot in Cape York, DEWR is the lead agency, and so Peter Boxall is the secretary responsible, and we work with DEWR on that project. Whenever we do anything in the cape, we talk with DEWR about how it fits in with their COAG trial.

Senator MOORE—And all the streams run together, don't they? You cannot really take one thing out in isolation?

Mr Sullivan—No.

Senator MOORE—How many staff from the FaCS perspective are dedicated to this project at the moment?

Ms Beauchamp—Probably two.

Senator MOORE—I knew it would be a small number, but two?

Ms Beauchamp—Two, and I think we do get other areas of the department involved where we need to.

Senator MOORE—As required?

Ms Beauchamp—Yes.

Senator JACINTA COLLINS—Moving to playgroups. Mr Kalisch, I am hoping you can explain this riddle to me. Playgroups is a budget measure in the budget statements on page 169.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—In the FaCS PBS it is on page 88 as a non-budget measure.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—And also at page 119 under output group 1.1 as services for families with children, elaborated to include playgroups at page 135. How is it it lives in 1.4?

Mr Kalisch—It lives in 1.1.

Senator JACINTA COLLINS—It does live in 1.1?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—You were incorrect earlier?

Mr Kalisch—No. I said child care was in 1.4.

Senator JACINTA COLLINS—No, I was saying playgroups.

Mr Kalisch—Sorry, I misunderstood you.

Senator JACINTA COLLINS—How is it a budget measure and a non-budget measure, other than the fact that you have phased it over five years in the budget measure?

Mr Kalisch—No, it was announced prior to the budget.

Senator JACINTA COLLINS—Yes, but there were other things that were announced prior to the budget which do not make it as budget measures. Why has playgroups made it as a budget measure?

Mr Kalisch—It has been included in this because, as I understand it, the announcement took place after additional estimates.

Senator JACINTA COLLINS—Yes, but so did the announcement for the additional 10,000 OSH places, but they did not make it as a budget measure.

Mr Kalisch—They have been included in these figures and amounts. The complication with the child care is that there is a mix of both the budget measure and a prior measure. For example, the one around additional family day care places talks about the total funding, which includes both a budget component and a non-budget component.

Senator JACINTA COLLINS—And the OSH places?

Mr Kalisch—And similar for the OSH places.

Senator JACINTA COLLINS—This includes 10,000 places that were provided?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—So then all that was announced in December is absorbed in these announcements?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—So the additional family day care places should include 1,500. Yes, I understand that.

Mr Kalisch—It is just one of those accounting rules that the department of finance has.

Senator JACINTA COLLINS—The simple answer is that it is both a budget measure and a non-budget measure and it is in 1.1?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—There did seem to be a slight difference in amounts for playgroups with respect to the December announcement and what is in the budget. Is that simply the different phrasing?

Mr Carmichael—Are you referring to the announcement being \$11.03 million over four years and then later a reference to \$14.9 million over five years?

Senator JACINTA COLLINS—Yes.

Mr Carmichael—I understand that is because the measure is in 2003-04, and that takes it across five years.

Mr Kalisch—What is presented in here includes an additional year, whereas the announcement that would have taken place in December would have been a four-year figure.

Senator JACINTA COLLINS—So it is based over five years.

Mr Kalisch—Yes, as Mr Carmichael indicated.

Senator JACINTA COLLINS—In relation to family day care, my understanding was the December announcement met all the unmet need estimated at that point. Has there been a further level of unmet need met in this announcement or is it all catering for growth in the future?

Ms Casey—When the 10,000 extra places were allocated in December, they met the identified need at that time.

Senator JACINTA COLLINS—The 1,500?

Ms Casey—Yes.

Senator JACINTA COLLINS—You are not saying that about the 10,000 places, I am sure.

Ms Casey—No, I am talking about the 1,500. As you know, the department then went out to advertise, to identify the express demand for family day care.

Senator JACINTA COLLINS—What was the result of that process?

Ms Casey—Applications were received from 26 new family day care services and from 47 existing services seeking additional places, so we had a total of 73 services applying. They sought 4,148 places, 2,371 in new services and 1,777 for additional places in existing

services. Those have now been validated, and our assessment of the need is for 1,437 family day care places.

Senator JACINTA COLLINS—You have accepted less than half of the expressed demand as validated demand?

Ms Casey—Yes. All of the existing family day care services that have expressed and validated need have been met, and it looks like we will be approving around three new family day care schemes to be receiving services. As you know, the places go out on demand. Where we currently have a family day care service providing services and meeting the needs in an area, we would not be allocating new places to new services.

Senator JACINTA COLLINS—Who are these three new schemes, or can't you say at this stage?

Ms Casey—They have not been confirmed yet. They are still being worked on, but the work that is being done within the department at the moment has pretty much validated that there is a genuine need for three new services in areas where family day care is currently not operating.

Senator JACINTA COLLINS—What is the nature of those services? Are they private providers? Are they not-for-profit providers?

Ms Casey—For family day care?

Senator JACINTA COLLINS—Yes.

Ms Casey—To the best of my knowledge, they are not private providers, but I would need to confirm that.

Senator JACINTA COLLINS—I am curious, because the discussion about the allocation of additional places seemed to be an implication towards trying to promote private providers. Has this not been realised?

Ms Casey—I would have to come back to you on a breakdown of how many private providers applied.

Senator JACINTA COLLINS—There were 26 new providers seeking to provide services.

Ms Casey—Yes.

Senator JACINTA COLLINS—I would be interested in what proportion of those 26 were private providers.

Ms Casey—I could come back to you with that.

Senator JACINTA COLLINS—In terms of the funding provided for family day care, what proportion is broadband related and what proportion is CCB related?

Ms Casey—For the 4,000 family day care places—that includes the 1,500 and the 2,500—the broadband funding is \$5.894 million and the child care benefit funding is \$15.189 million.

Senator JACINTA COLLINS—That is the break-up over four years?

Ms Casey—Yes.

Senator JACINTA COLLINS—Are you able to tell me how that CCB figure is calculated? It is a bit more complicated with family day care, too, isn't it? You will probably need to do this on notice.

Mr Kalisch—There are some waiting from the CCB that apply, particularly to part time.

Senator JACINTA COLLINS—That is right.

Mr Kalisch—We could provide you with a sense of that.

Senator JACINTA COLLINS—Are there any other elements of that family day care funding, apart from establishment, operational subsidy and CCB?

Ms Casey—Yes. There was funding provided for special needs subsidy and for quality assurance.

Senator JACINTA COLLINS—SNSS, presumably, on the formula currently, is provided for existing family day care?

Ms Casey—There is an element of that provided in the funding. Sorry, I am talking about the OSH places there. In family day care—

Senator JACINTA COLLINS—DSUPS?

Ms Casey—there would be DSUPS provided, but that is not in my brief. I would have to come back to you on that one.

Mr Kalisch—The understanding we have is that the CCB costs were done on the average CCB cost for the family day care sector.

Senator JACINTA COLLINS—In relation to OSH, could you break that funding up between the child care support program and CCB?

Ms Casey—The figures I gave you before were for 2004-05.

Senator JACINTA COLLINS—I wondered, yes. Can we go to the four years? This is back to family day care?

Ms Casey—Yes. Those figures I gave you were for 2004-05.

Senator JACINTA COLLINS—I thought they might have been a bit small.

Ms Casey—Yes. For OSH places for 2004-05, there is \$20.856 million for CCB, and to the child care broadband \$11.065 million.

Senator JACINTA COLLINS—Similarly for OSH: other than the operational funding, what else is there in the broadband?

Ms Casey—I have found it.

Senator JACINTA COLLINS—We are on OSH, are we, at the moment?

Ms Casey—We will do the OSH one. For 2004-05, we have in CCB \$20.856 million and in support for child care \$11.065 million. For 2005-06, CCB is \$21.377 million and support for child care is \$9.241 million. For 2006-07, \$21.912 million in CCB and \$4.092 in support for child care.

Senator JACINTA COLLINS—Why does it go down in that year?

Ms Casey—It would be going down because they would only be getting their establishment funding for two years and then they would move off onto normal CCB funding after that. In the final year, 2007-08, it is \$22.460 million for CCB and \$3.913 million for support for child care.

Senator JACINTA COLLINS—Did you want to go back to the four-year figures for family day care?

Ms Casey—Yes. I have given you 2003-04. Family day care: for 2004-05, CCB is \$15.189 million, support for child care \$5.894 million; 2005-06, \$15.563 million for CCB and \$6.959 million for support for child care; \$15.952 million for 2006-07 for CCB and \$6.030 million for support for child care; 2007-08, \$16.350 million and \$6.102 million for support for child care. On top of that, there are some departmental funds, which brings you to the total allocation. Do you want those?

Senator JACINTA COLLINS—Yes, thanks.

Ms Casey—Back to the OSH departmental funding—that is FaCS and Centrelink—for 2003-04 it is \$0.480 million, and then \$2.687 million, \$1.541 million, \$1.619 million and \$1.579 million. For departmental funding on family day care—that is FaCS and Centrelink—in 2003-04 it is \$0.065 million, then \$0.252 million, \$0.214 million, \$0.248 million and \$0.223 million.

Senator JACINTA COLLINS—Thank you. Similarly for OSH, are there any additional elements to that funding? You probably have some SNSS.

Ms Casey—We did have some SNSS with OSH. We have a set-up grant and equipment grant for establishment of quality assurance and SNSS funding in the OSH places. That was only for the 30,000, because the 10,000 that were allocated in December 2003 were for existing services; there was no funding provided in the budget for new services. This budget provided for new services.

Senator JACINTA COLLINS—On what proportion?

Ms Casey—I will have to come back to you. A large proportion of the funding this time around was for new services, because the 10,000 met most of the need at that stage for existing services.

Senator JACINTA COLLINS—You and I have had longstanding conversations about new services. That is why I am interested in the proportion of the current allocation for new services.

Ms Casey—Did I give you that?

Senator JACINTA COLLINS—No. The funding arrangement for OSH places is what proportion for new services?

Ms Casey—I would have to confirm the exact percentage, but it was a large percentage of the funding in this current round which allowed for new services to be established.

Senator JACINTA COLLINS—You could do that fairly quickly, couldn't you—in the next day or so?

Ms Casey—Yes.

Senator JACINTA COLLINS—What were the results of the expressions of interest for OSH?

Ms Casey—We had 773 new applications for OSH services and 579 existing services sought additional places. We had a total of 1,352 services that applied. There were applications sought for a total of 39,451 places, of which 27,882 were for new services and 11,569 for additional places in existing services. Our current assessment and validation of these applications has demonstrated that there is a need for 26,900 OSH places. Of those, we anticipate 17,888 in new services and 9,012 in established services.

Senator JACINTA COLLINS—It looks like I was not exaggerating.

Ms Casey—It looks like we have come in to meet demand.

Senator JACINTA COLLINS—The decision certainly has. But I remember being accused by the minister of exaggerating on several occasions prior to that.

Senator Patterson—Never! Well, maybe occasionally.

Senator JACINTA COLLINS—Are you able to tell me what proportion of those relate to Victoria? You probably cannot do it right now.

Ms Casey—I can actually. At this stage—and we are still finalising these—it looks as if Victoria in outside school hours care will get 4,249 new places, and 892 will be in established services. That is before and after, and vacation care.

Senator JACINTA COLLINS—That will be 5,141 additional places.

Ms Casey—Yes.

Senator JACINTA COLLINS—I am also interested in what proportion of the expressions of interest came from Victoria.

Ms Casey—We received 6,195 applications for new services and 1,160 for existing services from Victoria.

Senator JACINTA COLLINS—I have had raised with me by some service providers—one who comes to mind is a provider run from a community centre around two schools—that they were aware of a request from a large provider of OSH services. The issue in this particular case was a new private service seeking to cover an area where existing services were already being provided. Has that occurred in any of these allocations?

Ms Casey—Those are issues that would have been taken into consideration when our state and territory officers looked at the assessment. If that service had a demonstrated need for additional places and was able to validate that, it would have been accepted.

Mr Kalisch—Senator, was the example you were thinking of where they were looking to largely duplicate services that were already there?

Senator JACINTA COLLINS—Yes.

Mr Kalisch—That would have probably been ruled out as part of the assessment process.

Ms Casey—It is much the same with family day care. If we have a current family day care scheme that requires additional places and there is demand in that scheme, we would not be giving the same amount of places to a new service to set up while we have current demand.

Senator JACINTA COLLINS—It would be destabilising, wouldn't it? It brings to mind some of the occurrences in long day care. I have some other smaller child-care issues that I think are probably more easily dealt with in 1.4 because it goes beyond the budget measures.

Senator FORSHAW—I would like to return to the payment of the one-off carer bonus.

Mr Sullivan—I did not think we were going to talk about the carer payment.

Senator FORSHAW—We have already dealt with the \$1,000 and \$600 budget measure. The questions I had related to procedures involved when people turn 65 and may transfer to the age pension.

Mr Sullivan—I think I have sent the expert home.

Senator JACINTA COLLINS—I am conscious that Mr Sullivan noted that we covered issues with respect to compliance, but we have a couple of extra compliance issues. I do not know if you have an appropriate person or not here at the moment?

Mr Sullivan—Yes. Mr Hartland always stays till the end.

Senator FORSHAW—If you go to page 67 of the PBS, 'Single relationship status reviews'. Can you tell us the basis upon which the savings figures for this measure have been derived? What is the evidence that supports those figures?

Mr Sullivan—This is a very straightforward, commonsense sort of a measure. It came out of work that suggested that for parenting payment single recipients a change of address often signalled a change of other circumstances and, therefore, that if we took the opportunity, on notification of a change of address, to interview for other changes of circumstances we would capture those circumstance changes earlier than the normal review processes. This calculation is how much we will save by doing that. It sounds very straightforward. If someone does change their address, it is a good opportunity to ask them in for an interview and seek to find out whether there have been any other circumstances changed—rent paid, relationship circumstances change, or anything else.

Senator MOORE—Could that have been a staff suggestion?

Mr Sullivan—It could have been, easily. I was interested before, when I think you asked a question about it. In terms of development of our budget suggestions for the minister, we draw a lot of information from Centrelink and the network. I think these sorts of good commonsense suggestions do come from staff.

Senator FORSHAW—What you are putting to us is that, of 20,000 interviews—as it says here, the indicator—you would expect to find 1,200 recipients had changed from single to married status and that would lead to the savings figures that you have projected there.

Mr Hartland—Yes, that is probably right. It was a judgment about how many times, if you looked at people who changed their address and looked for the right people, you would find that had happened.

Senator FORSHAW—It is based upon previous data or experience that that sort of proportion would result?

Mr Hartland—Yes, that is right. It is based on analysis of what we thought was happening with people who were coming in and changing their address and what random samples were telling us about the extent to which we were not detecting changed relationship status.

Senator FORSHAW—How many parents would you expect to be shifted from the parenting payment single to the parenting payment partnered rate?

Mr Hartland—I am sorry, I do not have that in front of me. We will have to come back with that information.

Senator FORSHAW—Can you check and obtain that for us?

Mr Hartland—Yes.

Senator JACINTA COLLINS—It is not real, is it?

Senator FORSHAW—That is factored into your calculations?

Mr Hartland—Yes, that is right. The savings are a multiplier of people that go to one of those rates or onto another alternative payment. That is right. That would be the difference in rate between, say, Newstart, if they were eligible for that, or parenting payment partnered if they were only eligible for that payment.

Senator FORSHAW—How many parents would you expect to be no longer eligible for either payment, obviously due to the earnings with their new partner?

Mr Hartland—We will come back with that information. I have a sense of the sort of detail you would like; I just do not have it in front of me.

Senator FORSHAW—Can you indicate the nature of the interviews? It says ‘face to face’, but could you just expand on that? What would they involve?

Mr Sullivan—We have not developed this yet; it is to be implemented from 1 July. But clearly there will be a check list for the interviewer, to look at issues such as rent if the person was paying rent before and therefore in receipt of rent assistance—whether similar, more or less rent was being paid at this premises; and then a check list against the relationship—any relationship they may be in.

Senator FORSHAW—What sort of evidence would be required to establish a relationship? What would you be checking?

Mr Sullivan—We could show you some guidelines. Basically, it is looking at what people do jointly. Is the lease in joint names? Are there joint bank accounts? Or do they just believe they are in a marriage-like relationship?

Mr Hartland—This is a very difficult area for Centrelink to administer, as you would appreciate. There are reviews already that look at marriage-like relationships and, to some extent, what is new about this one is the way of finding the people that we want to ask some questions about it, so we would be hoping to build also on the existing reviews in this area. It is hard in these areas in comparison with something like a match with the Taxation Office, to have objective evidence that you can put in front of the customer that would lead them to confess to something that they were not inclined to, so we often do rely on customers understanding more about the legislation and their obligations and, in a way, voluntarily coming to the view that the relationship should be declared.

Senator FORSHAW—Would you go to the extent of requiring statutory declarations?

Mr Sullivan—A person applying for parenting payment or any review of parenting payment has to state formally that they are not in a relationship. It is not a statutory declaration, but it would be a false and misleading statement if they signed it and it were not true.

Senator FORSHAW—I appreciate that, but that is not quite what I asked.

Mr Sullivan—No, they are not required to sign a statutory declaration.

Senator FORSHAW—Have you considered that?

Mr Sullivan—No, because the statement that we require them to sign has penalties attached in the Social Security Act to making a false and misleading statement.

Senator FORSHAW—What if they fail to attend an interview? What action would be taken?

Mr Sullivan—They would be contacted and asked to come to a Centrelink office. It may be that if no contact could be made or a person would not come to a Centrelink office they could have their payment suspended; that generally gets people to come to the office. Or it could be, in the end, basically a statement of voluntary termination. They would have their payment eventually terminated.

Senator FORSHAW—Can we go back to the initial question I asked about how you would contact people. This would be triggered by a change in their address status. What does that encompass? Is that just where they notify a new address or a changed address or does it also extend to where correspondence, such as a review form, is sent out and comes back as returned mail? Is that picked up in those circumstances? I know that happens in regard to other payments.

Mr Sullivan—This particular measure is about when they notify us of their change of address. It basically comes off the system to then initiate the review. There are other processes around people whose mail is returned without response.

Senator FORSHAW—In those other circumstances it would not automatically trigger a request to come in for an interview, would it?

Mr Sullivan—Not necessarily.

Senator FORSHAW—The budget measure says 20,000 interviews. Is that figure based upon evidence of the number of changes of address that occur each year or is it based upon something else?

Mr Hartland—It is putting together judgments about the number of times changes of address are notified to Centrelink and a judgment about in how many of those cases you ought to have a look at the circumstances of the customer.

Senator FORSHAW—Would that approximate the total number of recipients who change their address in a year? I thought it might be a lot more than that.

Mr Hartland—No, that would be much larger.

Senator FORSHAW—Can we then narrow it down: what is it that actually would trigger this mechanism in addition to a change of address? Presumably it would have to be something more than change of address because otherwise technically, if you are going to be fair about it, you would do them all.

Mr Hartland—Yes, absolutely.

Senator FORSHAW—I could understand if you were saying to me that this is a random measure, although I might not agree with it. I am trying to understand how you single out the 20,000.

Mr Hartland—The answer, in short, is that we have not finalised precisely how we will get that down. I have to admit we are running up against the limits of my knowledge of the details of this measure.

Senator FORSHAW—Are you looking at particular target groups that you or the department might assume are more likely to be—I am trying to think of how to put this.

Mr Hartland—Potentially providing misleading information?

Senator FORSHAW—No, I am thinking more about potentially getting married or likely to have undertaken marriage. Are you looking at characteristics of the recipients that would then lead you to select a certain group?

Mr Sullivan—I am sure we are, but we had better ask someone who knows exactly what we are looking for.

Senator FORSHAW—I am not trying to give you ideas or put words into your mouth. Because you are not able to tell me, I am trying to understand your line of thinking.

Mr Sullivan—I suspect there are a number of criteria, including people who have exited benefits before. I am not sure whether age is a factor, or whether age of children is a factor, but I will find out.

Senator FORSHAW—Is this more focused upon trying to catch people who have deliberately not notified changes in their circumstances, or is that an unfair question?

Mr Sullivan—This is more of a preventative compliance regime. As Mr Hartland said, testing relationships is very difficult. If you were in the business of not wanting to disclose, you might be fazed by being called in for an interview, but not overly fazed. But if it is the prompt that says, ‘If it is around a relationship change, you need to let us know,’ we expect or believe they are mostly in the category of, ‘That’s why I’m changing address.’

Senator FORSHAW—If, under this measure, it is determined that somebody’s relationship status has changed and there needs to be a reassessment of their entitlement, from when would that apply? They may have been in a relationship for some period of time before advising you of it or, alternatively, may have ceased to be in a particular relationship. It could work both ways.

Mr Hartland—It would apply from the date that we could establish was when the circumstances changed. In these cases it is difficult to go back and establish a precise date of effect, which I think is what the act calls it. We would anticipate in some small number of

cases we would find the date on which the relationship changed; in others that may not be possible.

Senator FORSHAW—If you could provide that information, as you have undertaken to do, we will appreciate it.

Mr Sullivan—Yes.

Senator MOORE—Mr Sullivan, I have a couple of questions on the assessment of income and assets held in trust, at page 74. This is a previously announced initiative which is being enhanced by this round of budget funding. Is that right?

Mr Sullivan—That is right.

Senator MOORE—It seems that there has been a shortfall in the savings that were expected for the original allocation of expenditure. Is that right?

Mr Hartland—Centrelink found that the workload arising from this measure was much greater than originally anticipated. There was not a shortfall in savings, as I understand.

Senator MOORE—What kind of workload is involved?

Mr Sullivan—It basically involves the assessment of any application, generally for a pension, where incomes or assets are held by trusts or private companies. As soon as we detect that a person discloses that a trust or private company is involved, it requires a special assessment to ensure that that is not a device to circumvent the income testing rules. Clearly, when we first put this measure forward we underestimated the use of such trusts and private companies. This measure is ensuring that we have sufficient resource to be able to fund Centrelink to ensure that every assessment involving a private company or trust income is able to be assessed by these specialists.

Senator MOORE—Is the assessment done by a complex assessment officer?

Mr Sullivan—I will check that. I do not think it is in every circumstance. A number of these are quite simple trusts and companies and there is nothing mischievous about them. Once it gets complex, yes, it goes to a complex assessment officer.

Senator MOORE—They can become quite complex.

Mr Sullivan—They can be very complex.

Senator MOORE—With this extension initiative, how many additional reviews will this additional funding allow? The little blurb does not exactly go to that detail.

Mr Sullivan—It says it estimates 38,000 cases can be processed with this resource. Included in this was additional estimates funding for this year. Centrelink have had this level of funding for the rest of this year as well as for the forward year.

Senator MOORE—So up until the end of June.

Mr Sullivan—Yes. I would need to get how many were being done before that.

Senator MOORE—Can we find out whether it is going to be funding extra staff to do the job?

Mr Sullivan—Yes.

Senator MOORE—And your expectation of how many additional staff there will be as the result of this? Also, you have obviously made the change because of the experiences you have had since the original implementation date. Is it possible to get a breakdown of the number of customers who have had trusts and companies? Is that something which is readily available?

Mr Sullivan—Who have had income or facilities?

Senator MOORE—Yes, who have actually used a process—

Mr Sullivan—Who have divulged the fact that they have?

Senator MOORE—Yes. Who have stimulated this.

Mr Sullivan—I will ask. We know that we need to be able to handle about 38,000 a year. I will try and get the number.

Senator MOORE—Just give us some idea. Is it possible to have any idea of the value of these trusts, or is that asking too much?

Mr Sullivan—No, we would not be able to find that out for you.

Senator MOORE—If they have not immediately identified trusts, is finding out about them something that can be done through data matching through taxation records, or other such processes?

Mr Sullivan—We will have a look. I do not think it is a major thing we are doing at the moment. There would be some availability through tax matching if they lodge tax returns.

Senator MOORE—That would be the only place, wouldn't it, just thinking in terms of data matching?

Mr Sullivan—You have to register a trust, so there could be some registration processes available somewhere.

Senator MOORE—If a customer comes for their assets and income provisions, how do you check that?

Mr Sullivan—Most people who use trusts and private companies are quite open in telling us about them because some, as I say, do it with a view that they are lawfully dealing within the Social Security Act and are quite happy to have that tested. Others do not believe their trust or private company involvement has any impact on their social security entitlements and will tell us. Generally, someone who is trying to cheat the system does not construct trusts and private companies to do it.

Mr Hartland—We have expanded our matching with ABN numbers, but I would have to check to see whether trusts are captured in that data matching.

Senator MOORE—Are the savings that you are anticipating out of the measure been based on your experience to date? On the savings that you have had in the initial program, the expectation would be that, provided you had the extra funding and capability, you would be able to accrue the savings that you have claimed here?

Mr Sullivan—It does not actually have savings in the budget measure.

Senator MOORE—No.

Mr Sullivan—It just provides the resource.

Senator MOORE—It does, yes.

Mr Sullivan—It is justified on the basis of the government wanting to ensure there is compliance in this area.

Senator MOORE—Yes.

Mr Sullivan—The more cases there are, we believe, the less savings there would be pro rata, compared to that initial foray into companies and trusts.

Senator MOORE—Yes. I was reading it and saw that there was no actual allocated savings in the budget, but it was linked into the compliance area, so it was my assumption that there would be some aspect of saving involved.

Mr Sullivan—But there is formally none.

Senator MOORE—No. The allocation that has come here is over the next five financial years?

Mr Sullivan—Yes. That includes this year, which is covering additional estimates and through to 2007-08.

Senator MOORE—So you will be able to get back to us with the expectation of funding.

Mr Sullivan—Whether it is more staff?

Senator MOORE—Yes.

Mr Sullivan—And the number of cases?

Senator MOORE—Yes, staff and cases, and in particular the complex assessment level.

Mr Sullivan—Yes.

Senator JACINTA COLLINS—Lump sum payment, page 51 of the PBS. What is the cost of the lump sum payment to families in the 2003-04 period? The budget overview *More help for families* suggests it is \$1.946 billion. Is that accurate?

Mr Sullivan—The lump sum payment to families, according to our budget statement, is \$2.2 billion in 2003-04. That is the one-off lump sum.

Senator JACINTA COLLINS—No, hold on a moment.

Mr Sullivan—The second lump sum payment, the ongoing payment, is \$1.9 billion.

Senator JACINTA COLLINS—No, this is payment of lump sum to families eligible for family tax benefit part A in 2003-04.

Mr Kalisch—That is the one-off bonus.

Senator JACINTA COLLINS—Yes. So it is \$2.2 billion.

Mr Kalisch—Yes, on page 51 of the PBS.

Senator JACINTA COLLINS—Why would the budget overview *More help for families* suggest it at \$1.946 billion?

Mr Sullivan—Because the \$1.9 billion is in the *More help for families* changes to family tax benefit part A, lump sum payment reduction—the taper. That is because the first of the ongoing lump sum payments actually relates to the 2003-04 payment. Although it will be paid in 2004-05, it relates to 2003-04. That is \$1.9 billion.

Senator JACINTA COLLINS—Okay. Then the discrepancy there is what is paid in the different period?

Mr Kalisch—I think, given that the titles are fairly similar, there might be the potential for some confusion as to which measure is which.

Senator JACINTA COLLINS—We may come back to that. Let us move to pages 52 and 53. What is the disaggregated cost of each of the components, the \$600 per child increase, your maximum rate, plus the reduction in the taper from 30 per cent to 20 per cent?

Mr Kalisch—Our understanding is that that was done as a joint costing.

Senator JACINTA COLLINS—You cannot disaggregate?

Mr Kalisch—No.

Senator JACINTA COLLINS—Is that because that is how the model is designed?

Mr Kalisch—If you were to look at those two measures, there is an element that if they were done in isolation—that is, if you did just the taper changes—there would be a certain cost; if you did the increase in the maximum rate, there would be a certain cost; if you do the two of them together there is an interaction between the two of them.

Senator JACINTA COLLINS—Between the two, yes. You cannot simply subtract the cost of the 2003-04 one-off \$600 payment to families? Did you do the costing with a microsimulation model, such as STINMOD or ADMOD?

Mr Kalisch—Certainly STINMOD was part of the costing process, particularly to get at the costs for people that are not currently customers that would become new customers, as well as those who would have a different entitlement.

Senator JACINTA COLLINS—Why was it determined that the \$600 payment would be provided as an end-of-year payment?

Mr Kalisch—That was a decision of government.

Senator JACINTA COLLINS—Are there any particular policy advantages of doing it that way?

Mr Kalisch—There are some policy advantages, but I am not at liberty to talk about those. It is a policy question you should direct to ministers.

Senator JACINTA COLLINS—I do not know whether it has been that difficult for the department to talk about policy rationales for decisions in the past. I am not sure what is so particular about this one. We often ask you what is the rationale for doing one thing one way or the other. Usually you are quite adept at presenting the case if you think there is reason to. Is it the case that most families overwhelmingly prefer to access fortnightly payments?

Mr Kalisch—In terms of some of the research that we have done around the family tax benefit payment, at the moment the vast majority of customers choose to receive that in a fortnightly instalment.

Senator JACINTA COLLINS—That being the case, can we conclude that an end-of-year payment is simply to offset debts?

Mr Kalisch—No.

Senator JACINTA COLLINS—What other factors would there be?

Mr Kalisch—The experience that a previous lump sum payment that was provided in 1993 to families was one that was welcomed by families at that time. It was around April 1993, if I remember rightly, and that was used by a large number of families in terms of clothes and footwear for children. It was part of the One Nation package when Mr Keating was Prime Minister.

Senator JACINTA COLLINS—What was the quantum of that one?

Mr Kalisch—From memory, it was around \$125 for one child up to \$250 for two or more children. It was something of that quantum.

Senator MOORE—Inflation is a terrible thing!

Mr Kalisch—I think it is inflation plus a bit more.

Senator JACINTA COLLINS—It is really inflation plus a bit more?

Mr Kalisch—Six hundred dollars per child is quite a big difference.

Mr Sullivan—Senator, you did ask, ‘Is it just to offset debt?’ Of course, it is not to do with offsetting debt; it is an entitlement. There will be no debt for many families as a result of it.

Senator JACINTA COLLINS—As a result of this payment?

Mr Sullivan—You said it was an offset against debt. There is no debt to offset if the entitlement goes up.

Senator JACINTA COLLINS—Yes, but isn’t it the case that the additional payment is not actually an increase in the standard rate of family tax benefit A in schedule 1 of the Family Tax Assistance Act? Rather, it is a new payment called the family tax benefit supplement.

Mr Sullivan—It is an increase in the minimum-maximum rates of family tax benefit.

Senator JACINTA COLLINS—Why is it described as a family tax benefit supplement?

Ms Curran—It is paid as a lump sum at the end of the year, but it is an increase in the maximum and base rates of assistance.

Mr Sullivan—That part of the family tax benefit which is paid as a supplement cannot be chosen to be taken as a fortnightly payment, so it has to be described separately.

Senator JACINTA COLLINS—That is the reason for the separate description?

Mr Sullivan—It is a part of the family tax benefit.

Senator JACINTA COLLINS—Yes, but broadly speaking it is a third family tax benefit payment.

Mr Sullivan—No, it is one family tax benefit. There is a clear distinction between the eligibility for part A and part B. There is no distinction between eligibility for the supplement and for the fortnightly payment.

Senator JACINTA COLLINS—Except how you can choose to take it and that it is a one-off.

Mr Sullivan—In terms of the entitlement in dollars. No, it is not one-off, it is every year. We are on the every year one.

Senator JACINTA COLLINS—How many families are expected not to receive a full payment of \$600 per child as a result of outstanding family tax benefit or child-care benefit debts or new reconciliation debts?

Mr Sullivan—I think you have asked that question, and we have had a long discussion about it. We will come back to you with what we can do. We will not know what new reconciliation debts are there come next September. If you delete the last part of the question, I think we get back to what you asked us before.

Senator JACINTA COLLINS—Although I am also curious about whether you, in your own minds, have an estimate.

Mr Sullivan—No. We know, and I think we have gone through this twice already—

Senator JACINTA COLLINS—Because you continue to tell me, Mr Sullivan, that a lot of people will now not have debts.

Mr Sullivan—The experience is that the average family tax benefit debt for that 22 or 23 per cent of people who have incurred an overpayment is around \$800 per family and the average family tax benefit supplement will be \$1,200 per family. It does not take much, if you compare averages—which you cannot be conclusive about—to say that most people, as a result of their 2003-04 reconciliation, if their behaviour does not change—it is a bit late to change your behaviour—should not have an overpayment as a result of that reconciliation.

Senator JACINTA COLLINS—And I am asking, broadly speaking—again, assuming that people's behaviour does not change, with an average debt and an average family—what proportion of families do you think will then remain as having debts?

Mr Sullivan—It is very hard to answer that.

Senator JACINTA COLLINS—What is the projected value of the \$600 payment after indexation in each of the forward estimate years?

Mr Kalisch—It really depends on the CPI in the coming years.

Senator FORSHAW—Where there is an outstanding debt that has to be repaid, either under the current arrangements or after the \$600 et cetera, where it is not able to be met by the taxation return reconciliation, how is that generally paid? What method is used?

Mr Sullivan—It is generally paid by instalments from the continuing family tax benefit being paid.

Mr Kalisch—Certainly, where there is a small amount, there is quite a concessional arrangement that is struck with most customers.

Senator FORSHAW—Do many people seek to pay it outright by credit card, or is that facility not available?

Mr Kalisch—I am not aware of that being used extensively or even taken up.

Senator FORSHAW—I was interested in whether or not there was a transfer of the debt.

Mr Kalisch—It is certainly quite a concessional arrangement in terms of regular repayments.

Senator FORSHAW—The Centrelink or FaCS arrangements would be more beneficial than credit card interest.

Mr Kalisch—Yes.

Mr Sullivan—By about the level of the credit card interest rate!

Senator FORSHAW—We would not want the government to be adding more to the level of personal debt. This is personal debt, I suppose.

Senator JACINTA COLLINS—How many additional families are you estimating will become eligible for family tax benefit A as a result of the \$600 family tax benefit supplement and extending the taper arrangement or base rate of the payment to zero?

Ms Curran—We are still undertaking some analysis on that.

Senator JACINTA COLLINS—You do not have an estimate at this stage?

Ms Curran—Not that I would be confident to hand to you, no.

Senator JACINTA COLLINS—Not even from the microsimulation modelling? But it is these families, though, that will be the only group to become newly eligible for family tax benefits?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Excluding the \$600 family tax benefit supplement, how many families will have an increased rate of fortnightly payments as a result of the taper change? Any estimates on that?

Ms Curran—We are still also undertaking analysis on that.

Mr Kalisch—It is part of the same process.

Mr Sullivan—We will be excluding the impact of indexation as well, because all families will have an increase in payment as a result of that.

Senator JACINTA COLLINS—And indexation at the end of June?

Mr Kalisch—July.

Senator JACINTA COLLINS—Yes. Can you tell me at this stage what is the average fortnightly increase in family tax A that will occur as a result of the taper changes? Have you been able to model that?

Ms Curran—That depends on the income estimates that the families have and also on the age and the number of their children. We are still undertaking analysis on that.

Senator JACINTA COLLINS—Which department played the lead role in the development of these measures?

Mr Kalisch—There is a joint responsibility around family tax benefit between Treasury and ourselves.

Senator JACINTA COLLINS—A joint lead role?

Mr Sullivan—Yes.

Senator JACINTA COLLINS—Moving on to family tax benefit B, an increase in the free area and a reduction in the taper, what is the disaggregated cost of each of the elements in this measure—the increase in the free area and the reduction in the taper—or are you going to give me the same answer as last time?

Mr Kalisch—Yes, that was costed together because there is an interaction dimension.

Senator JACINTA COLLINS—Have you an estimate for how many families will receive an increase in family tax B as a result of this measure?

Ms Curran—The budget papers included a figure of 550,000.

Senator JACINTA COLLINS—With an average rate of increase?

Ms Curran—The analysis has not been done on that yet.

Senator JACINTA COLLINS—How many families will become newly eligible for family tax B as a result of this measure?

Ms Curran—The budget papers said that up to 550,000 families would benefit from the changes to the B. That was an aggregate number.

Senator JACINTA COLLINS—That is right. You do not have a component of that which is the newly eligible families?

Ms Curran—No.

Senator JACINTA COLLINS—And how was this measure costed—again using STINMOD and ADMOD?

Mr Kalisch—It would be a combination of both the current client data that we hold in FaCS, as well as some use of STINMOD.

Senator JACINTA COLLINS—Was any analysis undertaken in respect of increased work force participation of parents resulting from this measure—supply side effects?

Mr Kalisch—No.

Senator JACINTA COLLINS—So you have not incorporated any—

Mr Kalisch—There have been no behavioural changes included in those estimates.

Senator JACINTA COLLINS—Are any savings claimed for increased participation?

Mr Kalisch—No.

Senator JACINTA COLLINS—Was any analysis undertaken by FaCS or Treasury of the impact of this measure and the family tax A measure on work incentives?

Mr Kalisch—I cannot speak for Treasury.

Senator JACINTA COLLINS—But for FaCS?

Mr Kalisch—For FaCS we have done some initial investigations, and that is still under way.

Senator JACINTA COLLINS—What do you mean by initial investigations?

Mr Kalisch—We have been looking at some of the interactions of the measures.

Senator JACINTA COLLINS—And what that might mean for work incentives?

Mr Kalisch—Yes. Perhaps I should say one thing about work incentives. It really depends on what you mean by ‘work incentives’. Some of the discussion could take a number of different tacks. One is that you look at the amount of government benefit that someone can keep as they increase their private earnings, and that will give you a certain impression, a certain understanding. The other way in which people can also look at work incentives is by looking at effective marginal tax rates, and they can give you quite different perspectives. There are two ways of looking at work incentives.

Senator JACINTA COLLINS—How many families had reduced effective marginal tax rates on the assessment you have done to date?

Mr Kalisch—That is some of the work that we are still doing.

Senator JACINTA COLLINS—You do not have any preliminary—

Mr Kalisch—No.

Senator JACINTA COLLINS—Is it the case that the measures result in an increase in the effective marginal tax rates for some families?

Mr Kalisch—It is true that whenever you increase assistance, increase even levels of assistance for people, you generally find some families that have increased EMTRs, as you taper it away at different income levels.

Senator JACINTA COLLINS—Does the new taper range for family tax benefit B overlap with the partnered parenting payments, whereas previously generally it did not?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Have you any estimate of the magnitude of that change?

Mr Kalisch—That is something that we are still looking at.

Senator JACINTA COLLINS—Was it something you were not aware of previously, before the budget?

Mr Kalisch—It was something that we became alert to. I cannot exactly put a date on when that was.

Senator JACINTA COLLINS—Has this feature resulted in an increase in effective marginal tax rates for families moving from welfare to work?

Mr Kalisch—That is one aspect that we are looking at in terms of the exact income range. It really depends on where those income changes take place.

Senator JACINTA COLLINS—But this is a particular concern for the department, I take it, as in now you are doing that analysis?

Mr Kalisch—The broader issue around work incentives, particularly for people moving from welfare to work, is an aspect that we are quite interested in, and it really does depend over which income range and how wide that range is as to whether it is going to be a major factor. It could well be that some of the other taper changes take place on the welfare to work changeover and that some of these things may be because of changing private earnings rather than necessarily a welfare to work measure.

Senator JACINTA COLLINS—But, in terms of this interaction with the partnered parenting payment, is it reasonable to consider that a potential unimpeded consequence of how these measures were designed?

Mr Kalisch—There are always some areas of change that you would prefer to avoid, and some of those things are not possible in a tightly targeted income test system.

Senator JACINTA COLLINS—I do recall Senator Bartlett asking me to spend more time over the consideration of these measures when they were in the Senate and encouraging me to use Senate estimates to analyse some of these issues. I assured him at the time that, regardless of what we found, it was not going to make any difference to what the government was implementing. You are investigating this problem now. Do you hope there is some prospect that it will be rectified?

Mr Kalisch—I suppose one way of stopping it taking place would be not to give the \$600 assistance per child to families.

Senator JACINTA COLLINS—I do not think Senator Bartlett was contemplating that element.

Mr Kalisch—No, and the other dimension you could—

Senator JACINTA COLLINS—You are being a bit smart here, Mr Kalisch.

Mr Kalisch—The other aspect is that you could think of not changing the family tax benefit part B taper, which has an impact on people at lower levels of secondary earnings.

Senator JACINTA COLLINS—You might think of adjusting how the partnered parenting payment interacts with the system, and I presume that is what you are looking at as well now.

Mr Kalisch—That could be one policy choice, but that has a very significant cost.

Senator JACINTA COLLINS—But also a potentially significant benefit if it is about getting people from welfare to work.

Mr Kalisch—I suppose that is where it comes to the issue that I raised earlier—that it really depends on the length of the income range over which EMTRs operate, because some people can jump high EMTRs. If there are spikes in the EMTRs, people can earn even \$100 and go beyond the high EMTRs, and it really depends on what the income range is at which those high EMTRs are affected. If they are around the \$300 to \$350 earnings for a secondary earner, then that might be more significant than if they were operating at, say, \$600 to \$700. These are some of the considerations that we obviously take into account.

Senator JACINTA COLLINS—Let us have a look at this case. Is it the case that a dual income family with two children, one under five, on \$23,000 per annum, will experience an

effective marginal tax rate of 93 per cent of the secondary income earner, as the secondary income earner increases their earnings?

Mr Sullivan—Can we get this right: dual income earner, \$23,000 dual income; fifty-fifty income splits or what?

Senator JACINTA COLLINS—Good question.

Mr Sullivan—It is an important one.

Senator JACINTA COLLINS—I know. What was the other one you were doing?

Mr Sullivan—80 to 20?

Senator JACINTA COLLINS—No, I do not think I saw an 80 to 20 one in the papers, did I? Wasn't it 60 something?

Mr Sullivan—60 to 40?

Senator JACINTA COLLINS—Yes, I think it was 60 to 40.

Mr Sullivan—So a primary income earner on \$13,800 a year?

Senator JACINTA COLLINS—Yes. I am going to come back to that example. I think that something has been lost in the word processing.

Ms Curran—Senator, just on those numbers, the new tax rate would be 17 per cent and the withdrawal rate would be 20c. The tax-free threshold would be \$6,000. If it were a fifty-fifty split and the total income was \$23,000, each member of the couple would have \$12,500 income. The tax above the \$6,000 would be at 17c in the dollar and the FTB withdrawal rate A would be 20c. For income above \$4,000 for the secondary earner, it would be 20c.

Senator JACINTA COLLINS—As I said, though, I think we need to clarify, as Mr Sullivan has suggested, the split. I think there is actually a full phrase missing from that example, so we will come back to it. Can you look at preparing a table showing the pre- and post-budget effective marginal tax rates for dual income families with family incomes of \$20,000, \$25,000, \$27,000, \$30,000, \$40,000, \$50,000, \$60,000 and a 70 to 30 income split with two children and one under five.

Mr Sullivan—All 70 to 30.

Senator JACINTA COLLINS—Yes.

Mr Sullivan—Two children.

Senator JACINTA COLLINS—One under five.

Mr Sullivan—You want the EMTR for whom—the family?

Senator JACINTA COLLINS—Yes.

Mr Sullivan—I do not think that will be done by Friday.

Senator JACINTA COLLINS—Do the best you can. Mr Kalisch could take that on as a challenge for Friday. He loves doing these sorts of tables.

Mr Kalisch—I have got plenty of other challenges for Friday!

Mr Sullivan—Just so we have them down correctly, those incomes are \$20,000, \$25,000, \$30,000?

Senator JACINTA COLLINS—No; \$20,000, \$25,000, \$27,000, \$30,000, \$40,000, \$50,000 and \$60,000.

Mr Sullivan—All on 70 to 30 splits, two children, one of whom is under five, the other under 16.

Senator JACINTA COLLINS—Yes.

Mr Sullivan—Could we make it under 12 or under 13? It does affect it.

Senator JACINTA COLLINS—Yes. Back to that earlier example, I have the missing phrase. Isn't technology a wonderful thing! It is actually a 65 to 35 split we are looking at. This case is a dual income family with two children, one under five, on \$23,000 per annum.

Mr Sullivan—Where the primary income earner is earning 65 per cent of—

Senator JACINTA COLLINS—Sixty-five per cent of \$23,000. Isn't it the case that they will experience an effective marginal tax rate of 93 per cent if the secondary income earner increases their earnings from \$8,000 per annum, an increase of six per cent over the pre-budget EMTR of 87 per cent for the same family?

Mr Sullivan—Sorry, they have increased their what?

Senator JACINTA COLLINS—I will read you the full scenario again. Can you confirm that a dual income family with two children, one under five, on \$23,000 per annum will experience an effective marginal tax rate of 93 per cent if the secondary income earner increases their earnings from \$8,000—presumably that is 35 per cent of \$23,000 per annum—

Mr Sullivan—\$8,050 is, yes.

Senator JACINTA COLLINS—an increase of six per cent over the pre-budget EMTR of 87 per cent.

Mr Sullivan—We are looking at the marginal dollar over their current income?

Senator JACINTA COLLINS—Yes.

Mr Sullivan—Are you looking for that individual's, are you looking for a family EMTR or a secondary earner's?

Mr Kalisch—Probably the secondary earner.

Senator JACINTA COLLINS—It would be the secondary earner's.

Mr Sullivan—We will do it for you, but we cannot do that now.

Senator JACINTA COLLINS—No, I understand. Presumably it is an assessment of where this problem is at its worst, and we are asking you to confirm that that would be the case.

Mr Kalisch—As I was explaining earlier, part of the issue here is around the taper and threshold changes, meaning that families are receiving more assistance at that level of income. That is part of what you are finding here and that they are actually retaining more of the government benefit. That can cause some impacts on EMTRs. It really depends on how

you are defining work incentives here. If you are just looking at a straight EMTR, which is in effect a dollar change, that by itself is not necessarily an accurate perspective on work incentives.

Senator JACINTA COLLINS—In terms of the behavioural impact?

Mr Kalisch—Yes, and in terms of how families themselves perceive their circumstances. EMTRs are just one measure.

Senator JACINTA COLLINS—I appreciate that.

Senator FORSHAW—Page 56 of the PBS, the secondary earner returning to the work force after the birth of a child: can you tell us how many secondary earners this measure is expected to benefit?

Ms Curran—The costings were done on the basis of around 130,000 families taking advantage of this measure.

Senator FORSHAW—This is over three years—\$592 million. That is 130,000 families over the three years.

Mr Sullivan—Each year.

Senator FORSHAW—When you refer to the costings, can you expand on the sort of data that you used to come up with that figure?

Ms Curran—We worked with Treasury on the costing, and I just cannot recall the details of why it was 130,000. I can recall that 130,000 was the number, but I cannot recall the details of why that was the number.

Senator FORSHAW—Would you take on notice what source data has been used to determine the figure?

Ms Curran—Yes.

Mr Sullivan—We have not yet moved to legislation on this and we have, therefore, not defined all of the rules around it. It will be certainly costed on a measure of births per year in the FTB population and then there will be some calculation of possible months of FTB having been paid to be quarantined, but there will be a lot of definition required around this in the legislation when it is introduced.

Senator FORSHAW—I appreciate that aspect. I understand the parameters, but also I assume it would be of interest to those participating in the debate to know the background data or the source data along the lines you have just outlined. Can you tell us what will be the average benefit for families who have their benefits protected? Do I just divide \$592 million by 390,000?

Mr Kalisch—That would give you a fairly rough figure.

Mr Sullivan—If you want us to do it scientifically, we will.

Mr Kalisch—But we just use a calculator to do that!

Senator FORSHAW—That is the answer, isn't it?

Senator JACINTA COLLINS—'If you want us to do it scientifically, we will'?

Senator FORSHAW—You knew that before I put it to you? No offence!

Mr Sullivan—I can do it roughly.

Senator FORSHAW—Do these benefits largely mirror the family tax benefit B debts that these parents currently accrue under the present system?

Mr Sullivan—No, they are quite different. It really introduces a new element, new to the whole system, and that is that if you are a woman returning to work after the birth of a child and you have been in receipt of FTB it will quarantine that FTB that you were paid and then work a new part-year assessment for the income that you earn.

Senator FORSHAW—I understand that is how the method works.

Mr Sullivan—If that were to result in you receiving an overpayment, you will no longer receive an overpayment because of the FTB you have received to the point when you returned to work.

Senator MOORE—For that year?

Mr Sullivan—For that year and for that child.

Senator MOORE—It is very much for that transition period.

Mr Sullivan—It focuses on the transition from remaining at home and going back into the work force and removing the effect, depending on what month of the year you return to the work force, the income you can earn in the remaining months of one entry year would have on your FTB reconciliation; therefore, possibly creating an overpayment.

Senator FORSHAW—This measure commences in 2005-06. What about those mothers who return to the work force in the coming financial year? Do they miss out?

Mr Sullivan—This measure starts from 1 July 2005.

Senator FORSHAW—Yes, I know. That is what I have said, but I put it in the form of a question. Why is this not being implemented until 1 July 2005? Is there a particular reason for that?

Mr Sullivan—Basically, the development of legislation policy guidelines and the system changes required to the reconciliation process are quite complex.

Ms Curran—The other changes to FTBB actually facilitate the return to work of the secondary earner in many families, particularly if they are secondary earners going to undertake part-time casual work, because if the child is under five now they can earn up to over \$18,000.

Senator FORSHAW—This is the taper arrangements?

Ms Curran—Yes, the increase in the threshold. There are very substantial increases in the amount that a secondary earner can earn before losing entitlement to FTBB. Under the current arrangements the amount of income that a secondary earner can earn is \$1,825 a year. That threshold has been increased to \$4,000, and coupled with that there has been a change in the withdrawal rate, the taper, which has fallen from 30c to 20c. It has meant that the level of income that a secondary earner can earn has increased quite substantially.

Senator FORSHAW—Is that the reason why—

Ms Curran—As the secretary said, there are many complex issues here in terms of both the policy guidelines and the systems to implement this measure.

Mr Kalisch—Coupled with the other measures we are already implementing before the end of June from the beginning of July, and the ongoing \$600 per child supplement will also start from the beginning of 2004-05. It is a fairly potent implementation task we have.

Senator JACINTA COLLINS—Sorry?

Mr Kalisch—I could not think of quite the right word.

Ms Curran—Challenging.

Mr Kalisch—Challenging implementation task.

Senator JACINTA COLLINS—What is the actual task?

Senator FORSHAW—As I understand what Mr Kalisch is saying, the task of doing all the work in time and getting the legislation through et cetera. That is what you are putting to us, isn't it?

Mr Kalisch—Yes.

Senator FORSHAW—You would not be able to introduce it any earlier?

Mr Kalisch—Certainly not from 1 July 2004, particularly given that we also would need to inform families about this change and have them respond appropriately.

Senator FORSHAW—Yes, but this is the sort of thing that can be done retrospectively. It has a retrospective effect anyway, doesn't it? It effectively waives it. It treats that part of the year the mother has been out of the work force and in receipt of family tax benefit as a period when there will not be any impact upon what that payment has been once she returns to the work force. From that perspective, even if it took some time to get all of the legislation through, it could still be implemented for the 2004-05 year. I appreciate there could be a policy reason, but I am just saying that that is not an impediment ultimately, is it?

Mr Sullivan—One of the impediments is to be able to provide, with confidence, advice to, for instance, a woman who says, 'I am thinking of going back to work. What is the implication for my family tax benefit?' Without legislation and without rules, we would have difficulty in exercising our duty of care to that person to provide advice as to whether, if she went back to work, she would have her FTB quarantined. She may ask us, 'What if I went back to work for four hours a week? What if, what if, what if?' It would be a very qualified conversation that we could have.

Undoubtedly, in a technical sense, once the legislation is passed we can apply it in any way that the parliament allows us to, but we have a duty to clients who ring and say, 'I am thinking of doing this; what will happen?' and we will have to qualify the answer heavily, saying that this would be subject to—and it could be early in the year—legislation which is not yet drafted or policy guidelines which are not yet complete. So there is an issue about what advice we can give people.

Senator FORSHAW—This all sounds, with respect, a—

Senator JACINTA COLLINS—A gimmick?

Senator FORSHAW—That it is being put forward because the real problem with the system of accumulating family benefit debt is this very situation of persons returning to the work force, having been in receipt of family tax benefit, and then finding that without this sort of measure they accumulate a debt and that becomes payable in the year. It is a debt that has accrued previously. It relates to the year prior to when they actually returned to the work force.

Mr Sullivan—There is no doubt that this is basically to address an issue around incentives to return to work. I could argue that the policy around the current treatment of women returning to work is equitable, but it is extraordinarily hard to convince people it is fair. This is a response to the fact that it is very hard to convince someone that it is fair that when they make a decision that they need to return to work, for all sorts of reasons, but their income estimate did not envisage that return to work, they then discover that they will incur what could be a significant family tax benefit debt. It is a very difficult thing to argue the fairness of it, although I could do that in an overall sense.

Senator JACINTA COLLINS—Senator Vanstone and Senator Patterson have been doing that for years.

Mr Sullivan—It addresses one of the very visible perceptions of the system.

Senator JACINTA COLLINS—Why only one?

Mr Sullivan—It is the major one. Others are addressed quite adequately in respect of the changes in the taper rates and the allowable income.

Senator JACINTA COLLINS—What about the example we have been talking about for years in terms of another problem with the annualised assessment of circumstances, which is families who have a child who goes into employment?

Mr Sullivan—That is largely addressed through changes to the taper rate in the allowable income. It moves that to over \$11,000 that a child can now earn.

Senator FORSHAW—When was this proposal first developed? It presumably did not just arise out of the budget.

Mr Kalisch—It was developed some time ago.

Senator FORSHAW—When did the development of it start?

Ms Curran—Last year.

Mr Kalisch—Yes, certainly within the last 12 months.

Senator FORSHAW—What was the rationale for doing it?

Mr Kalisch—It was a return to work incentive.

Senator FORSHAW—It did not have an element in it of maybe trying to address the issue of accumulating debt?

Mr Kalisch—That certainly would have been an offset.

Mr Sullivan—It is an incentive to return to work.

Senator FORSHAW—It is to remove a disincentive, isn't it?

Mr Sullivan—It creates an incentive.

Mr Kalisch—One of the features of the work that was done around the working family task force was looking at ways to improve the circumstances for women returning to the work force.

Senator FORSHAW—I cannot help getting the feeling that a number of these measures, whilst no doubt paying additional money to people in receipt of family tax benefits, are seeking to address a real problem with the system. They are not doing it in terms of the system itself but putting a range of bandaids over it for the next year or so.

Mr Sullivan—You can look at it from the perspective of overpayments but you also have to look at it in respect of the population of recipients of family tax benefits. The population of those who receive an overpayment is a bit over one-quarter. For the great majority of family tax benefit recipients this is not about overpayments; it is about increased family tax benefits. In successive governments we have had various strategies to overcome the issues of incorrect estimation of income. There are tolerances which favour only those who incorrectly estimate their income by less than 10 per cent; there are waivers which favour only those who have debts incurred; or you increase the payment—

Senator JACINTA COLLINS—And election periods.

Mr Sullivan—and that way you effectively give everyone an increase. For that minority of people for whom the family tax system results in an overpayment, yes, on average that overpayment will not be created any more because of this payment. You cannot look at it from the 28 to 32 per cent of people in debt and say that is why you have done it. Of the 62 per cent of people who are already receiving top ups, some are electing that they would like to see a lump sum payment or have no adjustment and reconciliation. This is \$600, on average \$1,200, and for some large families it is a significant increase in their family tax benefit which will be paid to them. It does not have any implications for any overpayment strategy. It is cheaper, if you are addressing debt, to just address debt. That is where strategies such as tolerances or waivers come in.

Senator FORSHAW—What is likely to be the test to determine whether a parent is returning to the work force?

Ms Curran—That is the subject of the guidelines that are to be developed prior to introduction of the legislation.

Senator JACINTA COLLINS—Let us frame the question in this way then, as Mr Sullivan was saying: I am a person either marginally employed or not employed, contemplating returning to work. I am aware of this budget measure. I contact the department or Centrelink. What advice are you giving me at the moment?

Mr Sullivan—That a measure has been announced in the budget. When details of it and legislation are there, they will be advised, and it does not affect anyone from 1 July.

Senator JACINTA COLLINS—Until 1 July?

Mr Sullivan—Until 1 July, 2005. We can already tell you that if you return to work as a secondary income earner and your income for the year is below \$4,000, it shall have no impact on your family tax benefit. For a lot of people who return to work into casual

employment, say six months into the year, this is no longer an issue with a \$4,000 threshold, as opposed to the old \$1,100 threshold. At the moment what we do tell people who ring the families hotline is, 'The government has announced that from 1 July 2005 that part of your FTB paid prior to you returning to work will be quarantined.'

We have not yet developed the guidelines because the legislation has not been introduced, let alone passed. That will certainly have to deal with some of these definitional issues, such as what is 'return to work', and around hours of work, self-employment, farm work et cetera. I am sure we are going to have to explore those guidelines.

Senator FORSHAW—Is the assumption that the secondary earner would not have been in work at all during the year? Are you starting from the premise that 'return to work' means—

Mr Sullivan—That is another complication which we have to work through. It is quite possible for someone to have been in work, to have gone off work, had a child, and gone back to work.

Senator FORSHAW—Definitely.

Senator JACINTA COLLINS—Are you saying that this measure had been contemplated for about a year? I am just reframing what I thought was said earlier.

Mr Kalisch—I thought I had said that it was considered within the last year.

Senator JACINTA COLLINS—Sorry, within the last year. Have you contemplated how you might deal with some of these issues?

Mr Kalisch—Some of those aspects were contemplated. It is also fair to say that, given the large number of issues that we are also looking at, this was one that did not receive as much attention as some of the others.

Senator JACINTA COLLINS—Will this measure also apply to circumstances where rather than related to the birth of a child, you might have one partner in a relationship become unemployed but then return to work?

Mr Kalisch—The measure talks about one opportunity to quarantine family tax benefits per child. At this stage it does not say prescriptively when that is to take place.

Senator JACINTA COLLINS—That is not per new child?

Mr Kalisch—That is one aspect that we are looking at, particularly if someone had, for instance, three children at the moment.

Senator JACINTA COLLINS—When are you hoping to come up with this draft legislation?

Mr Kalisch—Within the next six months.

Senator JACINTA COLLINS—It needs to be earlier than the next six months, doesn't it?

Mr Kalisch—It will certainly not be in this current sitting period. It will be in the spring sittings.

Senator JACINTA COLLINS—If we have an election, we will not have any guidance for people in relation to this measure.

Mr Kalisch—If parliament does not sit, there will be no legislation. But we are presuming parliament will come back at some stage.

Senator JACINTA COLLINS—If we come back in August, you will need to have a bill ready to be processed in August.

Senator FORSHAW—Hopefully, we are all here.

Mr Kalisch—We are certainly looking at that time.

Senator JACINTA COLLINS—At which point you will have people trying to make decisions on what they do about their circumstances from 1 July.

Mr Kalisch—2005.

Senator MOORE—Once the legislation is passed and the guidelines are written, because of the timing, would the information strategy for this be linked into the package we have already talked about? As this is coming in on 1 July 2005, people would have to know about it beforehand. It would still fall within the financial year of that allocation, so it is yet another message that you have to get out in that period.

Mr Sullivan—This population is easier.

Senator MOORE—It is quite specific, yes.

Mr Sullivan—This is a group who are in receipt and add a child, and at the time of adding the child is when we would provide them with the information—‘If you intend to go back to work, remember this.’

Senator MOORE—It could be in the baby bag, too.

Mr Sullivan—Or it could be a first child, an initial claim, and we can provide information then which says, ‘This is what this means for you.’

Senator MOORE—The workload implications for this will not be too onerous, because the client group is already defined in the system. It should not have too much impact.

Senator JACINTA COLLINS—I would like to go back to the negative effect of marginal tax rate impacts for a moment. I asked earlier whether one of the options is the arrangements for the partnered parenting payment, and Mr Kalisch said yes, but that would or could be very expensive. What other options have you explored since understanding this problem, in terms of how we might deal with it?

Mr Kalisch—I said earlier that we are still looking into some of these issues. We are still trying to understand all of the different interactions at this stage.

Senator JACINTA COLLINS—What is the scope of the problem?

Mr Kalisch—It goes very much to what we are doing.

Senator JACINTA COLLINS—You are still not sure of the scope of the problem?

Mr Kalisch—Still not sure of the numbers who might be affected and over what income ranges.

Senator JACINTA COLLINS—You accept that it is a serious potential unintended consequence?

Mr Sullivan—They are a lot of words—‘serious potential unintended consequence’. As Mr Kalisch said, if you change the taper rates, you will have an impact on some people. Currently, for those in that taper rate, you will reduce the EMTRs. Where you extend the taper rate, you may get some increases. We are starting to analyse where those circumstances occur—and it is about block circumstances—because you have to look at numbers of children, as in your example—we can pick other examples of numbers of children that change the equation dramatically—and income levels, and understand whether there is an impact in the interrelationship between an income support system, for instance, and the family tax benefit system. That is where we are at: starting to try and understand where those issues are. We are a long way from saying whatever those words were that you used—potential major terrible cataclysmic problem.

Senator JACINTA COLLINS—I did not say all of that. It is a serious unintended consequence.

Mr Sullivan—Yes, but we are not even at the stage of understanding the issue. At the present time I would describe it as an issue rather than say that it is a problem.

Senator JACINTA COLLINS—It is a problem, and it is a problem that you were not aware of prior to the budget.

Mr Kalisch—Looking at the specific case that you are talking about, it is those that are receiving parenting payments. For their EMTRs, the major driver, the major contributor, is the 70 per cent withdrawal rate on parenting payment—that is where the main action is happening—and that has been in place since 1995.

Senator JACINTA COLLINS—But we have made it worse.

Mr Kalisch—In terms of the main driver, the main influence on work incentives, it is that single 70 per cent taper that has not changed. That would be the main contributor towards work incentives.

Senator JACINTA COLLINS—Yes. But aside from that, what is already an issue or a concern is now being compounded by the impact of these measures on that payment.

Mr Kalisch—We are looking at a modest change over a specific income range, on top of that 70 per cent taper. The 70 per cent taper is the main driver, the main contributor for those families. That is the issue that we are looking at.

Senator JACINTA COLLINS—Which then leads to your earlier comments that to address that would be very expensive.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—When did you first become aware of this issue?

Mr Sullivan—When our predecessors designed the 70 per cent taper rate on parenting payments.

Senator JACINTA COLLINS—No—the issue of the interaction of these measures with that.

Senator Patterson—We are always aware that there is an interaction.

Mr Kalisch—It was a number of weeks ago when this was focused on.

Senator JACINTA COLLINS—You understood it to be an issue of people going backwards in terms of their effective marginal tax rate.

Ms Curran—But their disposable incomes have increased. It is very difficult when we just focus on EMTRs, which are a theoretical construct to help us understand certain interactions of the tax and social security systems. The main driver of EMTRs is marginal tax rates; it is not withdrawal rates per se on welfare benefits. If people did not receive welfare, there would not be an EMTR issue; there would only be a tax issue. For vast numbers of families, the withdrawal rates have fallen on both FTBA and FTBB. Because the taper rate has fallen 10 per cent, particularly in combination with the tax changes for the higher income earners, we would anticipate that there are going to be falls in the EMTRs for very large numbers of families. Mr Kalisch drew a very interesting analogy some weeks ago, and that was of a sausage. If you push the sausage in one spot, something pops out the other end. This is what we are doing here. We are playing around.

Senator MOORE—I think that could be useful in the information package!

Senator JACINTA COLLINS—We are playing around with sausages, but the concern is that we may not know—

Senator MOORE—The imagery is very good.

Senator JACINTA COLLINS—where the barbecue fork has actually been put in and something is going to squeeze out.

Senator MOORE—It is very real, in terms of the analogy, with the kind of process. As soon as you put pressure on anything in the system, something else is affected.

Senator Patterson—Whenever people are getting social security, there will always be withdrawal rates. Whatever you do—whatever you change—there will be, as Ms Curran was saying, pressure points. For the vast majority of families, with the interaction of the two, there will be more incentive for them to go back to work, less disincentive.

Mr Sullivan—And more money in that parenting payment which they can pocket.

Senator JACINTA COLLINS—Yes, but we accepted in the earlier discussion that there is a work incentive issue, an issue that had not been identified prior to the budget.

Mr Sullivan—Who said that?

Senator JACINTA COLLINS—Mr Kalisch said that.

Mr Sullivan—No, he said, ‘We started work on this weeks ago and we identified these issues.’

Senator JACINTA COLLINS—Weeks ago?

Mr Sullivan—I think we have already had a conversation about when we started work on this as a particular measure.

Senator Patterson—You always expected interaction. It is not as if they suddenly realised there was an interaction.

Senator JACINTA COLLINS—No, but what they later realised, just weeks ago, was that there would be a negative effective marginal tax rate effect for people on partnered parenting payments and that this issue had not been identified prior to the budget.

Mr Sullivan—No, no-one said that.

Senator Patterson—Nobody said that at all.

Senator JACINTA COLLINS—This issue had been identified prior to the budget?

Senator Patterson—They said, ‘We have always known, whenever a payment is given and withdrawn as a result of returning to work, there will always be an effect of going back to work and there is an interaction between the tax system and the family assistance system.’

Senator JACINTA COLLINS—The impact for people on the partnered parenting payment was identified when?

Ms Curran—We have always known that there is an issue with partnered parenting payments and FTBBs.

Senator JACINTA COLLINS—We are going around in circles here. Why was it weeks ago that you started working on that particular problem if you have always known this? We can resort to the general, but it almost belies the whole conversation we have just had.

Ms Curran—We are looking at a range of measures.

Mr Sullivan—It was not an issue to be resolved in the budget context. To say there are issues around an element of a budget announcement affecting two million families—it was not the sort of issue which was a show-stopper to say, ‘We will not change the withdrawal rates for the half a million people who will benefit from the reduction in withdrawal rates because there is an issue in that, while we pay parenting payment recipients more money as a result of this measure, their EMTR may go up as a result of this measure.’ That is not a stopper.

Senator JACINTA COLLINS—I do not think I was suggesting it should stop.

Mr Sullivan—You seemed to be saying, ‘Because you did not fix it in the budget, you must not have thought of it.’ We think of a lot of things and say, ‘No, they are not fixed in the budget measure.’ They are issues which were identified and which arise from the budget measures.

Mr Kalisch—On one measure of work incentives, these families were receiving more government assistance as they increased their private earnings. On another measure of EMTRs, it is not looking so good. There are two different ways of looking at exactly the same family in exactly the same circumstances.

Senator JACINTA COLLINS—Yes, and you decided to look at it not looking so good weeks ago?

Mr Kalisch—In conjunction also with looking at it from the broader perspective. We are not just taking it from the narrow theoretical EMTR lens that you are asking us to look through at the moment.

Senator JACINTA COLLINS—I understand that, but you have identified that issue and are looking more closely at it.

Mr Kalisch—Yes.

Mr Sullivan—Yes.

Senator FORSHAW—What component of the new spending can be attributed to removing the means test from the maternity immunisation allowance?

Ms Curran—On page 55, in the second paragraph, it says:

The cost of the new payment will be partially offset by abolishing the Maternity Payment, saving \$770 million over four years, and phasing out the Baby Bonus, saving \$290 million over four years.

Mr Kalisch—Was that the maternity immunisation allowance?

Senator FORSHAW—Yes.

Mr Kalisch—From what I recall, it was a relatively modest amount. We can certainly get you that figure.

Senator FORSHAW—Relatively modest, but can you be a bit more specific?

Mr Kalisch—Given that it is a very small amount of \$210.66 and that most families—I think 80 to 85 per cent of families—receive family tax benefit and therefore would probably be eligible for the maternity immunisation allowance, the number of families that would currently be excluded from the allowance on the basis that they have a very high income would be very small.

Senator FORSHAW—Could you take it on notice and give us a figure?

Mr Kalisch—We will see what we can get you.

Senator FORSHAW—It does say, as you just pointed out to me—it was in response to a different question, but it is getting late, I know—that the measure suggests savings of \$770 million from the abolition of the maternity allowance. Can you break that figure down into the outlays for each of the years of the forward estimates—that is, how much saving over each of those forward years per year?

Ms Curran—We do not have those figures with us.

Senator FORSHAW—But they would be available, wouldn't they?

Ms Curran—Yes.

Senator FORSHAW—Can you take that on notice and tell us?

Ms Curran—Yes.

Mr Sullivan—I think it would just be divided by four, and that would be it. It is abolished from 1 July.

Mr Kalisch—There would be some minor indexation changes across the years, but that would give you a pretty rough figure.

Senator FORSHAW—I will take that answer, but could you confirm it anyway?

Mr Sullivan—We will check it, yes.

Senator FORSHAW—How will the method of payment by instalments be administered?

Ms Curran—The legislation gives the secretary a discretion. We are currently developing guidelines for those circumstances where the maternity payment might be paid by instalments—six fortnightly instalments—but the general expectation is that it would be a lump sum payment. The circumstances in which a professional person, such as a social worker, a psychologist, a health worker or some other qualified person, might recommend or suggest that a claimant take the payment in six fortnightly instalments rather than as a lump sum are still being worked through.

Senator FORSHAW—Are you able to give us more detail about the types of circumstances that are being considered?

Ms Curran—In general terms, the types of circumstances would be if, for example, the person had an addiction or a gambling problem or they were inexperienced with managing money or they had some mental illness. There is a range of possible circumstances in which it might be appropriate to consider six fortnightly instalments.

Senator FORSHAW—Thank you. That is what I thought might have been the case. I appreciate the context in which you gave the original answer. This measure comes in on 1 July.

Ms Curran—Yes.

Senator FORSHAW—Will this be finalised before then?

Ms Curran—Yes.

Senator FORSHAW—Would the proportion of recipients be significant where it may be decided by the secretary or the delegate that instalments should be made?

Ms Curran—We have not thought in terms of proportions. It would be done on a case-by-case basis.

Mr Kalisch—But certainly we would expect the vast majority of maternity payments to be made in a lump sum, as Ms Curran indicated earlier.

Senator FORSHAW—I assumed that would be the case. How many families will be eligible for the new maternity payment in each year of the forward estimates?

Ms Curran—We think around 250,000 per year.

Senator FORSHAW—And that is per year.

Ms Curran—Yes.

Senator FORSHAW—You are anticipating around the same figure per year.

Ms Curran—Yes.

Mr Kalisch—Yes.

Senator FORSHAW—Thank you. That is all I had on that one.

Senator JACINTA COLLINS—I want to go back to the issue I was dealing with earlier in relation to page 51, the lump sum payments issue. Let me run this by us all at the moment, in terms of mental agility. What I am trying to understand is why the cost of the one-off lump

sum payment to families in the 2003-04 period, a \$600 per child payment worth \$2.2 billion—which is what is indicated on page 51—is greater than the cost of the ongoing \$600 per child increase for the 2003-04 period of \$1.946 billion, indicated in the *More help for families* budget document.

Ms Curran—Part of that reason is that the one-off lump sum payment is including the Youth Allowance recipients and we have also the—yes, and no pro rata. For shared care there is a pro rata of entitlements, but it is a \$600 flat amount per child for the lump sum one-off payment, whereas the ongoing payment is pro rata in respect of their entitlement for the year. It is an increase in the base and maximum rate of FTBA, so that if the family is not eligible for that child for the whole year, they do not get the full \$600 because they do not get a full entitlement to FTBA for that year in respect of that child.

Senator JACINTA COLLINS—For the ongoing payment?

Ms Curran—For the ongoing payment.

Senator JACINTA COLLINS—Whereas they get the full amount for—

Ms Curran—Yes, for the one-off.

Senator JACINTA COLLINS—Then, according to the 2002-03 annual report as at June 2003, there were 3,446,032 FTBA children who received fortnightly payments of around \$600 each child, which amounts to \$2.067 billion.

Ms Curran—Yes.

Senator JACINTA COLLINS—And the \$100 million discrepancy then is Youth Allowance and the fact that some people are only going to get pro rata that additional amount. Does that fully explain that discrepancy?

Mr Kalisch—Have you also included the tax lump sum customers, who will also receive the \$600?

Senator JACINTA COLLINS—But that comes out of tax? For the one-off it comes out of—

Mr Sullivan—FaCS.

Senator JACINTA COLLINS—FaCS. For the ongoing—

Mr Sullivan—It is in tax.

Senator JACINTA COLLINS—it comes out of tax, so that is another component of that discrepancy. Is there anything else?

Ms Curran—I think they are the key reasons for the difference.

Senator JACINTA COLLINS—Senator Forshaw was just covering the maternity payment. Can I deal with some of the issues about the maternity immunisation allowance while we are here?

Ms Curran—Yes.

Senator FORSHAW—What was the annual cost to the government of the maternity immunisation allowance prior to this year's budget changes?

Ms Curran—I do not have those figures on me, I am sorry. I would have to get back to you tomorrow with that number. I just do not have it with me.

Senator FORSHAW—Can you provide us with the forward estimates of the—

Ms Curran—Sorry, we can provide them to you.

Senator FORSHAW—That was quick! That is good.

Ms Curran—I have only got a combined figure here, I am sorry, for MAT and MIA—for maternity immunisation.

Senator FORSHAW—Tell us what the figure is that you have.

Ms Curran—The budget estimate for 2003-04 was \$220 million.

Senator FORSHAW—\$220 million.

Ms Curran—Yes.

Senator FORSHAW—What is that again?

Ms Curran—That includes maternity allowance and maternity immunisation allowance.

Senator FORSHAW—But you can get me that other—

Ms Curran—I cannot give you a split of maternity allowance and maternity immunisation allowance, in the same way that I cannot give you a split of FTBA expenditure and FTBB expenditure.

Senator FORSHAW—We had this problem a moment ago as well, didn't we, with the savings measure?

Mr Kalisch—Yes.

Senator FORSHAW—This is disappointing. We wanted to find out what was the annual cost to the government of the maternity immunisation allowance prior to the changes in this budget, which lift the means test. I am bemused or astounded that you cannot tell us that figure. Are you sure? Can you go away and have a look? I mean, you must have somewhere in the department where you can figure that out.

Mr Kalisch—It might well be that the very nature of the Centrelink system and the way that is worked through, but we will go and have another look and see whether it is possible. Sometimes the Centrelink system is well designed for making payments, but not necessarily for keeping records or statistics.

Senator FORSHAW—We know that. That is what my constituents tell me. You will have to take this on notice, I assume. It is related to the same question. Can you give us the same information in respect to the forward estimates of the cost of the immunisation allowance: what that cost was in the forward estimates prior to this recent change or proposed change?

Mr Kalisch—Yes.

Ms Curran—Yes.

Senator FORSHAW—How much more per year will it cost the government to make the immunisation allowance universal?

Mr Kalisch—I think that goes back to the question you asked me earlier, where I said we would look at getting you a figure but that we expected it to be a very modest amount.

Senator FORSHAW—You can take this one on notice in conjunction—that is, to give us the forward estimates post the budget changes for the immunisation allowance. Thank you.

Mr Kalisch—Yes.

Senator FORSHAW—How many claims per year for the maternity immunisation allowance were rejected as a result of the means test?

Ms Curran—I would not know the answer to that, I am sorry.

Senator FORSHAW—Can you provide it?

Mr Kalisch—One of the difficulties is that a number of people would self-select themselves out because they know they are above the income limits.

Mr Sullivan—I think we can get you, for example, a number who were formally rejected on the basis that ‘You do not meet the income test.’ We could not get you how many were advised, ‘You would not meet the income test.’

Senator FORSHAW—Give us that information.

Senator JACINTA COLLINS—Can you compare it to the number of babies born per year and the number to whom the maternity allowance is paid? Can it give you that figure?

Mr Sullivan—That does not give you how many were rejected. That tells you how many babies are born in Australia and how many applications for maternity immunisation allowance.

Senator JACINTA COLLINS—Yes. It gives you the potential scope, once the payment becomes universal, of how many people would then also be eligible.

Mr Sullivan—No, because also you are not eligible for the maternity immunisation allowance if you do not get your children immunised.

Senator JACINTA COLLINS—Yes, I understand that.

Mr Sullivan—That is not a rejection either. That is basically a rejection by the client of the conditions of the payment.

Senator JACINTA COLLINS—It would not be too hard to get an estimate of the number of babies who are not immunised, either. I am sure Health could probably give us that estimate.

Mr Sullivan—That is certainly extending it very rapidly from what Senator Forshaw was after but we can certainly let you know how many were formally rejected on the basis of income tests. I doubt if it will be the immunisation rate.

Senator JACINTA COLLINS—No, that will be useless, which is why I was exploring these other issues.

Mr Sullivan—You have the ABS yearbook.

Senator FORSHAW—You are not suggesting that my question was useless, are you?

Senator JACINTA COLLINS—No, I was just thinking his answer was.

Senator FORSHAW—Between us, we got nowhere.

Senator JACINTA COLLINS—I think I have just demonstrated that it is possible to come up with a reasonable estimate of what removing the income test will mean in relation to the maternity allowance.

Mr Sullivan—I think we have already said we are quite happy to develop that for you.

Senator JACINTA COLLINS—You just told me to go and look at the ABS yearbook.

Ms Curran—Senator Forshaw, to be eligible for the maternity immunisation allowance prior to the budget announcements, you needed to be in receipt of maternity allowance for family tax benefit A. There is an income test associated with family tax benefit A, but for maternity allowance, provided you were eligible within 13 weeks of the birth of the child, you received maternity allowance, and so in most cases those families who received maternity immunisation allowance would have received maternity allowance. I do not know that we are going to be able to tell you specifically who might have failed for the maternity immunisation allowance. We might be able to say that someone was rejected on the basis that they were not allowed to receive maternity allowance.

Mr Sullivan—We will find out for you how many people were refused maternity immunisation allowance and for what reason.

Senator FORSHAW—Yes. I like that answer, Mr Sullivan. I was not sure I liked your suggestion we were not going to get it. In terms of what you do provide—which are those that the department can ascertain, as distinct from those who self-reject and so on—can you also provide the income distribution of the rejected claims?

Mr Sullivan—I doubt that would be available.

Mr Kalisch—It will certainly be above the family tax benefit part A income limits but, as to how far above, that is another question.

Senator FORSHAW—But you are happy to try and have a look at that?

Ms Curran—Yes.

Senator FORSHAW—Do you have information on the number of families that will benefit across each income group as a result of this change? I almost hesitate to ask that question after the last couple of answers.

Ms Curran—No, we do not.

Senator FORSHAW—How many families do you expect to apply for the maternity immunisation allowance each year?

Ms Curran—We have assumed for the maternity payment that there would be 250,000 births a year that would be eligible for the maternity payment and so we are assuming that roughly the same number would be eligible for the maternity immunisation allowance.

Senator FORSHAW—Eligible, but the words in the question were ‘expect to apply’. Just using that figure as the scope, if you like, of those that might—

Senator JACINTA COLLINS—You have not factored in the proportion of parents that were not immunised?

Mr Kalisch—No, that is the only swing point here.

Senator JACINTA COLLINS—Mr Sullivan raised it earlier so I thought you had taken it into account.

Senator FORSHAW—Why not? Putting aside the political debate, there has been a lot of debate about immunisation rates in recent years—we know that—and the government has waxed lyrical about its campaigns to increase the level. I appreciate that immunisation goes beyond what we are talking about here, the maternity aspect, but surely you would want to make some assessment about the proportion that you would expect to apply out of the total of 250,000.

Mr Sullivan—In respect of an estimate of \$3.5 billion, it would take a hell of a margin of people not claiming \$216 maternity immunisation allowance to affect the estimate, and this is really about estimates. It is not recognising that there would be some people who would not apply for this, but it does not get into the numbers.

Senator FORSHAW—What you are saying is that it is not statistically relevant.

Mr Sullivan—No.

Mr Kalisch—The process of receiving maternity immunisation is relatively simple and, making it also non-income tested, we would expect pretty close to 100 per cent take-up.

Senator FORSHAW—What is the average maternity immunisation allowance that is paid?

Ms Curran—It is a flat amount. It is \$210.66.

Senator FORSHAW—Thank you.

Senator MOORE—What is the figure based on?

Mr Sullivan—It is probably a number which, after indexation for several years, has come up to a funny number like \$210.66.

Mr Kalisch—And will be indexed again from 1 July 2004.

Senator JACINTA COLLINS—What was it based on?

Senator MOORE—Yes, originally.

Senator JACINTA COLLINS—It was based on a proportion carved out of the original basis for calculating the maternity allowance, which was originally based, I think, on seven weeks of minimum income support, not means tested for the second income earner. Is that right?

Ms Curran—For fine detail there, Senator Collins, you are better than I am, but it was certainly a carve out from the maternity allowance component.

Senator JACINTA COLLINS—I do not know if there was any science to the amount of that—whether it was just regarded as how much we would need to carve out of this to have an impact on encouraging people to immunise.

Mr Kalisch—I would presume it would be either a flat dollar amount or a percentage that was taken at that point.

Senator MOORE—Yes, and it has just been affected by the years of indexation.

Senator JACINTA COLLINS—In relation to budget and non-budget measures, apart from what you have to come back to us on from today, I think we had that outstanding carer payment bonus issue that we had taken into account earlier, which we are going to deal with tomorrow. Beyond that I am ready to move on to some general outcome 1 questions.

[10.20 p.m.]

Senator JACINTA COLLINS—Let me start on the evaluation of child-care benefit.

Ms Emerson—That is an evaluation of FTB and CCB?

Senator JACINTA COLLINS—Yes, it is. I am particularly interested in the CCB component of that at the moment. I think I have had enough of FTB for tonight. I will wait until I have a fresh mind.

Senator Patterson—We are not going to 1.1, are we?

Senator JACINTA COLLINS—We are on general 1. We have other non-budget measures that we need to go back to, but I would be quite happy, Minister, to campaign to change this practice into a program by program arrangement. I think it would halve the time and the confusion.

Senator Patterson—If you could guarantee it would halve the time, I would think about it.

Mr Kalisch—Can we do it in conjunction with changing the order of the program?

Senator JACINTA COLLINS—What order would you like, Mr Kalisch?

Mr Kalisch—Reverse it.

Senator JACINTA COLLINS—In part, we have done that, by going straight to 1.2 tomorrow. Page 121 of the PBS shows that in the appropriations applicable to outcome 1 the research and evaluation allocation has been raised from \$86,000 for the year 2003-04 to \$180,000 for the year 2004-05. Is that essentially due to the FTB and CCB evaluation? Is that factored in there?

Mr Kalisch—It is something that Mr Youngberry can probably talk about, in terms of the way we attribute our departmental costs across different elements.

Senator JACINTA COLLINS—This is a general appropriation for outcome 1.

Mr Kalisch—Yes. The same principle applies across every output group.

Senator JACINTA COLLINS—Yes, I understand that. In terms of the general, which is the third main row down, it has gone from \$86,000 up to \$180,000. Is that what is accounted for there?

Mr Youngberry—We calculate output costs by doing a survey of staff effort. That change in numbers basically reflects that staff have recorded more time against the research and evaluation output for that item. It is an attribution of staff and other costs to that item.

Mr Kalisch—To give you a broad answer—in addition to what Mr Youngberry has just told you—staff who are filling out this survey will use an estimate of other time that they are spending on research as well, and that would go into their estimate of the number of hours

that they are spending on that activity over a fortnight. That is then used to derive this figure. It is not just the CCB evaluation that gets picked up here but other research activities as well.

Senator JACINTA COLLINS—We are having an increase in research activity is what is shown here?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—What else is there that is happening in research activity at the moment that accounts for that?

Mr Kalisch—It could also be that they are spending proportionally more time on it over that particular fortnight, as opposed to doing increased numbers of tasks. It depends on what the other work pressures are as to what they do within their fortnight. This survey is derived from that.

Senator JACINTA COLLINS—This is a particular fortnight in that 2003-04 period, compared to a fortnight in the 2004-05 period?

Mr Kalisch—Yes.

Senator JACINTA COLLINS—Research activity in that fortnight might be high for some particular reason. Preparation for estimates—would that be counted as research?

Mr Kalisch—I would imagine that that would fall into a number of different categories.

Ms Emerson—You might find that there are things like commenting on some of the surveys and other broad research efforts of the department, or external research. The sorts of things that come up are, for example, HILDA, the longitudinal study of Australian children. If we are looking at the early results of that, or any future question design, we would be commenting on question design and also methodological issues. As surveys or other data come through from, say, the ABS or other places, that may be the sort of thing that we would put some focus on.

Senator JACINTA COLLINS—I will leave trying to understand the way these things are expressed in the PBS and go back to what I am really seeking to understand, which is where the FTB and CCB evaluation is at. Can you give us a general outline, Ms Emerson?

Ms Emerson—Certainly. As part of the A New Tax System reform package from 1 July 2000, as you know, the government implemented significant reforms to family assistance programs. An evaluation of these reforms is currently under way. The primary objective for the evaluation is to assess the impact of the ANTS reforms to family assistance payments against the government's ANTS objectives, specifically simplicity, choice, work force incentives, equity of outcomes, and increased assistance for families. In addition, the evaluation will provide an overview or examination of emerging issues for family assistance and consider take-up issues. As indicated at the previous hearing, it is anticipated that an evaluation report will be provided to the minister towards the end of 2004, and any decision on the public release of the report will be a matter for consideration by the minister.

Senator JACINTA COLLINS—So a report at the end of 2004?

Ms Emerson—Yes.

Senator JACINTA COLLINS—What is the anticipated cost of the evaluation?

Mr Kalisch—The first phase is \$186,000 in terms of external costing. There is also an element in which we are using internal staff resources, so there are significant salary costs that we are absorbing within our current budgets. That is an additional cost or notional cost.

Senator JACINTA COLLINS—The \$186,000 is an external cost?

Mr Kalisch—That is an external cost.

Senator JACINTA COLLINS—Which relates to what?

Mr Kalisch—It relates to some of the survey and methodological work that we are doing as part of that process, as I understand.

Senator JACINTA COLLINS—That you are doing or that is being done externally?

Mr Kalisch—It is being done externally but funded by the department.

Senator JACINTA COLLINS—Who is doing it?

Ms Curran—Most of the work on the evaluation is being done within FaCS.

Senator JACINTA COLLINS—But \$186,000 is not.

Ms Curran—The \$186,000 is the budget for the first phase of the evaluation.

Senator JACINTA COLLINS—I thought I understood Mr Kalisch to say it was an external cost.

Mr Kalisch—Sorry. I think I have misled you.

Ms Curran—We are absorbing all of our salary costs associated with the evaluation.

Senator JACINTA COLLINS—Yes, he said that. But he said there was an external cost of \$186,000.

Ms Curran—If by 'external' you mean consultants or—

Senator JACINTA COLLINS—I do not know what Mr Kalisch means. That is what I am trying to understand.

Ms Curran—We are using existing data sources and looking at administrative data. We have also looked at the data available through the longitudinal data warehouse that FaCS has on family payments, so it is essentially existing data sources and doing some survey work.

Senator JACINTA COLLINS—What external work is being conducted?

Ms Curran—We have only done a very small amount of external work—from memory, a contract of less than \$30,000. That was particularly around the interaction of FTB and child support.

Senator JACINTA COLLINS—As in child custody child support?

Ms Curran—Yes.

Senator JACINTA COLLINS—Who was that put out to?

Ms Curran—And we are about to do some further work on external funding around child care. That will be in the order of \$75,000.

Senator JACINTA COLLINS—Thirty thousand dollars plus \$75,000 is getting closer to Mr Kalisch's figure. Is there another one you want to throw in that brings it up to \$186,000?

Ms Curran—No, that is it.

Senator JACINTA COLLINS—The \$30,000 is in relation to family tax benefit and child support.

Ms Curran—Yes.

Senator JACINTA COLLINS—The \$75,000 is in relation to child-care benefit.

Ms Curran—Yes.

Senator JACINTA COLLINS—Not just child care but child-care benefit in particular?

Ms Emerson—It is actually child care generally. It is for purchasing data from the ABS in a more useful format so we can do some more analysis.

Senator JACINTA COLLINS—What are you hoping to understand with that analysis?

Ms Emerson—Considerably more about the behaviour of different groups by their various characteristics. As you know, there are lots of complex possibilities around child-care usage and the various income ranges and family characteristics. It is really to get a better data set to be able to look at that.

Senator JACINTA COLLINS—One question I have been asking for some time in relation to CCB concerned take-up issues. In the past I have been told that was something you could not even comprehend. Are you hoping to get closer to that in this evaluation? I am talking about the number of people who do not bother taking up CCB. At any child-care centre I go to somebody can tell me how many of their people are not bothering with CCB. When I have asked the department about take-up issues related to CCB, I have had very little success.

Ms Emerson—I am not sure whether those have had lump sum payment facilities.

Senator JACINTA COLLINS—Yes, I know. That is one of the complications.

Ms Emerson—It is certainly something we will continue to look at.

Senator JACINTA COLLINS—It was indicated earlier that take-up was one of the issues being addressed in relation to this evaluation. Is that in relation to CCB as well as FTB?

Ms Emerson—Yes.

Senator JACINTA COLLINS—You mentioned the first phase. What other phases are there to this evaluation?

Ms Curran—This phase of the evaluation is focusing on the ANTS objectives. At this stage we do not have committed funding for further work but we hope to be able to do that further down the track.

Senator JACINTA COLLINS—How much funding do you have?

Ms Curran—We have \$186,000.

Senator JACINTA COLLINS—Back to why we have that figure! What are you doing with the other \$81,000? Absorbing all of your staff costs?

Ms Curran—Sorry?

Senator JACINTA COLLINS—You told me it was absorbing all your staff costs.

Ms Curran—We spent a little bit of money on engaging a consultant to help us with the issues that we have to address in the report.

Senator JACINTA COLLINS—Who was that?

Ms Curran—A firm called Courage Partners. They are a Canberra based firm, very experienced in evaluation work.

Senator JACINTA COLLINS—What were they paid?

Ms Curran—Ten thousand dollars.

Senator JACINTA COLLINS—On advice on how to go about doing an evaluation?

Ms Curran—Yes, because we have a very large number of stakeholders. We have not only FaCS; on the steering committee we have the tax office, the Health Insurance Commission and Centrelink. Each agency has a particular perspective in relation to FTB and CCB. We wanted to make sure that the way that we were going about the evaluation was going to address the issues of each of the respective agencies, as well as looking at the ANTS objectives. Then we have done some internal survey work, which I referred to earlier, relating to the data analysis.

Senator JACINTA COLLINS—What has been the nature of the survey?

Ms Curran—We have been looking at the reconciliation outcomes for a range of families.

Senator JACINTA COLLINS—Anything else?

Ms Curran—No. That has been the main focus of that work.

Senator JACINTA COLLINS—Was it essentially focused on the issues or concerns around family tax and CCB debts?

Ms Curran—No, it is all reconciliation outcomes: top ups, new adjustments and overpayments. It is the reconciliation outcome for family payments. Given my interest, in my branch we have been looking at FTB.

Senator JACINTA COLLINS—The internal survey work accounted for about \$70,000, did it?

Ms Curran—That is it. It is because of the survey work.

Senator JACINTA COLLINS—In terms of an evaluation of family tax benefit B and CCB, \$70,000-odd was allocated to understanding what is happening with reconciliations?

Ms Curran—No. As I add the numbers up, it is around \$50,000. Perhaps I have just added the numbers incorrectly or given them to you incorrectly. I am sorry. We had \$70,000 for the child care.

Senator JACINTA COLLINS—Yes, and \$30,000 for the FTB child support and \$10,000 for the consultant. The remainder of the \$186,000—it might be late but I think it is a bit more than \$50,000.

Ms Curran—I think it is just an amount that is currently unspent and needs to be either spent this year or moved into next year.

Senator JACINTA COLLINS—Are you saying that the survey on reconciliation outcomes was about \$50,000?

Ms Curran—Yes.

Senator JACINTA COLLINS—So the remainder is unspent money.

Ms Curran—Yes.

Senator JACINTA COLLINS—You were able, were you, to seek to understand other emerging issues to undertake other project work?

Ms Curran—Yes.

Senator JACINTA COLLINS—You have just not decided to do so, although I think you originally said to me you did not think you had the capacity to do so.

Ms Curran—This phase is about assessing both FTB and CCB around the ANTS objectives. We are at a point where we are assessing where we are at with the evaluation. It is the end of May and we will be looking to see what else we need to do to spend the rest of the allocation of \$186,000 for this budget.

Mr Kalisch—It is quite clear that if, on the basis of that assessment, we do not need to do any further work, we will not commission that.

Senator JACINTA COLLINS—Given that you indicated that emerging issues were one of the factors, and in a report not long back the Institute of Health and Welfare indicated that there were some concerning affordability issues in relation to CCB, is that not one that you have sought to address in this evaluation?

Ms Curran—I will have to defer here to Ms Emerson, but it was around the choice and the work incentives and equity of outcomes. To the extent that affordability is captured in those headings it would be addressed, but that is probably more an issue for the next phase of the evaluation.

Senator JACINTA COLLINS—But the next phase of the evaluation still needs to fit within an overall budget of \$186,000.

Mr Kalisch—Not necessarily.

Ms Curran—No, we are saying we do not have committed funding for the next phase of the evaluation. We still have a small amount of money left from this phase—\$186,000.

Senator JACINTA COLLINS—And you have no committed funding to go beyond.

Ms Curran—At this stage, no.

Mr Kalisch—The internal budget resourcing still has to be determined for 2004-05 and later years.

Senator JACINTA COLLINS—That is an internal budget resourcing issue.

Mr Kalisch—Yes.

Senator JACINTA COLLINS—In terms of whether any further work is conducted other than a survey of reconciliation outcomes, which I am astounded was built into this evaluation as opposed to the more general research work of the departments.

Mr Kalisch—This was certainly a convenient vehicle for having that done.

Senator JACINTA COLLINS—It may be convenient, but it prevents what might be other more significant issues about evaluating FTB and CCB as systems from occurring.

Mr Kalisch—As Ms Curran said, one of the things around equity of outcomes and various other objectives of ANTS was quite pertinent to the reconciliation outcomes.

Senator JACINTA COLLINS—Yes, and work incentives was the other one raised.

Mr Kalisch—Yes, that was quite appropriate.

Senator JACINTA COLLINS—It was one of the issues raised earlier. You mention the stakeholders; this is actually government stakeholders. Has any work been done with external stakeholders in these systems?

Ms Curran—No.

Senator JACINTA COLLINS—Nothing with child-care providers?

Ms Curran—No.

Senator JACINTA COLLINS—And nothing planned at this stage?

Ms Curran—No.

Senator JACINTA COLLINS—How are you proposing to deal with the take-up issues?

Ms Curran—The ABS has different data definitions of family than are used for family assistance purposes, so we would be looking to perhaps do some further work with the ABS with the unspent money we currently have.

Senator JACINTA COLLINS—In terms of an evaluation of CCB, is the issue of a differential rate of CCB being dealt with as an emerging issue?

Ms Emerson—Not at this stage.

Senator JACINTA COLLINS—So even though it is being dealt with in terms of long day care incentives and the way that funding has been structured, you are not considering it as an issue in this evaluation of CCB as an emerging issue?

Ms Emerson—I do not think the differential rates relate to CCB for the long day care incentive scheme. That is related to the operational funds available to services in the first years of operation.

Senator JACINTA COLLINS—Which is essentially the cashing out of CCB during those first two years.

Ms Emerson—Under the new scheme I am not sure that that is technically the case.

Senator JACINTA COLLINS—That was the way Ms Casey described it earlier. Let us use another example under DAS, for instance. Is there a different operational support for those of nought to two, as opposed to those older than two?

Ms Casey—I need to just clarify that the cash out component that I was talking about was under the private provider incentive scheme.

Senator JACINTA COLLINS—Right.

Ms Casey—Under the new long day care incentive scheme there is an element, when you read the guidelines tonight, that will show you that there is a formula where services can receive a certain percentage of CCB payment and then they are topped up.

Senator JACINTA COLLINS—They can do a mix?

Ms Casey—Yes. They can do a mix of that under the new scheme. Under the old private provider it was purely CCB uncashed-out funding.

Senator JACINTA COLLINS—Did the PPI program have differential arrangements for nought to twos?

Ms Casey—No, that was funded for elements of the new long day care incentive scheme.

Senator JACINTA COLLINS—Am I right in my understanding that the new long day care incentive scheme is the first instance where differential funding arrangements have been done for nought to twos, as opposed to three to fives?

Ms Casey—To some extent the funding they get under the new model of long day care incentive scheme does have an incentive for them to receive funding for the number of baby places that they provide.

Senator JACINTA COLLINS—So despite that issue being addressed in this new program, it is not being considered as part of an evaluation of CCB?

Ms Emerson—Not at this stage.

Senator JACINTA COLLINS—Is the evaluation of CCB dealing with any of the problems associated with using CCB as a means of delivering relief to people using outside school hours care—my pet issue?

Ms Emerson—Sorry, can you repeat that question, please?

Senator JACINTA COLLINS—This is the issue I have raised several times about how very marginal amounts of assistance are being directed to people using outside school hours care by CCB. Is that being addressed in the evaluation of CCB?

Ms Emerson—The extent to which that sort of issue goes to the ANTS objectives is how we will look at it. We are still in process at the moment.

Senator JACINTA COLLINS—Okay. But then you also said that the evaluation was to cover emerging issues and take-up issues as well, not just the immediate ANTS issues.

Mr Kalisch—I think you should not expect—

Senator JACINTA COLLINS—Too much of this evaluation?

Mr Kalisch—Yes—that this evaluation will cover all of the emerging issues that you can ever think of.

Senator JACINTA COLLINS—Nought to twos is not a wild fantasy.

Mr Kalisch—No. This is an evaluation of the existing measures, largely. It is not a policy exercise.

Senator JACINTA COLLINS—You are not proposing any consultation processes beyond the government stakeholders indicated earlier in this exercise?

Ms Emerson—Not in this phase.

Senator JACINTA COLLINS—Not in this phase? But there is another phase yet to occur between now and when you report to the minister. What is being proposed in the second phase?

Ms Emerson—There is not a proposal on the table at the moment.

Senator JACINTA COLLINS—We have a two-phase process. We have just been discussing phase 1. You must have some idea of what you will propose to do if funding is available before you report to the minister.

Ms Emerson—I think the significant thing is to wait until this phase of the evaluation is over and get to that point and then we take stock of what is required in the next phase. That is basically the plan.

Senator JACINTA COLLINS—So the plan is to play around with the ABS data that you have just purchased and see where you stand beyond that?

Ms Emerson—Certainly the ABS data are going to be a new source of data, which will be structured in a much more amenable way, to be manipulated and to do some analysis. There are other sources, and obviously we will draw on the sources of data we already have.

Senator JACINTA COLLINS—Okay. As Mr Kalisch said, I have now learnt not to anticipate much out of this particular evaluation. We will go on to the Aboriginal and Islander Child Care Agencies program review. This was discussed in the annual report. Could you please provide a detailed time line of the review, including any consultation processes.

Mr Carmichael—The review commenced formally on 5 February when RPR Consulting was selected to undertake the review of both the AICCA program and the Indigenous Parenting and Family Wellbeing program. The time line is a bit open-ended in terms of where AICCAs operate quite differently in each state. They have more formal responsibilities in, say, the state of Victoria and increasingly less formal responsibilities in the state of Queensland because of a review they have held there separately. What we have done is negotiate on a state-by-state basis. We have formal agreement from Queensland and Victoria to participate in the review and we have registered interest from the Northern Territory and South Australian governments to be involved with that review. We are anticipating results in the coming months. There is a reference group, SNAICC; the peak body for AICCAs is represented on that reference group, as are a range of other providers and government agencies.

Senator JACINTA COLLINS—Do you have any progress of the review that you can indicate at this stage?

Mr Carmichael—Only that we have a report from the consultant to say that agencies are engaging enthusiastically with the review. There are a number of agencies, particularly in

Queensland, that have had their funding removed because of nonperformance issues. Even those agencies are involved with the review, so there is a reasonable dialogue with the range of stakeholders involved with the provision of AICCA services.

Senator JACINTA COLLINS—This moves beyond the AICCAs; we are probably going into 1.1 now. Can you provide a break-up of the expenditure for 2003-04 for the AICCAs, the playgroup associations and the other services for families with children?

Mr Carmichael—What specific information do you want to know?

Senator JACINTA COLLINS—A program breakdown.

Mr Carmichael—Service of families with children appropriation covers, as you mentioned, playgroups, intensive playgroups, Aboriginal and Islander child care agencies, other services for children and then a range of projects. I can give you each of those categories. I have them here and I could submit them—or do you want me to read them out?

Senator JACINTA COLLINS—It might be easier to submit them, if you can.

Mr Carmichael—The variations between the years are generally due to indexation. There has not been any significant change in the funding.

Senator JACINTA COLLINS—Mr Kalisch, one of the reasons for my quandary over playgroups associations is that the PBS on page 128 has them down in 1.4. Is that just a typo?

Mr Kalisch—I think it is a typo. I have to say there is perhaps a little bit of speculation as to where it should be put, because very soon we are going to move responsibility for looking after playgroups to our child-care area.

Senator JACINTA COLLINS—Is this going to be one of the announcements on Wednesday night?

Mr Kalisch—No. This is just an internal resourcing arrangement. It should not change the output group without permission. It should be 1.1.

Mr Carmichael—There is another explanation. Playgroups get funded in a range of outcomes. I do fund playgroups under 1.1 but I think Dawn Casey can talk to some playgroups that she funds probably from outcome 1.4.

Ms Casey—I would have to bring that data with me tomorrow, but, under the child-care support programs, we do fund playgroup type operations where we encourage families, particularly in Indigenous communities, to come along to a type of child care that is funded from our programs.

Senator JACINTA COLLINS—I appreciate those elements, but the funding directed towards Playgroups Australia—

Mr Carmichael—That is out of 1.1.

Senator JACINTA COLLINS—That is right. The more general playgroup provisions are essentially in 1.1? Ms Casey would have some of the innovative child-care type playgroup arrangements, but principally the playgroup funding is in 1.1.

Mr Carmichael—Yes.

Senator JACINTA COLLINS—In your answer last time to my question 62—I asked a number of questions about the playgroup funding announcement—you did not answer question (b) as requested. You provided the total over three years. Then in answering (e) you stated that there are four intensive playgroups, each of which receives approximately \$155,000. Could you please provide the detail per playgroup, or for each individual playgroup if they vary.

Mr Kalisch—Can you repeat the question, Senator? We are just finding the previous answer.

Senator JACINTA COLLINS—The answer to (b) and the answer to (e) do not provide us with the per playgroup figures that we were hoping for.

Mr Carmichael—Playgroups and the other models of playgroups, which are supported playgroups and intensive playgroups, have been emerging models, so there had not been any previously funded supported playgroups before the November announcement. The intensive playgroups have been funded under the former caravan park pilots and were not formerly called intensive playgroups, so they have transmogrified into intensive playgroups, plus we have additional money from the November 2003 announcement for some more additional intensive playgroups. The rollout of the December 2003 announcement has yet to be determined. We do not know which ones we are going to fund there yet. There is advice with the minister and we have yet to determine those.

Were you also asking what the cost per model was? We do have those figures. I do not have those in front of me, but it is about \$8,000 for a supported playgroup and \$156,000 for an intensive. I will just confirm those figures if I can find them here. No, I will have to take it on notice to get those two exact figures, but we do have a price per supported playgroup and a price per intensive playgroup.

Senator JACINTA COLLINS—Perhaps when you do that you could also explain what the \$8,000 and the \$156,000 actually pay for in terms of what it is delivering in resource terms.

Mr Carmichael—Yes, we can do that.

Senator JACINTA COLLINS—For how long are the intensive playgroups intended to occur?

Mr Carmichael—They are recurrently funded, so they are long-term projects. The supported playgroup as a model is generally funded for one year and if it works well it becomes a mainstream playgroup. If it does not, it then may stay as a supported playgroup for another year. If it is then, through that process, determined that it is a high level of support, you might renegotiate that to look at more intense support for that playgroup.

Senator JACINTA COLLINS—What are the links between the supported playgroups and the playgroups associations?

Mr Carmichael—Some playgroup associations currently manage a more intense playgroup model and have the capacity to do that. They often do that through a partnership with a third party, like the Save the Children Fund in Queensland. Sometimes they try to manage them on their own. The Playgroup Association of SA has acknowledged that they do

not have the expertise and would want those sorts of models managed by other community based agencies. They might then provide some support, in terms of the playgroup model, but would not see themselves as the provider of intensive or supported playgroups. It is a bit flexible, based on the capacity of the playgroup associations to manage them or their interest in being involved with them. It is flexible nationally.

Senator JACINTA COLLINS—If the intention for supported playgroups is that they become general playgroups after 12 months, that link is probably critical.

Mr Carmichael—Yes, that is right. We are working closely with the playgroup association around that model. They are a partner in it, but how they manage it exactly is negotiated with them and providers within that state jurisdiction.

Senator JACINTA COLLINS—With respect to the intensive playgroups—this may have been available previously—on the basis that they are recurrently funded, how many places are provided around Australia?

Mr Carmichael—In the announcement in December there were up to eight additional intensive playgroups, so it is a modest number at this stage. We are still trialling the model. We have had an evaluation and now we are trying to roll it out and test how it is going to go on a national basis, because we have not managed them on a national basis as yet.

Senator JACINTA COLLINS—Thank you.

Committee adjourned at 11.02 p.m.