



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

**(Budget Estimates)**

FRIDAY, 4 JUNE 2004

CANBERRA

BY AUTHORITY OF THE SENATE



## **INTERNET**

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

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

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



---

**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**  
**Friday, 4 June 2004**

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

**Senators in attendance:** Senator Knowles (*Chair*), Senators Collins, Forshaw, Humphries and Moore

**Committee met at 9.05 a.m.**

**FAMILY AND COMMUNITY SERVICES PORTFOLIO**

Consideration resumed from 1 June 2004

**In Attendance**

Senator Patterson, Minister for Family and Community Services

**Department of Family and Community Services**

**Executive**

Mr Mark Sullivan, Secretary  
Mr Wayne Jackson, Deputy Secretary  
Mr 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

**1.4: Child Care Support**

Ms Dawn Casey, Assistant Secretary, Child Care Services Branch  
Ms Lee Emerson, Assistant Secretary, Child Care Benefits 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 Cross 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 public hearing of the Senate Community Affairs Legislation Committee considering the budget estimates. Before the committee continues with the examination of the Family and Community Services portfolio, I would like to mention that I was out of the room momentarily last night when Mr Bob Wells, one of the first assistant

secretaries of the Department of Health and Ageing gave his final presentation to the committee and I was therefore unable to put on record my thanks to him during many years of seeing him on the other side of the table. He has always been exceptionally cooperative and informative to the committee in a variety of roles. I want to put on record my thanks to Mr Wells for the outstanding service he has given to the people of Australia.

I welcome back Mr Sullivan and officers of the Department of Family and Community Services. The committee will continue consideration of output group 3.2, then commence output groups 3.3 and 3.4 and then complete output groups 1.1 and 1.4. There may also be some follow-up questions relating to information that the department undertook to provide by today's hearing.

**Senator FORSHAW**—I want to continue from where we left off on Tuesday night with questions on disabilities. Have you managed to table or provide a report of the demonstration project for business services? I have not received an email copy which I thought was going to be provided to me the next day, and we still have not been able to locate it on the web site.

**Ms Davies**—I apologise. I organised to have it sent. I do have a hard copy here and I checked and it was on the Internet site.

**Senator FORSHAW**—That may be due to my lack of technical prowess. I am not sure what has happened. Did you say you arranged to have it sent to me by email?

**Ms Davies**—Yes.

**Senator FORSHAW**—I will check that anyway. Thank you for providing a copy of the report to us this morning. Obviously I have not had a chance to look at it but can you tell us what the data shows in relation to the financial impact on individual organisations?

**Ms Davies**—The project was to look at what would be the combined effect of increases in wages for business services when you take into account their case based funding price. Thirty organisations took part and the results varied. I think I mentioned that the results were negative for 19 of the organisations—there was a loss, but it had quite a wide range—and the remaining organisations were okay.

**Senator FORSHAW**—I would like you to be more specific. By reading this report can we ascertain the extent of the negative impact and so on? That will save a bit of time. I do not want to take you through that this morning.

**Ms Davies**—There is a summary of the results of the modelling in the report.

**Senator FORSHAW**—Thank you. I have not had a chance to look at it. You spoke about 19 of the 30 outlets having a negative impact, and you said the other night that case based funding did not offset their wage increases. That is what you meant by negative impact. Could you be a bit more specific. Was it severe negative impact? I am trying to get an idea of the measurement of how negative it was.

**Ms Davies**—The greatest negative impact was a decrease of 58 per cent—a negative impact of 58 per cent. It went down from that to minus 4.7 per cent.

**Senator FORSHAW**—So it was a range of four per cent to 58 per cent. Of the 19, what was the spread? Was it on the low side or the high side?



**Ms Davies**—It was on the high side.

**Senator FORSHAW**—We can look at the report. Does it give an indication of the negative effects beyond the four years assistance package? Is that dealt with in the report?

**Ms Davies**—No. It just looked at the one-off effect—as though you had had a sudden wage increase and you went on to case based funding at the same time.

**Ms Winzar**—That demonstration report did not factor in the impact of the most recent budget package of \$99 million. As Ms Davies said, it assumes that people transitioned immediately to case based funding, which will not be the case under the package because people get a top-up for the first two years.

**Senator FORSHAW**—Yes, I understand that. The \$99 million package is designed in part to try to alleviate what would otherwise be a difficulty. I suppose the question that arises is: how well does it do that? Does it remove any effects in the short, medium and long term in terms of the viability? I am sure you would agree that if you still end up with a negative impact after the package assistance then that only potentially compounds as time goes on, unless you get more by some other means. I do not know whether you want to comment on that, but that is what I think. Has any work been done on looking at the longer term impacts arising out of the report and the impact of the assistance in the package projecting beyond four years, for instance?

**Ms Davies**—The \$99 million package includes business panels looking at tailored and individual assistance for each organisation. We are just beginning the work on developing the program guidelines for that, but the modelling that we did prior to the package indicated that it should be sufficient.

**Senator FORSHAW**—Was a comparison made with market industry standards in the modelling that you did?

**Ms Davies**—No.

**Senator FORSHAW**—Is there any reason why not?

**Ms Davies**—From memory, the Business Services Review Implementation Group asked us to undertake this project of looking at the special circumstances of business services, and that is what we did. We did not benchmark against other industries.

**Senator FORSHAW**—I appreciate that, but would that not have given you some more relevant data, or was it deemed that it was not necessary to do that?

**Ms Winzar**—Part of the issue here is how we define an industry in the business services context, because they are involved in so many different activities and industries. It would be a very lengthy and complex process to benchmark each of those activities that business services are in. It might be garden maintenance—that is fair enough—light packaging, transport, cleaning services or other forms of light industrial work, but the overheads and the market performance of those industries will vary quite a bit, so I think going through and benchmarking each business service activity against the industry standard would be fairly difficult. The issue that the Business Services Review Implementation Group was seeking to get more information on was the relationship between the employment of people with disabilities and the overhead cost. From work that we have done, we have not found a

relationship between the overhead costs and the support needs of the people who were in the service. That is the first thing to note. The second is that, when we looked at the cost structures of business services, we found that those with the highest overheads were the larger services, and they were also the services which had historically received high levels of block grant funding. Those that had traditionally received low levels of block grant funding had much leaner operations. That then takes you to a whole raft of other questions, such as: do highly funded services necessarily get better outcomes than services with lower funding? So far we have not been able to uncover any evidence that the more highly funded services get any better outcomes. Part of this is about industry comparison, but it is also about how people are managing the change from the high level of block grant funding, not necessarily related to the support needs of the person they are helping, and case based funding, which would be individualised and very much targeted at the exact support needs of the consumer.

**Senator FORSHAW**—Thank you for that. How was the sample selected? Was it self-selection or random?

**Ms Davies**—It included some services nominating, but it was chosen so that it was representative of rural, metro, disability types, size and that sort of thing.

**Senator FORSHAW**—But was it a random selection?

**Ms Davies**—No, not strictly speaking.

**Senator FORSHAW**—Was it self-selection?

**Ms Davies**—It was only partly self-selection. It tried to get a representative group of services involved.

**Senator FORSHAW**—You say that it was representative. Can you be more specific as to how it was representative—across regions, size, what?

**Ms Davies**—It was 30 organisations with 51 outlets and a combination of country, metro, size and disability type.

**Senator FORSHAW**—Can you be confident that the outcomes are relevant to the sector as a whole? Obviously you hope they are. Does the project lead you to the conclusion that it will be relevant right across the sector?

**Ms Davies**—Because it was looking at the effect of wage increases as well as the price, I think we are reasonably confident in the case of the wage indication, because we are confident that the tool is reasonably robust. The case based funding price is the result of quite a few years of study and trialling. This was some extra work that we undertook for business services specifically. The introduction of case based funding is being closely monitored. It is going to be evaluated. The other safeguard is that the \$99 million package is probably sufficient in the short run to cover any shortfalls, and the top up for block grant funding in the transition to case based funding should ensure that those services have time to make the sort of adjustments that they will need to.

**Senator FORSHAW**—In terms of the criteria for selecting those in the project, did you look at the profitability of those services?

**Ms Davies**—Not from memory.

**Ms Winzar**—Not as a reason for selecting them.

**Senator FORSHAW**—So did the survey look at services that were on the high profitability end, if you like, and those that were not?

**Ms Davies**—That was not part of the design, no.

**Senator FORSHAW**—Do you know what the profitability situation was for the 30 services that were examined, because if they were all at the more profitable end, for instance, then it would skew the results, would it not?

**Ms Winzar**—The panel of assessors that went in for the parallel process, which was around the business viability reviews, would have collected that information about the profitability of business. This demonstration project did not match case based funding impacts plus wage impacts against the profitability findings of the business viability reviews, but it would be possible to do so. Ms Davies may have a view about whether some of the 30-odd organisations in the demonstration project were low profitability.

**Ms Davies**—From my knowledge, some of them were low profitability.

**Senator FORSHAW**—Is it correct that in the pricing review overhead cost recovery was not examined?

**Ms Davies**—For business services or for open employment?

**Senator FORSHAW**—For business services.

**Ms Davies**—The study was trying to test the effect of overheads in business services.

**Senator FORSHAW**—I understand that there was a project commissioned in mid-2003 to look at the costs of overheads in business services.

**Ms Davies**—That is right, Senator; that is the report that I have given you.

**Senator FORSHAW**—Yes, but I understand there has been some concern expressed that this study did not look at a comparative analysis of overhead costs between business services and mainstream services.

**Ms Davies**—This study looked at whether there was a significant relationship between overhead costs and support needs, and productivity of business services. It did not benchmark against mainstream industry.

**Senator FORSHAW**—You confirm the advice I was given. Could that work be done now?

**Ms Davies**—For our disability employment services generally, we are examining looking at benchmarking.

**Senator FORSHAW**—I have a further question on case based funding for business services. What are the estimated numbers of people per disability maintenance instrument level under case based funding from January next year onwards? In other words, how many levels 1, 2, 3 and 4 do you expect in business services?

**Ms Davies**—The modelling for business services indicated that for level 1 it would be 19 per cent; for level 2, 34 per cent; for level 3, 25 per cent; and for level 4, 22 per cent.

**Senator FORSHAW**—What is the basic hourly level of support per week costed for under the case based funding model for each level?

**Ms Davies**—We undertook a cost attribution study in 2002 that showed the level was, I think, from memory, \$53. The work that we did subsequently was upgraded to \$60 an hour.

**Senator FORSHAW**—Is that per week?

**Ms Davies**—Per hour.

**Senator FORSHAW**—My question was about the basic hourly level of support per week.

**Ms Davies**—That depends on the number of hours the person is working, I guess.

**Senator FORSHAW**—So we just use \$60 per hour as the base. What is the cost per direct support hour used to calculate funding for the four levels?

**Ms Davies**—That is the \$60 an hour.

**Senator FORSHAW**—What is the number of hours per week per level?

**Ms Davies**—That is quite difficult to answer, because I imagine for each employee the hours will vary, depending partly on whether you are in open employment or business services.

**Senator FORSHAW**—But in the model you would have costed that, wouldn't you—some average?

**Ms Davies**—Are you asking me about the study into whether the maintenance levels were adequate for open employment?

**Senator FORSHAW**—The first question I asked you was: can you give me the estimated numbers of people per levels? Then, in the model, my second question was: what was the basic hourly level of support? And you gave me a figure of \$60. In terms of the costing in that model, I want to know what that figure was. I would appreciate that, once it is implemented, the amount paid varies according to the number of hours worked. In order to build the model, you would have some figures, surely.

**Ms Winzar**—We do, but the basic comparison point is what the current funding levels are under the block grant arrangements for business services. Ms Davies might correct me if I am wrong, but my recollection is that we are looking at about \$3,500 as being the average funding level for a person in a business service under block grant funding. On the basis of \$60 an hour, that would give you roughly one hour's support per week to pursue the line that you have suggested in terms of hourly support. This has not been approached in that sense, about how many hours support does an individual need and then funding that level of support explicitly, because in group settings, of course, will have maybe one support worker assisting four—or perhaps even 10 or a dozen—workers, depending on the nature of the jobs that they are doing, the nature of the disability and the level of support and training required. I do not think it is possible to follow that sort of logic chain that perhaps the dollars per hour and the case based funding levels, DMI levels, might suggest.

**Senator FORSHAW**—Would we be able to get at the details of the modelling that was done?

**Ms Winzar**—On how we have set the individual funding levels for the business services?

**Senator FORSHAW**—Yes.

**Ms Winzar**—Yes.

**Senator FORSHAW**—If you did give us that, then I think we could extrapolate the answers to the questions I am asking—hopefully, anyway. Have there been concerns expressed about the ability of the wage assessment tool to achieve consistent outcomes across the sector or organisations nationally?

**Ms Davies**—There have been concerns expressed about the tool, not so much about consistent application.

**Senator FORSHAW**—What are the concerns that have been expressed?

**Ms Davies**—The concerns originally related to the methodology used and then shifted to the sector's capacity to pay.

**Senator FORSHAW**—What I am getting at is that I understand that there is concern that, for instance, you could have an assessor in Western Australia who might assess a person with a level of disability and in another state another assessor who assesses a person with a similar level of disability and comes up with a significantly different wage calculation. That is a concern. How do you ensure that that is not going to happen?

**Ms Davies**—In the development of the tool we employed CRS to do the assessment so that we would have a transparent, independent organisation that could offer a national coverage. In the development of the tool it was clear that there was some unevenness, so we introduced a new layer of quality assurance to make sure that we did get consistent application, and there is a review mechanism as well. If people are unhappy with their results they can ask to have a reassessment.

**Senator FORSHAW**—Do you envisage having some review after a period, say, to examine an issue like this to ensure that inconsistencies are not occurring?

**Ms Davies**—Yes.

**Senator FORSHAW**—What is the time taken for an average assessment of a business service using the government model and being assessed by a CRS assessor?

**Ms Davies**—I do not have that with me. I can arrange to have it today.

**Senator FORSHAW**—Thank you. What we are looking at is from the preliminary phase to when the report goes to the business service. What is the estimated cost for CRS to do the assessments in business services?

**Ms Davies**—It is \$9 million.

**Senator FORSHAW**—Do you know how many trained assessors CRS currently have?

**Ms Davies**—They have 120.

**Senator FORSHAW**—Can you give me a state break-up?

**Ms Davies**—No. I do not have that with me.

**Senator FORSHAW**—Can you supply that on notice?

**Ms Davies**—Yes.

**Senator FORSHAW**—Thank you. Can you tell me how CRS were appointed to undertake case management? I understand that there were not the normal tendering processes that might otherwise apply for Commonwealth tenders.

**Ms Davies**—We have a service level agreement with CRS to provide rehabilitation services and wage assessments, and we are going to add a schedule for the provision of case management.

**Senator FORSHAW**—Why wasn't it put out to tender? Is there any particular reason?

**Ms Winzar**—Are you referring to the wage assessment responsibility or the case management function?

**Senator FORSHAW**—To undertake the case management.

**Ms Winzar**—Essentially, our issue was that we wanted to get something up and running very quickly indeed. There were some providers who said that they were able to provide their own case management but we thought it was important to have an independent case management option for people so that they were not pressured into pursuing service options that they might not otherwise have wanted to do. CRS was an obvious candidate because it has been working with us in the business services arena over the last 12 or 18 months or so and it has a very good understanding of the issues facing that sector and the individuals in it.

**Senator FORSHAW**—Thank you. It was, as you have said, a matter of expediency: you needed to get it up and running quickly.

**Ms Winzar**—Expediency and expertise, yes.

**Senator FORSHAW**—How much does the department expect to save in disability pensions and other benefit costs as a result of higher wages being paid to business services employees, thus having an impact upon their level of entitlements or benefits?

**Ms Davies**—The introduction of quality assurance and the standard requiring services to pay award based wages was partly to ensure that employees in services had the same general working conditions as the rest of the population. Given that their current hourly wage rate is very low, it is about improving their standards of living. It was not based on the savings to disability support pension.

**Senator FORSHAW**—But my question was: how much do you estimate will be saved? Are you saying there will not be savings? If the wages go up—which they will—people could go over that threshold where their entitlement to a pension reduces.

**Ms Winzar**—That is correct. We have not made a formal calculation of the net savings to government as a result of the increased wages in the sector. It is perhaps a little premature to do it at the moment because, while we have some sense about wages across the sector increasing by up to \$60 million, how that plays out for individual customers will impact on what the net savings to government are. I would expect that once we have a little more information on the wage distribution across the sector—and certainly towards the end of this year we will have a very clear picture—we would be able to give you information about the likely net save to disability pension outlays.

**Senator FORSHAW**—How many alternative wage assessment tools are there, that you are aware of?

**Ms Davies**—Given that not all services have yet gone through the certification process, I could not tell you how many tools there are. From memory, I think there are about 18 tools that have been used for services that have certified.

**Senator FORSHAW**—Are you able to give me details of those?

**Ms Davies**—I do not have details with me, but I can give them to you.

**Senator FORSHAW**—That would be good. Who will assess those wage assessment tools or the application of them?

**Ms Winzar**—Who will assess the robustness of those tools?

**Senator FORSHAW**—Yes. The CRS is doing assessments.

**Ms Davies**—As part of the quality assurance process, you have to pass 12 standards. One of them is standard 9, which relates to the wage tool. That is done by independent auditors through an organisation called JAZ-ANZ.

**Senator FORSHAW**—And that will be for all the alternative models?

**Ms Davies**—Yes.

**Senator FORSHAW**—How many trained assessors are there in JAZ-ANZ?

**Mr Halloran**—I think I gave you that table on Tuesday night. There are seven certified organisations. I am not sure about the actual number of certified assessors, but there are 36 teams that work across Australia.

**Senator FORSHAW**—That is in the table you provided to me?

**Mr Halloran**—That is correct.

**Senator FORSHAW**—Would you be able to find out how many certified assessors there are?

**Mr Halloran**—As part of those organisations?

**Senator FORSHAW**—Yes.

**Mr Halloran**—Yes.

**Senator FORSHAW**—What are the requirements for an alternate wage assessment to be certified?

**Ms Davies**—The pro rata wage has to be determined through a transparent assessment tool or process that complies with the criteria referred to in the Guide for Good Practice Wage Determination. That covers things like compliance with relevant legislation, validity, reliability of the wage outcome and the practical application of the tool.

**Senator FORSHAW**—Do you know if those guidelines have been tabled before?

**Ms Davies**—Yes, they have.

**Senator FORSHAW**—When was that?

**Ms Winzar**—I think it was about three estimates hearings ago.

**Senator FORSHAW**—I may not have been at that one.

**Ms Winzar**—Would you like a set tabled?

**Senator FORSHAW**—That would be appreciated. Who pays the costs of the alternate assessors if a business service decides not to use the government model?

**Ms Davies**—The organisation pays the cost, unless it is the business services wage assessment tool or the supported wage system.

**Senator FORSHAW**—Thank you. What was the total cost for the department to produce the model of the wage assessment tool? I am looking for a total cost of the reviews, reports, research and consultations. You might be able to provide that in document form.

**Ms Winzar**—We will take that on notice. We have some of the component parts, but I do not know that we have the total cost.

**Ms Davies**—We do actually. The development of the tool was \$513,300, then there was a further \$5,000 for experts to look at its robustness, then a further \$1.43 million to do the demonstration project.

**Senator FORSHAW**—Can those figures be further broken down into categories?

**Ms Davies**—I can organise to have that done. I do not have it with me.

**Senator FORSHAW**—Would you please do that?

**Ms Davies**—Yes.

**Senator FORSHAW**—Mr Acting Chair, I understand that there are a few other questions for disability. I do not have them at the moment, but we will put them on notice.

**ACTING CHAIR (Mr Humphries)**—That is fine.

**Senator FORSHAW**—I do have one other issue that I want to ask you about. I have received some representations from people associated with the Kingsdene school in Sydney. By a strange coincidence, there was a program on the news last night about the fact that this special school and residential service conducted by Anglicare in Carlingford in Sydney is closing down at the end of this year. Naturally, parents and families are concerned about that. It is a decision taken by Anglicare that they say is due to funding difficulties. Have there been any approaches made to the federal department seeking funding or some other assistance or support?

**Ms Winzar**—We are not aware of any approaches from that particular organisation, but my expectation—

**Senator FORSHAW**—It would have been Anglicare that made the approach, I imagine.

**Ms Winzar**—If it is essentially running both a residential service and a special school, that would be a matter for the state government. It is unlikely that they would have come to us, but we will check for you.

**Senator FORSHAW**—Yes, I understand that there is a state government component in this and there are some issues that relate to policy, as you know, which I do not need to go into. My understanding is that Anglicare sought further support from government, from wherever they might be able to get it, to try and meet what they say is a shortfall. I cannot say at the



moment from the documents I have got what that shortfall is, but they currently fund that shortfall out of their general resources and they are no longer prepared to do that.

**Mr Halloran**—As part of the CSTDA negotiations and ongoing management, that issue may have been raised with the New South Wales office of our department and with the relevant state department. As Ms Winzar said, we will check that. We often get issues raised about the transition from school to work, and it is quite possible that it was discussed in that context. But from a national perspective we have not had representations.

**Senator FORSHAW**—Thank you for that. I undertook to raise this on behalf of people and I thought probably the best way to do it was here at estimates. Could you just check that out and get somebody to respond to me on that. I think that concludes the questions on disabilities, output 3.2, with the addition of the questions on notice to come.

**Mr Halloran**—You asked some questions the other night that we did not have the answers to. I have some information that I can table today, or I can put through the normal—

**Senator FORSHAW**—If you can table them today, please do. I cannot remember which ones they were.

**Mr Halloran**—You asked about the number of employment places that went out in the last release and who they went to, and I have got that information. You also asked about outlet capacity and the numbers that had gone to the services across Australia. I was not able to get that together in the last two days, but I have the first part for you.

**Senator FORSHAW**—Thank you very much for that, Mr Halloran. Thank you for your assistance and your patience and for being prepared to come back here on Friday morning.

**Senator Patterson**—I did not notice you thanking me, Senator Forshaw, for coming back!

**Senator FORSHAW**—You have not left yet!

**Senator Patterson**—I have left. I have been in Melbourne and came back—all for you!

**Senator FORSHAW**—I would do that for you!

**ACTING CHAIR**—I think we will all be thankful when it is all over, so let us just move on.

**Senator FORSHAW**—I will see you again next week or the week after, Minister Patterson.

[9.47 a.m.]

**ACTING CHAIR**—Output group 3.2 is completed. We will move to output group 3.3 on support for carers.

**Senator FORSHAW**—Yes, I have some questions on output 3.3. Could you outline the quality assurance framework which is being established for community care—this is following the review *A new strategy for community care*.

**Ms Winzar**—The community care program is actually the responsibility of the department of health, so I am afraid I cannot help you on that one.

**Senator FORSHAW**—You cannot answer any questions on that?

**Ms Winzar**—No, I am afraid not.

**Senator FORSHAW**—I will have to put those on notice; I was not aware of that. If we go to carer allowance and payment, at this point in time how many carers are receiving carer payment?

**Senator Patterson**—Just a second: I might be dreaming—and that is possible, because I have dreamt about estimates all week—

**Senator FORSHAW**—Some of us have been in the real world of estimates, Minister, while you have been dreaming about them, but carry on!

**Senator Patterson**—I escaped for two days.

**Ms Winzar**—We did cover off some of these questions on Tuesday.

**Senator Patterson**—We have done quite a few of these questions. I do not know who—I think it was one of your colleagues, Senator Forshaw—but someone asked a series of questions about carer payment and how many people there were on it, and I do not think we need to trawl through all that again.

**Senator FORSHAW**—I am not sure whether we did ask. According to my notes, we did not ask these questions. If I am mistaken I apologise. I think the difficulty we have been under, as you know, is that we have been chopping and changing because of budget, non-budget—

**Ms Winzar**—I can give you that information, Senator. As at March 2004 there were 81,222 carer payment recipients.

**Senator FORSHAW**—My recollection of the questions we asked the other night—and I think I have a copy of a brief from the other night so we can check that—is that they did not actually go to these specific issues of numbers and costs.

**Ms Winzar**—Numbers and costs?

**Senator FORSHAW**—The questions I am about to ask relate to statistical information on numbers and costs. I do not recall us covering that the other day. You said 81,222. What is the cost of that, and I would also like to know the average carer payment?

**Ms Winzar**—I do not have the average amount with me; the maximum single rate per fortnight is \$464.20.

**Senator FORSHAW**—That is the maximum?

**Ms Winzar**—Yes, and in terms of the actual outlays for carer payment, the annual figure will be in the portfolio budget statement. The estimated outlays on carer payment for 2004-05 are \$945.2 million.

**Senator FORSHAW**—That is for 2004-05?

**Ms Winzar**—That is right.

**Senator FORSHAW**—Sorry, my question was: what is the cost at the current point in time?

**Ms Winzar**—The final estimated expenditure for 2003-04 to the current financial year will be \$909.6 million.

**Senator FORSHAW**—What page are you referring to there?

**Ms Winzar**—Page 201 of the portfolio budget statement.

**Senator FORSHAW**—How many carers are receiving the carer allowance?

**Ms Winzar**—The number of customers receiving carer allowance is 288,806 as at April 2004.

**Senator FORSHAW**—Is the cost on the same page? Was that page 211?

**Ms Winzar**—It is page 201.

**Senator FORSHAW**—And how much, again?

**Ms Winzar**—The estimated expenditure for the 2004-05 financial year will be \$825.9 million and in the current financial year it is \$942.3 million.

**Senator FORSHAW**—How many carers are receiving both the allowance and the payment?

**Ms Winzar**—I might have to come back to you later today on that.

**Senator FORSHAW**—Thank you. How many people are estimated to receive carer allowance in 2004-05 following the changes to eligibility?

**Ms Winzar**—Following the changes to the co-residency requirements? We are basically looking at increasing the number of people who receive carer allowance in that first financial year—2004-05—by around 11,000.

**Senator FORSHAW**—That is the increase; what would that take the total to? Do I add that to one of those other figures you have given me?

**Ms Winzar**—Yes.

**Senator FORSHAW**—Which one?

**Ms Winzar**—Add it to the 288,806.

**Senator FORSHAW**—What is the forecast for the cost of that—2004-05? Is that the \$909 million?

**Ms Winzar**—That will be in the portfolio budget statement as well. I will see if I can find that figure for you—it is on page 58. The first-year cost for expanding the eligibility criteria for carer allowance is \$10.3 million.

**Senator FORSHAW**—How many people are forecast to receive the carer payment in 2004-05?

**Ms Winzar**—The estimated number to receive carer payment in the portfolio budget statement is given as 88,000. That is on page 234.

**Senator FORSHAW**—How many carers will receive the one-off \$1,000?

**Ms Winzar**—This might have been one we covered the other night. It is 89,000.

**Senator FORSHAW**—I apologise if we did.

**Senator JACINTA COLLINS**—Unfortunately some of these questions lead to further questions Senator Forshaw is about to come to which do not necessarily then relate to a budget measure. This is where this artificial division between budget and non-budget measures and portfolio areas is creating problems on this committee. It is the only committee that does it that I am aware of.

**Senator FORSHAW**—Well said.

**Senator Patterson**—I think we should have a discussion about this, though not now, as a committee with me involved although I am not a member of the committee. I cannot see why we cannot have some discussion on how we can facilitate that and make it easier. I was not aware that was a problem until you mentioned it a day or two ago. We should be able to renegotiate that, when Senator Knowles comes back, that the chair should be able to go through how we might take the topics.

**Senator JACINTA COLLINS**—Just outcome by outcome would be helpful.

**Senator FORSHAW**—I am sure that when you are in opposition, Minister, you will appreciate the change.

**Senator Patterson**—You keep saying that, Senator Forshaw, but don't get too excited. Just keep your eye on the ball and on what is happening today, not what will happen next year, next October or whatever.

**Senator FORSHAW**—Next estimates. It is 89,000 for the \$1,000 payment—

**Ms Winzar**—I think I got that number wrong I gave you the other night. We have got 81,222 carer payment recipients in March and, given that there would have been a handful more who were actually receiving payment by budget night, which is a key eligibility point, it would be around the 81,000 who would get the \$1,000 bonus rather than the 89,000.

**Senator FORSHAW**—And the \$600?

**Ms Winzar**—We did cover that off the other night, that there will be 288,806 customers receiving carer allowance who will get the \$600 but some of those will get it in respect of more than one person they are caring for.

**Senator FORSHAW**—How many carers are receiving the carer payment or the allowance or both who are under the age of 25?

**Ms Winzar**—I may have that information somewhere, otherwise I will get that for you later on today. I do not believe I actually have that figure for those under 25 but I will get it today and bring it back to you.

**Senator FORSHAW**—Can you provide those figures for carer payment, carer allowance and those who receive both, under the age of 25. I would also like the same information for people 26 to 65 and for people over 65. I assume you do not have those details with you at the moment either, so you can provide it all together.

**Ms Winzar**—That is right. We should be able to give those to you today, I think.

**Senator FORSHAW**—That would be much appreciated. I am now going to hand over to Senator Collins to continue with these questions on carers. I have to depart now. I thank the officers and the minister.

**Senator Patterson**—You are going to catch a plane and leave us?

**Senator FORSHAW**—I am going to do some more work on something else.

**Senator Patterson**—You are not going to another estimates committee, are you?

**Senator JACINTA COLLINS**—I certainly feel like I have spent too much time in some other estimates committees, but I will come back to these ones. With respect to carer respite and resources, how many carers are aged over 70 years and provide primary care for a child with a disability?

**Ms Winzar**—I do not have the answer to that question in totality. We have estimated that over the forward estimates period the expansion of the respite care provision to carers aged over 70 with a child with a disability will benefit around 8,300 people a year by the time we get to around 2006-07.

**Senator JACINTA COLLINS**—But you cannot tell me what the baseline is at the moment?

**Ms Winzar**—I do not think I have that information with me.

**Senator JACINTA COLLINS**—As with that earlier question, can you make that information available sooner rather than later?

**Ms Winzar**—Yes, I will probably be able to find that out today.

**Senator JACINTA COLLINS**—Thank you. How many carers are aged between 65 and 69 and provide primary care for a child with a disability? I hope you will be able to do the same with this question.

**Ms Winzar**—Our derivation from Australian Bureau of Statistics population data on carers leads us to conclude that there are around 4,400 carers aged between 65 to 69 who have care of an adult dependent child.

**Senator JACINTA COLLINS**—That is just adults, is it?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—I am interested in those providing primary care for a child with a disability.

**Ms Winzar**—That is essentially what we are talking about. The 4,400 carers in the age group 65 to 69 are co-resident and caring for another adult person. We have used some inferences to work out that roughly the population that we are talking about that might be eligible for carer respite would be 4,400. I can give you the figure for carers aged over 70 who are looking after an adult child with a disability—again, based on the ABS population data and carer populations, we are looking at around 11,800 carers over the age of 70 with the caring responsibility for a child with a disability.

**Senator JACINTA COLLINS**—So there are 11,800 aged over 70 whereas there are 4,400 aged between 65 to 69.

**Ms Winzar**—That is right.

**Senator JACINTA COLLINS**—That is interesting. How many of those carers are not parents of those children?

**Ms Winzar**—I do not know that information. I do not believe it would be possible for us to find that.

**Senator JACINTA COLLINS**—Is the respite provided for carers aged over 70 and between 65 to 69 caring for disabled adult children just for parents or is it also for other relations?

**Ms Winzar**—The measure targets parents.

**Senator Patterson**—In the Commonwealth State Territory Disability Agreement—I think the first one was signed under the previous government—the Commonwealth accepted responsibility for employment services like supported open employment disability services and other employment services. The states assumed responsibility for accommodation respite—the \$72½ million. They may have more accurate figures of carers of sons and daughters who are older because they have people on lists. The budget measure is additional funding to assist the states in undertaking their responsibility.

I pushed this issue because I was very concerned when I met with older carers caring for older sons and daughters. It is an issue for which the states have responsibility, for which they ought to take responsibility and for which they are now being assisted by the Commonwealth to take responsibility. I hope the states step up to the plate and work with us on this issue. It is a responsibility—caring for, accommodating and, in particular, providing respite care—of the states

**Senator JACINTA COLLINS**—But I am sure, Minister, you would appreciate that at this stage of the estimates you would not want to encourage me into a lengthy discussion on the Commonwealth's role in employment services in this area.

**Senator Patterson**—If you want to do that, I will do that with you.

**Senator JACINTA COLLINS**—No, I would rather not.

**Senator Patterson**—No, because you might hear that we put a significant amount of money in the last budget and another \$99 million in this budget into disability services alone.

**Senator JACINTA COLLINS**—Let's just not go there.

**Senator Patterson**—You might not want to because it is a good news story.

**Senator JACINTA COLLINS**—I return to the issue of carer respite and resources. What is the list of disabilities a child must have for those carers to get the various levels of respite care?

**Ms Winzar**—I am not sure I understand what you mean by 'various levels of respite care'.

**Senator JACINTA COLLINS**—What are the criteria?

**Ms Winzar**—Do you mean what level of disability an adult child with a disability would need to access respite care?

**Senator JACINTA COLLINS**—Yes.

**Ms Winzar**—I did not know the answer to that. It would be whatever requirements respite care currently imposes on people before they can access those services. Although we are the

purchasing department, the provision of respite care is managed either through the state governments or through the Department of Health and Ageing.

**Senator JACINTA COLLINS**—Yes, but it is pertinent to these measures. I appreciate that you would not have that here, but could you provide us with the detail or a summary of how that applies across the states?

**Ms Winzar**—Sure.

**Senator JACINTA COLLINS**—Thank you. I turn now to the issue of young carers. At present are there any specific out-of-home respite centres for young carers?

**Ms Winzar**—There are no specific out-of-home care centres, but Family and Community Services does fund a number of respite places for young carers.

**Senator JACINTA COLLINS**—How many beds would that amount to?

**Ms Winzar**—I do not know the answer to that question. I can find out for you.

**Senator JACINTA COLLINS**—Thank you. What is the level of funding that the Commonwealth provides for that purpose?

**Ms Winzar**—Do you mean the existing level of funding before this budget measure?

**Senator JACINTA COLLINS**—Yes.

**Ms Winzar**—Again, I will take that on notice. I can probably get that information back to you this afternoon.

**Senator JACINTA COLLINS**—Thank you. Now I would like to talk about respite in general. Australia wide, how many respite places are there?

**Ms Winzar**—Again, this is not a primary responsibility of this portfolio; it is primarily a responsibility of the Department of Health and Ageing and of state governments.

**Senator JACINTA COLLINS**—So it is a question I need to direct to Health?

**Ms Winzar**—I think that would be the safest route, yes.

**Senator JACINTA COLLINS**—When do the questions on notice close for Health?

**Senator Patterson**—What was the answer to that question?

**Senator JACINTA COLLINS**—Early next week—Monday morning.

**ACTING CHAIR**—Are these questions you want to put on notice for the committee?

**Senator JACINTA COLLINS**—I would like to put this on notice for Health to address as a question in this round of estimates, yes.

**Senator Patterson**—We should have some rule. It should be close of business on Monday, I think.

**Senator JACINTA COLLINS**—Yes, that is fine.

**ACTING CHAIR**—We have previously set a deadline for lodging of questions on notice. I am not sure whether the committee this time around has specified that deadline.

**Senator Patterson**—What did Health decide? We will make a decision on the basis of what Health decided.

**Senator JACINTA COLLINS**—That was basically my question: what did Health decide?

**Senator Patterson**—Rather than some conversation that *Hansard* cannot record, it ought to come from Senator Humphries, who is currently chairing.

**Ms Winzar**—I can provide you with some information on carer respite centres which might be of assistance. Again, this is in Health and Ageing, so I do not know how many places are available. All I can tell you is how many carers accessed respite services during the period July to September 2003. The answer there was 460 who are aged 18 years and under. For how many places, you would have to ask Health, and for how many state government places for young carers, you would have to direct the question to state governments.

**Senator Patterson**—Senator Humphries, do we know what Health decided?

**ACTING CHAIR**—I understand from the Clerk of the Senate that that is an open matter. Whether or not committees can make their own rules is not entirely clear to me. To resolve this matter, I suggest that the questions—

**Senator Patterson**—I will answer questions that are submitted before the close of business on Monday, and I will take questions and present them to the Minister for Health and Ageing and the Minister for Ageing that are put on notice between now and Monday afternoon, if that clarifies it for Senator Collins.

**Senator JACINTA COLLINS**—That sounds reasonable to me. Usually I find that, as long as we are allowed a travel day after estimates, it is quite straightforward.

**Ms Winzar**—I have located a partial answer to one of the questions that was asked about the number of young carers on carer payment. The total number aged 25 years and under is 3,307. The number of young carers on carer allowance—again, aged 25 years and under—is 6,745. That data is current as at April 2004.

**Senator JACINTA COLLINS**—Going back to my questions on respite in general, I think, Ms Winzar, that you understood me to be talking about young carers still at that stage. I was not; I was talking about the overall number of respite places.

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Who would be able to indicate the funding allocated in the budget for 2004-05? Is that a FaCS or a Health area?

**Ms Winzar**—For the total number of respite care places? That would be the department of health.

**Senator JACINTA COLLINS**—What about funding for carer resource centres and carer respite centres?

**Ms Winzar**—Likewise, those questions need to be directed to the Department of Health and Ageing.

**Senator JACINTA COLLINS**—Similarly training and education initiatives for carer resource centres?

**Ms Winzar**—Yes, I would think that would be Health and Ageing.



**Senator JACINTA COLLINS**—Senator Forshaw has made off with some questions I had on the double orphan pension that he was going to ask. If you can bear with me, those are the remaining questions for outcome 3.

**Ms Winzar**—Before we move on, I have some responses to table to the questions that were asked on Tuesday evening by Senator Forshaw.

**Mr Sullivan**—The double orphan pension is in 1.1. They will be here later today.  
[10.15 a.m.]

**Senator JACINTA COLLINS**—Then we can move to outcome 1.1. I have indicated that, apart from family assistance, the Kids Helpline and orphan pension are the remainder of the issues I have.

**Senator Patterson**—For the whole of today?

**Senator JACINTA COLLINS**—No, for outcome 1.1.

**Senator Patterson**—For a moment I thought I was going to escape.

**Senator JACINTA COLLINS**—No.

**Senator Patterson**—Senator Collins, you disappoint me!

**Senator JACINTA COLLINS**—Unfortunately, Minister, the level of information the government made available for the announcement on the child care support program means that there are going to be quite detailed questions. The information released with the package was only at a microlevel about payments that could be made for particular services, rather than an overall disaggregation within that program. That may take a little bit of time also.

**Senator Patterson**—Aren't you going home today?

**Senator JACINTA COLLINS**—Yes, I am.

**Senator Patterson**—What time plane are you on?

**Senator JACINTA COLLINS**—Four o'clock. I am not going home; I am going to Brisbane.

**Senator Patterson**—So we will get out of here today?

**Senator JACINTA COLLINS**—Yes. I am not sure what time the standing orders allow for estimates on Fridays. I have never checked.

**Senator Patterson**—I think it is 4.50 p.m. or 4.00 p.m.

**Senator JACINTA COLLINS**—Is the Kids Helpline in Queensland funded by FaCS and, if so, under which program?

**Mr Kalisch**—When we heard that you were going to ask questions about Kids Helpline we sought some information about whether we do fund it. I have not been able to find any funding that we provide at all. If the Commonwealth is going to fund those sorts of helplines it is through the Department of Health and Ageing. They often fund lifelines.

**Senator JACINTA COLLINS**—Not under any of the child abuse prevention or early intervention funding?

**Mr Kalisch**—I can double check but I am not aware that we have provided any funding.

**Senator JACINTA COLLINS**—That was a quick one. We will move on to some of the general family assistance questions. Senator Patterson, bear with me. Unfortunately, this is another issue that is a budget measure and a general portfolio issue that we tend to go through each time. We have sought to eliminate duplication but we will see how we go. I am after an update on the various family tax benefit customer groups. In this area I think the most up-to-date figures we have are as at June 2003, from page 29 of the annual report. Are you able to update that data?

**Mr Kalisch**—Most of the data we keep and regularly report is as at the end of June. I can see whether I can get some more up-to-date information for you. That would be part of the way through the year. There is a strong reason for doing it as at the end of June, which is that it is a financial year payment. It is a bit different to some of the other income support payments that are largely based on current numbers.

**Senator JACINTA COLLINS**—Using the latest available data, can you provide an update for the following family tax benefit customer groups? My understanding is that in the past you have been able to give us these on a more regular basis than the annual reconciliation of them.

**Mr Kalisch**—If you could give us a few minutes, we are just getting some officers to come; we did not want to spend everyone's time here this morning. Perhaps you could just put that question aside and come back to it, and we might be able to do that.

**Proceedings suspended from 10.22 a.m. to 10.41 a.m.**

**Senator JACINTA COLLINS**—I have found the questions I have on double orphan pension—I hope they are worth the wait. Using the latest available data, how many families receive double orphan pension nationally and by each state and territory?

**Ms Curran**—I have figures as at 30 April 2004: nationally the number of customers is 1,131. I do not have a state breakdown of those customers, but the number of children is 1,492.

**Senator JACINTA COLLINS**—Would it take long to get the other?

**Ms Curran**—We could not do a state breakdown quickly, I am sorry.

**Senator JACINTA COLLINS**—How many claims for double orphan pension were lodged during 2002-03 and in the 2003-04 year to date, and how many were granted?

**Ms Curran**—I do not have that information with me and it would take some time to get.

**Senator JACINTA COLLINS**—You mean, as opposed to today?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—The situation I am trying to move within is that this is obviously not the sort of issue that the minister needs to consider for two months before it comes to us. Equally I understand that on limited notice it is not something that can easily be garnered today. Minister, is there some way that we could facilitate this sort of material coming earlier than one week before the next estimates?

**Ms Curran**—It is not information that we can just pull quickly off the system.

**Senator JACINTA COLLINS**—I understand that end, but there is also no political reason why the government would want to hold onto it for two months either, I would have thought. I am just asking: is there a way we could facilitate information of this nature coming to us well before the week before the next estimates?

**Mr Sullivan**—We are going to meet the deadline.

**Senator JACINTA COLLINS**—What is the deadline?

**Mr Sullivan**—It is 23 July. We will do everything we can to meet that deadline.

**Senator JACINTA COLLINS**—I was hoping that we could avoid the previous practice, which is to hold everything for an all-at-once release. This is the sort of information about which I would have thought we could clearly say, ‘Yes, we will make that available to you as soon as is practicable.’

**Ms Curran**—The movement in the program from year to year is probably very small.

**Mr Kalisch**—It is a very stable program, so there is not a lot of new claims or a lot of people falling out of the program. That will give you a broad sense, at least, of the program at this stage before we can get you the detailed numbers.

**Senator JACINTA COLLINS**—Yes. I understand that; I am just referring back to our earlier conversation where, if I recall correctly, it was considered that government might reconsider holding all of the answers for block release. I was using this as an example of the sort of information that I cannot imagine it would be in anyone’s interest to hold onto. Do you know how many double orphan pension recipients also receive the age pension?

**Ms Curran**—I do not have that information with me. The average age of our double orphan customers is 48 and the average age of the FTB population is 37—and I have just been advised that 22 per cent of double orphan pensioners are over 60.

**Senator JACINTA COLLINS**—So 22 per cent are over 60?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—What percentage of those over 60 are also age pensioners?

**Ms Curran**—I cannot tell you that today, I am sorry.

**Senator JACINTA COLLINS**—That is a pity. We almost did it in a roundabout way. Let us go back to the family assistance questions. Using the latest available data, can you provide an update of the fortnightly family tax benefit customer groups, which are essentially the same as those outlined in table 5 of the FaCS annual report. Do you know the groups I mean?

**Ms Curran**—These are figures as at 30 April. The comparable figure for the maximum rate with income support as at 30 April is 476,401.

**Senator JACINTA COLLINS**—This is families?

**Ms Curran**—Yes.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—What is the figure for children?

**Ms Curran**—Let me see if I have got that. Yes, I do.

**Senator JACINTA COLLINS**—Is it easier for you to just run through the figures for families first and then those for children?

**Ms Curran**—Yes, I think that might be easiest. I have the total number of children by age group, but if I give you the number of families perhaps.

**Senator JACINTA COLLINS**—Yes, we will start on that.

**Ms Curran**—There are 476,401 on maximum rate with income support; there are 142,126 on the maximum rate without income support; the broken rate cohort is 423,173; the base rate is 716,732; and the tapered base rate—that is the last rate—is 44,043.

**Senator JACINTA COLLINS**—What about family tax benefit part B?

**Ms Curran**—The total number of families is 1.2 million. Of those, there are 894,642 on the maximum rate and 314,509 on the broken rate.

**Senator JACINTA COLLINS**—The table in the annual report also has the maximum rate for sole parents, the maximum rate for couples and the broken rate for couples. Can you give me those as well?

**Ms Curran**—I have the figures in a slightly different way here, I think, so I cannot give you that exact replication today.

**Senator JACINTA COLLINS**—But you can—

**Ms Curran**—I can tell you that, of the family types receiving FTBB, there are 616,929 couple families and 592,127 single parent families.

**Mr Kalisch**—That would give you the break-up you require, Senator, because all sole parents are on the maximum rate.

**Senator JACINTA COLLINS**—That is what I thought, yes. Thank you. Let us move to what information you can give me for children to compare with that table.

**Ms Curran**—If you could just bear with me for 30 seconds, I will see if I can pull those numbers out for you from a different set of tables. No, I am sorry, these figures for children and payments are at the beginning of April rather than the end of April.

**Senator JACINTA COLLINS**—Do you have the early April figures for the ones we just went through?

**Ms Curran**—Yes, but the family numbers will be slightly different as well.

**Senator JACINTA COLLINS**—I understand that. I am asking whether you can give me the family numbers for early April and the children numbers for early April, if you cannot give me the children numbers for later April.

**Ms Curran**—Sure.

**Senator JACINTA COLLINS**—Then, on notice, I assume you can provide me with the children figures for late April—or, indeed, the most up to date at the time at which you give

me answers. In fact, perhaps that is the question that I should, in part, put on notice for 23 July. You will have the end of June figures for all of these at that stage.

**Ms Curran**—I will not have the figures for the end of June; I will have them for the end of May.

**Senator JACINTA COLLINS**—Let us keep going with where we are on these.

**Ms Curran**—So we want maximum rate with income support and FTBA figures. No, I have not got children in that table either. I am going to have to take that on notice, I am sorry. I just do not have the children in that break-up in the tables.

**Senator JACINTA COLLINS**—Sorry, I thought you said earlier that you had them.

**Ms Curran**—I thought I did. I apologise, but it is not here.

**Senator JACINTA COLLINS**—Can a similar table be prepared for lump sum Centrelink customers and lump sum ATO customers?

**Ms Curran**—We have provided that information in the past. It takes a while to prepare, and it will be at a point in time. So, in respect of the lump sum claimants it would be for an income year—it would be the 2002-03 income year. But that is not something we can pull quickly from the system. We actually have to do a data run for that.

**Senator JACINTA COLLINS**—Yes, I understand. Using the latest available data for fortnightly customers and lump sum Centrelink and ATO customers, how many families receive family tax benefit A and family tax benefit B? Are you able to give us anything more up to date on that one than you have previously?

**Ms Curran**—I think last time we gave you figures for 2001-02, so we could give it to you for where we are at this point in time with 2002-03.

**Senator JACINTA COLLINS**—Do you have those at the moment?

**Ms Curran**—No, I do not.

**Senator JACINTA COLLINS**—Similarly, can you give us figures for how many families receive family tax benefit A only and family tax benefit B only?

**Ms Curran**—Yes. It is a very small proportion of the total population.

**Senator JACINTA COLLINS**—Using the latest available data, how many fortnightly lump sum Centrelink and lump sum ATO families receive family tax benefit A for one child, two children, three children, four children, five children and six or more children?

**Ms Curran**—We cannot do that on a fortnightly basis, because these are lump sum claimants. It is when they lodge their tax return that their eligibility for FTBA and FTBB is determined.

**Senator JACINTA COLLINS**—I am not asking you for the fortnightly figure. I am asking: how many people receive them for children fortnightly, or lump sum Centrelink, or lump sum ATO, in the most up-to-date data by number of children.

**Ms Curran**—It will be a different point in time for fortnightly instalment customers and for lump sum claimants. We can only do the lump sum for a particular income year at a particular point in time, because they make their claim in respect of a year.

**Mr Kalisch**—For example, we would give you the fortnightly customers for the year 2003-04 and the lump sum claimants for 2002-03. So it would be a different financial year for which we would have to give you those sets of data.

**Senator JACINTA COLLINS**—I understand that. What would be perhaps more helpful is if you gave me the most up-to-date data for the fortnightly payments but then also gave me the fortnightly payments for the same point in time as that for which you then provided me with the lump sum figures as well. So give me two sets of the fortnightly payments, and make one of those figures—the comparable—at the point in time you need to give me—

**Ms Curran**—They will be at different points in time, because it will be in respect of 2002-03 as at, let us say, 30 April for the lump sum claimants and, for the fortnightly instalments customers, it will be the people in receipt of fortnightly instalment payments as at April 2004. So those are different years.

**Mr Kalisch**—So you understand that you are getting apples and oranges here.

**Senator JACINTA COLLINS**—Yes, but I am just trying to understand if, by going backwards in the data for fortnightly payments, we can then compare apples with apples at that point in time.

**Ms Curran**—We can. It will not be strictly apples and apples, but it will be the same income year.

**Senator JACINTA COLLINS**—It will be closer.

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—Thank you. But I would like the most up-to-date figures for the fortnightly payment as well.

**Ms Curran**—Okay, but we cannot do that in the next couple of hours; that will take a little while to do.

**Senator JACINTA COLLINS**—I understand. Using the latest available data for fortnightly lump sum, Centrelink and lump sum ATO families, I am interested in family tax benefit A children, by age, in the following groupings: nought to five, six to 12, 13 to 15, 16 to 18, 19 to 21, 22 years, 23 years and 24 years.

**Ms Curran**—I can give you part of that data today. As at 30 April, for instalment customers there are: 2,648,146 children in the nought to 12 years age group; there are 575,654 in the 13 to 15 years group; and there are 156,529 in the 16 to 17 years category.

**Senator JACINTA COLLINS**—Why would I have been asking you different year break-ups there?

**Ms Curran**—These are the rates in terms of the rates of payment. So that is the way that we are classifying them.

**Senator JACINTA COLLINS**—Yes, so you are giving them to me at rates of payment.

**Ms Curran**—Yes.

**Mr Kalisch**—I am not sure why you were asking for the particular age breakdowns that you were asking for.

**Ms Curran**—For 18- to 20-year-olds, there are 101,067 and for 21- to 24-year olds there are 7,650. That gives a total number of 3.489 million.

**Senator JACINTA COLLINS**—And you will take on notice the distinction between nought to five and six to 12?

**Ms Curran**—I am not sure that we will be able to break that down for FTB A, because the rate of payment is for children under the age of 13.

**Senator JACINTA COLLINS**—So you will not have that?

**Ms Curran**—No.

**Mr Kalisch**—It really depends on the work that is required. If it is coded into the system in a particular way, it will be easier. If it is coded in a different way, it will be quite difficult. We will have to make an assessment as to the resources that will be required to get that break-up.

**Senator JACINTA COLLINS**—I understand that it is just possible it might be coded that way because of family tax benefit B, but you need to check. Thank you.

**Ms Curran**—I do not think we will be able to do it because for family tax benefit B it is done on the basis of the family and the age of the youngest child.

**Senator JACINTA COLLINS**—Using the latest available data, how many fortnightly lump sum Centrelink and lump sum ATO families in total are eligible for the large family supplement?

**Ms Curran**—I do not have that information here. I thought I did, but I do not.

**Senator JACINTA COLLINS**—Is that an issue that can potentially be resolved today?

**Ms Curran**—I can give you fortnightly instalment customers. I cannot give you the lump sum claimants.

**Senator JACINTA COLLINS**—It is no wonder you have so many bean counters, given the complexity of counting and assessing these payments across three systems. Give me what you can.

**Mr Kalisch**—As well as multiple derivations of what sort of break-up you want the statistics presented in.

**Ms Curran**—I am flicking through in case I have it hidden away somewhere, but I do not think I have.

**Senator JACINTA COLLINS**—The fortnightly instalments?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—We could, as we have in some areas of 1.4, have agreed tables that we just recirculate time after time. The officers come here and give me the tables when they first present.

**Ms Curran**—We do have those for the reconciliations.

**Mr Kalisch**—From my recall, this is the first time you have asked this question.

**Ms Curran**—I am sorry, but I do not have that information with me at the moment.

**Senator JACINTA COLLINS**—Okay. I was not suggesting, Mr Kalish, that you are not as cooperative in this area. I was more saying that, prospectively, we could identify some of these. Of those families who receive the large family supplement, can we have the number who are receiving the maximum rate of family tax A and the broken rate of family tax A?

**Ms Curran**—I think that can be done. It may not be today, but I can certainly provide information on the number of families in receipt on a fortnightly basis of the large family supplement.

**Senator JACINTA COLLINS**—What was the average actual adjusted taxable income of families who received family tax benefit A in the 2002-03 year via Centrelink fortnightly payments, via Centrelink lump sum and via ATO lump sum?

**Ms Curran**—That is another question we will have to take on notice. That would only be on reconciliations year to date in respect of the 2002-03 year, because of—

**Senator JACINTA COLLINS**—The lump sums.

**Ms Curran**—Yes. The 2003-04 year has not finished, so it will be for 2002-03.

**Mr Kalisch**—We would have to give you the final figure as it was known at reconciliation. We cannot give you an estimate. An estimate would only be an estimate; it would not be a reliable average.

**Senator JACINTA COLLINS**—No. But you can give us an estimate. I presume you do have an estimate?

**Mr Kalisch**—We might be able to.

**Ms Curran**—The difficulty with an estimate is that it depends on the point in time and you can only do it for fortnightly instalment customers. What I can say is that the average amount of FTB paid for a family in receipt of FTB is around \$6,000 per annum.

**Senator JACINTA COLLINS**—Does that vary across payment method?

**Ms Curran**—I do not understand the question.

**Senator JACINTA COLLINS**—Does that average vary for families according to what payment method they have chosen—lump sum as opposed to fortnightly?

**Ms Curran**—Not markedly, I do not think.

**Senator JACINTA COLLINS**—That surprises me.

**Ms Curran**—I do not think it varies a great deal.

**Senator JACINTA COLLINS**—So you do not know?

**Ms Curran**—No, but I do not think it varies significantly.

**Senator JACINTA COLLINS**—That surprises me. I would have a suspicion that most people who claim lump sums are those who are likely to receive smaller amounts.

**Ms Curran**—Some data we provided to you earlier showed that people with quite low incomes actually claim through the tax system. That probably reflects the type of business that they are in—they are either farmers or small traders, so it is better for them to claim through the tax system, along with all of their other financial arrangements.



**Senator JACINTA COLLINS**—In those figures, it is the average actual adjusted taxable income that I am after.

**Ms Curran**—That is the only basis we would be able to provide it to you on.

**Senator JACINTA COLLINS**—Using the latest available data for all family tax benefit B and A customers, what is the distribution of family ATIs in \$5,000 bands between \$0 and \$100,000 per annum; in \$10,000 bands between \$100,000 and \$200,000 per annum; and in \$100,000 bands between \$200,000 and \$1 million or more per annum?

**Ms Curran**—Again, this is information we can only provide in respect of the 2001-02 year, and I cannot provide that to you today. We provided some information to the committee earlier on in respect of the 2001-02 year. That took quite a long time to extract, so we could only do it in respect of the 2002-03 year. Even though we are doing it in respect of the 2002-03 year, it will be as at a point in time—it will be the reconciliations that have been completed as at that point in time. We have an annual payment. So we are measuring the average for a particular income year, but we are taking that at a point. That is the complexity in this data extraction.

**Senator JACINTA COLLINS**—Have I asked you in the same framework as I did previously—what you previously extracted?

**Ms Curran**—Not exactly the same, no.

**Senator JACINTA COLLINS**—Does it present difficulties in terms of applying the previous method?

**Ms Curran**—We now have the code written for what you have asked for previously and, to the extent that we can re-use the existing code, that make things easier.

**Senator JACINTA COLLINS**—What I am trying to gauge is the extent to which I have made it more complex than necessary.

**Ms Curran**—You have made it more complex.

**Senator JACINTA COLLINS**—Than necessary?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—Sorry. If we were going to go back to the way you did it last time, what bands would that give me?

**Ms Curran**—We did it in \$2,500 bands up to \$100,000 and then we just did it in \$100,000 bands from there.

**Senator JACINTA COLLINS**—So the code should not be that difficult for the first component—the \$10,000 bands.

**Ms Curran**—We have to write separate code for that, because you are asking for it in a separate way.

**Senator JACINTA COLLINS**—That is right. Okay, I will leave that as it is. How many families receive partnered parenting payment and no FTB B?

**Ms Curran**—I do not have that information with me; I am sorry. That would be at a point in time as well.

**Senator JACINTA COLLINS**—How many families receive partnered parenting payment and a broken rate of FTB B?

**Ms Curran**—Again, that is something we would have to take on notice.

**Senator JACINTA COLLINS**—Can you also take on notice the maximum rate of FTB B in respect to one parent and to the other parent?

**Mr Kalisch**—Can you repeat that? I did not quite understand what you were asking.

**Senator JACINTA COLLINS**—How many families received partnered parenting payment in respect to one parent and family tax benefit B in respect to the other parent and, of those families, how many receive the maximum rate of both payments?

**Ms Curran**—For FTB B, it would depend on whether the child was under five or over five. Again, this information will just be at a point in time for parenting payment because that is a fortnightly payment and FTB B is an annual payment. So it sounds like a very simple question, but actually to extract the data—

**Senator JACINTA COLLINS**—I understand it is not a simple question.

**Ms Curran**—We will have to take that one on notice. I am sorry.

**Senator JACINTA COLLINS**—Can we have an update of the usual family tax benefit reconciliation table?

**Mr Kalisch**—On Monday we gave you most of the figures. Do you want us to go through it again?

**Senator JACINTA COLLINS**—This refers back to our earlier problem.

**Ms Curran**—Just before we do that, I have just been advised that there are 107,000 families in receipt of large family supplement.

**Senator JACINTA COLLINS**—Did you give me this table on Monday?

**Mr Kalisch**—I think we gave you the data on Monday.

**Senator JACINTA COLLINS**—I like the table. I thought you indicated that you had the table.

**Mr Kalisch**—I do have the table and can give that to you.

**Senator JACINTA COLLINS**—Is that to the end of March 2004?

**Mr Kalisch**—March 2004 is the latest data that we have. That is for the reconciliation processes for the 2000-01, 2001-02 and 2002-03 years. As we have mentioned in previous estimates hearings, the longer the process goes on there still are adjustments to those earlier years.

**Senator JACINTA COLLINS**—That is right. I have got my previous table with question here, question here and question here on what are the revisions. While we are waiting for the table, is there a similar reconciliation table prepared for CCB?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Is that available?

**Mr Kalisch**—It is. I have got that here as well.

**Senator JACINTA COLLINS**—Thank you.

**Ms Curran**—We should mention that there are slightly different methodologies, but I think that has been explained to you at earlier hearings.

**Senator JACINTA COLLINS**—Between CCB and FTB? Run me through it again.

**Mr Kalisch**—The FTB methodology was adjusted a couple of periods ago to take account of the changes to past reconciliations and to update the data. We are still trying to do that process to the CCB data on a consistent basis and we have not had a chance to do that yet.

**Senator JACINTA COLLINS**—Are there complications between the two?

**Mr Kalisch**—They are quite different dimensions anyway and you or others have not sought to compare the FTB data with the CCB data, so in that sense it is not a problem that they are slightly different methodologies. Certainly the FTB data when it was done on the more appropriate basis, as it is now, had a slight reduction in debts and a slight increase in top-ups. That was the crux of it. We suspect, although we do not know, that that would also be the case for CCB once that more appropriate methodology is used.

**Senator JACINTA COLLINS**—When you say more appropriate methodology, what do you mean? These are not Treasury assumptions you cannot tell me about, are they?

**Mr Kalisch**—No, these are our own most appropriate way of doing it.

**Senator JACINTA COLLINS**—We are coming to that, Mr Sullivan.

**Mr Sullivan**—Good.

**Mr Kalisch**—We had an issue of the way in which past reconciliation processes were counted in the numbers and there was a way in which, if there was an overpayment in one period and then the family had a reassessment in the following period that either offset or changed that notion, we would not then have a full accounting for that individual. So there was a way in which the system was a little bit corrupted by the previous reconciliation assessment that was not then fully adjusted for their change in assessment.

**Senator JACINTA COLLINS**—It could not cater for changed circumstances.

**Mr Kalisch**—To some extent it double-counted some of the things.

**Ms Curran**—To try and give you a practical example, if the initial reconciliation result was a \$300 top-up and then, because of some further information becoming available, the family might have incurred a \$100 overpayment for the same income year, the data that we were compiling recorded that family as having an overpayment when in fact their net reconciliation result was actually \$200 top-up. All the data that you have for FTB we have recalculated so that it is all done on the same methodology and is consistent.

**Mr Kalisch**—So it gives you the best available final result for each family.

**Senator JACINTA COLLINS**—Eventually you will do that for CCB?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Obviously I have not been making as much noise as Mr Swan, so it is not been such a priority. Is that it?

**Ms Curran**—No. This was something we took on last year on our own initiative.

**Senator JACINTA COLLINS**—I remember when you did it earlier; I remember the discussion.

**Mr Kalisch**—We were quite open and upfront about changing the methodology and we explained it to the committee at the time.

**Senator JACINTA COLLINS**—That is right. Now that you have reminded me of it, I do recall that. I had not thought through the implications for CCB at the time. Maybe I did not have children and youth at the time.

**Mr Kalisch**—The other aspect to mention about the CCB data is that it is not as large in terms of the top-ups and overpayments. In that sense it is probably of a second order nature compared to the FTB data.

**Senator JACINTA COLLINS**—Some of the customer frustration is close to equivalent.

**Mr Kalisch**—I am not aware of that—certainly not in terms of the representations we receive.

**Senator JACINTA COLLINS**—I am talking about from customers. I think the pain relates more to administrative frustration than the quantum. That may have been earlier in the CCB implementation process—my recollection of it.

**Mr Kalisch**—It is certainly not our current experience.

**Senator JACINTA COLLINS**—Can you confirm that the number of families requiring a catch-up payment or who have an overpayment exceeds the number who have a nil adjustment?

**Mr Kalisch**—No. In fact, the data gives a completely different picture.

**Senator JACINTA COLLINS**—Take me through it.

**Mr Kalisch**—For 2003-04, the most recent data we have—which, as you mentioned, was March 2004—is that we have 748,364 families with a nil adjustment. That is quite a bit in excess of 469, 904, which is the number with an assessed overpayment.

**Senator JACINTA COLLINS**—Wouldn't you expect overpayments to be low at this stage of the process?

**Mr Kalisch**—Yes, but in the previous financial year both the nil adjustment and overpayment numbers grew and kept in about the same proportion.

**Senator JACINTA COLLINS**—But if you add the top-ups and the overpayments it is greater than the nil change figure—in other words, more people get it wrong than get it right.

**Mr Kalisch**—Yes, but what we have been saying is that if you add the top-ups to the nil change—that is, those with a positive adjustment or no adjustment—they completely dominate those that have an overpayment.

**Senator JACINTA COLLINS**—Except that there are other issues pertaining to the top up issue, such as: is it necessarily appropriate that those payments be deferred to be a top-up—which is a separate policy issue.

**Senator Patterson**—Many get to choose that through ‘more choices’.

**Senator JACINTA COLLINS**—We understand the government’s position on this.

**Mr Kalisch**—I suppose what the minister is saying is that sometimes it is personal preference in terms of people taking up the ‘more choice’ facility.

**Senator JACINTA COLLINS**—I understand that. Sometimes it is personal preference. I think you would be crystal-ball gazing to try and estimate that.

**Senator FORSHAW**—It is an interesting argument. It is like saying that tax refunds mean the tax department got their processes wrong. Most people do not seem to think that.

**Senator JACINTA COLLINS**—No. People tend to have a different view on tax reconciliation than family support payments. It is probably more related to the history of family support in Australia and the past practice of it usually relating to fortnightly payments, and now the present system.

**Senator Patterson**—I would bet my bottom dollar that they would prefer to get a top-up than not get one.

**Senator JACINTA COLLINS**—I am sure they would. They would prefer to get a \$600 payment than not get one, which is why that bill went through in the last sitting week.

**Mr Sullivan**—To my knowledge, there has never been ministerial correspondence complaining about a top-up.

**Senator JACINTA COLLINS**—No.

#### **Proceedings suspended from 11.19 a.m. to 11.27 a.m.**

**Senator JACINTA COLLINS**—Are officers still of the view, which was discussed at a previous round of estimates, that early reconciliation lodgers are more likely to have catch-up payments than debts—that is, those families who are aware that they may have a debt may choose to lodge later?

**Mr Kalisch**—That is certainly what at least the first or second quarter of the data suggests. The difference becomes a bit marginal. The data that we have suggests a small increase in the proportion of the total reconciliations who have overpayments that grows over time.

**Senator JACINTA COLLINS**—As a consequence, may the proportion of families with debts currently underestimate what that final outcome may be?

**Mr Kalisch**—Sorry, Senator?

**Senator JACINTA COLLINS**—That is, in a sense, a repeat of my earlier question when we went to the reconciliation table. Is the data we have at this stage for the latest year likely to underestimate the final outcome?

**Ms Curran**—Not really.

**Mr Kalisch**—If you look at the data that we have provided for the previous financial year, 2001-02, the data as at the March quarter—the third quarter of reconciliations—shows that the proportion who have top-ups and the proportion who have overpayments is pretty stable for the following four quarters. That is why I said that after the first or second quarter it is a stable proportion—at least that is what the data is suggesting for the last couple of years.

**Senator JACINTA COLLINS**—Are you suggesting that now that you have got to the third quarter the data in this most recent year should be a stable indicator?

**Mr Kalisch**—Yes. It is just that the numbers will change. The numbers will increase as more people go through the reconciliation process but we would anticipate that the proportions that you have in that table will stay pretty much as they are.

**Senator JACINTA COLLINS**—So you have gone from 25 per cent to 28 per cent in this year, and in the previous year—

**Mr Kalisch**—It was 30 per cent to 32 per cent and then it flipped around between 32 per cent and 33 per cent.

**Senator JACINTA COLLINS**—So it may be in the order of one percentage point.

**Mr Kalisch**—If that. One percentage point would be the maximum we would expect it to change.

**Senator JACINTA COLLINS**—What was it in the previous year?

**Ms Curran**—Even in the first year it remained remarkably stable after the March quarter.

**Senator JACINTA COLLINS**—Yes, it was one percentage point.

**Mr Kalisch**—It is really just a matter of scale rather than direction that we are seeing in future quarters.

**Senator JACINTA COLLINS**—Yes. So, then, even if the current proportion continues at about 28 per cent, is it not the case that this will still result in more than 600,000 families accruing debts for the 2002-03 year? My calculations bring me to 617,843.

**Mr Kalisch**—We have not done those calculations.

**Senator JACINTA COLLINS**—What do you estimate?

**Mr Kalisch**—We do not do estimates in the out period of the year. We wait until it happens and then report those numbers to you.

**Senator JACINTA COLLINS**—You are not going to tell me that it is Treasury who does those estimates in the out years, are you?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Can you confirm our assessment, then, that if the current proportion continues at around 28 per cent there would still be more than 600,000 families accruing debts for the 2002-03 year?

**Mr Kalisch**—That is your calculation.

**Senator JACINTA COLLINS**—I am asking: can you confirm it?

**Mr Kalisch**—I have not done those estimates and I do not have a calculator.

**Senator JACINTA COLLINS**—I am asking you to.

**Senator Patterson**—That is not the officer's responsibility. We will give you the figures based on the government's data, but it is a hypothetical question.

**Senator JACINTA COLLINS**—It is a far less hypothetical question than many other questions I have heard asked in estimates, including in questions from government senators—particularly the ones I was listening to in Treasury yesterday from Senator Mason. Aside from that, I do not think it is an unreasonable question in the estimates to ask an officer to tell us what they forecast the likely incidence of these debts to be in the year.

**Mr Kalisch**—As I said, we do not do forecasts of these numbers.

**Senator JACINTA COLLINS**—What I am asking is: is the magnitude that has occurred in the past likely to continue? It is not an unreasonable estimates question.

**Mr Kalisch**—As I said, we are seeing a trend that it is lower than in the past.

**Senator JACINTA COLLINS**—Yes—and I am asking you to quantify 'lower', to what degree? Will it still be in the order of more than 600,000 families?

**Mr Kalisch**—We would expect that proportion to be broadly stable, as I said, at 28 per cent.

**Senator JACINTA COLLINS**—Thank you. Isn't this level of debt more than 1,000 per cent greater than the number of debts that occurred under the family payment system in 1999-2000, which was 51,832?

**Mr Kalisch**—I am not familiar with that number of 51,000.

**Senator JACINTA COLLINS**—Perhaps you would like to confirm that for me.

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

**Senator Patterson**—I presume you will want the comparison of the top-ups as well.

**Senator JACINTA COLLINS**—You can provide those, if you would like to.

**Senator Patterson**—Okay, we will.

**Senator JACINTA COLLINS**—I think I have previously indicated to you that the issues in relation to top-ups are a bit more complex given that it is a matter of preference to manage affairs that way only in some cases. No-one can really guesstimate within that the magnitude of the proportion of people who feel that they should manage it in that way. Unless, of course, the department has done any behavioural research on this—have you?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—So there has not really been an evaluation of the 'more choice' options yet?

**Mr Kalisch**—As I say, we are doing an evaluation of the whole FTB program at the moment.

**Senator JACINTA COLLINS**—But is that evaluation going to that question?

**Ms Curran**—Not for the more choice in this phase, no.

**Senator JACINTA COLLINS**—So you are not actually testing the extent to which those exercising the more choice options are doing so through personal preference?

**Ms Curran**—We need to have more than a full year's operation of the more choice program before it would be sensible to try to evaluate it.

**Senator JACINTA COLLINS**—When will we be at that point?

**Mr Kalisch**—We will be at that point at the beginning of the next financial year.

**Senator JACINTA COLLINS**—That is not far away. So it is something that you could plan to do within the evaluation in terms of planning purposes at this stage?

**Mr Kalisch**—It is the sort of data that I think we would want to start next financial year but not necessarily complete early.

**Senator JACINTA COLLINS**—You would want to wait until next financial year's data before you evaluated?

**Mr Kalisch**—Desirably. Most of the evaluation cycles run over three-year cycles. That is the standard for evaluation processes within government. Three to five years is the sort of cycle that you want to operate on.

**Senator JACINTA COLLINS**—But in the case of the more choice proposals you would have two years?

**Mr Kalisch**—We would have one and a bit.

**Senator JACINTA COLLINS**—But after the next financial year you would have two years.

**Mr Kalisch**—After the next financial year we would be starting to get toward two years, and it would make a bit more sense then.

**Senator JACINTA COLLINS**—I have some questions about forward estimates of expenditure for family tax benefit. Was there any revision to the forward estimates for family tax benefit A expenditure before the Mid-Year Economic and Fiscal Outlook of 2003-04?

**Ms Curran**—We have the additional estimates published figures for 2003-04, and we have had the discussion on other occasions about not splitting out the expenditures for A and B. The published estimate for 2003-04 was \$11.003 billion.

**Senator JACINTA COLLINS**—I am asking whether there was any revision to that.

**Ms Curran**—I do not quite understand the question.

**Senator JACINTA COLLINS**—Was there any revision to the forward estimates for family tax benefit A expenditure before the Mid-Year Economic and Fiscal Outlook forecast of 2003-04?

**Mr Kalisch**—I think what Ms Curran has given you is the revision that took place in the additional estimates process, which was around the end of the last calendar year—in November-December 2003.

**Senator JACINTA COLLINS**—So the answer is yes, and it was in that order.

**Mr Kalisch**—Yes. We discussed it at the previous estimates hearings.



**Senator JACINTA COLLINS**—Was there any revision to the family tax benefit B expenditure between the 2003-04 Mid-Year Economic and Fiscal Outlook and the additional estimates and the budget 2004-05?

**Ms Curran**—Yes. The budget paper makes that clear. I do not know whether you have the *Budget strategy and outlook*, Budget Paper No. 1?

**Senator JACINTA COLLINS**—No, I do not have No. 1 on me. Can I get a copy?

**Mr Kalisch**—Perhaps Ms Curran can give you a sense of what is in that document.

**Senator JACINTA COLLINS**—Yes, although it is probably helpful for me to refer to it visually while she is doing that.

**Ms Curran**—It is at page 2-6. The paragraph beginning ‘In 2004-05, parameter and other revisions’ says that there is a reduction of \$426 million in family tax benefit expenses.

**Senator JACINTA COLLINS**—It says that is:

...primarily the result of higher than expected incomes reducing the expected number of recipients eligible for payments.

**Ms Curran**—Yes. On a number of occasions at previous hearings we have talked about the work we have been doing around the FTB expenditure models. We have continued to do that work and, as a result of that, we have been looking much more closely at our customer base and the average incomes. The revisions to the expenditure estimate for 2004-05 reflect that.

**Senator JACINTA COLLINS**—That is slightly more productive than the information provided to us by Treasury on some of these issues. I think the Treasury officers were saying they would need to take on notice whether they could provide us with any information about how the assumptions were adjusted in reflecting that higher than expected income measure.

**Mr Kalisch**—This is a Treasury document.

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

**Mr Kalisch**—It is one that they would have been instrumental in preparing.

**Senator JACINTA COLLINS**—Mr Kalisch, I do understand that. Please do not repeat Treasury’s effort from yesterday.

**Ms Curran**—The work we do with this is more with the Department of Finance and Administration than with the Department of the Treasury. The models have to be agreed with Finance in terms of how they work and derive the numbers, so we have been doing a lot of work with them around this.

**Senator JACINTA COLLINS**—I understand that too. But even extracting the information about the higher than expected income levels was the result of work done within FaCS on pensioners’ and beneficiaries’ income levels. That level of information is beyond Treasury’s capacity to provide at this time.

**Ms Curran**—We cannot comment on that. What we can say is that we have been working on the FTB expenditure numbers because, as we have said at a number of hearings, it is a very different program from the other programs. We have been working quite closely with the Department of Finance and Administration, and that is reflected in this revision.

**Mr Kalisch**—In past explanations that we have given around revisions in the FTB, estimates has been one of the dominant themes that has come out of some of the explanations for those changes.

**Senator JACINTA COLLINS**—What can you tell me about the nature of those changes and assumptions?

**Ms Curran**—Largely they are technical. We look at what is happening to our customer base.

**Senator JACINTA COLLINS**—So changes in your customer base partially explain these revised figures?

**Ms Curran**—We are tracking, over time, our customer numbers and the average rates of payment. Because this is still a relatively new program it takes a while to build up a statistically reliable basis on which you might adjust estimates. We need to be confident that what we are seeing is not some kind of aberration, so we need to look over a period of time. That is what we have been doing and it is reflected in that revision. In a program before the 2004-05 budget changes there was a change of \$426 million in a program of \$11 billion. Whilst that is a large number it is not really a significant change.

**Senator JACINTA COLLINS**—But, as you said, it is explained by shifts in your customer base.

**Ms Curran**—Yes.

**Mr Kalisch**—As Ms Curran was explaining, the customer numbers and the average rate are the two main determinants of the final estimate and this is largely reflecting a change in the average rate of payment rather than in the customer base.

**Ms Curran**—In this number for 2004-05, the flow-on of that change to the model will also impact on the More Help for Families measures in terms of the overall cost of that.

**Senator JACINTA COLLINS**—Are you prepared to disclose the revised forward estimate for family tax benefit A expenditure in each year for the forward estimates, post budget?

**Ms Curran**—No.

**Senator JACINTA COLLINS**—Why?

**Ms Curran**—Because it is not included in the budget papers.

**Senator JACINTA COLLINS**—I understand that. But I am asking for the explanation as to why, given past practice.

**CHAIR**—Senator Collins, we do not normally provide that type of information.

**Senator JACINTA COLLINS**—They have done previously; that is the point. They have done so previously for the past six rounds of estimates. It is only on this occasion that FaCS have not done so. I am asking for the explanation.

**Mr Sullivan**—This gets into your discussion with Treasury yesterday.

**Senator JACINTA COLLINS**—It does.

**Mr Sullivan**—I think Treasury gave a very plain answer: the government decides what it publishes in respect of its budget papers, and what it does not publish it is not going to provide.

**Senator JACINTA COLLINS**—Actually Treasury said it was a decision for FaCS. Obviously FaCS had decided in the last six rounds to do so and they have decided not to on this occasion.

**Mr Sullivan**—I think that is confusing, which was quite a confused conversation with Treasury, the difference between forward estimates and the forward projection of customer numbers. The discussion we had was around the forward projection of customer numbers and I am sure we will talk about that, but this is about the budget and the forward estimates in the budget. What is published in the budget is a question for government, and government is saying it is not going to release what it does not publish in its budget papers.

**Senator JACINTA COLLINS**—I understand that Treasury gave us a response in terms of what Treasury was prepared to release that pertained to the budget papers. Treasury also indicated that the forward estimates were a matter for FaCS. I am asking of FaCS: are you prepared to provide the forward estimates as you have for the last six occasions? It was not just customer numbers that were provided in the past; it was the forward estimates. I am asking: are you prepared to provide the forward estimates now? If not, why not?

**Mr Sullivan**—I think we should take that on notice because we have to go back to government and ask. It is a government decision.

**Senator JACINTA COLLINS**—Why not is the government decision. I am surprised you have not done that since the discussion with Treasury.

**Mr Sullivan**—Your discussion with Treasury was last night.

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

**Mr Sullivan**—No, I have not gone to government and asked them what their view is. I think also the Assistant Treasurer gave a commitment that she would in respect of one issue also go back and seek the view of the Treasurer.

**Senator JACINTA COLLINS**—It sounds like it is more likely to end up being an issue for the Senate next sitting week. But we will come to that in a moment. In what way is the family tax benefit A indexed?

**Ms Curran**—It is indexed according to the greater of the CPI or MTAW, which is a wages measure. The CPI indexation increase has been greater than the MTAW increase, so that has been the basis on which FTB has been indexed. Indexation occurs in July.

**Mr Kalisch**—The thresholds are also increased in July—the income thresholds that the income test applies to.

**Senator JACINTA COLLINS**—Can you explain the difference between the CPI indexation and the CPC indexation in the different sections in the act?

**Ms Curran**—I can, but I will have to refer to my notes.

**Senator JACINTA COLLINS**—Is the act available yet?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—I have got the bill.

**Ms Curran**—It was given royal assent at the end of May. The MTAWÉ is the measure that is linked to the combined pensioner couple rate. The MTAWÉ linked amount stipulates that the maximum rate of FTB part A for a child aged under 13 or a child aged 13 to 15 years cannot fall below a certain percentage of the combined pensioner couple rate at 1 July each year. The percentage rate is 16.6 per cent for a child under 13 and 21.6 per cent for a child aged 13 to 15 years.

**Senator JACINTA COLLINS**—Is it the case that the CPC indexation mechanism is linked to the combined pension and this is a payment that is benchmarked to the single pension maximum basic rate, a payment that is then benchmarked to male total average weekly earnings?

**Ms Curran**—I did not understand all of that, I am sorry.

**Mr Kalisch**—It is linked to the combined pensioner couple rate, which in itself with pension is linked to MTAWÉ indexation.

**Senator JACINTA COLLINS**—Not via the single pension maximum basic rate?

**Mr Kalisch**—You could do some calculations, but I think you are going a bit round about. There is a more direct link, which we have just talked about.

**Senator JACINTA COLLINS**—Is it the case that this linkage provides for an indirect indexation of family tax benefit A to wages growth?

**Ms Curran**—No. It is the greater of the CPI or MTAWÉ. For the period in which FTB has been in place, the CPI amount has been greater, and so it has been indexed to CPI.

**Senator JACINTA COLLINS**—So it is actually wages growth or higher?

**Ms Curran**—Yes.

**Senator JACINTA COLLINS**—That is an indirect link to wages growth.

**Ms Curran**—It is the base on which we are starting.

**Senator JACINTA COLLINS**—In most circumstances, that is much better than just a CPI base, isn't it?

**Mr Kalisch**—It really depends on the time. In some periods of economic activity wages growth dominates CPI; in other times it is the other way around. It really does depend a bit.

**Senator JACINTA COLLINS**—Isn't there a long history of preference for those seeking indexed payments for wage related indexation as opposed to CPI related indexation?

**Mr Kalisch**—In the long run, yes.

**Senator JACINTA COLLINS**—I thought so. Which of the two family tax benefit A indexation methods have been the operative mechanism since the introduction of family tax benefit?

**Ms Curran**—My understanding is that since the introduction the higher amount, in terms of the base on which it is measured, is the CPI amount. We are linking the MTAWÉ to a

combined pensioner couple rate, and it is a percentage of that depending on the age of the child. So the CPI increase has delivered the larger increase in the amount of FTB A.

**Senator JACINTA COLLINS**—Since its inception?

**Ms Curran**—I will confirm that and get back to you this afternoon, but my understanding is that since its inception that has given the higher rate.

**Mr Kalisch**—It is not actually MTAWÉ that we are using directly. It is actually the combined pensioner rate that is providing the benchmark.

**Senator JACINTA COLLINS**—I understand. The ANTS package had a role there too, didn't it?

**Mr Kalisch**—As I understand it, the ANTS package may have changed these benchmark proportions. That is something we can check for you.

**Senator JACINTA COLLINS**—I am trying to understand why it would have been the CPI measure, given that wages have grown faster than inflation for the last several years.

**Mr Kalisch**—I think that comes back to the nature of the answer, which we will give you in a little more detail if we can take it on notice—that is, that it is not actually indexed to CPI or MTAWÉ. It is done through the combined pensioner couple rate, which in itself is influenced by MTAWÉ. You cannot draw the link that it is either MTAWÉ or CPI. It is a proportion of the combined pensioner couple rate compared to CPI.

**Senator JACINTA COLLINS**—Which is linked to MTAWÉ more directly than I originally thought.

**Mr Kalisch**—The combined pensioner couple rate is linked to MTAWÉ but it is not, strictly, going to give you a MTAWÉ change.

**Ms Curran**—There is a further link. Depending on the age of the child, it is a proportion of the combined pensioner couple rate.

**Senator JACINTA COLLINS**—It is a different proportion. I understand that.

**Ms Curran**—There are three steps here.

**Senator JACINTA COLLINS**—Not three steps; two different paths.

**Mr Kalisch**—And some iterations that do not make it such a direct comparison between MTAWÉ and CPI. It is quite diluted.

**Senator JACINTA COLLINS**—So you will take it on notice to come back to me this afternoon with the reason why the CPI measure has been the ascendant, given what we understand to be the difference between CPI and MTAWÉ.

**Mr Kalisch**—We will come back to you. I am not sure it will be this afternoon.

**Senator JACINTA COLLINS**—I hope so. This is a piece of legislation that has already gone through the Senate.

**Ms Curran**—But that was always in the legislation.

**Mr Kalisch**—This has not changed.

**Senator JACINTA COLLINS**—We will come to that. I think there has been a consequential change in the indexation that was in that bill.

**Ms Curran**—The supplement is indexed to the CPI.

**Senator JACINTA COLLINS**—Yes, and I think we will come to that. Let's see how much further we can get on this issue without you having to deal with all of it later. Was there any anticipation as to when the CPC indexation mechanism would have overtaken the CPI mechanism?

**Ms Curran**—Not work that we have done, no.

**Senator JACINTA COLLINS**—How about work that Treasury has done?

**Mr Kalisch**—I am not aware of work that they have done.

**Senator JACINTA COLLINS**—You are not aware? You work closely together; you are partners.

**Mr Kalisch**—We work very closely. We collaborate on a whole range of things, but they do work independent of us and we do work independent of them. We are not the same agency.

**Senator JACINTA COLLINS**—Gosh, I did not realise that, Mr Kalisch! My question is: are you aware of any anticipation, whether that is FaCS, Treasury or Finance, of when the CPC indexation mechanism would have overtaken the CPI mechanism?

**Mr Kalisch**—It is something that we would discuss with Finance as a matter of course while undertaking the estimates of the program, because it has such an influence on the average rate of FTB.

**Senator JACINTA COLLINS**—So you are aware there was an anticipation?

**Mr Kalisch**—No, I am just saying hypothetically that it would be an issue we would discuss. But I am not aware that we have expected that in recent history, nor that we will necessarily expect it in the future.

**Ms Curran**—One of the things about which I said we would get back to you this afternoon was to confirm whether FTB had been indexed to the CPI or the MTAWA linked amount since its introduction. I have some figures here. If we indexed FTB to the MTAWA linked amount or to the CPI, at 1 July 2003 the CPI indexed amount was \$130.48 per fortnight—this is for the under-13 child rate—and the MTAWA linked amount was \$121.66.

**Senator JACINTA COLLINS**—That does not really answer the question that I thought you took on notice.

**Ms Curran**—I understood your question to be: could we confirm that it was the CPI amount.

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

**Ms Curran**—I had said that it was my understanding that it was, and I am confirming that it is.

**Senator JACINTA COLLINS**—A longer question, yet outstanding, is: was it the CPI amount from the inception of family tax benefit and has it always been the ascendant amount

to date? Add to that now: was there any anticipation that the wage related measure would ascend above CPI?

**Mr Kalisch**—I think Ms Curran has given you the answer to the first part—that since 1 July 2000—

**Senator JACINTA COLLINS**—1 July 2000 was the inception of family tax benefit.

**Mr Kalisch**—the CPI indexed amount has been above the combined pensioner couple rate benchmark linked result. I am aware that, prior to FTB coming in, there was more of a discussion that took place sometime in the 1990s, because this benchmark has been in place at some level and compared to CPI for some time. But certainly in this more immediate period it has not been the case.

**Senator JACINTA COLLINS**—And you have taken on notice the explanation for that given that wages growth has been higher than CPI, but you think it relates, as I suspect, to ANTS?

**Ms Curran**—No, it is the linked amount.

**Mr Kalisch**—It is not MTAWA itself.

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

**Mr Kalisch**—So I think we have to move beyond just a MTAWA-CPI comparison. It is a combined pensioner couple benchmark versus CPI. MTAWA has an influence on that combined pensioner couple dimension, but it is indirect and it is relatively modest once that filters through to the FTB dimension, because we are looking at about 16.6 per cent of that combined pensioner couple rate and then the change in that over time.

**Senator JACINTA COLLINS**—What I am asking in relation to that payment is: what is it about it that has led to CPI being the ascendant when more generally wages growth has been the ascendant?

**Ms Curran**—It is the question of the base, and I guess we have not explained that well enough. It is the greater of either the CPI or the MTAWA linked amount. The MTAWA linked amount is a proportion of the combined pensioner couple rate. The pensioner rate is linked to MTAWA. Then what we are doing with FTB part A is linking it to a rate of 16.6 per cent if the child is under 13 and 21.6 per cent for a child over that age. When you compare the base, the CPI has to date given the largest increase, and that is what FTB A has been indexed against.

**Senator JACINTA COLLINS**—Let me put it back to you this way: can you confirm that the reason that CPI was ascendant was due to the \$140 per child increase introduced at the time of ANTS?

**Ms Curran**—I cannot confirm that, but we can take it on notice.

**Senator JACINTA COLLINS**—How about you, Mr Kalisch—does that ring any bells for you?

**Mr Kalisch**—No, I am not aware of that; I was working in a different area at that time.

**Senator JACINTA COLLINS**—Could we clarify that today?

**Mr Kalisch**—We will see whether we can clarify that, as soon as possible.

**Senator JACINTA COLLINS**—I would like to clarify it today, given that we cooperated with the government in processing this bill in budget week and this is a critical issue with respect to the bill that was not highlighted in the explanatory memorandum—but we will get to that.

**Mr Kalisch**—We will see what we can do.

**Senator JACINTA COLLINS**—We are back to the issue of whether there was any anticipation of when the CPC indexation mechanism would have overtaken the CPI mechanism.

**Ms Curran**—I am not aware of any such analysis.

**Senator JACINTA COLLINS**—No, but Mr Kalisch is. We were mid-course on that conversation earlier.

**Mr Kalisch**—That was quite some time ago. It was in the time of the previous government.

**Senator JACINTA COLLINS**—Okay; and in the present government? You were for a moment talking to me about Finance—I think we went past Treasury into Finance—and you suggested that perhaps it was an issue that Finance had contemplated. Stop me any moment you think I am putting words in your mouth.

**Mr Kalisch**—It is an issue that would come up as part of the discussions around the average rate, because we understand what the legislative provisions are that need to be enacted here and that is simply what we are doing. But I am not aware of any conversations where people were alert to that being a factor in the average rate estimate.

**Senator JACINTA COLLINS**—Are you aware that Treasury's forecast of CPI and wages growth indicates that the CPC wage link would have exceeded the CPI link in the next 12 to 24 months?

**Mr Kalisch**—I am not aware of any discussions.

**Senator JACINTA COLLINS**—But are you aware that that is the case?

**Mr Kalisch**—No, we are not aware of that.

**Senator JACINTA COLLINS**—You are not aware that that is the case?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Have there been any changes to the way family tax benefit A is indexed as a result of the budget?

**Ms Curran**—The supplement is indexed to the CPI, as is FTB B and as is maternity payment.

**Senator JACINTA COLLINS**—Yes. Was the original maternity allowance indexed to CPI, or was that indexed to a measure similar to this?

**Ms Curran**—No, it was indexed to CPI.

**Senator JACINTA COLLINS**—Are you sure about that?



**Ms Curran**—I am sorry; it was indexed to parenting payment partnered, which is CPI indexed only, so it was linked to parenting payment partnered. My apologies.

**Senator JACINTA COLLINS**—Has parenting payment partnered always been linked solely to the CPI?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—You are absolutely confident about that?

**Mr Kalisch**—Yes. It has been an allowance. It was introduced in the mid-1990s as an allowance. It has changed names, but it has always been CPI indexed. It is parenting payment single that has been indexed to MTAWA.

**Senator JACINTA COLLINS**—Mr Kalisch, you are very knowledgeable on this issue. I am surprised you were not aware that the wage related measure was about to ascend to the CPI measure.

**Mr Kalisch**—As I say, we are not aware of that information. We will verify that. I am not sure that that is the case.

**Senator JACINTA COLLINS**—Let me give you what we understand from Treasury's forecast to be the case: July 2005 for the 13- to 16-year-old rate and July 2006 for the under-13 rate. Is it not the case that the CPC indexation measure was amended in the budget bills dealing with the family tax benefit changes?

**Ms Curran**—No. What has happened is we have increased the maximum and base rates of FTB A by \$600 a year. We have not interfered with the link to the combined pensioner couple rate at all. The base rate of FTB has increased by \$600. That supplement is payable as a lump sum at the end of the year. The supplement is linked to the CPI indexation measure.

**Senator JACINTA COLLINS**—So you have changed the indexation with respect to how it affects the supplement.

**Ms Curran**—It is the supplement.

**Mr Sullivan**—You cannot change the indexation on something you did not have before. We have introduced an indexation measure.

**Senator Patterson**—The supplement is new, and it is being treated in the same way as FTB B and the maternity payment.

**Senator JACINTA COLLINS**—But not FTB A?

**Mr Sullivan**—Which has not been altered. The rest of FTB A has not altered.

**Senator JACINTA COLLINS**—It is a supplement to FTB A.

**Senator Patterson**—Yes.

**Senator JACINTA COLLINS**—But you have indexed it differently to FTB A.

**Mr Kalisch**—Yes. But the remainder of FTB A is still indexed on the same basis as it was prior to 1 July 2004.

**Senator JACINTA COLLINS**—Why wasn't any of this explained in the explanatory memorandum?

**Ms Curran**—We could take this on notice and try to give you a technical explanation, because I think that to give you an explanation here is going to be confusing. We will take it on notice to explain it to you. I think that would be best, to ensure that we do not confuse you.

**Senator JACINTA COLLINS**—I do not think you will confuse me. My concern is that this level of information was not made available to the parliament when this bill was processed. You have applied a different indexation measure to the supplement to family tax benefit A, which was simply described as a consequential adjustment in the explanatory memorandum. The reality of the impact of this change into the forward estimates is significant, and it makes me wonder whether this is part of the reason, if not the whole reason, why on this occasion it has been so difficult to get access to the forward estimates.

**Ms Curran**—I do not think that it is a significant change, because of the base that we are measuring from. I am happy to provide you with a written explanation of how it will work.

**Senator JACINTA COLLINS**—I have seen the forecast of what the change is, and I do think it is significant. It completely ameliorates the benefit of that \$600 payment over six to eight years, whereas the government's rhetoric time and time again has been that this is an overall increase for families in the level of family tax benefit A.

**Ms Curran**—I have not had the benefit of looking at those estimates, so if you would like to show them to us we can assess them.

**Mr Kalisch**—I would be very surprised if it were the case that it would remove a \$600 benefit over a six- to seven-year period when you are still indexing it according to the CPI.

**Senator JACINTA COLLINS**—You are indexing according to the CPI but you are not indexing according to the wage forecasts—those assumptions that Treasury gives us.

**Mr Kalisch**—As I said, we are not indexing it according to the wage forecasts. We are indexing it—

**Senator JACINTA COLLINS**—We know, and that is the issue.

**Mr Kalisch**—according to a proportion of the combined pensioner couple rate.

**Senator JACINTA COLLINS**—That is right. But if you apply that proportion into the future years the outcome is that, over future years, the net benefit of that \$600 disappears.

**Ms Curran**—If you could share with us—

**Mr Sullivan**—I think that is mathematically impossible.

**Senator JACINTA COLLINS**—No, it is not.

**Mr Sullivan**—It is. If you have the current level of FTB A being paid where there is no change in the indexation base you cannot ameliorate a dollar increase totally, if it is indexed at all.

**Senator JACINTA COLLINS**—I did not say that.

**Mr Sullivan**—That is what you said. You said—

**Senator JACINTA COLLINS**—No, I did not.

**Mr Sullivan**—you ameliorate the total impact of the \$600.

**Senator JACINTA COLLINS**—You do.

**Mr Sullivan**—It is mathematically impossible.

**Senator JACINTA COLLINS**—It is not.

**Mr Kalisch**—The sorts of changes we are getting around indexation are in the order of \$4 to \$5 increases. That is the nature of the thing.

**Mr Sullivan**—That is how much it changes.

**Mr Kalisch**—The difference between the CPC linked amount and the CPI amount is a matter of some cents. That is the sort of level of change per year we are talking about—less than a dollar.

**Mr Sullivan**—Which would suggest 2,000 years.

**Senator JACINTA COLLINS**—No, it will not be 2,000 years.

**Ms Curran**—If you make available the figures, we will have a look at that.

**Mr Kalisch**—We can verify and check them.

**Mr Sullivan**—You might give us your calculation and we will comment on it.

**Senator JACINTA COLLINS**—No; I think I would like to see the original comment from the department.

**Mr Sullivan**—But you are making a claim. We would be very happy to comment on the claim you are making; just show us the calculation.

**Senator JACINTA COLLINS**—But I am dealing with a significant threshold issue that comes before that: putting through this bill with a changed indexation formula for part of family tax A—that is, the supplement—a change which was not flagged in the explanatory memorandum and was described as a consequential amendment. In my view, a shift between a link to a wage related measure and a sole CPI measure is a significant issue, and I would first like to hear the explanation from the department. Ordinarily that should have occurred in the legislative process; it did not. This now is your opportunity to deal with that. If I then choose to put before you my assessment of that—

**Senator Patterson**—Senator Collins, we can hear you. You do not need to raise your voice.

**Senator JACINTA COLLINS**—then I will. But in first order it is your responsibility to deal with that issue—and do not try and put it back here.

**Mr Sullivan**—I was simply responding. You asserted to us that this would totally ameliorate the \$600. I would like to see the calculation because, as I said, I cannot believe it is possible to ameliorate the \$600.

**Senator Patterson**—In six years.

**CHAIR**—Senator Collins, I think it is only fair and reasonable that for your own benefit, as you have made an assertion, you provide Mr Sullivan with those figures. They then can do the calculations based on what you believe to be correct and they can come back to you. If you are not prepared to provide that, I can just imagine that you will rush out and put out a

press release claiming it to be fact without the verification. So let us put everything on the table; let us put your cards on the table, because the other cards are already on the table.

**Senator JACINTA COLLINS**—No, they are not; that is the point.

**CHAIR**—They are on the table.

**Senator JACINTA COLLINS**—No, they are not.

**CHAIR**—You are making a claim. So, before you rush out and put out a press release stating what you have claimed is accurate, let us put the figures on the table and see whether they are. That is only fair.

**Senator JACINTA COLLINS**—The preliminary position is not on the table; that is my point.

**CHAIR**—But are you prepared to put your figures on the table?

**Senator JACINTA COLLINS**—I may well be, but I want to hear from the department their explanation first.

**CHAIR**—Are you prepared to put your figures on the table before you put out a press release claiming that they are correct?

**Senator JACINTA COLLINS**—No, because I will make my own assessment on the information from the department once we get it. We have not yet received an explanation from the department about a measure that was in this bill that we were encouraged by the government to speedily process—

**CHAIR**—They have offered to check your figures; they can do no more.

**Senator JACINTA COLLINS**—Yes, they can do more.

**CHAIR**—If you are not prepared to provide the figures, then do not go and claim that your figures are correct.

**Senator JACINTA COLLINS**—I did not say I was going to claim that my figures are correct.

**CHAIR**—That is right, but I wish I were as sure of winning lotto on Saturday night.

**Senator JACINTA COLLINS**—I have said that I have done my own assessment of what I understand the case to be. I have said that I have done that in the absence of this department providing the appropriate material for the Senate to consider when we process this legislation, and I would like the department to provide that information. I will then compare that with my assessment and, if I think my concerns are still valid, I will express them.

**Senator Patterson**—You will have to evaluate whether your claim will be ameliorated or disappear in six to eight years.

**Senator JACINTA COLLINS**—Yes.

**Senator Patterson**—That will be interesting to test.

**Senator JACINTA COLLINS**—That is right; it will be. But let us get the preliminary position first—the position that should have been addressed when this bill was addressed.

**Mr Sullivan**—I think Ms Curran has offered to provide, and we will provide, a written technical explanation of the indexation of all elements of family tax benefit.

**Senator JACINTA COLLINS**—How long will that take?

**Mr Sullivan**—It will be by the due date.

**Senator JACINTA COLLINS**—Our taking on face value a piece of legislation will never occur again, if that is the explanation.

**CHAIR**—If you are used to having to wait for 12 months for answers, Senator, as when I was in opposition, then you would think by the due date is a pretty flash response.

**Mr Sullivan**—If the minister is happy for it to be earlier, we will have it earlier.

**Senator JACINTA COLLINS**—I hope it will be earlier. Perhaps this might be an appropriate time to break for lunch, Chair, because, in hoping that it will be earlier, I want you to address what information was provided in the explanatory memorandum and why, in my view, it was so misleading. I reviewed this explanatory memorandum before we allowed this legislation to process through the Senate. With respect to any adjustment to indexation, what was described I cannot characterise as anything other than misleading. That is a critical issue that I would like you to address, sooner rather than later, in the context of a bill that we took on face value and processed in budget week when the full implications of it were not made apparent.

**Mr Kalisch**—I think this goes to the very issue of trying to explain to you, Senator, the difference between the combined pensioner couple benchmark and the CPI rate. I think that is an aspect that we can explain.

**Senator JACINTA COLLINS**—I do not think that it does, because it does not go into why what the government described as a supplementary payment to family tax benefit A—something that would in the future increase the value of family tax benefit A—has been chosen to be indexed differently to the rest of family tax benefit A. It does not explain that at all, does it?

**Mr Kalisch**—I think we can provide you with some information that will help you to understand.

**Senator JACINTA COLLINS**—I do understand it. What I do not yet understand is why the government chose to mislead in indicating that this \$600 payment was a clear increase in family tax benefit A, when they have indexed it differently to the rest of family tax benefit A. That is what I do not understand and that is why I do not understand why the Senate was misled on that matter.

**Mr Kalisch**—Perhaps we are taking some time that we could more usefully use on other purposes, but there is only one indexation method and that is the CPI. The alternative is a benchmark that takes place as a comparison. If the rate falls below that benchmark figure, then the benchmark is used. There is only one indexation figure and that is the CPI.

**Senator JACINTA COLLINS**—Let's go back to basic principles on this. Will the amendments to the CPC mechanism change the FTB product—that is, clauses 6 to 8 of the bill subtract the supplement from the CPC rate, don't they?

**Mr Kalisch**—There is no adjustment to the CPC as it operates now. The CPC will still operate on the amount of FTB A less the supplement. Then the supplement is indexed to CPI on top of that, if the benchmark were to operate. But, as we have said this morning, the benchmark has not come into play over the last four years and we also need to verify whether it will actually come into place in the future.

**Ms Curran**—Over the lunch break, I will see if I can put some words together that might help to explain it.

**Senator JACINTA COLLINS**—Just before we do that, again, going back to these basic principles, go to clauses 6 to 8 in the bill and you will see. Take the formula, CPC rate times 16.6 per cent and subtract the FTB gross supplement amount. Clearly, that is a change to the formula.

**Mr Kalisch**—That is what I have just explained to you.

**Senator JACINTA COLLINS**—It is a change? So why suggest it is not a change?

**Mr Kalisch**—The CPC is going to apply to the amount of FTB A with the exception of the supplement as it does now.

**Senator JACINTA COLLINS**—As it does now, because the supplement does not exist.

**Mr Kalisch**—Exactly. Then the supplement has the CPI factor attached to it.

**Senator JACINTA COLLINS**—What was the public policy reason for not applying the indexation formula in common with FTB A?

**Mr Kalisch**—I cannot give you that explanation.

**Senator JACINTA COLLINS**—And that is the sort of thing that is normally in the explanatory memorandum isn't it?

**CHAIR**—That is a policy question. Senator Collins, you know that you do not ask the officers policy questions. There is no point in berating them and getting all hot under the collar with them. They are here to give you factual answers, not answers of policy. Please contain yourself.

**Senator JACINTA COLLINS**—Is a matter of such policy ordinarily a matter that would be included in the explanatory memorandum?

**Mr Kalisch**—Often it is.

**Senator JACINTA COLLINS**—I think you are probably right, Chair. It is time for me to review the approach that has been given so far and continue this line of questioning after lunch.

**Proceedings suspended from 12.20 p.m. to 1.28 p.m.**

**CHAIR**—I call the meeting to order and invite Senator Collins to ask another question, if she has one.

**Senator JACINTA COLLINS**—I certainly do, but it looks like the officers I need to continue that discussion with are not here.

**Mr Sullivan**—They have not deserted the ship; they will be here in a minute. But I will take this opportunity to table a series of documents from both Centrelink and FaCS in response to various questions over the Monday and Tuesday—and there are a few more boxes of material back there.

**Senator JACINTA COLLINS**—Thank you. I should indicate to the department that, as we were not dealing with issues on Monday and Tuesday on an issue by issue basis, I am sure they will appreciate that we will review that material over the weekend and seek to get anything further on notice by the close of business on Monday.

In some senses it is perhaps fortunate that we are not likely to have the time today to go back because I suspect we are going to spend a fair amount of time on this indexation issue. To the extent that is necessary that will override what I need to put in relation to 1.4. But let us see how we go and there are probably going to be significant questions on notice on 1.4 now that this issue needs to be addressed. Mr Sullivan, I am concerned about what occurred in relation to the family assistance bill and, rather than waiting for an explanation in writing, given the time frame that was involved in the processing of the bill, I think it is a priority issue that we should actually deal with now. During the lunch period—if your officers do not have it—I pulled off relevant sections of the Family Assistance Act and I would like to confirm with you whether my understanding about how the amendments that went through when that bill was passed will work.

**Mr Sullivan**—Yes. We have had the opportunity also to look at the explanatory memorandum that goes with the bill and we are very comfortable with having a discussion about it.

**Senator JACINTA COLLINS**—Do the officers have the Family Assistance Act?

**Mr Kalisch**—We have the explanatory memorandum in front of us.

**Senator JACINTA COLLINS**—No, it is actually the act that I would like to go to at this point.

**Ms Curran**—We do not have the act here.

**Senator JACINTA COLLINS**—Perhaps we could provide you with a copy of the excerpts that I will be working through and you can tell me if at any stage my understanding has been in error. Before we actually go to that, I would like to have clarified who the officers were who were involved in the drafting of the bill. I do not mean who as individuals. Were they from FaCS or were they from Treasury or Finance? Who was involved in the drafting of the bill?

**Mr Kalisch**—FaCS was the organisation that was responsible for the drafting in association with, of course, the legal experts that we get from Office of Parliamentary Counsel.

**Senator JACINTA COLLINS**—So your division that deals with legislation drafting was the principal agency?

**Mr Kalisch**—Both our legal area as well as the family cluster would have been responsible for the drafting instructions.

**Senator JACINTA COLLINS**—Have you received a copy of these excerpts that I have had run off over lunch?

**Mr Kalisch**—We have received a copy of something entitled ‘Family Assistance Act 1999’.

**Senator JACINTA COLLINS**—You will have to take me at my word that this is the copy that is currently on the web that is meant to express the Family Assistance Act. I was kindly advised earlier that it was in fact proclaimed in May—

**Ms Curran**—I have not got the exact date, but it was the end of May.

**Senator JACINTA COLLINS**—Division 5 of the act deals with indexation. Schedule 4 provides indexation of certain amounts used for working out rates of family assistance. The next page of this collection highlights that indexation in line with CPI increases the amounts in column 1 of the table at the end of clause 3. The pages following indicate that, for instance, family tax B under 13 child rate is indeed one of those. I wonder why it is expressed as C in this? We have gone from subclause A to subclause C. It seems as if I am learning a lot of the irregularities in how social security and family assistance legislation is expressed. Subclause C here expresses that adjustments of other amounts are in line with increases in the amounts indexed under the Social Security Act 1991. This is actually expressed in the Family Assistance Act in part 3—

**Mr Kalisch**—Which page are you on now, Senator?

**Senator JACINTA COLLINS**—I am back to page 2 of the compilation I have given you, subclause C—in the absence of any B, for some reason. The adjustments of other amounts in line with the increases in the amounts indexed under the Social Security Act 1991. Correct me if I am wrong, but I understand that this is expressed in part 3 of the Family Assistance Act. The reference to part 3 is at the back of the collection of pages I have given you. Perhaps the only other relevant aspect in the Family Assistance Act to indexation is essentially the rounding provisions for the provisional indexed amount, which is the page before that. If you go to the final page, you will see that that is the adjustment of other rates. Does that not indicate that essentially the CPC measure will apply if the amount calculated as applying is higher than the CPI measure? It involves a double negative there in clause 2: another aspect of social security legislation which I am finding somewhat intriguing.

**Mr Kalisch**—Perhaps I can make that particularly clear. It is either the CPC rate times 16.6 per cent—

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

**Mr Kalisch**—or alternatively the amount of the FTB under-13 rate indexed by the CPI.

**Senator JACINTA COLLINS**—That is right. The CPC component of that is on this page at 7.1.

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—The other, involving the double negative I just mentioned to you, says that the CPC rate does not apply if the amount worked in accordance with the



formula in that subclause does not exceed the FTB under-13 rate as indexed by clause 4. Is that the case?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Thank you. It was this measure that the clauses in the bill that we processed in budget week adjust, was it not?

**Mr Kalisch**—As was provided in the explanatory memorandum, which refers to this clause 7, and as we explained before the lunch break, this schedule will continue to apply as if the supplement was not there. The supplement itself would then have a further adjustment, as is explained by the next sentence in the explanatory memorandum.

**Senator JACINTA COLLINS**—Yes, and we will come to that, because the critical issue here is: what is the impact of that amendment? That is what the explanatory memorandum does not really highlight. The reference I am referring to in the explanatory memorandum is on page 6. It simply says:

Items (6), (7) and (8) make some consequential amendments to the adjustment provisions in clause 7 to take account of the new family tax benefit part A supplement.

Wouldn't that more appropriately read 'to not take account of the supplement'?

**Mr Kalisch**—No. In fact, you have only read out part of that paragraph. The first part of that paragraph is the important one to be added to that. It reads:

Clause 7 of schedule 4 to the Family Assistance Act provides for the adjustment of FTB under 13 child rate and the FTB 13 to 15 child rate to ensure that proportional parity is maintained between those rates and the combined pensioner couple maximum basic rate.

As we explained before the lunch break, that is continuing—that is not changing as a result of this legislation. The next sentence is:

Items (6), (7) and (8) make some consequential amendments to the adjustment provisions in clause 7. That is done because we needed to have a new indexation arrangement for the supplement, which was a new component to FTB part A.

**Senator JACINTA COLLINS**—You mentioned that wording about ensuring proportional parity. Because there has not been an increase of \$600 to the pension rates, you are deducting that from the future indexation of the family tax benefit A?

**Mr Kalisch**—I think we need to be sure about what we are doing here.

**Senator JACINTA COLLINS**—I certainly do think we need to be sure.

**Mr Kalisch**—I think we can help you out there. The combined pensioner couple rate benchmark is a safety net benchmark. It was introduced in the late 1980s as a safety net benchmark. That has not changed, and that is continuing to have effect. We have not just adjusted that. The benchmarks were increased modestly in 1991-92, but from that time those benchmarks have remained at that level. That has not changed and we are not reducing their impact. In fact, we are continuing that impact through the new system.

**Senator JACINTA COLLINS**—You are reducing that impact. You are reducing it by \$600.

**Mr Kalisch**—No, it is the safety net benchmark. I think this is where there is some confusion. It is not an indexation factor; it is a safety net benchmark. That is maintaining its effectiveness over time through these legislative provisions. We are not diluting it at all.

**Senator JACINTA COLLINS**—What you are diluting is the impact, if any, of the \$600 increase over time.

**Mr Kalisch**—No, that is being indexed over time.

**Senator JACINTA COLLINS**—I know it is being indexed. I am saying the impact of it is being diminished because the effect of this amendment is to use that \$600 to cushion any adjustment of family tax benefit A across the board over time.

**Ms Curran**—No.

**Senator JACINTA COLLINS**—It does.

**Ms Curran**—Rather than just using words, could we ask you to draw up two columns on a page.

**Senator JACINTA COLLINS**—I will find an empty page for you.

**Ms Curran**—It is very complicated. In the left-hand column you will have the combined pensioner couple rate of 16.6 per cent pre budget. In the right-hand column you have got the dollar rate of the per child rate, under-13. That was the arrangement we agreed that applied pre budget. Then if we look at what applies post budget, we have got still the combined pensioner rate of 16.6 per cent and we have got a child rate still of whatever the current rate of FTB is plus a supplement. What clause 7 does is say that the benchmark remains the same. The way that it achieves that is, in terms of those two columns, it just takes the supplement amount off both columns. So the status quo is maintained.

**Senator JACINTA COLLINS**—Thank you very much for that. Yes, the status quo is maintained.

**Ms Curran**—In terms of the benchmark. I did not finish—

**Senator JACINTA COLLINS**—I know; I understand completely. The status quo is maintained rather than—

**Mr Sullivan**—Can we get the end of the explanation, Senator?

**Senator Patterson**—Can I just say, Senator, just because what you are going to hear does not conform with what you think—

**Senator JACINTA COLLINS**—No, it does conform.

**Senator Patterson**—you have got to actually listen carefully to what the officers have to say.

**Senator JACINTA COLLINS**—Thank you, Senator Patterson. It is conforming.

**CHAIR**—Please stop cutting off the officers, Senator Collins. It would be very useful if they were able to finish a sentence.

**Senator JACINTA COLLINS**—It is very helpful, actually.

**Ms Curran**—The legislation that just went through the Senate maintains the same benchmark for the adequacy of the FTB A. We have not changed that at all.

**Senator JACINTA COLLINS**—Let us go back, then, to clause 7 here.

**Mr Kalisch**—Can I add one more thing. What this change also does is not dilute the impact of the benchmark. The benchmark still operates as if it were happening on a pre 1 July 2004 basis. Otherwise it would have pushed out many, many years before this benchmark would have kicked in. What we have at the moment is that the amount of the safety net benchmark is reasonably well below the CPI indexed child rate. It is below it by a matter of quite a number of dollars. So what would have happened if we had not made this adjustment in the indexation factors is that you would have added on a considerable amount to the FTB rate that was compared against the benchmark. What we have done quite explicitly is look at the FTB rate as it is now compared to the benchmark and continued that process.

**Senator JACINTA COLLINS**—That is just a roundabout way of saying, ‘Because we didn’t give a supplement to the pension rate, we’re maintaining parity by deducting the supplement we have given to the family tax payment.’

**Mr Kalisch**—It goes to the very nature of what this comparison is. It is a safety net benchmark; it is not an alternative indexation factor. That is what was introduced more than 10 years ago, and we have continued that policy principle.

**Senator JACINTA COLLINS**—The impact of this amendment—

**Mr Kalisch**—Sorry, Ms Curran and I were conferring. You were going to ask a question?

**Senator JACINTA COLLINS**—I was in the middle of asking a question but you were interrupted, so I was waiting for you to finish that. I presumed it related to something further that you need to say to me.

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—Interesting behaviour.

**CHAIR**—Come on, Senator Collins, do not now start criticising people’s behaviour! You were actually quite respectable on Monday and Tuesday and you are now just starting to abuse people. I would appreciate, if you have questions to ask, that you ask them. But you do not need to indulge yourself and imply motive to people having a conversation about things that you are asking. If you have questions, ask questions, but cut the abuse, please.

**Senator JACINTA COLLINS**—If expressing that a behaviour is interesting is abusive, then I must be very mild in comparison to some other senators.

**CHAIR**—It is the way you say it, and you know what you meant.

**Senator JACINTA COLLINS**—Senator Knowles, you have asked me several times to restrain myself from interrupting officers. All I am indicating is that I find it somewhat strange that, when I am mid-question, an officer interrupts the officer of whom I am asking the question and it does not pertain to some additional information to which the department is seeking to add.

**CHAIR**—Consider it strange—consider it what you like—but, if you have questions, ask the questions.

**Senator JACINTA COLLINS**—Dear, oh dear. Mr Kalisch, would you like me to wait a moment while you clarify a few issues? Would you like a five-minute break?

**Mr Kalisch**—That would be helpful.

**Senator JACINTA COLLINS**—Thank you.

**CHAIR**—Proceedings will be briefly suspended.

**Proceedings suspended from 1.47 p.m. to 1.51 p.m.**

**Mr Kalisch**—We will perhaps try to make this clear. I think one of my earlier answers a few minutes ago might have been slightly misleading, so I will have another go at it. I want to make sure that this is particularly clear so that it can not be misunderstood. I think the answer I gave could potentially have been misinterpreted. There are three main points that I think we need to make clear. Firstly, the adequacy benchmark has not changed. It was made clear in the explanatory memorandum on page 6, in the excerpts that we read out to you, that on the basis of our work and the work of the department of finance with us we do not expect the benchmark to come into play prior to the end of the forward estimates period. There is a differential between—

**Senator JACINTA COLLINS**—Just so we have no misunderstanding here—is the benchmark amended or what was anticipated about the previous benchmark?

**Mr Kalisch**—As I said, we have not changed the adequacy benchmark.

**Senator JACINTA COLLINS**—You are being semantic now.

**Mr Kalisch**—No, I am being quite precise.

**Senator JACINTA COLLINS**—Let me go back: had the \$600 payment not been made in any fashion, when was it anticipated that the CPC benchmark would have ascended?

**Mr Kalisch**—Not within the forward estimates period.

**Senator JACINTA COLLINS**—You say not within the forward estimates period.

**Mr Kalisch**—Yes. That was our estimate prior to these budget changes.

**Senator JACINTA COLLINS**—I know that was your estimate prior to these budget changes.

**Mr Kalisch**—It would not have kicked in, and the budget measures do not change that.

**Senator JACINTA COLLINS**—I know that your estimates provided to us previously did not anticipate it, but what I would like to know is whether Finance and Treasury anticipated that the CPC measure would have ascended in the absence of this payment.

**Mr Kalisch**—Certainly the understanding I have given you is what we would have come to an understanding of with the department of finance. As Ms Curran says, they are the main players in this area of the estimates. They are the custodians of the estimates.

**Senator JACINTA COLLINS**—Yes. As I said, I know your previously provided forward estimates did not factor in that CPC was due to ascend—

**Mr Kalisch**—No, it was not due to ascend.

**Senator JACINTA COLLINS**—This is, again, what I am seeking to clarify. Let us set aside whether there is an error or not in your previously provided forward estimates for a moment.

**Mr Kalisch**—We have not said that at all.

**Senator JACINTA COLLINS**—I am saying put that issue aside; let us not argue that issue. My question is: in the absence of these measures providing the supplementary payment, when would the CPC have ascended under current assumptions?

**Mr Kalisch**—Not within the forward estimates period. That is a four-year period, quite a lengthy period, and it would not have happened within that four years on the basis of our estimates and the estimates of the department of finance. We do not go out any longer because that is just too speculative.

**Senator JACINTA COLLINS**—I appreciate you do not go out any longer—

**Mr Kalisch**—But not within the forward estimates period of four years.

**Senator JACINTA COLLINS**—Yes. But I am also putting to you that I have seen your earlier estimates and I know they did not take that into account.

**Mr Kalisch**—I cannot see how you could come to that conclusion.

**Senator JACINTA COLLINS**—Now, I believe they may have been in error, and so I am asking a fresh question—

**Ms Curran**—During the break we rang the department and this is our advice from the department during the break, that in terms of the information that we have it is not expected that the combined pensioner couple rate of 16.6 per cent for a child under 13 for FTB would have exceeded the CPI rate. That is all we can say. That is our advice.

**Mr Kalisch**—The other aspect we did clarify and have confirmed for us was that that was one of the factors that was considered. It was taken into account in the estimate and the estimates did not come to a conclusion that it would kick in within the forward estimates period. So it was explicitly considered, and the advice that we have got is that it was not going to be affecting the estimate within the forward estimates period.

**Senator JACINTA COLLINS**—We know that the effect of this amendment ensures that that does not occur. What I am still concerned about is my understanding that it would have occurred in the absence of this amendment.

**Mr Kalisch**—That is quite different to our understanding, and we should know.

**Senator JACINTA COLLINS**—I understand, and all I am saying is that it is not clear in my mind at this point whether the advice you have received is with respect to your previously provided forward estimates, which I already know did not take into account this factor, or whether they are with respect to what the real estimate is. You are not in a position to tell me at the moment.

**Mr Sullivan**—There was no error in our previous forward estimates. They have not been adjusted to account for any difference in respect of this issue by anybody.

**Ms Curran**—The legislation has not changed the benchmark.

**Senator JACINTA COLLINS**—The legislation has changed the benchmark. Look at the legislation itself. The effect of clause 7, CPC rate times 16.6 per cent, but deduct the family tax benefit gross supplement amount. Compared with the government's claims to be adding real value to family tax benefit A, at the same time it has amended the indexation formula—there is the big minus in clause 7—to reduce that measure by \$600.

**Mr Kalisch**—I think this comes to the very difference between the indexation arrangement, which has always been CPI, and the safety net benchmark. It is not an alternative indexation factor, it is a safety net benchmark.

**Ms Curran**—If we go back to those two columns that you drew on your piece of paper earlier, we had post budget and still we had the benchmark of 16.6 per cent. On the right-hand side of the column we had the child plus the supplement. What the provisions in the legislation do is you say that you look at the formula that you are using to determine the benchmark is that mathematically you achieve the outcome from the current benchmark by taking the \$600 from both sides of the paper. You are taking the same amount of money from both columns, so mathematically it is equivalent. It is the way it has been expressed. There is no change to the benchmark. It continues to be 16.6 per cent of the combined pensioner couple rate.

**Senator JACINTA COLLINS**—Minus \$600.

**Ms Curran**—No, it does not.

**Senator JACINTA COLLINS**—I am sorry, but that is the equation here.

**Ms Curran**—The benchmark is you are looking at the rate of FTB minus \$600.

**Senator JACINTA COLLINS**—Let us go through an example. The current CPC rate is \$10,077.60.

**Ms Curran**—It might be easier if we work in round terms—so, \$10,000.

**Senator JACINTA COLLINS**—Well, let us see. Year by year, those dollars may be relevant. So it is \$10,077.60. Under part 3, the formula pre budget would result in the following product: that amount times two is \$20,155.20, times 21.6 per cent would be \$4,353.52. We then move to post budget. Under part 3, the formula post budget would result in the following product: the \$10,077.60 times two, which is \$20,155.20, times 21.6 per cent, minus \$600 brings you to \$3,753.52.

**Ms Curran**—The rate is still \$4,055, if that is the rate of 21.6 per cent.

**Senator JACINTA COLLINS**—The formula subtracts the \$600.

**Ms Curran**—What we are looking at is the payment per child of FTB, and linking that to how it converts to a rate for the combined pensioner couple rate.

**Senator JACINTA COLLINS**—Yes.

**Ms Curran**—So we are doing exactly the same. If we included the \$600, in terms of the formula all we are saying is that the rate of assistance is so far in excess of the combined pensioner couple rate.

**Senator JACINTA COLLINS**—I do not follow that bit.

**Ms Curran**—It is, because what we are saying is that the benchmark remains 16.6 per cent or 21.6 per cent. The way that we have expressed that in the legislation is possibly confusing, but the benchmark remains exactly the same. The per child rate of assistance is still expressed as 16.6 per cent or 21.6 per cent of the combined pensioner couple rate. We have not changed that at all. In the way the formula is derived, what we have said is that we have increased the rate of assistance by \$600, so in calculating the adequacy amount we are just taking \$600 off on the other side.

**Senator JACINTA COLLINS**—Is it not the case that part 3 indexation CPC method provides the baseline for the standard family tax benefit A rate that is compared to the rate derived by the CPI, and that is where that deduction of the \$600 has its impact?

**Ms Curran**—Just before we try to answer that question, I understand that the figures that you are using for the combined pensioner couple rate are for July 2004.

**Senator JACINTA COLLINS**—It was an example.

**Ms Curran**—They are the March pensioner figures, and the indexation factor applies from July.

**Senator JACINTA COLLINS**—I was using an example. How is that relevant?

**Ms Curran**—I understood that you were attempting to make a comment on the per child rate.

**Senator JACINTA COLLINS**—I do not think that it would make a difference if I picked a rate at an earlier point in time. You tell me if it would have.

**Mr Kalisch**—It would if you are using a later pension rate and not a comparable CPI indexation rate. You have to compare apples with apples here, so we are just trying to make sure that—

**Senator JACINTA COLLINS**—I appreciate we need to compare apples with apples.

**Mr Kalisch**—I am just cautioning you for if you were to take it the next two or three steps down the road.

**Senator JACINTA COLLINS**—I understand that bit, but my point here is: is it not the case that part 3 indexation CPC method provides the baseline for standard family tax benefit A rate that is compared to the rate derived by the CPI part 2 indexation, and that subtracting the gross supplement amount from part 3 indexation results in the baseline being lower, therefore allowing the CPI mechanism to continue rather than the CPC mechanism, and that has a net effect across the whole family tax benefit A?

**Ms Curran**—I have to say that I could not understand the complexity of that question.

**Senator JACINTA COLLINS**—Do you want me to ask it again?

**Ms Curran**—Perhaps I could just make a point picking up on what Mr Kalisch was saying, and that is that we have no expectation, on the basis of the advice we have, that the MTAWA-linked amount would exceed the CPI over the forward estimates period. We are having a very interesting debate but—

**Senator JACINTA COLLINS**—Do you reckon it is an argument for Finance over whether their advice that it was about to ascend is accurate or not, on present assumptions?

**Mr Sullivan**—Our understanding is that they share our view that it was not going to ascend.

**Senator JACINTA COLLINS**—This is what you told me a moment ago. What I am still unclear on is whether the advice you received over lunch was simply derived from your previous forward estimates, or whether they have applied current assumptions to it.

**Mr Kalisch**—I am trying to understand the nature of the advice you got from either Finance or Treasury.

**Senator JACINTA COLLINS**—I did not say it was advice. I said: are you saying to me that this discussion is a matter for advice?

**Mr Kalisch**—No.

**Senator Patterson**—You did say earlier that it would transcend. I thought that, before we went to lunch, you used some sort of view or argument that it would transcend it. That is what I think the officers are going on, and we want to know where you got that from. If we knew the source of that, we would be able to say whether we agree with it.

**Senator JACINTA COLLINS**—The source of that is our understanding of present assumptions and the effects on those indexes.

**Senator Patterson**—Is that out of a Treasury document?

**Senator JACINTA COLLINS**—Yes, it is out of Treasury material.

**Senator Patterson**—But you have done your calculation of what it will be?

**Senator JACINTA COLLINS**—Yes.

**Senator Patterson**—That was not clear. You need to show us what your calculations were, because we might not agree with them.

**Senator JACINTA COLLINS**—We might well get to that stage, but my point a moment ago was quite aside from that earlier issue.

**Senator Patterson**—I might have misunderstood what you said, but I thought it was some figure that you had of the predicted amount rather than some estimate you have worked out from some formula that you have developed.

**Senator JACINTA COLLINS**—We have not developed a formula.

**Senator Patterson**—Not a formula but some guesstimate of the factor.

**Senator JACINTA COLLINS**—We have assessed the current assumptions and reached that conclusion, yes.

**Senator Patterson**—I think some people might have assumed that you had some figure that Treasury had given you about those assumptions.

**CHAIR**—That is why we were asking for those figures.

**Senator JACINTA COLLINS**—Yes, that is right. That is why we were asking Treasury for those assumptions to be tabled.



**CHAIR**—Senator Collins, do not start misrepresenting my words, on top of what you are trying to do to others.

**Senator JACINTA COLLINS**—I was just talking about myself.

**CHAIR**—I am saying that that is what we had asked you to present prior to the lunch break. Present your figures and let the department have a look at your figures before you put out your press release claiming to be correct.

**Mr Sullivan**—I think it is important to say that the assumptions behind our forward estimates of family tax benefit have not changed. Our forward estimates, which are a joint responsibility between us and Finance, are accepted by Finance and therefore there is nothing in the Department of Finance and Administration's reckoning that would also have changed those assumptions. Therefore the Department of Family and Community Services and the Department of Finance and Administration concur that the safety benchmark would not come into play within the forward estimates period, nor was it envisaged, prior to the budget changes, to come into play in the forward estimates period. This is a highly technical discussion. One way we could deal with this is if we could get a series of questions, say, by Monday—

**Senator JACINTA COLLINS**—By close of business on Monday?

**Mr Sullivan**—yes—we will commit to answering those questions by Friday. In this discussion I think we are coming from quite different basic understandings. If I can put my view, I think you are possibly putting an argument that the bill never did: that with any increase in family tax benefit there should have been a corresponding increase in the safety net percentage. That did not occur in any of last increases in family tax benefit. The safety net has not changed since 1991 and this bill did not seek to change it. I think that is one of the points where we are slightly apart. This view that you have developed that, in some way, our family tax benefit forward estimates were possibly flawed in our understanding of when the CPC may go into the ascendancy is not a view shared by us or Finance in that we believe our forward estimates have never been altered to adapt to any view that the measure was changing pre or post budget within the forward estimates range. Therefore I think it would be good, if you were comfortable, to—say, by Monday night—have your list of questions as technical as you would like. We will commit to answer those as soon as possible and hopefully by the end of next week.

**Senator JACINTA COLLINS**—Just so we are clear, I do understand that the present forward estimates have not accounted for any assessment that the wage related measure was to ascend. I do understand that. What I do not understand is whether your advice today takes into account that the view of Finance or Treasury and the present-day assumptions that they are applying would have had that effect.

**Mr Sullivan**—No, our estimates are accepted by Finance.

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

**Mr Kalisch**—On the most up-to-date basis.

**Senator JACINTA COLLINS**—Yes, but on the most up-to-date basis they take into account this measure.

**Mr Kalisch**—And, as I said, even before this measure we did not expect there to be any adjustment within the forward estimates period.

**Senator JACINTA COLLINS**—I know you did not expect it, because that was your forward estimate.

**Mr Sullivan**—And nor did Finance.

**Senator JACINTA COLLINS**—Yes, I know.

**Mr Sullivan**—And nor do Finance now.

**Senator JACINTA COLLINS**—Yes, I know that at a point in time you did not—

**Mr Kalisch**—So there is no change.

**Senator JACINTA COLLINS**—but underlying assumptions have changed and that may have impacted on that assessment, and indeed that may explain why this measure was felt necessary.

**Mr Sullivan**—No.

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—We will see, and it will probably be an argument about whether on Finance's assumptions the wage related measure was indeed due to ascend. My earlier comment was that ultimately that will not be an issue for FaCS; that will be an issue for finance or Treasury. That was the issue I was raising earlier.

**Mr Kalisch**—As I said earlier, there is quite a sizeable gap between the CPC benchmark and the CPI indexed rates. It would take, and we would expect it to take, potentially quite a number of years for that to be overtaken.

**Senator JACINTA COLLINS**—If the benchmark were to remain—

**Mr Kalisch**—It is remaining.

**Senator JACINTA COLLINS**—then it should not have been amended. What is the purpose of the amendment, then?

**Mr Sullivan**—To maintain the status quo. But I think now we are going to start arguing again from quite different positions, so I think to do this in writing is a much better idea and we will commit to as speedy an answer as possible.

**CHAIR**—Questions are to be in by close of business on Monday. Hopefully, you will provide the answers by Friday. Thank you, Mr Sullivan. Are there further questions?

**Senator JACINTA COLLINS**—Yes, there are. We can lodge some of these issues on notice; however, can the department guarantee that the product of the CPC method has not been diminished by the budget changes into the forward estimates?

**Mr Sullivan**—Yes.

**Senator JACINTA COLLINS**—You guarantee that?

**Mr Sullivan**—My answer is: it is firmly my belief that the answer is 'yes', but I will take it in writing, confirm it and respond.

**Senator JACINTA COLLINS**—I will just see if this leads me to the end of this theme.

**CHAIR**—I think it is also fair to say, though, Senator Collins, that we would hope there would not be 20 pages of questions to be answered by Friday.

**Senator JACINTA COLLINS**—I think the department understands. I do not think I have ever done that.

**CHAIR**—I am just making the statement.

**Senator Patterson**—I will assess whether it is possible to answer them. I will ask the department to do the best they can, depending on the number of questions. I am just talking about the questions associated with these issues.

**CHAIR**—That is exactly right.

**Senator JACINTA COLLINS**—Yes.

**Senator Patterson**—I want to make that very clear.

**Senator JACINTA COLLINS**—Given the stage we have got to on that matter I might suggest that if the relevant officers are present we move on to 1.4. I think we already indicated that we were going to be finished by 4 p.m. so if I come back to anything else that I want to deal with this afternoon, rather than in the process you have just suggested, it will occur within that time.

**Mr Sullivan**—It is a slightly related matter, but another suggestion is that, in respect of the question you asked on notice about our publishing of forward populations of beneficiaries which you discussed in Treasury last night, I reinstate that question and proceed to ask it of Treasury formally and in writing and come back with a view as to whether or not they should be published. I think you made the point—and I would concede the point—that in terms of the oral communication between the departments I cannot be certain whether the message was delivered and returned exactly as I thought it would be, and I would propose now taking up that question again and formally referring the matter to Treasury and then responding to the committee. I guess my only issue with the evidence I heard yesterday was—and I am not suggesting it was done, but certainly it was indicated to Treasury officers last night—that I had suggested that the forward estimates were the responsibility of Treasury.

**Senator JACINTA COLLINS**—I think ‘owned by’ was the wording we used earlier.

**Mr Sullivan**—Yes. If you review the *Hansard*, I took you very carefully through the fact that what I said was that the forward estimates were the joint responsibility—they were the words I used—of FaCS and Finance, and that what I was talking about the ownership of were the parameters behind the benefit numbers. I think you accidentally misrepresented me in what you said to Treasury. But I would prefer us to take that question, reinstate it, do it formally with Treasury and respond to the committee.

**Senator JACINTA COLLINS**—I am sure, in fact I am highly confident, that I probably did accidentally misrepresent you, because the absence—probably it is the whole working pattern through estimates—of *Hansard* makes some of these things extraordinarily difficult.

**Mr Sullivan**—Yes. That is why I did not regard it as deliberate.

**Senator JACINTA COLLINS**—But my other concern, which you have partly covered in your response, is also related to the process, so formally reinstating that question and dealing with what the answer is will add some level of certainty across the board about what the government's position is in relation to the provision of the information. The remaining concerning factor I have with evidence earlier in the week is that I have subsequently reviewed Mr Evans's letter, which I think you had characterised as a trigger to—

**Mr Sullivan**—A warning to me to be careful about the answers I provide.

**Senator JACINTA COLLINS**—Yes, but there seemed to be—and again I have not closely reviewed the *Hansard*—at the time an implication that Mr Evans was suggesting that other agencies be checked, and there is certainly no reference to that in his letter.

**Mr Sullivan**—I also looked at that. I think it actually referred to a previous question that we had provided and withdrew.

**Senator JACINTA COLLINS**—In terms of corrections.

**Mr Sullivan**—Yes. It was saying that if I allowed an answer to go through which I then discovered that I should not have gone to without another department advising me I could not withdraw it.

**Senator JACINTA COLLINS**—So what you are actually saying is that that earlier case, which is not obvious in the letter, was a case where information was provided but on checking with another agency should not have been.

**Mr Sullivan**—No, it was just a general thing. The discussion was about my caution—and, as I explain to you, it was me—caused by the fact that I asked, 'In asking a question, do we publish this information?' and the answer was no. Then I asked, 'Well, whose is it?' The answer was that we needed to go. In my mind, what triggered my caution about answers was the Clerk's letter about the certainty of answers and not being able to withdraw—that once you provide an answer to the secretariat that is it.

**Senator JACINTA COLLINS**—The correction process?

**Mr Sullivan**—The correction process is not a simple withdrawal matter, as we had done before. It was not alluded to in the Clerk's letter.

**Senator JACINTA COLLINS**—I did not realise it had occurred previously.

**Mr Sullivan**—We certainly had an answer which we provided to the secretary and withdrew. It was a question that had been distributed to the committee members. The Clerk, rightly, basically clarified that and said, 'If you provide it, you should not expect to be able to withdraw at that time.' But in reinstating it and doing it formally, some of the issues you raised, as I said, concerned me as to whether the method of communication we had had provided a clear understanding of the issues that we were asking to be examined. I will do that quite formally now.

**Senator JACINTA COLLINS**—In this particular occasion, to clarify the record, the person I think you referred to as having been tasked with this is different from the person that Treasury advised.

**Mr Sullivan**—A more senior person. I thought one person in the conversation did it—a more senior person—and the other person responded back to me. Serena Wilson and Steve Jennaway were the two there. Serena is the executive director responsible for the coordination of our answers. Steve is the person responsible for our budget development branch. In relaying back to me the Treasury advice, I got that relayed by Steve. I confirmed last night after hearing David Tune that his recollection is right, that it was Serena who had talked to David, past Stephen, who told me.

**Senator JACINTA COLLINS**—Do you know if they actually had a discussion about what assumptions were involved in the forward estimates?

**Mr Sullivan**—Again, that is why I want to formalise things, to make sure that we are covering everything. I do not want to be seen to say: ‘The secretary doesn’t want to give them this. Do you agree?’

**Senator JACINTA COLLINS**—Which you accept is an interpretation of yesterday.

**Mr Sullivan**—Yes, it a possible interpretation of yesterday—without admitting that it is. I want it to be quite formal that this is my concern and would they like to put a view to it, and then we will respond without any possibility of confusion.

**Senator JACINTA COLLINS**—Let me also clarify your evidence from earlier in the week. I think you indicated that on seeing an answer to a question Mr Evans’s letter triggered you to want to ensure that that answer was appropriate to release. Unlike the answer that was sent to Treasury, there was actually a drafted answer which provided the forward estimates.

**Mr Sullivan**—That is right. Your interpretation of what I said was correct. I reviewed an answer—

**Senator JACINTA COLLINS**—Which was not the, ‘This is confidential.’

**Mr Sullivan**—No, which basically outlaid the forward numbers of benefit populations.

**Senator JACINTA COLLINS**—Can you also take on notice to clarify for me whether in the consideration of this issue by your officers and Treasury there was actually a discussion about what the underlying assumptions were and that the particular underlying assumptions were regarded to be confidential?

**Mr Sullivan**—Yes.

[2.25 p.m.]

**Senator JACINTA COLLINS**—We will go to outcome 1.4, Child care support. Take a deep breath for broadband! Informally during the alert—whatever it was earlier—I asked Ms Casey whether we were in the position to fairly succinctly characterise a disaggregation of the now \$225 million in the broadband.

**Ms Casey**—As I mentioned, we are moving into a transition stage over the next couple of years to the new child-care support program. The documents you received on Thursday morning indicated that we now have a program that has \$26 million under quality support, \$60 million under inclusion support, \$138 million under community support and \$2 million under the program support. That is the model that we are moving to. The transition period will be up July 2006. Our current estimate for our program this financial year—2003-04—

provides, under those elements of the program, \$21 million for quality support, \$57 million for inclusion support—

**Senator JACINTA COLLINS**—Sorry, Ms Casey, I was distracted for a moment while you were going into that breakdown. Would you mind starting again?

**Ms Casey**—What I have tried to do here is show you that, under the elements of that program model, which is a new model, this financial year we will have \$21 million under quality support—

**Senator JACINTA COLLINS**—When you say this financial year, do you mean this current financial year?

**Ms Casey**—I mean 2003-04. What I was trying to say was that this is a new model we are moving to, elements of which are in the current broadband. We have grouped together a breakdown for you—

**Senator JACINTA COLLINS**—Of the current financial year?

**Ms Casey**—Of the current financial year.

**Senator JACINTA COLLINS**—That is very helpful.

**Ms Casey**—We have \$21 million for quality support, as opposed to the \$26 million we will have in the future years. Under inclusion support we have \$57 million, and in future years we have \$60 million. Under community support at the moment we estimate \$121 million. That will move to \$138 million. Under program support there is \$2 million, and that remains at \$2 million.

**Senator JACINTA COLLINS**—How much does the current year add up to?

**Ms Casey**—It is \$201 million, and the new model has \$226 million, which is an increase of \$25 million into child-care support programs.

**Senator JACINTA COLLINS**—The budget measure described in the PBS refers to that \$16.3 million figure as supplementary to the broadband. What does the difference between the \$16.3 million and the extra \$25 million specifically relate to?

**Ms Casey**—The money comes from the \$16 million for the additional services in rural and remote areas and support for inclusion. There is money that we got in December for the additional places. Some of that money went to child-care benefit, but there was money that was paid into the broadband, as I mentioned on Tuesday, for operational subsidy, quality assurance and special needs that I identified for you the other day, as well as operational funding. In this budget we got another \$30,000 places, of which there is money there for set-up and establishment of new services and for some funding for special needs, quality assurance and operational support. That was additional money. There was also additional money which I mentioned on Monday, which was the Stronger Families and Communities Strategy money, where we got some additional funding for in-home care and the long day care incentive scheme. That is where the total of the \$25 million comes from.

**Senator JACINTA COLLINS**—So the additional from the stronger families in-home care announcement is also part of that?

**Mr Kalisch**—And the long day care incentive scheme. It is really the whole SFCS package, which has money for the child-care support program.

**Senator JACINTA COLLINS**—As well.

**Mr Kalisch**—Yes, as well as CCB.

**Senator JACINTA COLLINS**—So I am correct in my understanding that the difference between the \$16.3 million and the \$25 million is essentially the broadband components of previous announcements?

**Mr Kalisch**—Yes. Plus there would have been some element—

**Ms Casey**—In the budget there were additional places. More money came into the broadband for those.

**Mr Kalisch**—So the \$16.3 million was on top of some other money in the budget that also went to all of that.

**Senator JACINTA COLLINS**—Yes—other budget measures that also impacted.

**Mr Kalisch**—Yes, on the child-care support program. I just want you to be particularly clear.

**Senator JACINTA COLLINS**—I am just ensuring that we are not double counting announcements.

**Mr Kalisch**—We are just adding up all that is there appropriately—once.

**Senator JACINTA COLLINS**—So the announcement on Wednesday for additional improvements to the broadband, now child-care support program, involves that \$16. million of new money, as well as those other announcements.

**Mr Kalisch**—Yes. What it does is give you the difference between the spending in 2003-04 and future years.

**Senator JACINTA COLLINS**—If we go to those—what are we calling them? Streams? Clusters? Groups? What is the new language?

**Ms Casey**—They are key objective areas. We have not actually given them a name yet, but I am sure people will find an acronym for them very quickly.

**Senator JACINTA COLLINS**—Are you able to break up the key objective areas within that break-up? Are you able to disaggregate within the key objective areas?

**Ms Casey**—Yes, we are. In the new program, under quality support there will be \$16 million for professional support and \$10 million for quality assurance. Under inclusion support, there will be \$25 million for the inclusion support program and \$35 million for the inclusion support subsidy. We have not disaggregated the community support program. There are a variety of measures in that \$138 million. For example, the long day care incentive scheme has a component of that \$138 million.

**Senator JACINTA COLLINS**—The long day care incentive scheme component was part of the \$12.8 million announced, wasn't it?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—What proportion of that \$12.8 million comes from that area?

**Ms Casey**—That is where that money goes. The money comes from Stronger Families into the child-care support program.

**Senator JACINTA COLLINS**—Fully?

**Ms Casey**—Yes, it goes fully into the child-care support program, from which we quarantine it into those elements. That \$138 million will include the money for the long day care incentive scheme, as well as a number of other measures that are outlined in the fact sheets.

**Senator JACINTA COLLINS**—The in-home care scheme too?

**Ms Casey**—The in-home care scheme comes under that as well.

**Senator JACINTA COLLINS**—The total cost of the in-home care scheme will now reside within that stream?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—And the total cost of the long day care incentive scheme will now reside within that stream?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Was that previously the case?

**Ms Casey**—I think the issue with the previous broadband—one of the issues that identified the need to review it—was that the child-care broadband program had mushroomed out of a number of different elements. If you were in the sector and you were trying to understand it, you had a huge number of different programs. What we have now done is simplify the key streams and objectives of the child-care support program and how we might allocate funding around them.

**Senator JACINTA COLLINS**—Did I just pick up ‘streams’ from somewhere, or is that in some of the literature?

**Ms Casey**—You did. I liked your term.

**Mr Kalisch**—To further clarify that, the previous broadband estimates also included funding for the in-home care program, as well as the private provider incentive scheme. So we are giving you consistent comparisons.

**Senator JACINTA COLLINS**—I thought we were saying that it had come out of the Stronger Families funding.

**Mr Kalisch**—It came out of Stronger Families funding but it was included within the nature of the broadband. It has always been seen as part of it.

**Ms Casey**—If you go back to your PBS you will see that, since Stronger Families came in, that money has been identified in the PBS but then moved into the broadband. So there have always been elements indicating where that money came from.

**Senator JACINTA COLLINS**—It is very confusing.



**Ms Casey**—It is.

**Mr Kalisch**—That is why we answer these questions.

**Senator JACINTA COLLINS**—Essentially, all of the Stronger Families programs—

**Mr Kalisch**—The child-care elements of SFCS that are not related to child-care benefit—

**Senator JACINTA COLLINS**—is within this \$138 million stream or others, as well?

**Ms Casey**—No, there is some money in the quality support team.

**Senator JACINTA COLLINS**—As well?

**Ms Casey**—Stronger Families has three elements of funding. One element goes into the quality support stream and the others go into the community support stream.

**Senator JACINTA COLLINS**—One of the areas I am seeking to understand is: what do we mean when we say that we are more narrowly targeting DAS? Are we spending less or more on DAS?

**Ms Casey**—We are not saying that we more narrowly target; we are saying that we better target DAS. Those were the words that I used.

**Senator JACINTA COLLINS**—You will excuse me if my recollection of what I have read over the last several days is not completely accurate.

**Ms Casey**—I just think that ‘narrowly’ gives a connotation that we have cut it back. We have not cut back the funding. The difference is that the new sustainability assistance which is being provided is better targeted and will improve support access to child-care services in rural and remote areas where viability is an issue. So small services which have low utilisation will receive greater support than the larger services. I think small services in rural and remote areas will benefit most from the change. In the past when you received DAS funding if your utilisation dropped so did your DAS funding. The new measure gives a guaranteed base level of funding for those services of at least \$35,000. So they know that they are going to have that guaranteed base. Then it works from there on. I think that is one of the benefits of the new approach.

**Senator JACINTA COLLINS**—Has there been any grandfathering in this proposal?

**Ms Casey**—There is a period of transition for this arrangement. I think it does not come in until 2006, so over that period—

**Senator JACINTA COLLINS**—Can you take me to where it says that this will not come in until 2006. I had a look at the time frame in the documentation but it did not seem as explicit as that, on my first look.

**Ms Casey**—That is in the question and answers, and I think it is also in the fact sheet but I would have to check on that. On page 3 of the questions and answers it has the question, ‘When will the changes happen?’

**Senator JACINTA COLLINS**—The answer is, ‘1 July 2005.’ And above that it says that the date is 1 January 2006 for the new support program.

**Ms Casey**—Sorry, it is 1 July 2005 when the sustainability and utilisation support will come into place. Over that period we will be working very closely with the sector and with

any services that will be impacted by this. Many services will receive significantly more funding than they have in the past and there will be a small number of services which may have a reduction in their DAS funding. The aim of the program is child-care support so the objective of this new funding is to provide viability and sustainability assistance to services that are struggling. So we are not looking to see any service struggle or have difficulty with viability. We are about better targeting the funding that is there for them.

**Mr Kalisch**—Another aspect that you might want to look at is that the facts sheets in the kit often have an element of ‘When will this start?’ That gives you clarity around the different components and the transitional arrangements.

**Senator JACINTA COLLINS**—I think I had seen ‘When will this start?’ on the back of the main document with the message from the minister on the front page.

**Ms Casey**—Each of the measures, like sustainability assistance fact sheet 6, says what the program will do, how it will work, how it will affect services, how it will help families and when it will start. So everyone has when it will start.

**Senator JACINTA COLLINS**—What you have told me about DAS is that the magnitude of its present funding will remain around the same but it will be spread differently. Does that adjustment include a focus on different regions?

**Ms Casey**—Again, the determinants for the funding under this new arrangement will be around areas that are identified as areas of high need. As we said the other day, we will be working to identify those areas and ensure that services in those areas that meet the requirements of the guidelines will be funded.

**Senator JACINTA COLLINS**—How will that change from the present assessments of areas where DAS assistance is directed?

**Ms Casey**—It will be fairly much the same.

**Senator JACINTA COLLINS**—So the real difference is an adjustment of the formula of how much different services get in terms of their utilisation rates, as opposed to particular locations that services are in.

**Ms Casey**—There are two elements. One is ensuring that those services that really need it are funded. In the past, as I mentioned, smaller services missed out because as their numbers dropped off they lost their DAS funding. Now their level of funding will be guaranteed for the period that they get it. The other issue is guaranteeing their level of funding, so services will know from the beginning that they are entitled to, for example, \$35,000, because it is based on their licence places, not on their utilisation figures. Before we paid our funding formula around utilisation; now we pay it around licence places. It is more fairly distributed.

**Senator JACINTA COLLINS**—Are there any areas currently funded under the present broadband where the level of support will be reduced? The first example that comes to my mind is that part-time subsidy for family day care.

**Ms Casey**—Overall there is no decrease in any of the elements of the funding. So for example the funding that we currently pay to family day care has not reduced—in fact, it has grown substantially. The family day care part-time subsidy is 1.2 per cent of their total funding, which is over a third of the child care support program. So it is very small.

**Senator JACINTA COLLINS**—What is that in total figures?

**Ms Casey**—There is \$850,000 for the part-time operational subsidy, which is 1.2 per cent of the total.

**Senator JACINTA COLLINS**—There were also some issues about that subsidy as to whether it was fairly distributed amongst service providers, weren't there? Some used it; some did not.

**Ms Casey**—Some of the feedback we got through the consultations that Community Link ran and the feedback around that subsidy was that it was not targeted in the right areas, that some people who really needed it were not getting it because they missed out and that other areas were receiving it when they probably did not need it. So an element of the new program is to look at how we provide support to family day care schemes in the best and most equitable and targeted way, and this was a measure. Again, we would be working with those services that might be impacted by any change to ensure that they did not face any viability issues.

**Senator JACINTA COLLINS**—Were there any other areas where there has been—

**Ms Casey**—Overall, every area in the child care support program has either maintained its current funding or they have had, in some cases, quite a large increase in their funding. However, there are elements—for example, the rural travel assistance grants—where some services, particularly in rural and remote areas, were not eligible because they did 51 kilometres instead of 61 kilometres, and they missed out on getting their funding. So, we have changed the formula to ensure that it is much more equitable in a way that means that those services that do really need that travel assistance grant can get it. There may be a small number of services that receive some reduction. Overall, though, a number of services will now receive funding that never got it before. Again, we would work very closely with those services on the transition arrangements relating to any of those elements.

**Senator JACINTA COLLINS**—So if you are a large service presently operating under DAS and this formula has potential impact on your future viability, what will occur?

**Ms Casey**—Now, and in the transition period, our state and territory officers would be identifying every service that they currently provide the funding to and looking at the impact. Where it is a negative impact, they would be working with that service individually to say, 'Under the new arrangements, this is what you will be entitled to and this is how we would plan to transition.' If it showed that any of those services were not able to make the transition within the time frame, they would then be able to look for some additional funding through other measures. We have utilisation subsidies which are available to services receiving sustainability assistance. If they really are struggling, we also have the budget funding that is available under the new program to support those services. I would reiterate that our aim is actually to keep those services operating. However, we would be looking at why a long day care service that had over 80 places being fully utilised in a rural or remote area, for example, was suffering severe financial hardship, because a lot of the viability issues for services are around the utilisation of services.

**Senator JACINTA COLLINS**—So the suggestion may be, in those circumstances, that in terms of ongoing viability an adjustment to fees might be the more appropriate way to look at funding into the future?

**Ms Casey**—No. I think what we would do is, say, look at what their current situation is. For a long day care service with 80 places in a rural area that is utilising the majority of its places and should be sustainable and viable without that support, I would want to ensure that we were looking at the mitigating factors. It may well be to do with some of the demographics. It could be something to do with the industry that is in that area. It could be something to do with the travel arrangements or where people work. If they are mitigating factors then we would look at what other assistance we could provide to that service, on a very justified basis, to keep it operating. But if it is receiving funding under this model, that is probably more than they really need to remain viable, and that is the aim of the measure: to actually ensure that the funds that are available are going where they are most needed.

**Senator JACINTA COLLINS**—I understand that—and, ultimately, if that is the outcome the issue then does become that if all of those circumstances prevail the fee structure should be adjusted.

**Ms Casey**—It could be a factor, yes.

**Senator JACINTA COLLINS**—When might we be able to see a more disaggregated break-up of some of the larger streams? How long do you think that might take?

**Ms Casey**—We are currently working through our forward estimates for the next financial year with our state and territory officers. But, as I mentioned, we are actually going through a transition phase and, as you know, we have extended contracts under the current broadband arrangements for 18 months. However, we are still negotiating a number of those contracts. Until we finalise the negotiations and put that into the forward estimates, next year will be a mishmash of the new and the old program. So we can start to work forward some of the funding, and we are doing that work now—for example, on the special needs and inclusion support subsidy. With the funding that we get under the new inclusion support subsidy, which comes into effect from 1 July, we can work out our estimates and start to do our projections on that. We will still be working on some of the new service assistance that is set up, and we will not know yet how much we are going to project for that. So next financial year will be a mishmash of both, and I would hope that by mid-July we will have an estimate of some of what we predict for next year.

**Senator JACINTA COLLINS**—Mid-July this year?

**Ms Casey**—That would be my estimate of when we would have some indication. Again, as I said the other day, our program is such that those estimates change significantly from month to month, and particularly from quarter to quarter, depending on those demand-driven elements of it and how they are working. A good example is the in-home care scheme, where we factor in setting up a new in-home care service and allocating places and the funding that we would be providing, and then the service may find that they do not have the clients, the families, who need it, so they actually do not utilise that funding.

**Senator JACINTA COLLINS**—No, I understand.

**Ms Casey**—So it does change considerably.

**Senator JACINTA COLLINS**—But you would understand that, for public accountability purposes, it is important for us to be able to understand, for instance, this question that I will come to. In the question and answer document, under long day care, you talk about there being a set-up assistance grant to support the establishment of community based services in an area of identified need.

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Is that a new program?

**Ms Casey**—That is part of what the objectives of the broadband were. We got additional funding in this budget, as you know, to set up new services.

**Senator JACINTA COLLINS**—Is that the sixth of the children's services?

**Ms Casey**—No, there are 13 new services—

**Senator JACINTA COLLINS**—Sorry, the sixth of the non-Indigenous children's services.

**Ms Casey**—of which we anticipate that at least six will be Indigenous services. It could be more, depending on where our areas of high unmet need are. But we anticipate that, of those 13 services, at least six will be Indigenous services.

**Senator JACINTA COLLINS**—Yes, but in this reference under long day care in the question and answer section we have the first point, which is the long day care incentive scheme. That is the \$12.8 million.

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Then we have the next point, which is the set-up assistance grant to support the establishment of community based services as an area of identified need. Some of that, presumably, comes from the extra \$16.3 million put into the broadband, as was indicated in the budget measure?

**Ms Casey**—No, that is in addition. The \$16 million is specifically for additional funds for us to set up new services in areas on top of the work that we currently do to provide support to services setting up in rural and remote areas. The long day care incentive scheme is one element. We have some money now, on top of that, into that \$137 million, to look at how we can best utilise that total sum to provide support to services—not specifically; it could be some flexible and innovative services or it could be some of our hub concept. So it is actually looking at what is the best way to meet the child-care needs of services in rural, remote and high-need areas.

**Senator JACINTA COLLINS**—What I am trying to quantify here is the amount envisaged at this stage—and I know you cannot be precise—for set-up assistance for the establishment of community based services. I know that in part it involves the cost of 13 children's centres—although I would like you to quantify what component of the additional \$16.3 million relates to that—and perhaps something further.

**Mr Kalisch**—Part of the difficulty is that the long day care incentive scheme just put out an invitation for people to provide applications to set up centres, which goes across both the private and the community sector. So until that process is resolved, we cannot give you a

figure on what the split up will be in that long day care incentive scheme money between private and community.

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

**Mr Kalisch**—I am just saying that this is part of the difficulty we have in answering the question you asked. We really need to go through that process, which will be completed relatively quickly, before we can give you a sense of how that money will be split into the community sector providers and the private sector providers. We need to do that assessment. It would be premature and in fact quite improper for me to give you an estimate of that at this stage while we are still assessing bids. We have not even received bids at this stage.

**Senator JACINTA COLLINS**—I am not asking that question. We are at cross purposes at the moment. I thought that the long day care incentive scheme was for two years operational support. I am trying to comprehend what other set-up assistance—

**Ms Casey**—I probably need to clarify that. In the long day care incentive scheme, services get a one-off commencement funding of \$25,000. Then they get incentive funding, which is the money that is paid over two years. That is based on \$30 per utilised place for children under 24 months and \$15 per utilised place for children over 24 months. Then they get utilisation support, which is on top of that. So they get three elements under that. Under the other assistance that is provided through this program, a service can get a set-up assistance grant, which, for a new family day care or in-home care service, for example, would be \$12,000. Then they are able to get viability assistance after that—utilisation support.

**Senator JACINTA COLLINS**—It may have been indicated elsewhere in this document; I am pretty sure I saw a reference in one of the streams to capital support. I am trying to quantify that.

**Ms Casey**—Under that stream or element, when it was available we would have funding for minor capital upgrades, such as what we have got now.

**Senator JACINTA COLLINS**—The reason I noted this in particular was that it appeared to be a reference for capital for new services, but correct me if I am wrong. I am just looking for it at the moment.

**Ms Casey**—All new services would be entitled to their establishment. You are probably looking at page 12, where it says that capital assistance may be available on a priority basis where additional support is needed to upgrade existing services.

**Senator JACINTA COLLINS**—Is this on page 12 of the question and answer?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—That would be it.

**Ms Casey**—This is where services would be available to apply for assistance to upgrade their service, as has just happened in the minor capital upgrade round. However, the objectives and elements of that community support program do not preclude it. In fact, we would encourage arrangements of working jointly with state governments where we would match funding for establishment of services. We would continue to support that element of that program.

**Senator JACINTA COLLINS**—Now that I have looked at page 12 I am pretty sure I read somewhere else that there would be potential for capital support for the establishment of new services rather than just upgrading existing services. Unfortunately, I do not seem to have that reference at hand.

**Ms Casey**—I do not think that that would have been there. We have mainly set up where we can provide assistance to services to get them over the hump of being viable and establishing themselves. The long day care incentive scheme gives the \$25,000 one-off grant for them to set up. We would continue to have our minor capital upgrade.

**Senator JACINTA COLLINS**—The basis of my misunderstanding is that, in the document with the message from the minister, its implementation timetable indicates that there will be a set-up assistance grant for new services. But you are explaining to me that that is actually a component of the next dot point, which is the long day care incentive scheme. Is that correct?

**Ms Casey**—Yes, or they can get set-up assistance funding, depending on the type of service they are.

**Senator JACINTA COLLINS**—If it is family day care or something else?

**Ms Casey**—Yes. However, as I said, our state and territory offices would work with state and territory governments where there were joint ventures, and we would match funding. That flexibility is still available in the new program.

**Senator JACINTA COLLINS**—Can you quantify that for me in terms of present practice, for instance? What is the order of the capital assistance that has been provided to date?

**Ms Casey**—It is not a great deal because, as you know, a decision was made not to continue that major capital funding.

**Senator JACINTA COLLINS**—I asked you this on notice as we ended up the other day, didn't I?

**Ms Casey**—Yes, I did provide you with that and I have some further information too.

**Senator JACINTA COLLINS**—Was it in that big pack earlier?

**Ms Casey**—Yes. I have some further information to table in response to the questions that you asked the other day.

**Senator JACINTA COLLINS**—Perhaps doing that now might be productive.

**Ms Casey**—If you do not want me to go through these I will table them.

**Mr Sullivan**—I have another one to table.

**Senator JACINTA COLLINS**—Thank you. Ms Casey, do you have the usual information that you provide us in relation to CCB?

**Ms Casey**—Yes, I have just tabled the update we have, which is an update on the number of corporate provided services.

**Senator JACINTA COLLINS**—So you have tabled it even before I asked the question?

**Ms Casey**—I just did it then. I anticipated you would be asking.

**Senator JACINTA COLLINS**—I told you 1.4 was much better!

**Senator Patterson**—Do not complain about the speed of response.

**Senator JACINTA COLLINS**—I am not complaining, Minister. I said just the other day that my experience with 1.4 is very positive. Is that information consistent with how you have provided those answers in the past?

**Ms Emerson**—That is correct.

**Senator JACINTA COLLINS**—I ask that because we sought some similar and some different information on a question we put on the *Notice Paper* but unfortunately the answer we got back on that question was that that task was insurmountable for the department, which surprised me. I thought at the very least you might have been able to present to me an update on at least what you usually conduct.

**Ms Emerson**—We have updated all the information that we have that we usually provide. The question you asked on notice was a very extensive question. We literally do not have that sort of information to give without extensive resources being deployed.

**Senator JACINTA COLLINS**—Okay. Can I assume that over and above what I usually ask those other areas were simply too problematic or should I more carefully review what I asked and see if there are ways in which I can present my questions that might be more useful?

**Ms Emerson**—I would suggest most of those questions were actually very problematic, but there might be some elements which, if you want a more simple answer, we might be able to provide.

**Senator JACINTA COLLINS**—To save time here and now, could I have confidence that you will review that?

**Ms Emerson**—Of those questions there were probably only two or three that we could answer.

**Senator JACINTA COLLINS**—That is fine. Give me answers to the two or three and then I will do a more detailed assessment and come back to you again if there is any need.

**Ms Emerson**—All right.

**Senator JACINTA COLLINS**—Did we get earlier in the week all of our usual information on the number of places?

**Ms Casey**—I gave you all of that information on Tuesday.

**Senator JACINTA COLLINS**—All of it?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Did that cover the breakdown as to private providers, listed companies and those sorts of areas?

**Ms Casey**—That was one of the questions that I responded to. I gave you the answers on that.

**Senator JACINTA COLLINS**—Just now?



**Ms Casey**—No, on Tuesday I tabled that one. It was a break-up of the service applications by private provider and by community based ones and by privates. Is that what you asked for?

**Senator JACINTA COLLINS**—Yes. That is one that I just do not recall.

**Ms Casey**—I tabled that on Tuesday.

**Senator JACINTA COLLINS**—I am sure the secretariat can come back to you if there has been some misunderstanding about those.

**Ms Casey**—I handed it in on a printed sheet.

**Senator JACINTA COLLINS**—I think it has been emailed to me, which is why I have not sighted it yet. In the alarm earlier we had the discussion over whether the present data I have got on the current disaggregation of the broadband was the most up to date. I did not get the chance to subsequently check that. Have you, Ms Casey?

**Ms Casey**—What I gave you at the February estimates was our forward estimates. We are still working on a month-by-month basis on the changes to that aggregation.

**Senator JACINTA COLLINS**—Is that something you can provide me with on notice?

**Ms Casey**—I could do that. I could give you an update probably to the end of the financial year.

**Ms Emerson**—Senator, you asked yesterday for some operational costs for the Child Care Access Hotline. I can provide you with that now if you wish. Our estimate for this year is \$650,000. The year-to-date expenditure is \$601,758.

**Senator JACINTA COLLINS**—Thank you. Have we got any evaluation of calls that come into the hotline?

**Ms Emerson**—We have the evaluation report that was presented at the last hearings. I do not think I have any more up-to-date information.

**Senator JACINTA COLLINS**—I would like to keep up to date on that. The family day care people, for instance, were most impressed that we could actually get a breakdown of the success of their lobbying campaign on the operational subsidy. But that was more related, I think, to ministerials and correspondence as opposed to the hotline calls, wasn't it?

**Ms Emerson**—Yes.

**Senator JACINTA COLLINS**—Are you able to give me a breakdown of ministerials, correspondence or concerns raised in relation to long day care?

**Ms Casey**—I would have to check on whether we could do that break-up. It is not something I have on record that I could give you. But our ministerial unit may have that.

**Senator JACINTA COLLINS**—I would like it in the same sorts of terms that you might identify particular areas in your reporting in the annual report. I am curious if there is such an indicator in relation to concerns.

**Ms Casey**—Are you looking for what the major concerns were?

**Senator JACINTA COLLINS**—Yes. Whether it is accessing places—

**Ms Casey**—We do not get a lot from long day care centres. Some of the concerns would be around quality accreditation.

**Senator JACINTA COLLINS**—I do not just mean from centres; I also mean from customers with respect to accessing centres.

**Ms Casey**—We do not have a lot, but it has just started. I do not recall us having lots of ministerial correspondence.

**Senator JACINTA COLLINS**—It is not just ministerials; it is departmental/ministerial/hotline calls. I am interested in that whole area.

**Ms Casey**—We will take that on notice.

**Mr Kalisch**—We will see what we can get you but, as Ms Casey said, I cannot recall seeing a lot of activity in the area.

**Senator JACINTA COLLINS**—We have been provided with the guidelines for the Long Day Care Incentive Scheme. Are there any other guidelines available at this stage that relate to the new child care support program?

**Ms Casey**—The in-home care program?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—They are the normal program guidelines.

**Senator JACINTA COLLINS**—They have not changed?

**Ms Casey**—No. We are currently still working on developing a lot of those guidelines and there is a transition period. We would be developing those guidelines in conjunction with the sector as well. We get our state and territory offices and our national office to work together in putting them together. Then we consult with the sector and work through the implications of the guidelines before they are promulgated. Whilst we have still done some preliminary work, many of those are not in a state where we would be putting them up on a web site without that further consultation. When we met with the child-care reference group yesterday, we talked about working through and developing those guidelines with them, and they were very pleased to hear that.

**Senator JACINTA COLLINS**—So is the web site my best indicator of when they become available?

**Ms Casey**—We would be putting any new guidelines up and we would also be alerting the sector to them.

**Senator JACINTA COLLINS**—Are the long day care incentive guidelines up yet?

**Ms Casey**—Yes, they are.

**Senator JACINTA COLLINS**—Going back to our earlier discussion about DAS, when are you likely to have a reliable estimate of how overlaying the existing DAS will impact on existing services? How long do you think the process you discussed earlier will take?

**Ms Casey**—When will we know which services will be impacted on? That process will be starting with our state and territory offices now that the minister has launched the program. I

anticipate that over the next few months we will be identifying that and working with the sector on that.

**Senator JACINTA COLLINS**—Will it take six months, or do you see it being resolved earlier than that?

**Ms Casey**—I would say it would be within the next six months that we would have an indicator and would be talking with the sector about those issues.

**Senator JACINTA COLLINS**—In light of our earlier discussion, some of the questions I originally intended asking are probably premature. One issue I was trying to gauge was how much time it will take existing services to understand whether or not they are likely to have access to continuing support?

**Ms Casey**—I think services will be able to gauge it fairly quickly. It was interesting that, when we met with the child-care reference group yesterday, they already seemed to have a fairly good appreciation of the key elements of the program. I think individual services, once they start to look at the new program and the assistance available, will be able to see very quickly what sort of funding they will get and whether it will have an impact on them. In some cases they will be waiting for 1 July 2005, when they will get more money. I think individual services will probably come to an appreciation very quickly of where they sit in the picture.

**Senator JACINTA COLLINS**—How long will it be before the department can say, ‘Yes; we envisage at 1 July X number of services will no longer be eligible’?

**Ms Casey**—I think we have a fair idea of that already from the modelling and the work we have done in developing the policy elements of this.

**Senator JACINTA COLLINS**—Can you tell me?

**Ms Casey**—We need to quantify some of that and to identify individual services. For example, a lot of our modelling will have been done purely on numbers and regions. We now need to drill down into: what is the name of that service? That is the work we will be doing with our state and territory offices. I think we will need a few months to work on that. But again I would be careful about saying ‘a few months’ because there are so many different elements of this program we need to work on. Because of the time line, some areas are of higher priority than others where there is time for us to work over a longer period. For example, our new professional support program is one of the earlier elements of the program that we need to start working on in getting our expressions of interest out and getting that arrangement happening. So that will be part of the department’s workload priority—to ensure that we have the resources looking at the professional support element and how we are going to implement that and work with the sector to get that program going.

There are other elements, such as the increase in the rate for the special needs subsidy to the new inclusion support subsidy, that require some minor adjustments to the guidelines and changes of words and circulation to the sector. There are various elements, some of which will be more complex than others, so I would put some boundaries around saying that in the next six months we will have all this done. We are working on a transition and implementation plan for the next 18 months.

**Senator JACINTA COLLINS**—But you indicated before, specifically in relation to DAS, that your modelling has told you how many services you expect will lose access to DAS. Can you tell me what that is and how it plays out across the different states?

**Ms Casey**—No service will actually lose access to DAS. Everyone who currently gets DAS will get DAS. There will be some reduction in some services, particularly those that have utilisation of over 30 places. Some of that will be small, in the vicinity of \$2,500, and it could go up to higher amounts. Again, we would identify those services and start to work with them.

**Senator JACINTA COLLINS**—What are the higher amounts that your modelling indicates?

**Ms Casey**—\$13,347 and then there is a small number that would be around \$60,000, but they have utilisation of over 80 places.

**Senator JACINTA COLLINS**—Perhaps you can tell me what the modelling actually shows. How many centres will lose small amounts such as \$2,500, how many will lose amounts in the order of \$13,000 and how many might lose amounts in the order of \$60,000?

**Mr Kalisch**—It might help if we actually gave you the full picture, not just the losers. There are quite a number of centres from the modelling that will gain.

**Ms Casey**—I would need to give you some updated information. For example, 67 small services will receive an additional average increase of \$12,000. That is one of the more positive aspects of the program, but this was based on modelling that we did in the development of the policy. We would need to go back and look at the current update on the utilisation rates of those services and what they currently receive. That is the work that I am saying we need to start doing. We did this modelling several months ago in developing the policy. We now need to go back and say, 'We looked at those figures then,' and we would work again with all of those services to look at what the factors are that mitigate why they should need additional funding.

**Senator JACINTA COLLINS**—So 67 will get an additional amount in the order of \$12,000.

**Ms Casey**—It could be more.

**Senator JACINTA COLLINS**—On the other side of the ledger, can you quantify for me the numbers that fit in those earlier ranges you were talking about?

**Ms Casey**—Just over 80 larger services would lose around \$18,000.

**Senator JACINTA COLLINS**—Are these all the services you said were in the order of 80 places?

**Ms Casey**—Yes, with between 40 and 80 place utilisation.

**Senator JACINTA COLLINS**—So they have a place utilisation of between 40 and 80.

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—Is that all 80-place child centres?

**Ms Casey**—No. The ones that I said were in the vicinity of \$60,000 would be 80-place utilised services.

**Senator JACINTA COLLINS**—How many of those are there?

**Ms Casey**—I do not know that. There is a very small number.

**Senator JACINTA COLLINS**—How many are there in that \$13,000 range?

**Ms Casey**—Again, I cannot quantify that either. I can say that there were 87 larger services that would lose an average of \$18,200.

**Senator JACINTA COLLINS**—Sorry, can you go back over that last figure?

**Ms Casey**—This is prior history: 87 larger services would lose an average of \$18,200. When I say ‘would lose’ I need to qualify that. Under the current sustainability assistance they would lose. It does not mean that they might not get some budget funding or they might not get some utilisation support funding under our new model as well.

**Senator JACINTA COLLINS**—Or upgrade funding.

**Ms Casey**—Yes. There are a number of funding arrangements, and we would be working with them to see whether they qualified for utilisation support funding or some minor capital upgrade funding and to see where they fitted into the scheme of things. If they had those serious mitigating factors they would be entitled to apply through the department for budget funding to assist them in the process.

**Mr Kalisch**—I think that is an important point. You cannot just use these figures on face value. There are other aspects of the new child care support program that could well impact upon these larger services. They may face a reduction in funding in this component but they could receive funding through other components of the support program. The other thing is, as Ms Casey pointed out earlier, that these were very preliminary estimates based on the best information we had at the time and we would be seeking to improve that information before we could give you a totally accurate perspective on this. They are very indicative around this one component and, as such, do not really give you an accurate picture of what will actually happen. They give you a sense of what this change in this particular component will mean but not what is going to happen to these services as a whole.

**Ms Casey**—The key element of the redevelopment was to ensure that families particularly in rural and remote areas were able to receive the support they needed in child care. We need to ensure that the funding the government gives to child-care services is targeted appropriately. We need to look at whether the funding is going to the right places in the right amounts. Overall, no streams or elements have actually had any reduction in the funding. We may have targeted that funding more appropriately.

**Mr Kalisch**—I think this is one area particularly where it is around sustainability funding where, after having a look at the current broadband, we have started to question the way in which it was constructed in terms of delivering sustainability to those centres that need it most. Certainly this is directing more sustainability funding to the smaller centres, where they have lower utilisation rates, than to the larger centres. So it is reshaping and shifting the balance quite appropriately.

**Senator JACINTA COLLINS**—Do we have a list of the current DAS identified locations, regions, areas?

**Ms Casey**—I am pretty sure that I have provided that to you in the past or it may be the information that I have tabled today. I have provided it in the past, I am sure—in the last estimates.

**Senator JACINTA COLLINS**—Is it on the web?

**Ms Casey**—The regions of DAS?

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—I am not sure whether it is on the web but I will just have a look at my questions from last time. Last time you asked me for details of the committed and spent funds, eligibility criteria, details of the process undertaken of seeking approval and details of those that have applied for DAS by state and territory and local government planning area and their success rate.

**Senator JACINTA COLLINS**—Were there applications in all the eligible areas? I suppose that is the issue. None of those questions actually get to that question, which is: what are all of the eligible areas?

**Ms Casey**—I guess that is something that our state and territory offices do on a regular basis because of the close associations with the sector. If they are working with a child-care service that they know is in an area they will tell them that they are eligible for DAS. It is not something they need to apply for. If they are in an area and they are eligible, they can get it.

**Senator JACINTA COLLINS**—I understand that, Ms Casey. The way that earlier question was framed does not necessarily lead to the provision of a list of all eligible areas for DAS, and that is what I am trying to get to at the moment.

**Ms Casey**—Under the new arrangements—which are the ones we need to look at for the future—as we said on Tuesday we would be looking through the range of data that is available to identify what is an area of unmet need and demand.

**Senator JACINTA COLLINS**—I thought I recalled that the DAS areas were going to remain pretty much as they have been. I might be wrong.

**Ms Casey**—It is currently rural and remote areas. That is where we would be looking to continue to provide that support.

**Senator JACINTA COLLINS**—I understand that. I am just trying to work out what the parameters of that are—the boundaries of rural and remote. Do you have a definition that is applied?

**Ms Casey**—We use the ARIA data for that.

**Senator JACINTA COLLINS**—The private provider incentives will continue—they are essentially grandfathered, aren't they?

**Ms Casey**—Anyone who has received private provider funding continues to receive it. That will be part of our forward projections for next year, so they get their funding for two

years—unless they choose to come off it and go onto CCB funding prior to that, in which case we would use the additional dollars for the Long Day Care Incentive Scheme.

**Senator JACINTA COLLINS**—Are there any children and services that were eligible for SUPS, DSUPS and SNSS payments that you anticipate will not be eligible for inclusion support subsidy under the new arrangements?

**Ms Casey**—Any child who is receiving SNSS will continue to receive it. The inclusion support program is around providing support to all children with special needs. That will continue, but under an enhanced framework. DSUPS arrangements have changed. DSUPS and SNSS have now been joined together, so there will be new arrangements coming in for the DSUPS program—it will be part of the new inclusion support subsidy. But any provider that is receiving DSUPS at the moment will continue to receive it while we move to the new arrangements, and then we will be working through transition arrangements.

**Senator JACINTA COLLINS**—Does your modelling on this identify areas where children presently attracting DSUPS or other inclusion support payments will no longer be eligible?

**Ms Casey**—The child does not receive it but the carer—

**Senator JACINTA COLLINS**—Or SNSS. I am talking about the whole range of inclusion support payments.

**Ms Casey**—We will need to work very closely with the family day care sector to implement the changes to that whole arrangement around DSUPS, because there will be changed arrangements. I think one of the benefits is that under the new arrangements carers and schemes in family day care will have access to the inclusion support subsidy, which they have not had in the past. They will also have a far greater and enhanced arrangement whereby our new inclusion support workers will be working with the carers and the scheme to provide additional support and training. That is something the family day care scheme is quite delighted about—that they will now have access to those arrangements. For example, a family day care carer in the past may have received DSUPS as part of an arrangement whereby they got additional funding to have the children but they did not get the support. So if they had three or four children in their care and they wanted to take those children out on an excursion, they were not able to get access to an additional carer and they were not able to get access to the training and the support that they might have needed in looking after those children. Those arrangements will certainly be enhancing the support that is available for family day care.

**Senator JACINTA COLLINS**—The question and answer section highlights that Queensland will not be returning to having an IST provider until the new program is implemented. What is the reason for that?

**Ms Casey**—It does not say it will not be. What we are actually doing with the Queensland service is that they will be part of the new arrangements for the professional support model that will be implemented. However, we realise that there is a transition period for that, so we will be working closely with the sector—we have already started to do some work there—at looking at where the gaps are, particularly in rural and remote areas, and how we can get some one-off assistance support to meet the gap. All states and territories will come under the

new model, as will Queensland, but in the interim period we will be looking at how we can meet the gaps in the service support that is required in Queensland.

**Senator JACINTA COLLINS**—So in the interim period you will be directing support. How long do you think it will take before some of that starts occurring?

**Mr Casey**—We have started work on that now to look at where the gaps are.

**Senator JACINTA COLLINS**—No, I mean in terms of actual delivery.

**Mr Casey**—What we would anticipate doing in the current contracts and the service provision that we have with the current providers is looking at providing some additional funds for them to meet the needs in their current arrangements for where the gaps are. Does that make sense?

**Senator JACINTA COLLINS**—It does, but it still does not answer when we think the delivery might actually occur in some of these areas in Queensland.

**Mr Casey**—We are looking to finalise those funding agreements for 1 July. We will look to see how we can do that from then on.

**Senator JACINTA COLLINS**—Going back to the additional children's centres, what is the estimated cost of providing those 13 centres?

**Mr Casey**—That is \$2 million per year.

**Senator JACINTA COLLINS**—What is your estimate for the CCB cost associated with providing those centres?

**Mr Casey**—I think it depends on the nature of the service that we would establish. Some of them may be fully funded from the child-care support program. We are aiming to move the new services to CCB as soon as they are able to be moved to CCB. However, for a particularly remote area that may not be feasible and they may need budget funding completely from the child-care support program. Some of them may just need some utilisation support and some set-up funding, and then they may claim CCB. What elements are needed would be something we will have to factor in when we do our modelling on those services.

**Senator JACINTA COLLINS**—So you have not factored it into the budget forecasts for CCB yet?

**Ms Emerson**—They would be fairly minor costs compared to the size of the quantum of CCB.

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

**Ms Emerson**—So they do not actually register.

**Mr Kalisch**—Can we get back to you on that one? I would like to clarify exactly what was in the CCB estimate.

**Senator JACINTA COLLINS**—Yes, I am still confused because some announcements include a costing for CCB and some do not. In some cases it is fairly likely that they will involve CCB related places during the budget forecast period, but I am not clear on whether that has been accounted for or not.

**Mr Kalisch**—We will come back to you on that.



**Ms Emerson**—I understand on that particular measure you were just talking about though that there was no component factored in for CCB because in the time frame we were looking at over the forward estimates there would not have been any CCB component.

**Senator JACINTA COLLINS**—Of those centres?

**Ms Emerson**—Of those particular ones, yes.

**Mr Kalisch**—We will check that for you.

**Senator JACINTA COLLINS**—Can you explain how each of the amounts for set-up assistance grants were determined or calculated? What is the rationale behind those amounts?

**Ms Emerson**—They would have been worked out based on what current support is provided to those services. It would also have been based on what information we have around the requirements for setting up a service, what factors would be taken into account and what would be a contribution. As we say, it is only a contribution to the set up of those services. The other thing would be the relativities between service types and what they require to establish service.

**Senator JACINTA COLLINS**—When you talk about contributions to the cost, do you have an average estimate of the costs involved in setting up a new long day care service?

**Ms Casey**—We would have some data around, but there is a whole range of costs. Some is the capital cost, as you know, of setting up a long day care centre, which can be around or up to \$1 million, in my understanding.

**Senator JACINTA COLLINS**—Someone suggested to me that the average was about half a million.

**Ms Casey**—I guess ‘up to a million’ could include that. It depends on the service. I think what you are talking about is a whole range of services here. To set up a service in rural and remote Australia is more costly in some of the capital costs because of the distance and the costs of setting up a service; however, in metropolitan areas, it is more expensive because of the land and the real estate. It is a huge spectrum of how much it costs to set up a service. There are elements such as recruitment, telephones, setting up, purchasing of toys and equipment that we have a feel for, but, again, it depends on the size of the service. If you are setting up a 20-place service as opposed to a 80- or 100-place service, it is quite significant.

**Senator JACINTA COLLINS**—Is there any capital assistance funding available for outside school hours care?

**Ms Casey**—Outside school hours care may be available to receive minor capital upgrade in the future. We discussed this with the child care reference group yesterday. We will have funds available in the future at various times to fund capital upgrades. We have just gone through a major round but, when that funding does become available and we go for another, it would be based on the priorities at the time of where that capital upgrade assistance is required.

**Senator JACINTA COLLINS**—So still essentially capital upgrade rather than start-up capital.

**Ms Casey**—Yes. However, as I said before, if a state government wanted to work with us on a model of setting up a service in an area, we would be open to working with them on that.

**Senator JACINTA COLLINS**—Are there any changes in terms of administration of the new Child Care Support Program?

**Ms Casey**—Can you clarify ‘administration’? As far as the arrangements—

**Senator JACINTA COLLINS**—Within the department.

**Ms Casey**—No, we will still be monitored and managed financially, and the arrangements are from our national office in conjunction with our state and territory offices.

**Senator JACINTA COLLINS**—Any increases in the overall administration costs, though? Higher number of staffing? Internal resourcing? Any changes on that score?

**Ms Casey**—I think there is a small increase in the budget funding that was provided.

**Senator JACINTA COLLINS**—Do you know what the quantum of that is?

**Mr Kalisch**—But, as Ms Casey mentioned, it is staying at around \$2 million for both the new and old model of the Child Care Support Program. Or are we talking about departmental costs?

**Ms Casey**—Departmental costs.

**Senator JACINTA COLLINS**—Yes. Of around \$2 million.

**Ms Casey**—In the departmental funding we got a small increase. The majority of that, I understand, went to our state and territory offices to assist with the allocation of places and with the implementation of the Long Day Care Incentive Scheme and in-home care places. The majority of that has gone to our state and territory offices. It was a very small amount of funding, and most of the program administration will continue as it has from our national office.

**Senator JACINTA COLLINS**—I am just making a quick scan of anything else I highlighted in this documentation and of what you have just provided to me. If I do not identify anything further, we might have just about wrapped up output 1.4, and I will then put on notice further questions that arise from any of the additional material. It is interesting to note from the question and answer document, for instance, that the material is now highlighting the unique nature of family day care. I turn to the answer in terms of the areas that were identified as having high unmet need for PPI. What is the scope of those areas? For instance, in Victoria we have Moorabool. What sort of locality is Moorabool? As a Victorian, I cannot even think of where Moorabool is!

**Ms Casey**—I have even less hope! It would have been done by our state and territory offices, working with the data that was available as to where the priority needs were in Victoria. It would probably be based—

**Senator JACINTA COLLINS**—Under the previous rural and remote restriction.

**Ms Casey**—Yes. It would take into account the data I gave you on Tuesday around the number of children in those areas and the number of places that were available through any

child-care service, whether it is family day care or outside school hours, per child. So in that area there is probably a very high shortage of places per child.

**Mr Kalisch**—We are all intrigued here, Senator. We will try to pinpoint it on the map and give you a map—and give ourselves a map of Victoria as well. I do not think there are any native Victorians on this side, apart from the minister.

**Senator JACINTA COLLINS**—I do understand that some of these issues are going to be a bit easier to comprehend now that the planning and advisory processes will be a bit more open. But I am just intrigued about the planning and advisory process. As a Victorian, I said, ‘Moorabool?’

**Senator Patterson**—I have been there, but I cannot remember where it is.

**Senator JACINTA COLLINS**—I feel better now!

**Senator Patterson**—If I stretch back in my memory I might remember.

**Senator JACINTA COLLINS**—As another Victorian senator, Senator Patterson knows that she has been there.

**Senator Patterson**—How about Poopoo Wong? Have you been there?

**Senator JACINTA COLLINS**—I have been to Poowong.

**Senator Patterson**—Poowong, not Poopoo Wong. That is right.

**Senator JACINTA COLLINS**—I have not been to ‘Wagger Wagger’.

**Senator Patterson**—It is Wagga Wagga.

**Senator JACINTA COLLINS**—I know that!

**Mr Kalisch**—That is in New South Wales anyway.

**Senator JACINTA COLLINS**—That was a Senator Kemp thing.

**Senator Patterson**—He did call it ‘Wagger Wagger’, didn’t he?

**Senator JACINTA COLLINS**—In question time one day.

**Senator Patterson**—That is right. I do not know how *Hansard* is going to do that!

**Senator JACINTA COLLINS**—Did we get any further on my question about other locations of high unmet need similar to those that we were discussing earlier in the week?

**Mr Kalisch**—I think we undertook to take that on notice.

**Senator JACINTA COLLINS**—It is on notice still and not yet back, is it? I know Northcote; where is this other place? I see, this is South Australia.

**Mr Kalisch**—I am sorry, what area was it?

**Senator JACINTA COLLINS**—This was in MACS. It was in my question on MACS.

**Ms Casey**—You wanted some information on that. There is also a very good one in Dubbo, I understand. That is also worth going to see.

**Senator JACINTA COLLINS**—You never know, I might get to Dubbo. I want to go to the Dubbo zoo one day.

**Ms Casey**—Actually, I have talked to Shirley, who runs the child care there. She was quite happy for you to give her a call. She is on our child-care reference group.

**Senator JACINTA COLLINS**—This refers to the capital expenditure in the order of just \$3 million over the last three years, although we now have a jump to—what was the total we were discussing the other day, \$8 million?

**Ms Casey**—It is \$7.7 million.

**Senator JACINTA COLLINS**—I have here that I asked, ‘Have you previously given me the disadvantaged area subsidy areas,’ and the answer was yes. We have essentially repeated that same conversation!

**Mr Kalisch**—We did refer you to where it was answered.

**Ms Casey**—We did give you the answer.

**Senator JACINTA COLLINS**—In that answer you did—yes, that is right.

**Mr Kalisch**—We did not just say yes.

**Senator JACINTA COLLINS**—That is what I was saying, but you have probably described that better than the discussion we had 20 minutes ago.

**Mr Kalisch**—This is where, sometimes, an example of written answers can give you a better answer than some of the recollections.

**Senator JACINTA COLLINS**—Yes. This is the video productions answer, since 1 July last year. I might ask you to go back another year prior to that if you could on notice. I am hoping that this is not the full answer to my question about areas of unmet demand.

**Ms Casey**—I realise that. I have put that one back on notice.

**Senator JACINTA COLLINS**—Thank you. I have conducted the review that I indicated half an hour ago I would do.

**Mr Sullivan**—We have just tabled some more answers.

**Senator JACINTA COLLINS**—Maybe I should review those to see if there is anything further!

**ACTING CHAIR (Senator Humphries)**—Subject to any further questions that Senator Collins might think of, I thank the minister, Mr Sullivan and all the officers who have attended over the last five days. Thank you for the feat of endurance involved in that. You have a break now for four or five months before the next set of estimates, so make the most of it. I thank the staff of the committee for their assistance and I thank Hansard staff for their assistance as well over the last five days.

**Committee adjourned at 3.49 p.m.**