



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

MONDAY, 29 MAY 2006

CANBERRA

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Monday, 29 May 2006

Members: Senator Humphries (*Chair*), Senator Moore (*Deputy Chair*), Senators Adams, Barnett, Nettle and Polley

Senators in attendance: Senators Allison, Barnett, Bartlett, Mark Bishop, George Campbell, Eggleston, Chris Evans, Forshaw, Humphries, Ludwig, Ian Macdonald, McLucas, Moore, Nash, Patterson, Polley and Siewert

Committee met at 9.05 am

FAMILY, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS PORTFOLIO

In Attendance

Senator the Hon. Rod Kemp, Minister for the Arts and Sports

Department of Families, Community Services and Indigenous Affairs

Executive

Dr Jeff Harmer, Secretary
Mr Wayne Gibbons, Associate Secretary
Mr Stephen Hunter, Deputy Secretary
Ms Glenys Beauchamp, Deputy Secretary
Mr Bernie Yates, Deputy Secretary

Group Managers

Ms Robyn McKay, Group Manager, Social Policy Group
Mr David Hazlehurst, Group Manager, Families Group
Ms Liza Carroll, Group Manager, Children Group
Ms Kerry Flanagan, Group Manager, Women and Youth Group
Mr Robert Knapp, Group Manager, Housing and Disability Group
Ms Frances Davies, Group Manager Acting, Communities Group
Mr Andrew Wood, Group Manager, Corporate Support Group
Mr Tim Youngberry, Chief Financial Officer and Group Manager, Business and Financial Services Group
Mr Roger Barson, Group Manager, Program Operations Group
Mr Max Deveraux, Group Manager, Information Management and Technology Group
Ms Jennifer Bryant, Group Manager, OIPC Performance Group
Ms Kerrie Tim, Group Manager, OIPC Leadership Development Group
Mr Greg Roche, Acting Group Manager, OIPC Land and Resources Group
Ms Kathryn Shugg, Acting Group Manager, OIPC Policy Group

Cross Outcomes

Ms Robyn McKay, Group Manager, Social Policy Group
Mr Andrew Wood, Group Manager, Corporate Support Group

Mr Tim Youngberry, Chief Financial Officer and Group Manager, Business and Financial Services Group

Mr Roger Barson, Group Manager, Program Operations Group

Mr Max Deveraux, Group Manager, Information Management and Technology Group

Mr Adrian Brocklehurst, Branch Manager Property and Security

Mr Ian Canney, Branch Manager, People

Mr Sean Innis, Branch Manager, Strategic Policy

Mr Steve Jennaway, Branch Manager, Budget Development

Mr Simon Rosenberg, Branch Manager, Social Security Relationship and Compliance

Mr Andrew Whitecross, Branch Manager, Research and Analysis

Ms Fran Parker, Branch Manager, OIPC Communications

Ms Gwenda Prince, Branch Manager, Ministerial, Media, Events and Executive Support Branch

Ms Peta Winzar, Manager, National Disability Operations and Queensland State Office

Mr Mark Warburton, Branch Manager, Financial Wellbeing Taskforce

Ms Susan Finnigan, State Manager, NSW

Ms Christine Bruce, Branch Manager, Business Services

Outcome 1--Greater self-reliance and economic, social and community engagement for Indigenous Australians

Whole-of-Government coordination of policy development and service delivery for Indigenous Australians

Mr Bernie Yates, Deputy Secretary

Ms Jennifer Bryant, Group Manager, Performance Group

Ms Kerrie Tim, Group Manager, OIPC Leadership Development Group

Mr Mark Warburton, Branch Manager, Financial Wellbeing Taskforce

Mr Brian McMillan, Assistant Secretary Investigation Services, OIPC

Ms Kathryn Shugg, Acting Group Manager, OIPC Policy Group

Mr Greg Andrews, branch Manager, OIPC Communities Engagement

Ms Deidre McNally, Branch Manager, OIPC Mainstream Engagement Policy

Mr Bruce Smith, Branch Manager, Intergovernmental and Welfare Reform

Ms Alison Smith, Branch Manager, Intergovernmental and Welfare Reform

1.2 Services for Indigenous Australians

Ms Jennifer Bryant, Group Manager, Performance Group

Ms Kerrie Tim, Group Manager, OIPC Leadership Development Group

Mr Evan Mann, Branch Manager, Indigenous Housing and Infrastructure

Ms Christine Freudenstein Branch Manager Acting, Indigenous Housing and Infrastructure

Ms Elizabeth Stehr, Branch Manager, Indigenous Policy Branch

Mr Greg Roche, Acting Group Manager, OIPC Land and Resources Group

Dr Paul Omaji, Assistant Secretary, OIPC Land Policy and Repatriation

Ms Yvonne Fetherston, Assistant Secretary, OIPC Land Rights Services

1.3 Incorporation, regulation and capacity building of indigenous corporations

Ms Laura Beacroft, Registrar of Aboriginal Corporations

Indigenous Land Corporation

Mr David Galvin, General Manager

Ms Jodie Lindsay, Chief Financial Officer

Aboriginal Hostels Limited

Mr Keith Clarke, General Manager

Mr Russell Lane, AGM Operations

Dr Kamlesh Sharma, AGM/Company Secretary

Outcome 2--Seniors, People with Disabilities, Carers, Youth and Women are supported, recognized and encouraged to participate in the community

2.1 Support for the Aged

Mr Robert Knapp, Group Manager, Housing and Disability Group

Mr Ben Wallace, Branch Manager, Disability and Carers Branch

Mr Nick Hartland, Branch Manager, Seniors and Means Test Branch

2.2 Support for the Aged Support for People with Disabilities

Mr Robert Knapp, Group Manager, Housing and Disability Group

Ms Peta Winzar, Manager, National Disability Operations and Queensland State Office

Mr Ben Wallace, Branch Manager, Disability and Carers Branch

Ms Michalina Stawyskyj, Branch Manager, International Branch

2.3 Support for Carers

Mr Robert Knapp, Group Manager, Housing and Disability Group

Mr Ben Wallace, Branch Manager, Disability and Carers Branch

2.4 Support for Youth

Ms Kerry Flanagan, Group Manager, Women and Youth Group

Ms Lee Emerson, Branch Manager, Policy Research and International, Office for Women

Ms Donna Griffin, Branch Manager, Safety, Leadership and Consultation, Office for Women

Ms Kim Loveday, Branch Manager, Youth Bureau

2.5 Support for Women

Ms Kerry Flanagan, Group Manager, Women and Youth Group

Ms Lee Emerson, Branch Manager, Policy Research and International, Office for Women

Ms Donna Griffin, Branch Manager, Safety, Leadership and Consultation, Office for Women

Outcome 3--Families and children have choices and opportunities

3.1 Support for Families

Ms Liza Carroll, Group Manager, Children's Group

Mr David Hazlehurst, Group Manager, Families Group

Mr David Henri, Acting Branch Manager, Children's Policy and Programs

Ms Deborah Winkler, Acting Branch Manager, Family Services

Ms Margaret Moreton, Acting Assistant Branch Manager, Early Childhood and Communities

Mr Mark Warburton, Branch Manager, Financial Wellbeing Taskforce

3.2 Child Support

Mr David Hazlehurst, Group Manager, Families Group

Ms Pamela Kinnear, Branch Manager, Child Support Policy Branch

3.3 Child Care Support

Ms Liza Carroll, Group Manager, Children's Group

Mr Phillip Brown, Branch Manager, Child Care Compliance and IT
Ms Gabrielle Phillips, Branch Manager, Child Care Performance and Reporting
Ms Leesa Croke, Acting Branch Manager, Child Care Branches

Outcome 4--Strong and Resilient Communities

4.1 Housing Support

Mr Robert Knapp, Group Manager, Housing and Disability Group
Ms Clare Wall, Branch Manager, Housing Support

4.2 Supporting financial Management

Ms Frances Davies, Acting Group Manager, Communities Group
Ms Elizabeth Stehr, Branch Manager, Indigenous Policy Branch
Mr Mark Warburton, Branch Manager, Financial Wellbeing Taskforce

4.3 Community Recovery

Ms Frances Davies, Acting Group Manager, Communities Group

4.4 Community Partnership and Delivery

Ms Frances Davies, Acting Group Manager, Communities Group
Mr Tony Carmichael, Branch Manager, Community Branches

CHAIR (Senator Humphries)—I declare open this meeting of the Senate Community Affairs Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2006-07 for the portfolios of Families, Community Services, Indigenous Affairs, and Health and Ageing. The committee is due to report to the Senate on 20 June and it has fixed 28 July as the date for the return of answers to questions taken on notice.

The committee's proceedings today will begin with the examination of outcome 3 and then proceed to the examination of outcome 4 in the Family, Community Services and Indigenous Affairs portfolio. A draft program has been circulated with the particular order of outcomes and output groups. I will ask in a moment whether senators are happy with the order as circulated.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind senators and witnesses that the proceedings of this committee are governed by the privilege resolutions of the Senate agreed to in 1988. In particular, resolution 1(9) provides:

A chairman of a committee shall take care to ensure that all questions put to witnesses are relevant to the committee's inquiry and that the information sought by those questions is necessary for the purpose of that inquiry. Where a member of a committee requests discussion of a ruling of the chairman on this matter, the committee shall deliberate in private session and determine whether any question which is the subject of the ruling is to be permitted.

Resolution 1(10) provides:

Where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken. Unless the committee determines immediately that the question should not be pressed, the committee shall then consider in private session whether it will insist upon an answer to the question, having regard to the relevance of the question to the committee's inquiry and the importance to the inquiry of the information sought by the question. If the committee determines that it requires an answer to the

question, the witness shall be informed of that determination and the reasons for the determination, and shall be required to answer the question only in private session unless the committee determines that it is essential to the committee's inquiry that the question be answered in public session. Where a witness declines to answer a question to which a committee has required an answer, the committee shall report the facts to the Senate.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate has resolved also that an officer of a department of the Commonwealth or a state shall not be asked to give opinions on matters of policy and shall be given a reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions being asked for opinions on matters of policy and does not preclude questions asking for explanations of policy or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee may determine whether it will insist on an answer, having regard to the ground that is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim. Any officer called to answer a question for the first time must state their full name and the capacity in which they appear and witnesses should speak clearly and into the microphones to assist Hansard to record proceedings.

I welcome Senator Kemp, representing the Minister for Families, Community Services and Indigenous Affairs and officers of the Department of Family and Community Services and Indigenous Affairs, led by Dr Jeff Harmer. Thank you for your appearance today. Minister, do you wish to make an opening statement?

Senator Kemp—I did try, actually, and I was told to wait until you had spoken. I think those who were in the room probably heard my urgings, and I would suggest that we proceed.

CHAIR—Thank you, Senator Kemp.

Senator CHRIS EVANS—I have some questions, first of all, to work out where we will deal with certain issues. Due to reorganisations within Indigenous Affairs, I want to be clear that I know where to ask the right questions. Dr Harmer, where will we deal with all the matters that relate to the COAG trial?

Dr Harmer—They can be dealt with in outcome 1 tomorrow morning.

Senator CHRIS EVANS—So even though they are not necessarily OIPC you are going to deal with all those things in output 1?

Dr Harmer—Yes.

Senator CHRIS EVANS—What about the contribution of FaCSIA to the SRA flexible funding pool?

Dr Harmer—That comes under outcome 1 as well.

Senator CHRIS EVANS—We are putting things off until tomorrow, I see—that sounds like me.

Dr Harmer—Senator, because we have changed our outcomes structure, which reflects the machinery of government changes, I have a document here that indicates under which program the various subprograms are. It might be useful if I table that document and you can have a look at it. It will probably answer many of your questions.

Senator CHRIS EVANS—Chair, I think that probably will be really helpful to all committee members and, I suspect, to the committee secretariat.

CHAIR—Yes, Dr Harmer, that is really helpful. Thank you. May I ask at this point whether members of the committee are happy with the proposed order of outcomes and the output groups within those outcomes. Is there any suggestion that we should vary those? I see that there are no objections. I also note that it is proposed to take a lunch break from 12 pm until 1pm today, and a further break between 3 pm and 4.15 pm because of events happening elsewhere in the building which I know a number of senators would like to attend. Will have our dinner break from 7 pm until 8 pm. Unless there is any strong objection we will take the times for those breaks as approved and agreed. Do you have further questions, Senator Evans?

Senator CHRIS EVANS—Thank you, Chair. I think I have it sorted, but I will come back if I have any queries once I have had a look at the other things. I have some overview questions that I might come back to when I have seen that document, because it was really partly about those issues. I will start with a cross-portfolio question. Minister Brough has been talking publicly lately about the possibility of both Indigenous and non-Indigenous recipients of welfare payments having a sort of smartcard and about paying all or part of their welfare or income support by way of credit in order to access food and other goods from stores, in lieu of cash payments. I think he first said that during a speech to Mission Australia at the end of April, and then he discussed further on a few media outlets. I want to follow up where we are with that proposition. Dr Harmer, are you able to tell me whether the department has worked up a formal submission on this issue?

Dr Harmer—No, we have not worked up a formal submission.

Senator CHRIS EVANS—But have you been doing work on the proposition?

Dr Harmer—We have been doing some preliminary work on it. You are right: the minister, at a conference in the Hunter Valley with Mission Australia and Macquarie Bank, talked in his address about ensuring that more money goes to the children of families receiving welfare benefits, particularly family payments, and that it may be possible to ensure this through some sort of debit on a debit card et cetera. I do not think he spoke about smartcards at all.

Senator CHRIS EVANS—Sorry, that might have been my interpretation.

Dr Harmer—He was talking more about the possibility of having a debit card for some of that—up to 30 per cent. But he has also been very clear since to let people know that he was

speaking personally. It was not government policy. He was talking about his views from his early period in the portfolio, and clearly, in supporting him, we have been doing some work. But there has been no formal submission prepared on that work at this stage.

Senator CHRIS EVANS—I am interested in what work has been done, because the idea has been around. With all due respect to the minister, it was not an original thought. It has obviously been debated previously and I am really interested to see what work you have done on the proposition. The minister referred to meetings with large grocers like Coles and Woolworths. Has the department been involved with the meetings with those suppliers?

Dr Harmer—I have not. I could not be certain that other departmental officers have not, but I am reasonably confident that the minister had discussions with some senior people in Coles and Woolworths et cetera. He certainly had them in advance of that meeting and has probably had some conversations subsequently, but I have not been involved and I do not think my senior people have.

Senator CHRIS EVANS—Of course, as you are aware, Dr Harmer, when I ask you a question it is the royal 'we'. I expect you to answer on behalf of the department, not necessarily yourself.

Dr Harmer—Indeed, yes. I would need to take on notice whether people have been present at those discussions, but I do not think they have.

Senator CHRIS EVANS—So you have not provided the minister with briefings on the practicalities or otherwise of providing such a card to suppliers like Coles or Woolworths?

Dr Harmer—Not at this stage.

Senator CHRIS EVANS—So there were no officers present and you have not done any briefings on it. What work has been done inside the department? Which sector would do this—policy, research?

Dr Harmer—It would be my social policy group primarily.

Senator CHRIS EVANS—What work have they done on these propositions?

Dr Harmer—There has been some work, because there has also been a parallel process carried out by the Secretaries Group on Indigenous Affairs, which recently recommended to the ministerial task force, which Minister Brough chairs, that we fund some pilots with Cape York Institute for Policy and Leadership trialing innovative mechanisms to ensure that more of the income support payments are channelled to the children and to families. Noel Pearson has been central to that in the Cape York institute. So we have been doing some work on that. We have been involved in working up and making recommendations to the minister on those proposals, so it is a similar type of work.

Senator CHRIS EVANS—Were the secretaries group considerations a result of a brief prepared by your department or by PM&C?

Dr Harmer—We had been working on it in an interdepartmental committee, so a number of departments were involved. Certainly we were, but PM&C was as well.

Senator CHRIS EVANS—This interdepartmental committee is not the secretaries group, though. This is another one?

Dr Harmer—It was an interdepartmental committee supporting the secretaries group.

Senator CHRIS EVANS—So it was not one set up particularly to deal with these issues?

Dr Harmer—No.

Senator CHRIS EVANS—What do you call the IDC supporting the secretaries group?

Dr Harmer—I do not think it had a title.

Senator CHRIS EVANS—You are talking about it in the past tense. Is it no longer operating?

Dr Harmer—Because the Cape York institute trials have now been approved, agreed to and funded in the budget, the IDC does not need to meet specifically to prepare the proposals as they had been, but no doubt it will be meeting when we get some evaluation and to monitor the process, but there is no intensive work on that at the moment.

Senator CHRIS EVANS—So the only work that has come out of the group suggestion is the Cape York trials. Is it limited to those?

Dr Harmer—At this stage, yes.

Senator CHRIS EVANS—I have read the general description. Minister Brough was talking about involving non-Indigenous as well as Indigenous people in these trials, but this obviously purely involves Indigenous people; is that right?

Dr Harmer—The Cape York institute trials are primarily targeted at Indigenous communities in the Cape, looking at voluntarily signing up to a process which can involve welfare money being earmarked for certain purposes. It is accompanied, as we have with some trials in the Cape, with support for families in terms of money management through family income management programs that we have.

Senator CHRIS EVANS—But they are existing programs, aren't they?

Dr Harmer—Yes, they are, and they have been expanded in the budget. So we have more capacity to provide more family income management support to people in the Cape and elsewhere.

Senator CHRIS EVANS—So the answer to the primary question is that the only trials are those involving the Cape York institute and Indigenous people; there are no trials in non-Indigenous communities?

Dr Harmer—At this stage, that is correct.

Senator CHRIS EVANS—How prescriptive are your arrangements with the Cape York institute in terms of the trials they will run?

Dr Harmer—We have a contract with the Cape York institute for the trials. I would need to take on notice to provide the details of those contracts, because I do not have them with me. The ministerial task force and the secretaries group were involved in evaluating the propositions from the Cape York institute. There is no doubt that there is some freedom for the Cape York institute to be innovative in some of those trials. It will depend a bit on community engagement because the preference is to have voluntary participation by the

communities in the trials, and in negotiating with communities it may well be that there will be some flexibility and variation in the trials to suit individual communities.

Senator CHRIS EVANS—Let me just be clear about the process. Cape York made a submission to government to seek funding to run some trials. Were they the initiators of this process?

Dr Harmer—I am pretty sure that is the case, but I would need to double-check that that was the beginning of it. Certainly the money has been provided to the Cape York institute to run the trials.

Senator CHRIS EVANS—Are you going to check with someone who is here?

Dr Harmer—It may be that, because the people supporting this will be here for outcome 1, if you want to go to more detail you will have to do it tomorrow morning. I think we have probably covered quite a lot of the general material.

Senator CHRIS EVANS—I am happy to do it under outcome 1. The reason I picked it up here was more to go to this question of the debit card proposition, but I allowed myself to go off track into the Cape York matters. So was the question of the debit card part of the work done by the secretaries group or by the task force?

Dr Harmer—No. Other than possibly a general mention, no specific mechanism was talked about.

Senator CHRIS EVANS—How would we describe what is going on inside FaCSIA in relation to the development of that concept at the moment?

Dr Harmer—In the normal way, Senator, in supporting the minister with analysis. There is not a great deal of work going on at the moment on this issue. We have funded the trials, and the trials will be going on over the next couple of years. At the moment the ball is in the court of the Cape York institute for the setting up and running of the trials.

Senator CHRIS EVANS—You are making the error that I made and are heading off to the Cape York institute. Are we talking about a separate issue here, which is the debit card that the minister has been talking about in public in recent times?

Dr Harmer—I think the minister made only a couple of references to the possibility of a debit card in his speech to Mission Australia. As I indicated earlier, there is no detailed work—

Senator CHRIS EVANS—But he then discussed it at length on the *Sunday* program.

Dr Harmer—Yes, he did.

Senator CHRIS EVANS—I am not trying to nail the minister. I am just trying to understand what you are doing about it. He can answer for himself.

Dr Harmer—There is clearly some thinking going on in the department at the moment, but we have been pretty stretched in preparing for the budget and other things that are going on. There is not an intensive period of work on it at the moment. We are working on it, but not intensively and not specifically on a debit card.

Senator CHRIS EVANS—So what are you doing in a non-intensive and non-specific way?

Dr Harmer—We are preparing for advice to the minister when he seeks further advice on pursuing his ideas, and he has not since that initial speech.

Senator CHRIS EVANS—So you are not engaged with Coles, Woolworths or any of the other companies in regard to working up this proposition.

Dr Harmer—Not at this stage, but the minister has had discussions with Coles and Woolies and will no doubt continue to do that.

Senator CHRIS EVANS—But you are not aware of the detail of those conversations.

Dr Harmer—Not at this stage, no.

Senator CHRIS EVANS—Have you done any work on how you would determine how one would restrict what purchases could be for?

Dr Harmer—Not at this stage.

Senator CHRIS EVANS—Have you done any work on to whom one would target this measure?

Dr Harmer—Not at this stage, other than some early thinking about how it might work. But there have been no specific papers prepared for the minister on this.

Senator CHRIS EVANS—But obviously one of the first issues is to whom you would apply the scheme. Obviously, if you were to select an Indigenous community on a volunteer basis, that would be a manageable geographical group but obviously, if you were to do it in greater Sydney, it is a different issue. I am just wondering whether you would identify groups of problem clients or clients most at risk or whether you had done some thinking about how one would identify who would have the regime applied to them.

Dr Harmer—I think the minister in his speech at the Hunter Valley made it clear that he had a preference for the application being broader across the community, rather than just Indigenous.

Senator CHRIS EVANS—But, at the moment, the only trials we have in this broad area are the Cape York Indigenous trials. Does that include a testing measure like a debit card?

Dr Harmer—I am not aware of the specifics of the trials. We may be able to answer that. I do not think testing a debit card is part of it, but it may be.

Senator CHRIS EVANS—I will come back to that tomorrow. While we are on the question of cards, could I ask what involvement you have had in the development of the smartcard?

Dr Harmer—As you know, the concept of the smartcard and moving forward with that is under the control of the Minister for Human Services and the Department of Human Services. I think it is fair to say we have had a relatively minor involvement in that at this stage.

Senator CHRIS EVANS—You do have the single largest welfare payment, the age pension—

Dr Harmer—We do.

Senator CHRIS EVANS—which was \$20 billion last time I looked. But you are not centrally involved in the card.

Dr Harmer—As I understand it, we are in the very early stages of the access card proposal—it is not called a smartcard. They have received funding in the budget to proceed. It is in the very early stages of development. No doubt when it proceeds, and if it proceeds to the point where it will involve the FaCSIA client group, such as aged pensioners, we will be heavily involved.

Senator CHRIS EVANS—Is that why you only got \$400,000 in the budget?

Dr Harmer—The early development work will not involve FaCSIA in a great deal of efforts.

Senator CHRIS EVANS—So what are you going to do with your \$400,000?

Dr Harmer—I would need to take that one on notice. To be specific, what you want to know is what we got the \$400,000 for. I will take that on notice.

Senator CHRIS EVANS—I think maybe we could come back. If we are not in the wrong section, I do not think it is reasonable to say, ‘We got \$400,000. I can’t tell you what it’s about.’

Dr Harmer—It may be that someone here can give you that answer, if not immediately then sometime during the morning.

Senator CHRIS EVANS—What section should I be asking about your involvement in the access card if I cannot ask you?

Dr Harmer—It may be that we have some information we can provide now.

Mr Rosenberg—Perhaps I can assist.

Senator CHRIS EVANS—Mr Rosenberg, what are you going to do with the 400 grand?

Mr Rosenberg—As with all the other policy agencies that have received some money out of this process, we will be doing some developmental work in collaboration with the other agencies to look at how the card would work with our various target groups.

Senator CHRIS EVANS—Developmental work? What does that mean?

Mr Rosenberg—As you can imagine, there is quite a lot of work to do between now and 2010, when the card is scheduled to be implemented.

Senator CHRIS EVANS—I am just trying to get a feel for it. Is this systems work or policy work, for instance?

Mr Rosenberg—From our end it is mainly policy work. The systems work will mainly be led by the Department of Human Services.

Senator CHRIS EVANS—What sort of policy implications are there? I am just trying to get a feel for it; I do not want to be definitive.

Mr Rosenberg—There will be issues like particular matters for our target groups. So, for particular clients, we will need to look at how the access card can be properly implemented to ensure that it is smooth for them and they understand the implications and their obligations.

Senator CHRIS EVANS—I suppose you mean things like the fact that the elderly are less comfortable with some of these technologies.

Mr Rosenberg—That is certainly one of them. Obviously, we have a range of customers. As you say, some age pensioners would not find aspects of technology easy, but I think there are many ways we can ensure we implement this so it is as easy as possible.

Senator CHRIS EVANS—Is that the sort of thing you are working on?

Mr Rosenberg—We will be working on it, yes. As the government has only just made a decision, there is a fair way to go.

Senator CHRIS EVANS—Is that \$400,000 for one year or over the four years?

Mr Rosenberg—That is over four years.

Senator CHRIS EVANS—So you have \$100,000 a year?

Mr Rosenberg—I do not have the exact breakdown with me, but I think it is of that order.

Senator CHRIS EVANS—That is almost less than the salary of one full-time officer.

Mr Rosenberg—As I say, the lion's share of the developmental work will be done through the Department of Human Services. Each of the policy agencies, including FaCSIA, will work collaboratively to ensure that we do this as effectively as possible.

Senator CHRIS EVANS—Are you on the smartcard task force or the access card task force—whatever the correct term is now?

Mr Rosenberg—There has been a task force established up to this point. There will be a new infrastructure set up now that we have a decision and there is developmental work to be done. But I will be involved, yes.

Senator CHRIS EVANS—Was the department represented on the task force?

Mr Rosenberg—Yes.

Senator CHRIS EVANS—Were you the representative?

Mr Rosenberg—No.

Senator MOORE—Was that someone from your area?

Mr Rosenberg—It was, yes.

Senator MOORE—It was your area but just another officer?

Mr Rosenberg—Yes, so there is continuity of development in the department.

Senator CHRIS EVANS—What is your involvement going to be with the new office? What is it called?

Mr Rosenberg—I think the current title is the Office of the Access Card.

Senator CHRIS EVANS—What is your formal line of involvement with that office?

Mr Rosenberg—Because the government has only just made a decision, the arrangements around how the agencies will proceed from here are just being developed now.

Dr Harmer—We are between processes. We were involved in the development—not centrally, but we were involved. As you suggested, we needed to be consulted because a large number of our client group and our payments may be subject to the access card, so we were involved up to that point. The government has allocated resources and the Department of Human Services is now in the process of establishing the next stage of work. As Mr Rosenberg has indicated, it is not clear yet exactly what role we will have. We will clearly have a role and we have been funded for that at about \$100,000 per year for the next four years.

Senator CHRIS EVANS—I accept that. We had the pleasure last week of having a chat about all this with Human Services. I suppose I am trying to look after your interests here.

Dr Harmer—Thank you.

Senator CHRIS EVANS—That may cause you some disquiet, but Vets' Affairs received \$12 million and you received \$400,000 and, on the face of it, you are not doing very well, so I thought I might be able to give you a hand. Why is it that Vets' Affairs need \$12 million and you need only \$400,000 over four years?

Dr Harmer—I cannot answer why Vets' Affairs received those resources.

Senator CHRIS EVANS—I looked at the allocation of funds for the age pension—and I understand there is a lot of developmental work—and, quite frankly, on the face of it, it did not seem to be proportionate or reflect the importance of your work, so I was keen to help you in the budget process.

Dr Harmer—Indeed; I thank you for that. I can assure you that if we find that our resource needs are greater then I am quite sure our minister will be very happy to go back and argue that we need more resources. But at this stage, because we are not clear on precisely how much involvement and what the resource usage will be, we are comfortable enough with the funds we have.

Senator CHRIS EVANS—You do not have a sense for why Vets' Affairs needed greater—

Dr Harmer—No, I do not. That is something you would have to ask them.

Senator CHRIS EVANS—I will take the opportunity to ask them. As I say, on the face of it, it seems you had a miniscule involvement and obviously a great deal of responsibility at the end of the day, whatever developed. I was just a bit surprised there was so little FaCSIA involvement.

Dr Harmer—I will have to let you ask Vets' Affairs about the \$12 million.

Senator CHRIS EVANS—Did I get the figure of \$12 million wrong?

Dr Harmer—You may have it right.

Senator CHRIS EVANS—It may include something else. It just struck me, given the significance of the age pension to the whole scheme.

Dr Harmer—Mr Hunter has just explained to me that because Veterans' Affairs have their own systems for many of the payments—and we rely on Centrelink for payments—I suspect it may be a systems development allocation, which we do not need.

Senator CHRIS EVANS—But Centrelink got money for their systems?

Mr Rosenberg—Following on from Dr Harmer's point, if you combined Centrelink's allocation for, say, age pension development with our allocation for policy work on the age pension, that would be a reasonably significant figure.

Senator CHRIS EVANS—That seems sensible. The list you tabled is very helpful; I appreciate that. Under old outcome 1, I think you had consolidated all the research and future policy functions and you were telling me the benefits of that. What has happened under the new regime?

Dr Harmer—It is spread across the four outcomes.

Senator CHRIS EVANS—So it has gone back to the old—

Dr Harmer—Yes. Outcome 1 previously was a very small outcome. The truth is that most of the research effort and issues included in outcome 1 are genuinely spread across, and we thought it was a better system to have it reflected—

Senator CHRIS EVANS—From our point of view, the last system actually made it easier to work out what funds the researchers use. Effectively, they are now back across all the outcomes?

Dr Harmer—Yes.

Senator CHRIS EVANS—How do we track where the funding has gone and how much is now going into those sorts of research and future policy direction activity? How do we find it?

Dr Harmer—In the cross programs, now would be the appropriate time to ask questions, if you have them, on our research effort.

Senator CHRIS EVANS—First of all I want to know how, in future, I am going to track the money—how much you are spending on those sorts of things. Last time we grouped them all together and it was a very satisfactory development, and now the reversal is a very satisfactory development. I am trying to understand, firstly, why and, secondly, how we follow it.

Dr Harmer—If you have questions about our research effort and/or specific projects we are quite happy to take them at the beginning under cross-programs.

Senator CHRIS EVANS—I have a global question: where do the money and the people go?

Dr Harmer—In terms of organisation?

Senator CHRIS EVANS—Yes.

Dr Harmer—The research area of the department is within my social policy group, which Ms McKay heads. We have not shifted the research area structurally in the department. It is still in the social policy group, which is where it was before.

Senator CHRIS EVANS—And their work is reflected across the outcomes? Is that how it works?

Ms McKay—Yes, their work is reflected across each of the outcomes. The departmental resources are allocated across each of the outcomes. In terms of the research effort, it is likely

to be the same in 2006-07 as it was in 2005-06. But because it is departmental we have not yet finalised our research plan and our business plans across the organisation. I cannot tell you exactly how much money will be spent on research, but the indicative figure is about the same as it was last year. Obviously we have contracts for the surveys and particular pieces of research.

Senator CHRIS EVANS—That is for the work that you outsource, basically.

Ms McKay—Yes.

Senator CHRIS EVANS—So that system is effectively still in place. What is the size of your group?

Ms McKay—The research branch comprises probably 30 people. Much of the work is in managing the surveys and doing some ancillary research around the surveys which helps inform how they are meant to be further developed.

Senator CHRIS EVANS—Were you involved with the modelling of the child support reforms?

Ms McKay—The modelling of the child support reforms was done in the latter part of 2004 and the early part of 2005. Some of that was contracted out. I did not bring my annual report with me to identify where they were.

Dr Harmer—Most of the modelling work in the child support reforms would have been done as part of the task force activity led by Patrick Parkinson. On that task force was a range of people, including Ann Harding from NATSEM, where a lot of the modelling work was done. We would no doubt have contributed to that. We had at the time a deputy secretary, Wayne Jackson, involved in the task force. It would have been able to draw on our research and statistics capacity, and I am sure that was done. From memory, a lot of the contract work was done by NATSEM and Ann Harding was part of the Parkinson group.

Senator CHRIS EVANS—I am aware of that, but I really want to follow up on what happened to the intellectual property. Some of the stuff done there was state of the art, much more complex and much better than what had been done previously. I am trying to trace back who owns that now and what our capacities are in this area. If you let the contracts you might own some of the intellectual property associated with it. I am trying to tease that out.

Mr Hazlehurst—We now own the intellectual property around most of that modelling work. Some of it was done using some of the STINMOD modelling capacity as a base by NATSEM.

Senator CHRIS EVANS—Can you tell me what ‘STINMOD’ means? I have heard the term so many times, but I do not know what it means.

Mr Hazlehurst—In broad terms, it is a modelling tool to estimate the impact on the broader population of changes in government payments and other policy changes.

Dr Harmer—It is a microsimulation model, based on ABS unit record data, which NATSEM has developed.

Senator CHRIS EVANS—That has been around for a while, hasn’t it?

Dr Harmer—Yes, it has.

Senator CHRIS EVANS—Do you own that intellectual property? Does NATSEM own it? Do you have an ongoing contract to access it?

Mr Hazlehurst—I do not know the details of that. That part of the contract is managed by a different part of the department. I believe it is managed by the Budget Development Branch.

Mr Youngberry—I would probably want to take on notice the question of what exactly are our intellectual property rights in relation to STINMOD. We do have a contractual relationship with NATSEM, who produce and administer STINMOD, but I am not certain of our exact rights under the contract.

Dr Harmer—STINMOD is a model which is used for estimation and policy work across a range of different departments, including DEWR. It is not used just for FaCSIA programs.

Senator CHRIS EVANS—I understand that and I will be asking this question of DEWR as well. But, if you are administering the contract, it sounds like you are representing the government.

Mr Youngberry—We have a contract. They may also have separate contracts.

Senator CHRIS EVANS—So it is not one whole-of-government contract?

Mr Youngberry—I am not certain, but we do have a contract with NATSEM.

Senator CHRIS EVANS—Perhaps you could take on notice the question of who has contracts for the work. I am not after the definitive legal relationship. Is it fair to say that you have ongoing access to the use of the model?

Mr Youngberry—Yes.

Senator CHRIS EVANS—Mr Hazlehurst, you were going to tell me about the rest of the development of the Parkinson package.

Mr Hazlehurst—In broad terms, the details of the modelling undertaken by the task force are laid out in chapter 16 of the report. The kinds of modelling that were undertaken related to the effect of the formula changes on EMTRs as well as the effects, before and after the new formula being introduced, on parents in differing circumstances.

Senator CHRIS EVANS—It seemed to me to be much more detailed information from modelling than we had ever had before. Was there a technological advantage in STINMOD as part of this process?

Mr Hazlehurst—There were different types of modelling undertaken. Some of the modelling was based on STINMOD. Other modelling was based on data from the Child Support Agency and modelling the effects of the changes.

Senator CHRIS EVANS—So all that basic information came from the Child Support Agency?

Mr Hazlehurst—Information about their current customer base came from the Child Support Agency. We used some data from 2003-04 and combined that with family tax benefit data from Centrelink.

Senator CHRIS EVANS—What sort of capacity does that now give you in terms of the modelling that FaCSIA has been able to do in the past and what is now available to you?

Mr Hazlehurst—Broadly speaking, we were able to do modelling of specific cases in the past, but it had to be done with a calculator, pen on paper. We are now able to do that much faster using the modelling capacity.

Senator CHRIS EVANS—Have you more inputs?

Mr Hazlehurst—Previously, if we did it with a pen and paper, we could put in whatever inputs we wanted to, but it took longer. This way we can do it using the modelling tool.

Senator CHRIS EVANS—So what inputs can you put in? Obviously there is income, family payments and child support payments.

Mr Hazlehurst—I believe we can also put in income support payments.

Senator CHRIS EVANS—Are you using the modelling more now for assessing budget measures et cetera?

Mr Hazlehurst—It would be fair to say we use the modelling quite extensively in the process of the task force itself and the process leading up to the government making its decisions about whether to accept the recommendations of the task force. We have not been using the modelling extensively since then.

Senator CHRIS EVANS—This is not the purpose of my inquiry, but did you model the changes in the family payments that were included in the budget?

Mr Hazlehurst—That modelling was undertaken but not using the same modelling tools. The modelling of the family payments changes would have been done in the normal way in the budget development branch and by the family payments branch of the department.

Senator CHRIS EVANS—So it was done in FaCSIA?

Mr Hazlehurst—I believe modelling would have been done in Treasury as well, as is normally the case around family tax benefit.

Senator CHRIS EVANS—I am trying to get a sense of whether you did not need STINMOD and the latest greatest manifestation of that for that purpose?

Mr Hazlehurst—No.

Senator CHRIS EVANS—So what sort the modelling would occur for the family payments changes?

Mr Hazlehurst—I must confess that the detail of how that would be done is not something I have at the top of my head. I could certainly take that on notice and provide more detail.

Senator CHRIS EVANS—Am I better off asking someone else later in the program?

Dr Harmer—Probably with the two measures of the family tax benefit that were included in the budget—the increase in the threshold for FTB A and the reduction from four to three children for the large family supplement—given the data we and Treasury have, it would have been relatively straightforward to model the impact of those two measures and to allocate the additional people and families brought into the system. We would not have, as Mr Hazlehurst has said, used STINMOD for that. We and Treasury would have sufficient data to come up with estimates about how many families would benefit and by how much.

Mr Hazlehurst—In broad terms those families are all within the system and hence we would be able to use the data we already have to simply model the effect on those families. They are all families in receipt of family tax benefit at the moment.

Senator CHRIS EVANS—There were no new people coming into the system?

Mr Hazlehurst—I do not believe so.

Senator CHRIS EVANS—I will ask about that when we get to the specific measures. The modelling done for Parkinson seemed to me, as a lay person, to be a quantum leap on the existing sophistication. When you can tell me that a single mother with 2.3 kids is going to be \$21.14 better or worse off a week, it seems to me that we have reached a fairly new level of sophistication. I would like to test that with someone as to what the degree of accuracy is as well. Who would I ask about that?

Mr Hazlehurst—That is probably me.

Senator CHRIS EVANS—As you are here.

Mr Hazlehurst—The important thing to say is that we have always had the capacity to provide very accurate modelling of specific scenarios. Some of the complex interactions with the child support system in the past we would have had to have done with pen, paper and a calculator, whereas now we are able to do them using a modelling tool. It just speeds the process up. But it is simply a question of taking a person's circumstances and working through the rates and calculations and coming up with the answer.

Senator CHRIS EVANS—There are some concerns by senators and members of parliament about some of those measures and the impact on certain families. While I think, overall, the package has broadly been well accepted, I am trying to test the accuracy of the figures. Are you basically 100 per cent confident that those are the impacts on those particular groups that are listed? There is not a huge margin of error, as it were.

Mr Hazlehurst—No, there is not a margin for error.

CHAIR—Are there any further questions for this area at this point?

Senator LUDWIG—I wanted to ask about contracts. Where would they come out in the outputs?

CHAIR—Contracts between whom?

Senator LUDWIG—FaCS or FaCSIA, as the case may be.

Dr Harmer—You could ask those now.

Senator LUDWIG—I was looking through your annual report and you detailed all the contracts worth \$10,000 and above. I was curious whether you were doing any executives support in the sense of one-on-one executive assistance.

Dr Harmer—Executive coaching?

Senator LUDWIG—Yes. If you are, where is it shown among the contracts in the annual report and what is its value?

Mr Wood—According to the records I have before me, in the last 18 months the department has had four arrangements for executive coaching. The accumulation of all four does not reach \$10,000.

Senator LUDWIG—Can you detail what those four are?

Mr Wood—They are one-on-one coaching for four officers in the senior executive service of the department. They are set up either as a set price or as an hourly rate.

Senator LUDWIG—Can you tell us what the hourly rate is?

Mr Wood—The hourly rates range from around \$200 per hour to around \$330 per hour.

Senator LUDWIG—Are there four separate contracts? What is the value of those contracts?

Mr Wood—There are four separate contracts: so far the first is worth \$595, the second \$1,650, the third \$825 and the fourth \$3,600.

Senator LUDWIG—I might follow that up; I did not want to take up too much time. I might put some questions on notice on that issue.

Senator MOORE—Dr Harmer, I am having my normal trouble of not knowing exactly where my questions fit. I know you will tell me very quickly if they should go elsewhere.

Dr Harmer—I will do my best.

Senator MOORE—I have a question about the government's donation to the Salvation Army Red Shield Appeal shown in the budget papers.

Dr Harmer—That is under outcome 4.

Senator MOORE—Is the Reach program under outcome 3?

Dr Harmer—Yes.

Senator MOORE—How about general questions about responses to questions on notice?

Dr Harmer—You can ask those now, unless it is a specific and detailed follow-up of a question.

Senator MOORE—No, it is not. It is a general discussion following from the one we had during the last round of estimates about questions on notice. We checked and we believe that there are none outstanding as of this morning.

Dr Harmer—That is my understanding.

Senator MOORE—We are also of the belief that none were provided on time.

Dr Harmer—That is also correct.

Senator MOORE—There seemed to be a flurry of activity around 8 and 9 May. In view of the conversation we had at the last estimates, is there a particular reason for that? What happened?

Dr Harmer—As you know, FaCSIA has had a good record of answering questions on notice on time.

Senator MOORE—You have, yes.

Dr Harmer—Traditionally, the February estimates are difficult for us to be as good as we are for the rest of the year because they coincide with the budget. This year not only did it coincide with the budget, which was quite big for the department, but it also coincided with a lot of work on disaster recovery, which my department was doing. It coincided with very substantial machinery of government changes which had the department managing the integration of the OIPC et cetera. It coincided with the department having now three ministers rather than one, as we had before the machinery of government changes and it coincided with a new minister having some preferences about how he wants the answers to questions to be provided and the nature of those. So there is a range of issues that explain why we were not able to meet the deadline.

Senator MOORE—This is a question which has been raised with a number of departments as a result of the responses to questions on notice about the problems we have with the dates not being met, our not knowing why the dates are not being met and our not finding out why there is an issue until the next round of estimates. It seems that the explanations you have given us—and we will follow up a couple of those—were things that we could have acknowledged quite openly and worked together on.

Once again, it was 23 March, we got answers in May and some answers as recently as last week, which makes it very difficult for the people who are wanting to build on that to come back and have an effective discussion with you in this round. Is there any way that we can short-circuit that, given the basis that traditionally your department has been very good with responding? Is there any way that you can suggest so we would not have that glut without having any kind of communication between estimates hearings?

Dr Harmer—We will do our best to marshal them through now that we have a clear idea of the minister's preferences for estimates questions. Hopefully, from this next period we will not have the intensive work on the budget. We have settled the organisation down in terms of the machinery of government changes. With our fingers crossed, we will not have such an intensive period on disaster recovery as we have had in the last six months. So the settings augur well for us to perform better after these estimates. We will be doing our best.

I should say that we have a minister now who has very strong preferences, as a number of ministers do. One is that we refer in the answers to published material where we can. It is a very busy organisation and the department is pretty stretched and our new minister has a very strong preference that, rather than have us printing out, studying and double-checking numbers, we refer to published sources. So we will be doing that more.

Senator MOORE—Is that the comment you made in your previous answer to a change of direction from a minister?

Dr Harmer—That is part of it. The minister has a very clear preference for succinct answers, he has a preference for paragraphs rather than dot points and he has a very strong preference that we refer to published material where we can, rather than repeat it.

Senator MOORE—Is that the full explanation of his change of opinion: paragraphs rather than dot points, succinctness and referring to public documents where possible?

Dr Harmer—Yes.

Senator MOORE—What about analysis of public documents? As you know, many of the questions we ask in this committee relate to trying to find out the basis on which policy decisions have been developed. So getting a referral to a minister's press release, which I would imagine would be a public document for the purposes of those issues, does not tend to give much information about the background as to the development of the process and what effort was made. Where does that leave us?

Dr Harmer—That area of questioning is difficult because, as you know, we are able to answer questions of fact—

Senator MOORE—Absolutely.

Dr Harmer—We are not able to provide you with information with regard to policy advice that we give to the government. Often in these areas there are questions where there is a fine line between that.

Senator MOORE—Very often.

Dr Harmer—We do our best. But in that area, clearly because they are questions we furnish—even though they come through the department, they are cleared by the minister; they are the minister's questions—we are very careful about not providing information which constitutes policy matters.

Senator MOORE—Certainly. What resources currently in the department are involved in responding to questions on notice? There is no dedicated unit?

Dr Harmer—No, there is not, because many of the questions go to individual work areas. For example, the 90 questions we took on notice—

Senator MOORE—Ninety-two, I think.

Dr Harmer—Of the order of that. There were over 300 parts to those questions, some of them quite big. So it involves many people in the department getting the information together.

Senator MOORE—Is there—I think we talked about this one before; I am clarifying it in my mind—a small unit that is actually the clearance point for those and distributes where they go and so on?

Dr Harmer—My parliamentary and ministerial branch is the coordination point for the coordination of answers and liaison between the department and the minister's office for clearance.

Senator MOORE—So they go through internal processes, through the appropriate section of the department and then back, and then to the minister's office prior to coming through?

Dr Harmer—Yes.

Senator MOORE—I think it was noteworthy to have that process on the record and we will follow up next time the public documents to which you referred, which is a bit different from how we proceed.

Senator CHRIS EVANS—I have a series of questions arising from the answers relating to fraud activity. Would it be better to do them now, Dr Harmer, or would you want to do them under one of the sections? These concern fraud within FaCSIA rather than fraud by clients.

Dr Harmer—We will try now.

Senator CHRIS EVANS—Obviously, at first blush you have had a quite large increase in your fraud activity compared with previous years, from 14 and 11 reports up to 26 reports last year—and I think that was only to 25 January as well. So why do you think you have had what is a quite large amount of fraud activity inside the department?

Mr Hunter—We believe the increase is attributable in part to the greater effort that we have placed within the department, in terms of advising officers of their responsibilities to identify and report fraud, and to the systems we have got in place for them to do that. So our belief is that this represents an increase in reporting rather than necessarily an increase in incidents.

Senator CHRIS EVANS—For that to hold true it seems to me logical that you would have to say that previously officers were not reporting fraud inside the department.

Mr Hunter—They were, and when reports were made they were followed up. On occasions reports are made which are then followed up and found to be without basis, but others may have a basis.

Senator CHRIS EVANS—I am just saying that, if we are not to be concerned about the increase in fraud while explaining it on the basis of increased reporting, it follows therefore that previously, as you were saying, the reporting was not as fulsome as it might have been. So I am interested to know why that would have been the case. Obviously, if there has been an increase in reporting and that is well justified, that is a good thing. I think there were 26 this year to January and only three were regarded as being unsubstantiated, five have been referred to state or federal police, 11 are undergoing some sort of current investigation and seven have been treated as being of low value or not cost effective to pursue.

Mr Hunter—That is correct.

Senator CHRIS EVANS—It still seems to me that there is a substantial amount of activity as to what seem to be legitimate concerns.

Mr Hunter—Yes.

Senator CHRIS EVANS—Is this the result of greater reporting or have you put new or extra resources into tracking down fraud within the department?

Mr Youngberry—Over the course of 2005-06 we have put additional resources into awareness training as well as the investigation of fraud. We appointed an external investigator, under a contract, who is very diligent in following these things through and very good at the awareness raising that happens across the whole department. So we have increased the level of effort that we have applied to fraud investigations.

Senator CHRIS EVANS—Why did you do that?

Mr Youngberry—We were updating our fraud control plan earlier in the financial year. As part of that process, we thought that it would be beneficial to increase the level of effort we apply to investigating and following up on fraud that would be reported.

Senator CHRIS EVANS—Why was that?

Mr Youngberry—It was just a management decision. We thought there was some risk there that needed to be addressed and followed through.

Dr Harmer—Whenever we review parts of the department's activity, we are constantly looking at best practice and at what other departments do. When we in a sense shine a torch on a particular part that we are reviewing, for example, of the fraud control plan, we make a decision about whether we need to allocate additional resources or to lift our game in terms of awareness. I think what Mr Youngberry and Mr Hunter are saying is that, when we were updating our fraud control plan, we looked at other agencies and at ourselves and we decided that there was a need for heightened awareness, and this heightened awareness has led to some additional reporting.

Senator CHRIS EVANS—So the figure to the 26th for this year was only to 25 January. Is that correct?

Mr Youngberry—Yes.

Senator CHRIS EVANS—Have you got an updated figure?

Mr Youngberry—I do not have an updated number with me at the moment.

Dr Harmer—We can take that on notice.

Senator CHRIS EVANS—You said that you have a contract now. Who are they and what do they do?

Mr Youngberry—It is an officer from Ernst and Young. They are charged with the awareness raising. They also do some of the preliminary investigation. I think they have a background in this sort of work.

Senator MOORE—So the contract is with Ernst and Young?

Mr Youngberry—Yes, it is.

Senator CHRIS EVANS—What does 'preliminary investigation' mean?

Mr Youngberry—They would assess whether there is in fact a valid claim—for want of another word. They are also aware of evidence procedures and so on to make sure that they do not cross the boundary. If it requires criminal investigation, for example, we will engage the relevant police force to conduct that.

Senator CHRIS EVANS—You have done that on five occasions this year already.

Mr Youngberry—Yes.

Senator CHRIS EVANS—They make an initial investigation. If they think it might be criminal, they refer it to the police; otherwise, they complete the investigation themselves?

Mr Youngberry—Or it may be referred to another part of the organisation. If it relates to a staffing issue, it may be referred to our HR area to be dealt with under, for example, a code of conduct issue.

Senator CHRIS EVANS—What is this contract with Ernst and Young? Is it an annual retainer?

Mr Youngberry—I would have to take that on notice. I believe it is a contract that is a couple of years old. It was let a couple of years ago.

Mr Hunter—We are moving to employ additional staff in our fraud area to take over from Ernst and Young. We recently advertised those positions so that we will carry out that work internally rather than using a contract. The timing of the transition will depend on our recruitment activity.

Senator CHRIS EVANS—You say ‘positions’. What are you seeking to put in place?

Mr Hunter—My recollection is that we have advertised two positions.

Senator CHRIS EVANS—What do you call them—fraud controllers?

Mr Hunter—I do not recall a formal title, but they would be in our fraud unit.

Senator MOORE—Whatever the new term for ‘compliance officer’ is.

Mr Hunter—Yes.

Senator MOORE—You did not have a pre-existing area that looked at these issues?

Mr Hunter—Yes.

Senator MOORE—I was sure you did have an existing internal area in the structure. You identified through your internal audit processes that there needed to be some strengthening in this area and you went to an outside contract.

Mr Hunter—The outside contract had been in existence for some time. What we are doing as part of the changes in the arrangements is employing our own people, and we will transition out of our current full dependency on the outside contract.

Senator MOORE—The tasks and expectations of the outside contract are exactly the same as what you would have had for your internal staff—for instance, identification?

Mr Hunter—Yes, that is certainly my understanding.

Senator MOORE—As to the current term of that contract with Ernst and Young, when are you hoping to return this task internally?

Mr Hunter—I would need to check that, but my understanding is that, once we have recruited to the two positions that I mentioned we have advertised, we would transition away from our dependence on the contract with Ernst and Young.

Senator MOORE—Next financial year?

Mr Hunter—That is probably about the right timing. My recollection is that the positions were only advertised about three weeks ago.

Senator MOORE—So we will miss this financial year, but the current plan is to return this expertise to the department in the next financial year?

Mr Hunter—Yes.

Senator LUDWIG—Do you have a statement of your approach and policy towards fraud control?

Mr Hunter—We are currently reviewing our statements and policies in relation to this. They will shortly be considered by the department's ethics committee for promulgation throughout the department.

Senator LUDWIG—I take it you have an existing statement.

Mr Hunter—We have existing procedures to inform our staff of their responsibilities and the department's concerns. For example, all induction courses include a session on fraud awareness and so on.

Senator LUDWIG—I take it you have undertaken risk assessment and have plans to deal with fraud.

Mr Hunter—The department has adopted a risk assessment framework. At the top level, it contains what we have identified as a series of strategic risks in relation to the department. These go well beyond issues of fraud; they are very broad-ranging. We have also asked each branch within the department to identify sources of operational risk in their activities, which could include fraudulent activity.

Senator LUDWIG—Do you have fraud control plans?

Mr Hunter—We have a fraud control plan, yes.

Senator LUDWIG—If you have all that, was the early Ernst and Young contract to deal with the early investigation of fraud within the department?

Mr Youngberry—Yes. It does not proceed into the criminal investigation of fraud. It is really just the initial assessment to determine what we need to do.

Senator LUDWIG—Have the people from Ernst and Young undertaken the Public Service training package PSB99?

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

Senator LUDWIG—You would expect them to have done that, wouldn't you?

Mr Youngberry—I would expect them to have done that, yes.

Senator LUDWIG—You can take that on notice. If they have not done it, perhaps you could explain why they have not done it. When you submit your annual report, do you report on your compliance with the fraud control guidelines?

Mr Youngberry—Yes. We provide a report to the Attorney-General's Department each year. I am uncertain as to the exact timing of that this year, but we aim to meet the deadlines they set.

Senator LUDWIG—When did you submit it last year?

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

Senator LUDWIG—All right. If that is available you might want to make it available to the committee.

Senator MOORE—Mr Youngberry, did you say 'officer' or 'officers' from Ernst and Young?

Mr Youngberry—There is an officer—just one.

Senator CHRIS EVANS—Can you give us a sense of the scope of fraud inside the department?

Mr Youngberry—I do not have a list of the specific cases with me. It could relate to staff not doing the right thing with contracting arrangements—not following Commonwealth procurement guidelines. It could relate to improper use of funding that we provide to non-government organisations and the like. It could relate to things that are not directly monetary in nature but nonetheless involve people taking advantage of their position—for example, taking leave that is not properly authorised or approved. Those types of things may end up being dealt with as a code of conduct issue rather than a fraud issue.

Senator MOORE—Taking leave would be looked at as a fraud issue?

Mr Youngberry—It is not necessarily looked at as a fraud issue, other than that is the point at which we do an initial assessment as to whether it goes down a fraud path or whether it becomes a code of conduct or a supervisory matter to be dealt with.

Senator CHRIS EVANS—So you have had some difficulties with the administration of non-government grants, have you?

Mr Youngberry—That would be one of the broad categories in which there would be claims.

Senator CHRIS EVANS—By this do you mean theft?

Mr Youngberry—Not necessarily, no. It could just be the improper use of funds. There are lots of allegations that could be made, which is where the preliminary assessment comes in, where a particular individual may think the money has not been spent appropriately and they may report a case of fraud. It may not be fraud; it may have been spent appropriately. That is where the initial assessment becomes quite important.

Senator CHRIS EVANS—Are these allegations against non-government organisations and what they have done with their funds, or allegations against a departmental official?

Mr Youngberry—It could be either.

Senator CHRIS EVANS—So you include in the department figures for fraud allegations against the Sydney boy scouts for not spending it on the toilet block as planned but spending it on the jamboree.

Mr Youngberry—Yes.

Senator CHRIS EVANS—Are you able to give us a breakdown of which are against departmental officers and which are against grant recipients?

Mr Youngberry—We will take it on notice.

Senator CHRIS EVANS—What is the sense of it? Have you had many difficulties in this grants area?

Mr Youngberry—No, I would not say there have been many difficulties.

Senator CHRIS EVANS—I am surprised that the question of inappropriate use of grants is listed as an internal fraud matter within FaCSIA rather than, if you like, a client problem.

Mr Youngberry—We do not distinguish between internal and external fraud. The approach and the treatment might be different, but fraud is fraud and will be dealt with by this unit, because there is a particular set of skills needed to deal with it appropriately.

Senator CHRIS EVANS—Yes, but I would have thought there is a difference between fraud by someone you employ and fraud by someone you do not employ.

Dr Harmer—I think that is what he is saying; it is a different approach.

Senator CHRIS EVANS—I would not mind getting some sense of which one we are talking about here, because I am surprised that the two are combined. Quite frankly, the recent increase in fraudulent activity creates an unflattering picture for the department. If you were able to present a better case which indicates that some of that fraud is not by officers of the department, I would have thought that was an opportunity you ought to seize.

Dr Harmer—We will.

Senator CHRIS EVANS—How do you determine when you call the cops in?

Mr Youngberry—That would be a professional judgment that is made by the fraud control area.

Senator CHRIS EVANS—Is it made by Ernst & Young or the department?

Mr Youngberry—It is made by the department. The fraud control officer works within a branch within the organisation. Depending on their assessment, there is a decision that would be made as to whether it was referred to the police or not.

Senator CHRIS EVANS—Is it true that you have had a couple of quite serious allegations against staff involving quite a deal of money?

Mr Youngberry—I could not comment. I do not have that detailed information with me.

Senator CHRIS EVANS—You may not have the detail but I would be very surprised if senior officers in the department do not know if there are very serious allegations against departmental officials.

Mr Hunter—I am not aware of any that would meet that description.

Senator CHRIS EVANS—What do you do when there is a serious allegation against a department officer? What do you do with the officer?

Dr Harmer—Do you want us to take you through the process?

Senator CHRIS EVANS—Yes.

Mr Hunter—It would depend on the nature of the allegation that was made. Normally what would happen, as Mr Youngberry said, is that there would be a preliminary investigation undertaken. If the matter was one which appeared to involve criminality, the police would become involved. If it was a matter of a code of conduct violation, the normal process would be to formally appoint an authorised officer to undertake the investigation and provide a report to a more senior officer who would then consider the report and consider any action that might be taken in relation to the individual involved, were such action justified.

Dr Harmer—Can I advise for the record that we are not currently dealing with any serious allegations involving a large sum of money nor have we for some years.

Senator CHRIS EVANS—So what do you do during the code of conduct period with the officer?

Mr Hunter—Again it would depend upon the nature of the allegation in relation to the officer. I am aware of cases in the past where an officer has taken leave on pay. In other cases, the officer, depending on the allegation, may be moved into a different area of the department while the investigation is under way. In other cases, I could imagine that it would not require any particular action in relation to the officer. Given the nature of the allegation against them, they would stay carrying out their normal duties. It would depend very much on the circumstances.

Senator CHRIS EVANS—So on serious occasions you would suspend someone but you would suspend them on full pay—is that right?

Mr Wood—To some extent it is hypothetical because, as the secretary said, we have not had a case that falls into the type of category that you are talking about in recent years.

Senator CHRIS EVANS—I was told last year that you have someone who was suspended on full pay for seven months while the investigation continued. Is that right?

Dr Harmer—There was one case of an officer who was suspended on full pay. I cannot recall if that was last year, but I am aware of the case to which you refer.

Senator CHRIS EVANS—I guess I was struck by the fact that someone could be suspended on full pay for seven months and then be allowed to resign. It seemed to me a pretty unusual set of circumstances.

Dr Harmer—I am aware of the case to which you are referring. In that particular case, the officer elected to resign. The investigation had been undertaken in accordance with the normal processes in play. A report had been prepared.

Senator CHRIS EVANS—Was that under the code of conduct or under the police?

Dr Harmer—That one was, I believe, under the code of conduct.

Senator CHRIS EVANS—So that was handled internally by the department?

Dr Harmer—For that particular investigation we were assisted in our work by an officer from Ernst and Young.

Senator MOORE—Was that under the terms of your contract?

Dr Harmer—I cannot recall if it was a special add-on because it was not the normal officer who provides us with those services; it was a different officer.

Senator CHRIS EVANS—So what was the nature of the allegation?

Dr Harmer—The case to which we are referring involved an allegation that the officer involved had been a decision maker around a contract and that in some way the officer stood to gain personally from the awarding of that contract.

Senator CHRIS EVANS—Was this a contract for purchase of goods by the department or a contract to a community organisation?

Dr Harmer—It was for a purchase for goods by the department.

Senator CHRIS EVANS—So that matter was not referred to the police?

Dr Harmer—I would need to check my recollection on that. Certainly, we were assisted in the investigation by Ernst and Young but all I can add is that the officer resigned.

Senator CHRIS EVANS—Was that the end of the investigation?

Dr Harmer—Yes. My recollection was that there was not sufficient evidence to further pursue the issue as a criminal matter and that it had been dealt with as a code of conduct matter. If my recollection is incorrect, I will let you know.

Senator CHRIS EVANS—So you, inside the department, determined there was not enough evidence for it to be treated as a criminal matter?

Dr Harmer—I would like to check the facts of that for you before answering that.

Senator CHRIS EVANS—If you could. Is it true that this person was on full pay for seven months while this investigation occurred?

Dr Harmer—I can recall that the person was on full pay. I cannot recall the period for which he was on full pay.

Senator CHRIS EVANS—My information is that they were on it for seven months. That would seem a pretty long time to have an investigation, particularly if it was not even referred to the police. Is that how long your investigations normally take?

Mr Hunter—It would depend very much on the complexity of the matter.

Dr Harmer—But it would be unlikely that it would take seven months.

Senator CHRIS EVANS—That is what I thought. It would be a pretty expensive proposition if someone goes on full pay on suspension. Is it your normal procedure to leave people on full pay while they are under suspension?

Dr Harmer—There would be a range of different approaches. Each individual case is different. It is unlikely we would leave someone on full pay for that long, unless there were some mitigating circumstances, unless the investigation was particularly complex or something. It is difficult when we are talking about a particular case, without knowledge of the specifics of the case.

Senator CHRIS EVANS—Sure, but I am more worried about the general principle. You will notice that I have not asked you about the particular officer et cetera. I read in the paper that another woman went to jail for social security fraud. We have been very strong on that. In fact, I think the number of women we are putting in prison for social security fraud is going up enormously. I am just interested in whether or not the same sorts of levels of justice are applied to departmental officials for serious fraud.

Dr Harmer—I can assure you they will be.

Senator CHRIS EVANS—On the evidence I have gathered so far, I have some concerns. That is why I am asking you about this. If someone goes on full pay for seven months and then is given the option of resigning, one would say that is a pretty good deal.

Dr Harmer—It might be, Senator, but I think you need to know the details and specifics of the case to make that judgment.

Senator CHRIS EVANS—That is correct. That is why I am asking more about the process. I have had two issues referred to me which cause me some disquiet about how this has occurred. That is why I am raising it with you, and that is why I want to understand your process. With any serious allegation, you do not necessarily suspend someone on pay because you might lose them to another section, et cetera.

Mr Hunter—In fact, that is the only case of that character that I can recall in the period I have been with the department.

Senator CHRIS EVANS—Obviously you have at least five cases for this financial year, as of 25 January, which you referred to the state or federal police. What do you do while you are waiting for the police to investigate?

Mr Hunter—As we mentioned before, it may well be that some of those cases do not involve members of our staff—they may in fact be recipients of funding from the department.

Senator CHRIS EVANS—I appreciate that. I am heartened by it because the original statistics were a bit concerning, given the size of the department. To have what, on the face of it, seemed to be 26 fraud cases in about seven months was a significant increase on your previous activity. On the face of it, it seemed to me that you were only dealing with your own officers. I was a bit surprised that you included organisations. I know how much money you make available to organisations.

I have been concerned about some of the fraud controls on that. I was going to come to that in the grants section, because there has been a development in the system where we often pay out lots of small amounts to a whole range of groups which I am sure you do not have a lot of transparency into. Anyway, we will come to that then. In the case of an officer, where you have referred it to the police, what do you do with that officer while the police inquiries are continuing?

Mr Hunter—Answering in the abstract, it would depend on the nature of the allegation against the officer. I imagine that there would be cases in which it was appropriate to move the officer to another position, other cases where it may be appropriate to suspend the officer and other occasions on which it may be appropriate to leave the officer to carry out their normal duties. It would depend entirely on the case.

Senator CHRIS EVANS—So there is no set protocol that you follow?

Dr Harmer—There would be a set protocol, but it would be different depending on the nature of the allegation. Depending on the seriousness of it, the amount of disruption that might or might not be caused by the officer remaining where they are, presumably there would be a range of factors taken into account to determine the approach taken during the investigation.

Mr Wood—We would also have to be careful with the presumption of innocence to ensure that we did not withhold salary from somebody who was merely under investigation.

Senator CHRIS EVANS—I do not pretend it is easy and, as you say, people have a right to a presumption of innocence. There is a protocol, but it seems to be fairly flexible. Dr Harmer, were you referring to the protocol then or were you speaking generally about what you thought would happen?

Dr Harmer—I was saying that we would make decisions on what to do with a person who was under investigation, according to the nature of the allegation, the seriousness of it and the amount of disruption that would occur if the person remained in their workplace. A whole range of things would be taken into account if it was to do with a staff member.

Senator MOORE—Who is the delegate for those decisions?

Mr Hunter—The delegation will vary, but the internal audit and fraud control unit reports directly to me as the deputy secretary. In relation to protocols and so on, the Australian Public Service Commission and the Attorney-General's Department both provide guidance on issues around the appropriate handling of individuals who are suspected of fraud and also the handling of any criminal aspects and, of course, we are guided by that advice from those departments.

Mr Youngberry—The sorts of criteria we have regard to are the interests of the Commonwealth, the interests of the department, the interests of other parties and the interests of the individual, so there are a range of criteria that those guidelines require us to have regard to.

Senator CHRIS EVANS—Can you indicate to me what has happened as a result of the reports of 2004-05? Have they all been completed now?

Mr Youngberry—We would need to take that on notice.

Senator CHRIS EVANS—You had a further audit recommended on one and you had continuing police investigations on two.

Mr Youngberry—We would have to check. We are not always advised by the police as to what they finally do with a case, if they decide there is not sufficient evidence, so we would need to go back and check.

Senator CHRIS EVANS—They would not tell you whether one of your own staff was being prosecuted?

Mr Youngberry—If the case was going ahead they would, but if it was not—

Dr Harmer—I think Mr Youngberry is talking about a situation where it is not one of our staff.

Senator CHRIS EVANS—So they would not tell you whether they had decided that one of the organisations you are funding is acting criminally, either?

Mr Youngberry—It is probably the reverse that, if they have found nothing is wrong and the allegation is unfounded, they may just close the file and not necessarily advise us. But we would need to go back and just check that status.

Senator CHRIS EVANS—You operate on the basis that no news is good news?

Mr Youngberry—We would need to go back and check the status.

Dr Harmer—Mr Youngberry might not be aware; it may go back to the particular program area. I suspect they would follow up—

Senator CHRIS EVANS—I would be interested in the outcomes of those. If you were concerned enough to call in the police, one would have thought there was a fairly serious

allegation and I would be interested to know in how we are going with reports on those. Dr Harmer, are you concerned in any way that this might reflect an increase in problems either inside the department or with the administration of grants?

Dr Harmer—No, I am not. I do not think there is any evidence of a significant additional incidence. When we reviewed our fraud control plan, we upgraded our activity and we got a bit more reporting. But it is an area of priority for us, given the numbers, and we will be continuing with the two additional staff to pay a lot of attention to this area.

Senator CHRIS EVANS—I think we covered it earlier but to make it clear, though, I would not mind a breakdown on the three years you have given me of those which apply to staff and those which apply to agencies which you fund. It seems to me they are quite different matters in that sense.

Dr Harmer—Sure.

Proceedings suspended from 10.40 am to 10.58 am

CHAIR—We are still discussing overview matters with the Department of Families, Community Services and Indigenous Affairs. Senator Evans?

Senator CHRIS EVANS—I had one other matter on the subject of external fraud—budget measures around savings from fraud measures. Are the witnesses happy to deal with it now?

Dr Harmer—I think it would be better to deal with it in the specific program areas.

Senator CHRIS EVANS—That is why I raised it here. I am happy to do some of the specific measures, but every year there is another announcement that we are going to save billions more from compliance. Since 2000-01, we have got up to \$1.6 billion worth of savings by all the compliance measures. I really want to track down whether they are re-announcements or whether I am wrong to total them as \$1.6 billion savings in that period. It seems like we go every year to the well of savings from compliance. Either we were running a completely bloody hopeless system five years ago or there seems to be a never-ending capacity to find more compliance measures that have got to enormous figures globally. I guess I am trying to get a sense of that.

I understand increased compliance methods but it seems every year there is another huge saving. I see there is \$266 million in this budget for the Human Services compliance package. As I said, of all the measures announced, in FaCSIA alone it seems to be \$1.6 billion of savings since the 2000-01 year. I notice the Centrelink website says we are saving \$43 million a week, which translates to \$2.2 billion a year. I do not know how that meets with the other figures I gave. Human Services told me the other day that we are going to save another \$3 billion across the portfolios when we get the access card. Is any of our expenditure actually justified currently, or is it all fraud?

Dr Harmer—Of course it is not all fraud, Senator.

Senator CHRIS EVANS—It was a rhetorical question, but there just seem to be enormous figures year after year after year, and now we are told there is another \$3 billion to be saved if we are going to bring in the access card, which would seem to indicate that the size of the fraud problem is enormous.

Dr Harmer—It depends. Sometimes there are additional methodologies or technologies that can be applied. Sometimes it is an extension of a pilot program, maybe not a new fraud measure but something that was funded for three years and the results have demonstrated that there is value in continuing it. There is a range of reasons to why there might be additional figures in each budget. The \$266 million you mentioned from Human Services is a composite figure across a lot of different portfolios, including DEWR; ourselves; Education, Science and Training; and probably Veterans Affairs too. The \$1.6 billion you mentioned between 2000 and 2001 for FaCSIA—

Senator CHRIS EVANS—FaCSIA is over the five years. I am adding up each budget initiative.

Dr Harmer—We are always diligent and looking carefully at making sure we can protect the integrity of the system. We use all the information we have got and all the technology we can to continue to upgrade our compliance activity. I can assure you that the department of finance very carefully runs over any proposals we put up with savings from compliance, so convincing them that we have a real measure is often hard. I can be pretty confident that we will get the savings we have projected in these measures.

Senator CHRIS EVANS—Have we got the savings in each of the last five years that we have anticipated?

Mr Rosenberg—Yes, we have. There has obviously been some variation, but overall our compliance effort has tracked pretty well.

Senator CHRIS EVANS—So what do you say you have saved over the last five years?

Mr Rosenberg—I do not have those precise figures with me, but I could certainly find them.

Senator CHRIS EVANS—What do you say you saved last year?

Mr Rosenberg—I am sorry—I do not have the figures in front of me, but I can certainly take it on notice.

Dr Harmer—We can probably get that for you, Senator, but you would be aware that FaCSIA alone, without DEWR and DEST, outlays about \$45 billion per year. So over five years over \$250 billion, or of that order, was going out and, therefore, \$1.6 billion over that time is a relatively small proportion.

Senator CHRIS EVANS—If you track each budget, there is another whack. That is great, but it is just that it seems to be that every year we can find another \$250 million, \$300 million or \$400 million. You make the point about scale, and that is a fair enough point. As we asked about the access card, I think they were saying we have represented only 0.03 of the targeted expenditure that they had identified as savings from the card. So I know we are talking about figures with lots of zeros on the end when we come to your expenditure. But, for a lay person, to say that we can find \$350 million that we could not find last year—that basically we spent \$350 million last year that we think was illegally, improperly or unfairly obtained by clients—even if in the scale of it it is not 10 per cent, it is still a lot of money. A lot of programs are desperate for expenditure and I am sure government is under enormous pressure to find money. I am just trying to understand how it is each year we find such large sums.

Dr Harmer—There are three reasons. One is the application of existing compliance methodologies to other programs that had not been included for that particular bit. The second is the extension for another three years of a compliance regime that may have been funded for three or four years with an end date. That would appear as new money and sometimes it is an extension of something that has been demonstrated to work. The third is the application of new technologies or new matching of information between agencies that allows checking. For example, we have one measure in the budget for disability or nursing homes where for the first time we were able to get detailed online information on when a person is entering a nursing home. We are therefore able to ensure that our money paid for carers in respect of those people ceases at precisely the time they go into the nursing home. We did not have that ability before. Measures like that are included.

Senator CHRIS EVANS—What is your saving in an instance like that? Surely when you go to the carer you check or they have to provide details of the date on which they stopped being a carer.

Dr Harmer—Yes.

Senator CHRIS EVANS—Why are there huge savings in that?

Dr Harmer—I do not know that they are huge, but that was just an example of where more precise information about the entry point to a nursing home allows us to cut off very precisely and immediately the carer payment.

Senator CHRIS EVANS—You have identified three methods. Which programs have recently had new compliance measures applied to them that previously had not been applied?

Mr Rosenberg—For FaCSIA the two key ones in the recent budget are the carers measure that the secretary mentioned and a measure to better track and value real estate holdings of age pensioners.

Senator CHRIS EVANS—So those are two of the measures for other programs, but why wasn't the technology or systems applied to those previously?

Mr Rosenberg—As Dr Harmer mentioned with the carers measure, we have some technology that allows us to automatically data match information from Health and Ageing, the Department of Veterans' Affairs and Centrelink. There is automatic comparison of information rather than a simple reliance on recipients of carer payments to inform Centrelink.

Senator CHRIS EVANS—And the real estate measure?

Mr Rosenberg—There are probably two key issues there. One of the things that makes that one quite important right now, as you are probably aware, is the rise in property values. So in a lot of cases it is social, demographic and economic changes that have made the compliance effort suddenly come to the fore. In that case, we have a range of age pensioners who own a second property which may not have been of great value until the last few years. The technology we are putting in place will allow tracking of those property holdings and regular evaluations to ensure that those second properties are properly valued before they adversely affect the pensioners' assets for the purpose of the asset test.

Senator CHRIS EVANS—Why would the rising value of the second property require a change in system or treatment? It seems to me that, whatever you did, you had to make an assessment about whether they were over the threshold.

Mr Rosenberg—It is partly an issue of simply having the information about property holdings. Such information is held in a range of places—for example, council records and valuation databases. We have now been able to marry all those up so we can do this much more efficiently and effectively.

Senator CHRIS EVANS—This is not based on information provided by the client; this is based on compliance measures separate to the client.

Mr Rosenberg—It is actually both. A key part of that measure will be to encourage customers to inform Centrelink of second properties and any potential increased valuation that they assess might change their status for the assets test.

Senator CHRIS EVANS—Is this the advertising campaign you are going to run?

Mr Rosenberg—It will be a quite extensive information strategy to ensure that people have plenty of time to get that information together.

Senator CHRIS EVANS—What about the suggestion that you have had measures that were only programmed to last three or four years that are now being made more permanent? What sort of measure fits into that category?

Dr Harmer—I was speaking generally about why additional savings appear in a particular budget. I am not sure whether there are any that fit that category this year, but I think there is extension of our random sample surveys et cetera. A couple like that were funded for a period of three or four years with evaluation. When we decide that it is valuable, useful or cost effective to continue, it will show us additional money. But it probably is an extension of the existing program. Is there one, Simon?

Mr Rosenberg—There is accelerated claimant matching for rent assistance, which was to cease but which in this budget has been refunded, largely because it was shown to be successful in the first phase.

Senator CHRIS EVANS—Is it the same program or have you extended or expanded it?

Mr Rosenberg—It is largely the same because it was reaping results.

Dr Harmer—The savings were not showing up in the forward estimates because it was due to cease for evaluation. There will be new savings figures in the next four years because that program will continue and it will show up as new savings.

Senator CHRIS EVANS—It will also show up as new costs, won't it?

Dr Harmer—The costs for delivering savings will be ongoing now, yes.

Mr Rosenberg—But the savings will outweigh the costs.

Senator CHRIS EVANS—Sure, and I assumed that was why you are continuing it. Where are those savings for the rent assistance measure reflected?

Mr Rosenberg—In the rent assistance program.

Senator CHRIS EVANS—So they are not part of this \$266 million human services compliance package?

Mr Rosenberg—The DHS compliance package covered a whole-of-government effort, so it included measures from right across government. I do not have the breakdown of what is in that \$266 million, but I can clarify that for you.

Senator CHRIS EVANS—When we get to these particular measures, I do want to ask you about that, so maybe you would like to be forewarned and forearmed. For now, you use the example of rent assistance. Where do I find the savings ongoing for that?

Mr Rosenberg—That measure is part of the FaCSIA portfolio.

Dr Harmer—It would probably mean that the forward estimates for outlays for rent assistance would be reduced by a certain amount because of the measure.

Senator CHRIS EVANS—I am not saying it is not there. I have not noticed it but—

Dr Harmer—It may not be separately identified; it will just be that the rent assistance estimate will be reduced because of that measure.

Senator CHRIS EVANS—That is the sort of thing I want to target because, as I say, we keep getting these global figures. I want to understand what they represent, because I wonder how much of it represents new savings. There just seem to be phenomenal amounts of money each year and I am trying to get a sense of that. What about the new technology matching? Have there been further advances in that? It seems to me we do not need an access card; you know everything about us anyway, Mr Rosenberg!

Mr Rosenberg—Can you clarify what you mean by ‘new technology matching’?

Senator CHRIS EVANS—The third category the secretary mentioned. You have to be in tune with the secretary. The secretary tells me there is a third category called ‘new technology matching’. I was wondering whether there was anything applying recently inside the department.

Mr Rosenberg—We and Centrelink are certainly continually improving our efforts there. For instance, with the targeted reviews that occur on clients on a range of payments, we are getting better at matching a range of data across agencies to get a quicker look at what the situation is. The key point I would make there is that our emphasis is on preventing debts arising, so we are getting in earlier and ensuring that any problems that customers might run into are arrested earlier.

Senator CHRIS EVANS—I know that is the case for the family payments, but that is more broadly happening for your income support payments as well, is it?

Mr Rosenberg—That is our approach across the board, yes.

Senator CHRIS EVANS—Is that showing marked improvements, though, in the debt area?

Mr Rosenberg—It is. It is a mixed picture. Because we are getting in earlier and more efficiently, we are probably highlighting a greater number of customers with debts, but the debts are lower because we are getting in earlier. If you like, for an individual customer, their

potential debt exposure is reduced, but because our compliance activity is becoming more efficient we are unearthing more debt or potential debt.

Senator CHRIS EVANS—So debts that otherwise would not have been picked up?

Mr Rosenberg—That is right. Indeed, a primary objective of the two largest measures in this budget, the real estate one and the carers one, is to prevent significant future debts.

Senator CHRIS EVANS—Particularly on the real estate one there has been a lot of concern from people about the old holiday home down the coast that is suddenly worth a squillion but has been a family holding for decades that is now getting caught up in these nets. I know that in Adelaide that has been a big issue. Is that the sort of thing you are talking about?

Mr Rosenberg—That is one of the examples, yes. That is in fact why we are putting so much effort into alerting customers to their potential liability in that sort of area.

Senator CHRIS EVANS—What about the question of standardisation of rules regarding payments? I have only been shadow minister in this area for about a year and I cannot understand the complexity of a lot of them. There is a whole range of different conditions that apply to—not similar income support measures—income support measures that are awarded for different purposes, if you like, but go toward the same end, which is sustaining people without income or without substantial private income. Is part of the compliance activity a look at whether one can simplify the requirements on the individual?

Dr Harmer—One of the key aims of Minister Hockey's department, the Department of Human Services, is to try to simplify the system for the consumer or customer. It is a very complex system, as you know. When you have, as Australia has, quite a highly targeted income support system, you cannot have it really simple. Australia gets praise from international bodies because of its highly targeted system but, on the other hand, highly targeted often means complexity and that is what we have got. There is always a balance. You can move from a highly targeted system to it being quite simple. You can have universal type payments, you can have different or similar cut-offs et cetera, but you then end up sometimes providing support to people who others would judge do not need it. When you target it carefully, you have complexity. But we are constantly looking for ways to simplify it, and Minister Hockey's department is looking at that.

Senator CHRIS EVANS—So you see that more as a role for Human Services than you; is that right?

Dr Harmer—Only because Human Services now have responsibility for the payment agencies across the three or four different purchasing or policy departments, including FaCSIA. We would certainly be involved.

Senator CHRIS EVANS—But you have a policy role in there, don't you?

Dr Harmer—Yes, we do.

Senator CHRIS EVANS—Is that only in relation to your payments or more broadly?

Dr Harmer—It is in relation to our payments and more broadly. We, with DEWR, have responsibility for the Social Security Act, which is the overarching act which specifies the conditions for social security payments.

Senator CHRIS EVANS—It seems to me that not only are the rules and conditions complex but each payment has its own particular history and set of rules and conditions, which almost appear to be contradictory between payments. Is there any work being done on standardisation? I take your point about targeting. I think that is a point well made. Since we moved to a means test—that is, since we found out Billy McMahon was getting a pension—we have moved to more targeted measures. From the public's point of view—and I see you are going to spend another squillion on advertising campaigns—one reason why they are not understood is that, if you move from Youth Allowance to Newstart to whatever, there are actually a whole different set of conditions. It is not as if the conditions go with the different payment in any seemingly logical way.

I was wondering whether you have done any work—obviously, people in different life circumstances and receiving different types of payment you would have to treat differently on occasion—or given any thought to how we might not only simplify but standardise in a sense so that community understanding is broader. You talk about your compliance measures, but a lot of these are just accidental compliance problems for people, not deliberate fraud, aren't they?

Dr Harmer—That is right.

Senator CHRIS EVANS—A lot of them are people who just do not understand that that triggered a change in that or what have you. Anyway, I do not want to have a philosophical discussion, but I do want to understand whether there is any work going on about standardisation or uniformity across payments to enable a better public understanding.

Mr Rosenberg—Yes, there is. Probably a good example I could cite is this. I mentioned earlier the whole issue of debt. There is work under way now between the key policy agencies to look at standardising our approach to ensure that we have, as far as possible—within the sorts of constraints that Dr Harmer mentioned—a fairly common and clear approach to how debts are prevented, detected and deterred across all payments. That is so that, regardless of what sort of payment people are getting, they face the same sort of debt regime from Centrelink.

Senator CHRIS EVANS—I appreciate that, but it is all after the horse has bolted. I guess what I am trying to get at is the other end. Why do they have to have such a complex set of conditions to get their head around on each and every set of payments? There is no broad understanding in the Australian community about assets tests. It is great for the financial planners, I am sure. I am wondering whether there is any work being done on seeing how we could standardise some of those things.

Dr Harmer—We are constantly looking at that. We understand the system is complex. But, as I mentioned before, the enemies of simplification in the income support system are tight targeting and making sure that the incentives—that is, to get back to work and those sorts of things—are heading in the right direction. The targeting plus the incentives that apply to particular classes of people receiving income support payments often deliver a relatively

complex system, which is what we have. But, as Mr Rosenberg said, we are constantly looking for opportunities to simplify it across the compliance area and in other parts.

Senator CHRIS EVANS—On a related matter, what about intergenerational financing? Is that one of the targets? There has been a lot of talk about it. The Treasurer has released reports. The government often seems to announce measures that actually run counter to that. Is that one of the policy considerations you take into account now?

Dr Harmer—It is a policy issue which FaCSIA has an interest in.

Senator CHRIS EVANS—How do you implement that in terms of your broader work?

Dr Harmer—There is no specific measure for that at the moment. It is ongoing work.

Senator CHRIS EVANS—Thanks.

CHAIR—Are there any other questions of a general or overview nature?

Senator SIEWERT—In Support for families?

[11.24 am]

CHAIR—That is output group 3.1. I was looking for general questions covering the whole of the department at this stage, but I think we have probably exhausted those. We will proceed to output group 3.1, Support for families.

Senator SIEWERT—This may have come up before and, if it has, I apologise. I am following up some questions on foster carers. There was some concern raised with me about foster carers and people accessing Medicare numbers for medical assistance. I have been asking various agencies and they have not been able to give an appropriate response. When children go into foster care, what happens when their Medicare number is unavailable?

Ms Beauchamp—You would need to direct those sorts of questions to the state and territory governments. It is not something that is the responsibility of this portfolio.

Senator SIEWERT—Even though it is a Medicare issue and you are responsible for looking after foster carers?

Ms Beauchamp—We are not responsible for looking after foster carers, and we are not responsible for administering the Medicare system.

Senator SIEWERT—Sorry, you are not responsible; you provide support for them and it is a national approach.

Ms Beauchamp—I am trying to clarify ‘support for foster carers’—

Senator SIEWERT—For families.

Ms Beauchamp—It is a state and territory responsibility and we have a minimal number of programs that assist foster carers.

Senator SIEWERT—Okay. Has there been an increase in the number of children that you know of requiring out-of-home support across Australia? Do you have access to those numbers?

Mr Henri—We do have those figures. The AIHW produces information about the number of children in out-of-home care. It collects that from the states and territories. That

information is available on its website. Given a few moments, I could pull that information out for you.

Senator SIEWERT—Do you rely on those figures for your—

Mr Henri—That is right. As Ms Beauchamp stated, out-of-home-care is the primary responsibility of states and territories.

Senator LUDWIG—I had the opportunity last week to ask the Attorney-General's Department questions about the family relationship centres. They indicated that I should also speak to you about some of the matters that I raised. Is everything on track for the 15 centres to open on Monday, 3 July 2006?

Ms Beauchamp—Yes.

Senator LUDWIG—Have the agreements all been signed?

Ms Beauchamp—The agreements have not all been signed yet. We hope to have all the agreements signed within the next few days.

Senator LUDWIG—You hope.

Ms Beauchamp—We are currently negotiating—

Senator LUDWIG—Do you expect to have them signed in the next few days?

Ms Beauchamp—Yes.

Dr Harmer—We expect to.

Senator LUDWIG—Is it usual to have agreements signed so late in the piece? It seems to me that there is a particularly short timetable. People would be seeking to employ staff, to secure premises and to do their fit-out and finish, and they have not got a guarantee of funding at this point in time.

Ms Beauchamp—That work is continuing. There are some anomalous circumstances, like Cyclone Larry in Townsville, so of course we have had to take a different tack up there in terms of finding and negotiating temporary premises and the like. But I think the non-government organisations are working very closely with us and with Attorney-General's to make sure these services will commence operation on 3 July.

Senator LUDWIG—Is it usual for the department to have contracts signed so late in the piece? I noticed in your annual report there is a range of contracts that you have that are quite important. Are they usually signed less than a month or so from the time that they are supposed to open and undertake business?

Ms Beauchamp—I am not too sure what you mean by 'usually'. These are new services. There has been a long time in the negotiation process; so, in a sense, there are no surprises between the Attorney-General's Department, our department and the non-government organisation which it was announced would be taking on these family relationship centres in early April.

Senator LUDWIG—You are the responsible department, and you do not have all the contracts secured. You have less than five weeks before you expect them to open for business

fully functioning. Would you like to outline the reasons for the delay? I appreciate that Cyclone Larry might relate to one centre. There are 14 others, I assume.

Ms Beauchamp—I do not have the exact reasons for delay, but in the course of negotiations there may be some issues that are individually raised in relation to the different FRCs. I will ask my colleagues to provide further information.

Ms Winkler—Obviously, since the time before the announcements were made in early April, we have been working closely with the Attorney-General's Department and our state and territory office network to prepare our network. It would do the funding agreement negotiations with the services to be aware of the range of issues that they might face once the announcements were made. Subsequent to those announcements, the staff and the network have been working very closely with those organisations to ensure that any of the issues that were identified through the selection process that were required to be addressed prior to start-up of the services have been addressed. We have been getting almost daily updates of where the funding agreements are at. As of first thing this morning, nine of those funding agreements were signed. All of the funding agreements are with Services and we anticipate at this time that all funding agreements will be signed by the end of this week.

Senator LUDWIG—Have those that have not been signed been sitting on the minister's desk or are there problems with contractual arrangements?

Ms Winkler—No. During the process there has been ongoing negotiation. There have been issues, as the deputy secretary identified, around premises for a number of those organisations, and there will be a couple of interim arrangements in place from 3 July, but all organisations are on track and no issues have been raised with us in the last few days that would suggest that any of these organisations will not proceed to sign their funding agreements.

Dr Harmer—Just to clarify—I have just been speaking with Ms Beauchamp—there is no delay caused by contracts with the minister.

Senator LUDWIG—I think that was the answer; that is how I understood it. If the record reflects that now, we are all in heated agreement. In terms of being able to employ staff and fit out premises, have any of the contracting parties indicated difficulties because the contracts have not been signed or indicated that they will not be able to fill all the requirements of the contract on opening day of 3 July.

Ms Winkler—Not at this stage. Obviously there has been ongoing negotiation. All providers are out there recruiting staff currently. Some have some staff on deck; some are in the process of having premises fitted out. A number of them have had their establishment payments paid and those remaining to sign their agreements will have their establishment funding paid as soon as they have signed those agreements. So there have been no delays as a result of the funding agreements not being signed.

Senator LUDWIG—Are those that have got their funding establishment grant paid the ones that have got their contracts signed or are there some who have not got their contracts signed who still have not got their payment?

Ms Winkler—The actual establishment payment is made on the signing of the agreement.

Senator LUDWIG—I know, but I was just checking. You have actually paid the money then?

Ms Winkler—There is one. Western Australia signed their agreement on Friday, so we are expecting an establishment payment to be made today.

Senator LUDWIG—Have any of the contracting parties indicated any problems such as obtaining credit or the required letter of credit from your department to indicate that they are going to get these funds?

Ms Winkler—No, they have not.

Senator LUDWIG—For those that indicated they would be in temporary accommodation, have you had the opportunity to inspect the temporary accommodation to see that they are suitable and that they are suitably located and have suitable branding?

Ms Winkler—The state and territory office staff have been out to inspect all relevant accommodation and floor plans in the cases of premises which are in the process of being built. Obviously information on the interim arrangements had to be fed through to the Attorney-General's Department to ensure that he was happy with those arrangements for commencement of those services from 3 July.

Senator LUDWIG—Of those 15 centres, which ones are in temporary accommodation?

Ms Winkler—Obviously there are issues in Townsville of being able to get tradespeople to finalise fit-out as a result of Cyclone Larry. There are also some fit-out issues for Strathpine.

Senator LUDWIG—What about Mildura and Wollongong?

Ms Winkler—Mildura is in the process of having premises built. They are not expected to be completed until September 2006, and the services will be provided from existing premises until that time.

Senator LUDWIG—So they are effectively in temporary premises until such time as they have new ones built.

Ms Winkler—Yes, but that building is under way, I understand.

Senator LUDWIG—Have those current premises at Wollongong been inspected by the department to see they are suitable?

Ms Winkler—There have been some fit-out issues for Wollongong as well, and all arrangements are being inspected by our state and territory office staff.

Senator LUDWIG—That was not the question, though. Have the Wollongong premises been inspected by the department to see that they are suitable as temporary accommodation for the family relationship centres to open on 3 July?

Ms Winkler—Certainly any premises they have been looking at have been inspected.

Senator LUDWIG—No, the existing premises.

Ms Winkler—That I would need to clarify with the staff, but it is my understanding that they have.

Senator LUDWIG—Perhaps you could take it on notice.

Dr Harmer—We can take that on notice and check with our New South Wales office staff that they have actually inspected that property.

Senator LUDWIG—And the same would then apply to Mildura and Strathpine. I think they are in temporary accommodation. You can probably tell me whether or not they have been inspected and whether you—as in the department—have looked at them to ensure that they are suitable as temporary accommodation, that they will provide a safe and secure environment for the staff and that they will be able to provide the services that they are contracted to provide fully from 3 July.

Ms Winkler—Yes.

Senator LUDWIG—In addition, could you tell me for each of those—that is, Wollongong, Mildura, Strathpine and Townsville—the dates for the expected completion of the permanent premises, when they are likely to move in and what would happen if that should change?

Ms Winkler—Yes.

Senator LUDWIG—Have any of the contract awardees asked for additional time rather than being up and running by 3 July?

Ms Winkler—We are still negotiating on signing up. If there are any alterations to any of the arrangements that have currently been negotiated to date, we would be discussing those arrangements with the Attorney-General's Department for the Attorney's consideration if any other circumstances arose that we are not currently aware of.

Senator LUDWIG—I am not sure that that is an answer to the question I asked. Have any of the current contract awardees asked you for an extension from 3 July?

Ms Winkler—All the services are able to provide some level of service from 3 July.

Senator LUDWIG—So they cannot fully provide all the services from 3 July?

Ms Winkler—For some with interim premises, they can provide the service range, but obviously they will not have the capacity they would have in their new premises.

Senator LUDWIG—Perhaps I could reverse the question. Could you provide answers—today, if you can—on a couple of things: firstly, those centres that have contacted you and asked for an extension from 3 July and what your response to them has been? I take it that they would say, 'No, you don't have an extension.' If you are able to answer that now, you can.

Ms Beauchamp—As Ms Winkler was saying, I think they are still subject to negotiations. We are still involved in negotiations to finalise those contracts in the next couple of days, and we will be ironing out those issues.

Senator LUDWIG—And if any of the 15 ask for an extension will you grant it, depending on the circumstances?

Ms Beauchamp—We are expecting that all centres will provide some level of service on 3 July.

Senator LUDWIG—So, if a centre were to ask you for an extension from 3 July, would you give consideration to an extension from 3 July?

Ms Beauchamp—We would have to look at the type of extension they were seeking for which particular service of the family relationship centre.

Dr Harmer—It is difficult for us. We are in negotiation with some of these agencies and it would be very difficult for us to answer that hypothetical question here without possibly compromising our position, so I would rather not go any further with that.

Senator LUDWIG—I was trying not to put it into a hypothetical position. I was trying to ascertain whether or not you have the ability to extend the opening date from 3 July or whether, either from the Attorney-General's perspective or from your own, you are not going to provide an extension to 3 July. That is not as hypothetical as it seems.

Dr Harmer—Our strong preference is to complete the negotiations and have all centres operating from 3 July, whether it be full capacity or at least some service.

Senator LUDWIG—In respect of those 15 who are unable to provide full services, could you list those sites and what capacity they can open with? If it is easier, put it down as what capacity they are unable to offer on 3 July—in other words, which functions or services that they cannot provide. Did adding the CSA responsibilities impact upon the time frame? Did it slow it down at all?

Ms Winkler—Obviously the funding of child support was a budget announcement and that occurred in May, so we were unable to discuss the details of that additional funding with providers until after that date.

Senator LUDWIG—What happens then? Have you spoken to all the 15 in relation to CSA?

Ms Winkler—Yes, all the centres have been spoken to. Once the information was publicly available about the budget announcements, there started to be negotiation with the centres. Attorney-General's provided us with the allocations that were to be directed to each centre, and these were additional requirements for the centres that were not part of the initial process when they put in their applications through the competitive selection process.

Senator LUDWIG—Will all the 15 centres be able to provide CSA from 3 July?

Ms Winkler—Yes. It was always expected that a certain proportion of the clients for the family relationship centres would also be child support clients, and the range of services they are offering are the standard range of services that those clients would be able to access as well.

Senator LUDWIG—So all of the CSA will be able to be provided. You indicated there will be a partial service for some. You indicated a preference for opening on 3 July. I am curious. Wouldn't it have been more sensible to ensure that there was full provision of services from 3 July for all the centres? In other words, if there was not going to be a full service, wouldn't it have been sensible to extend the date from 3 July to ensure that they did have their full range of services? Otherwise, it begs the question: clients will come to the door and expect a particular service and you may not have it. You do not seem to then start off on a good footing, if you are turning potential clients away.

Ms Winkler—I may not have been as clear as I could have been before. All of those services will be able to provide the range of service from 3 July. Depending on demand that

presents at that point in time, clients might be provided with the initial assessment process but the actual dispute resolution that may be offered to some families would generally follow after the assessment phase. There will be some services that people will get referred into as part of that process that they may not access on 3 July.

Senator LUDWIG—Will the full range of mediation services be available from 3 July at the 15 centres?

Ms Winkler—Yes. The full range of mediation services will be available. But, as I said, if they are new clients presenting to a centre, they would need to go through some form of assessment process prior to engaging in any dispute resolution processes—which would be part of good practice in how you engage people around those processes. Obviously, if a couple presented together and were needing some assistance around immediately preparing a parenting plan in a space and place that they were able to do that then the centres would be able to do that with them.

Senator LUDWIG—Is the tender process for the next 25 under way?

Ms Winkler—No, that is not under way.

Senator LUDWIG—Where is that up to now?

Ms Winkler—Obviously, we are in the process of finalising the previous process. Once all the funding agreements have been signed, feedback will be provided to all those applicants in the process who have sought feedback. Deloitte has been contracted by the Attorney-General's Department to contact all those who participated in the process to provide any additional feedback. We have obviously done internal processes between the two departments to look at the pros and cons of the previous process, and we will be providing information back through the family law reform steering committee for consideration of time frames for the next process. Obviously, both ministers will need to be involved in endorsing the time frame.

Senator LUDWIG—Have you been able to have a look at what lessons you may have learnt from the current tender process?

Ms Winkler—We have certainly begun to review processes that were involved. We have not formalised any document at this point in time that would be available to the committee.

Senator LUDWIG—So you have not had a look at the tender process to look at how you might be able to do things better next time yet?

Ms Winkler—Throughout the process we were reviewing how we were progressing with the competitive selection process and subsequent to that in terms of providing documentation to Deloitte et cetera. But, as I said, we do not have a formal report at this point in time that would be available to you.

Mr Hazlehurst—Ms Winkler referred to the work being done by Deloitte. Whilst that work has been ongoing, and we have been doing our own thinking about the process, we have not yet reached the conclusions such that we would then be making some decisions about how to do the next process differently.

Senator LUDWIG—It just struck me that it seemed to have been a bit of a mad rush, and I was wondering whether you had had a look at how you might be able to do it a little bit better next time to avoid what seems to be a rush.

Mr Hazlehurst—We have certainly given some thought to commencing the process earlier.

Senator LUDWIG—Leaving time for contract negotiations, for finalisation, for people to be able to secure accommodation fully, to be able to inspect the sites and to be able to ensure that they have a full range of services tend to stand out to me. I am not sure if you want to agree; you can if you want.

Mr Hazlehurst—We are certainly giving some thought to when the next process will start, yes.

Senator LUDWIG—You will take those sorts of things into consideration?

Mr Hazlehurst—So that we have more time to do everything, yes.

Senator LUDWIG—I think there was a list that was provided to the House labelled ‘Data from FCSIA’. You may not have that. I can provide it if you do not have a copy of it. ‘Data from FCSIA’ was neatly printed at the top. It ranked the locations by state and territory. Do you want to look at that list or are you familiar with it?

Mr Hazlehurst—We are familiar with it, I think.

Ms Winkler—We just need to clarify which document it is.

Senator LUDWIG—We might have been at cross-purposes. I was happy for you to have a look at that list. It looks as if it is being photocopied for you. While we are waiting for that: did FaCSIA select those sites?

Ms Winkler—No, FaCSIA did not select the sites. The family relationships centres funding is with the Attorney-General’s portfolio, so the Attorney-General made the final selection of the sites.

Senator LUDWIG—How was that done? Were you party to that? Did you make a submission?

Ms Winkler—We did not make a formal submission. We were party to a range of meetings with the Attorney-General’s Department. We had done some needs based planning work, about which we provided some information to the Attorney-General’s Department. We also participated in a process where we sought a range of information around things like transport hubs and existing service provision in a range of locations. We provided some brief documentation to Attorney General’s, but a significant proportion of the discussion was in meetings.

Senator LUDWIG—It is your money, I take it, and your program.

Mr Hazlehurst—No, not in relation to the family relationships centres.

Senator LUDWIG—So it is A-G’s money?

Ms Winkler—It is Attorney-General’s Department money and FaCSIA administers the family relationships services program on behalf of Attorney-General’s and FaCSIA.

Senator LUDWIG—So who is the lead agency?

Ms Winkler—Attorney General's is the lead agency in terms of the policy development for the family relationships centres.

Senator LUDWIG—And you are the administrator?

Ms Winkler—We are the administrator.

Senator LUDWIG—So why wouldn't you have selected the sites, as the administrator?

Ms Winkler—In line with our business partnership agreement with Attorney-General's, the Attorney makes the decisions in relation to those components that are funded through his portfolio. So he makes the decisions in relation to the family relationships centres and any of the other post-separation services.

Senator LUDWIG—Is that a written agreement between FaCSIA and Attorney General's?

Ms Winkler—Yes, it is a written agreement between FaCSIA and Attorney General's.

Senator LUDWIG—Is that available on the web?

Ms Winkler—It is on our intranet; it is not available on the web site. But it is certainly a document that could be made available to you.

Senator LUDWIG—So the committee could ask for the business partnership agreement?

Ms Winkler—Yes.

Senator LUDWIG—You could make that available?

Mr Hazlehurst—We would need to confirm with the Attorney General's Department, but I cannot think of a reason for it not being available.

Dr Harmer—Subject to them agreeing, there will be no problem with providing you with a copy.

Senator LUDWIG—I would have asked them, but I was not aware of the existence of it at the time I was talking to them. Did the Attorney-General's Department request you to prepare data for them to determine the location of the sites?

Ms Winkler—We had already been undertaking a process to look at needs based planning for the program. Partly that was a response to the Family Relationship Services Program review that was undertaken in late 2003 and completed in 2004. So that process had already begun as a response to the review. Therefore, we were in a position to be able to provide Attorney-General's with the initial work that we had done looking at a range of needs for the program.

Senator LUDWIG—I will follow that up shortly. Did Attorney-General's request you to prepare data for them to determine the sites?

Ms Winkler—No, the Attorney-General's Department did not specifically request us to prepare data.

Senator LUDWIG—Did you prepare the data on the basis of work that you had already done?

Ms Winkler—Yes.

Senator LUDWIG—Who made the decision then to refer it to the Attorney-General's Department for their information?

Ms Winkler—That decision was made during the course of meetings with Attorney-General's where we offered to provide that information to them to assist them in that process.

Senator LUDWIG—That advice was the FaCSIA data that I provided to you, but I think it was originally your data. Is that it?

Ms Winkler—This is not the form that I recall we provided our data in to the Attorney-General's Department.

Senator LUDWIG—What form did you provide it in? Perhaps you can provide a copy of that then.

Mr Hazlehurst—I believe that information has been provided by the Attorney-General's Department in response to a question on notice. I am sharing Ms Winkler's doubt whether this is the exact form that that information was provided in. We are not seeking to be difficult on that point, but the information that I recall seeing that they provided in answer to that question on notice was in a slightly different format to this. But we could check that.

Senator LUDWIG—By all means. Was it 'Recommended locations for 65 FRC', 'Statistical division', 'Suggested location of FRC', 'Statistical division in catchment', 'Estimated approximate catchment size', 'Rank of need for SSD'?

Mr Hazlehurst—That sounds more like it.

Senator LUDWIG—What is that document, then?

Ms Winkler—This one has 'Rank', 'State and territory SSD' and 'Location'.

Senator LUDWIG—Did FaCSIA prepare the original of that document?

Mr Hazlehurst—The one you have handed to us?

Senator LUDWIG—We will call that 'Label 1', then, shall we?

Mr Hazlehurst—It does have a '1' on it. I am not sure. I would need to confirm that.

Senator LUDWIG—Perhaps you could take it on notice to confirm that. Do you have a copy of what you did provide to the Attorney-General's Department?

Mr Hazlehurst—I believe so. I believe you might have it in your hand as well.

Senator LUDWIG—Yes, I know. I have writing on the side and I do not really want to give it to you. We do need to identify the right document that we want to question on.

Dr Harmer—Senator Ludwig, have you been given the document you have in your hand by the Attorney-General's Department?

Senator LUDWIG—This was obtained through a question on notice in the House of Representatives that you provided.

Dr Harmer—So it was attached to the Attorney-General's answer?

Senator LUDWIG—No, it would have been attached to an answer to a question on notice in the House of Representatives. It would have originally gone to you and you would have responded to it. I am happy for you to have a look at it.

Mr Hazlehurst—I am not sure if I have that in front of me.

Dr Harmer—Do you want to ask us some specific questions in relation to that document?

Senator LUDWIG—Yes, I want to identify the document.

Dr Harmer—Do you want to put them on notice?

Senator LUDWIG—No, I do not really want to do that at all.

Dr Harmer—It is going to be difficult if we cannot have the document.

Senator CHRIS EVANS—The officer was able to confirm that the document is the one they handed up, so I am sure she has it on the file somewhere.

Mr Hazlehurst—Is that the document?

Senator LUDWIG—Yes, it appears to be that document. What I really want to confirm is whether that is the document prepared by FaCSIA which you provided to the Attorney-General's Department.

Dr Harmer—I think we need to check that.

Senator LUDWIG—Which documents did you provide? Is there more than one?

Ms Winkler—Primarily we provided them with a table. My recollection was that it was not in portrait; it was in a landscape presentation.

Senator CHRIS EVANS—I have visions of a Van Gogh landscape.

Ms Winkler—This is the sort of information we provided to the Attorney-General's Department in a table.

Senator LUDWIG—How was that prepared? That was prepared on the basis of your own internal research—on a needs basis?

Ms Winkler—Yes. We had undertaken a fairly comprehensive needs based planning process, and we came up with a range of nine variables to do the overall ranking, plus we did some work around specific service types. So we had a whole range of other variables—for example, if we were looking at men and family relationship services, there were the kinds of factors we would look at for those.

Senator LUDWIG—So there were nine indicia. Do you have a supporting document that you provided to the Attorney-General's Department with the landscape version which indicated what the indicia were, how they were determined and what other criteria you might have examined in determining needs?

Ms Winkler—At varying times we gave them some brief descriptors of the indicators that were involved. Much later in the piece, we gave them a more detailed report that outlined the process we had undertaken.

Senator LUDWIG—Is that report available to the committee?

Dr Harmer—We would have been as a partner with Attorney-General's in developing this idea. The Attorney-General himself and the Attorney-General's Department were responsible for making the decision on the location. We would have provided the Attorney-General's Department with a range of information to help them with that decision, including the

information that Ms Winkler has just identified. We probably provided most of the information we had to help them with their decision about where to locate the centres. Ultimately, as you know, it was the Attorney-General's decision based on advice he took from his own department which presumably included consideration of our material on the location. Given that it would have been in the nature of policy advice to the Attorney-General, or would have been included as policy advice, we would probably need to take advice from the Attorney-General's Department about that. We would not be able to provide you with information we have given them without checking with them, I do not think.

Senator LUDWIG—Perhaps you could check and see what you can provide, including the report and other supporting documents you provided to the Attorney-General's Department in respect of selection of the location for the FRCs. The difficulty is that I did have an opportunity last week to ask A-Gs and they kept saying that I should ask you—and you are quite welcome to have a look at the transcript. They mentioned a couple of times that my questions should be directed here. They have gone so I have only you now—unfortunately or fortunately, as the case may be.

Dr Harmer—We can certainly take it on notice.

Senator CHRIS EVANS—The officers should be able to give us a broad description of the criteria we used. What Senator Ludwig is really after is what factors you used in determining your priorities.

Dr Harmer—We can probably give you that.

Ms Beauchamp—I am just checking to see whether we have already provided that on notice.

Mr Hazlehurst—We have provided information in relation to the needs based planning approach that this department undertook for the services we are responsible for in the answer to question on notice 104 from supplementary estimates in November last year. In terms of the document that I believe you have in front of you and that we have in front of us, that information is a subset of the information, if you like, that we used for the purposes of undertaking our selection of sites. It particularly relates to those sets of indicators that were of a demographic or a payment related basis, so they are such indicators as regional disadvantage, customer numbers in terms of parenting payments, single or family tax benefit and Child Support Agency information.

We—as explained in the answer to that question on notice, in terms of our methodology and, indeed, the same sort of methodology that the Attorney-General's Department undertook—would use that as one factor. Those are reflected in those rankings that you have. The second factor related to the existing level of service that was being provided in that area under the family relationship services program. A third factor that would have been considered would have been a range of issues to do with infrastructure in that area, transport routes, population growth and that sort of thing. When you put all that together, we came up with our decisions. Indeed, A-G's would have been putting that information together as well, in the advice that they then provided to the Attorney.

Senator LUDWIG—Did you get down to recommending specific spots or locations for the FRCs?

Mr Hazlehurst—No. I believe we just provided the same sort of ranking type of information that we had used for the determination of that first step of our needs based analysis process.

Senator LUDWIG—So the list for the recommended location of 65 FRCs was not yours then? It says, ‘Canberra, Sydney, Sydney, Hunter Valley, Illawarra, Mid-North Coast, Richmond, Tweed, Central West, Hunter.’

Ms Winkler—That list followed a discussion with the Attorney-General’s Department, where we pulled together ranking related information to a range of locations that had been under discussion. But overall we ranked all the statistical subdivisions across Australia, and there are 199 of them. We originally had a table of all of the statistical subdivisions across Australia and their rankings.

Senator LUDWIG—So you did not break it up by state? You went across the entire continent, including Tasmania?

Ms Winkler—Yes.

Senator LUDWIG—Their statistical ranks were then distilled into this recommendation for 65 FRCs, or was that later worked out with the A-G’s Department?

Ms Winkler—As I said, that information was provided following discussion with the Attorney-General’s Department around potential family relationship centre locations and what might be the need associated with those areas. Obviously, a range of those locations are an amalgam of a range of statistical subdivisions.

Senator LUDWIG—Did you recommend seats that they should go into or simply locations?

Ms Winkler—Did we recommend?

Senator LUDWIG—Did you recommend what electoral divisions they should go into?

Ms Winkler—There was no consideration of electoral boundaries in this process. Statistical subdivisions are quite separate entities to the electorate boundaries.

CHAIR—Could I interrupt for a moment. We did agree we would break at midday. Do you have many more questions on this subject before we intrude?

Senator LUDWIG—I do have a couple more questions. We can break and I will come back. I did not realise you broke at midday.

CHAIR—We changed the arrangements because of the function this afternoon.

Senator LUDWIG—I am sorry; I was unaware of that. I am sure you did tell me, though.

CHAIR—Do you want to break now and come back to this after lunch?

Senator LUDWIG—Yes.

CHAIR—That is what we will do. The committee will be suspended until 1.05 pm.

Proceedings suspended from 12.08 pm to 1.09 pm

CHAIR—We will resume the hearings of the Senate Community Affairs Legislation Committee into the Families, Community Services and Indigenous Affairs portfolio. We

suspended for lunch in the middle of questioning by Senator Ludwig about output 3.1, and I invite him to resume his questions.

Senator LUDWIG—At that point of providing the information to the Attorney-General's Department in relation to the information regarding the family relationship centres, did the Attorney-General's Department come back and say, 'Thanks for that information,' and no more? Or did they come back and say: 'Can you provide some additional information? Is that a ranking that FaCSIA want?' Or was it a more iterative process?

Ms Winkler—I can say that it was a more iterative process than a formal request followed by formal responses. There was, as I said earlier, a substantial amount of discussion in a range of meetings looking at factors that should be considered when looking at family relationship centre sites. The information we provided was only one part of a range of information that the Attorney-General's Department considered in the process of making that decision.

Senator LUDWIG—Did the Attorney-General's Department come back to you and say, 'This is the list we've finally settled on for these reasons. Do you have a problem with that list? This is the one we're going to run with'?

Ms Winkler—The Attorney-General's Department provided advice to the Attorney-General. Following that, we received a copy, within that week, of the information that had been provided to the Attorney-General.

Senator LUDWIG—Is that advice available to the committee?

Ms Winkler—It is obviously policy advice to the Attorney-General.

Senator LUDWIG—The original recommendations in your list did not include North Ryde and Strathpine. Were you surprised they were not on the list, given you had recommended them and ranked them accordingly as being areas of need?

Dr Harmer—As Ms Winkler said, we were a partner with the Attorney-General's Department in this exercise, having in our possession a range of information that was clearly relevant to the consideration. We passed that on, knowing that it was the Attorney-General's Department's business to make recommendations to the Attorney-General and that it was the Attorney-General's decision. I do not think we would have been surprised at the outcome, given that we were just party to providing some information for the decision making.

Senator LUDWIG—Do all of those areas that are on your list require or need assistance?

Ms Winkler—This list was put together as a result of discussions with the Attorney-General's Department. I quickly counted them, and I think there are 64 broad areas on that list out of 199. This list was pulled from a much broader list, and we would say there are a range of areas across the country that require assistance. Obviously, in this process, there is a amount of resources to be distributed across a very vast country and we try to look at some of the areas that might have greater need than others.

Senator LUDWIG—How did Brookvale rank in terms of the indicia that you prepared?

Ms Beauchamp—In terms of the overall rankings and decisions made by the Attorney-General, I just want to reiterate Ms Winkler's comments that ours was only one set of inputs into a broader range of considerations that the Attorney-General's Department took on board

in coming up with rankings as such. We had access to information around, for example, FTB customers, child support customers and the like that they would see as useful, but they also had to consider a range of other inputs—for example, some of the services that the Attorney-General's Department manages. I am not sure if going through our possible sites on the basis of need, according to what Mr Hazlehurst said, would be of any use.

Dr Harmer—It is one dimension.

Senator LUDWIG—I understand that. I will ask the question, you can answer it and we will determine the value of that at the end of the day.

Mr Hazlehurst—In relation to your specific question, though, I am not sure we are really in a position to go through district by district right now an evaluation of the relative level of need.

Senator LUDWIG—I am happy for you to take it on notice in relation to Brookvale, North Ryde and Strathpine. It seems that Bendigo ended up as an area of high need. It raises the question: how will you then provide Bendigo with ongoing support? It is certainly not going to have the types of family relationship centres in the first 65. It is then a question of how administratively you are going to deal with areas such as Bendigo, which is a large centre.

Mr Hazlehurst—The information that formed the basis of the rankings that you have in the document in front of you does not include, for example, the level of existing service provision through the Family Relationships Services Program. In some instances there will be areas that will have been identified as high need against a range of demographic data, for example, but may well already have been serviced to quite a high extent through the Family Relationships Services Program. You will recall I talked about the different things that FaCSIA took into account in determining the sites for our service delivery. I imagine similar dimensions would have been considered by the Attorney-General's Department not just an assessment against this pure ranking against demographic indicators.

Senator LUDWIG—They will obviously be able to answer for themselves about what they took into account. I want to know at least the information you provided and how you arrived at it. That is helpful to understand the need, as FaCSIA sees it.

Mr Hazlehurst—The 'rank of need' information refers only to the first dimension that I referred to earlier this morning in the three-step process for FaCSIA in determining our sites. We have basically just provided that same material to the Attorney-General's Department in terms of those rankings. As Ms Winkler suggested, we ranked all 199 districts.

Senator LUDWIG—Moving on then, Darwin has now got more than an outreach centre. I am told by the Attorney-General's Department that it will have in Alice Springs new premises that will provide family relationship services. Was any additional moneys sought or provided by FaCSIA to deal with that? It is more than simply an outreach centre; it seems to be now new premises.

Ms Winkler—No additional funds were requested as part of that process. As part of the original competitive selection process, a number of locations were identified that would have additional outreach funding, one of which was Darwin. Townsville is another one of those

centres that have significant outreach funding, because it covers out to Mount Isa. So there were additional dollars factored in as part of the initial process. It is not uncommon practice within the current Family Relationships Services Program. We fund something like 105 organisations through between 350 and 370 outlets. So the Alice Springs office would be an outlet for that major provider, which would seem to be quite common practice in the program.

Senator LUDWIG—So the original idea of outreach in your documents, then, included the possibility of premises as well—in other words, a separate outlet for services for the family relationship centre at Alice Springs administered out of Darwin?

Ms Winkler—It was not prescriptive initially in terms of how it described that, because outreach could be through specific premises or it could be more mobile outreach to a range of communities, where it is not going to be feasible to set up outlet arrangements.

Senator LUDWIG—That is helpful. I note that the additional money for the original outreach service for Darwin does not quite put it at the higher end. Ringwood has similar funding initiatives. So how do they split the budget to ensure that they actually do provide a full range of services? Do you require a full range of services at the outreach centre or only a limited range?

Ms Winkler—Generally, you would be looking to provide the range of service provision from the outlet.

Senator LUDWIG—How do you determine whether the funding is sufficient to meet that need in Alice Springs?

Ms Winkler—We will need to review the centres over the next couple of years. Obviously, this is a new initiative, so indicative budgets have been developed with the best possible information that Attorney-General's had to hand at that point in time and, as with any process, we will need to do an evaluation to inform the lapsing program review. Throughout that process we will be looking to see whether the establishment funds provided were sufficient for those services. Over time, with the roll-out of other services, we will be looking to see how that will influence the next roll-out and whether some things need to be done differently to how they were done for this initial phase.

Ms Beauchamp—I just want to add that the family relationship centres are only one of a suite of measures that the government announced in that \$400 million program. There are a range of other early intervention services that are being rolled out at the same time. I guess you have to look at the complementarity of services around the early intervention, family relationship centres and the post-separation services. So it needs to be looked at as a whole suite of measures, not just the family relationship centres on their own.

Senator LUDWIG—It sounds like very exciting work. Who has done that work and then ranked it according to area or district to determine whether there is in fact a full suite of services covering all locations? We used Bendigo as an example. I do not know whether it has or it has not but that does beg the question. Have you done that analysis to ensure that there is a full suite of services?

Ms Winkler—In terms of the first roll-out of services, once we were clear on where the first 15 family relationship centres were going, that was factored into the allocation of the

early intervention services because obviously those centres are likely to increase demand in those locations for the range of other services that sit around them, such as men's services. So in the first roll-out there were 15 family relationship centres but there were also 33 early intervention services and those services were mostly bundled services comprising men and family relationships, education and skills training, counselling and early intervention family violence funding.

Not that whole suite in the bundling went to the majority of locations but if a location already had substantial men and family relationships servicing then they did not get additional funding for that particular area. So we have been looking at the range of existing service provision and the new service provision. The Attorney-General has announced the phases of the next two roll-outs for the family relationship centres and other post-separation services. We are currently reviewing where the remainder of the early intervention services need to fit, given the needs based planning work that we have done and the existing service provision.

Senator LUDWIG—Who made that decision ultimately? Was it the Attorney-General? For argument's sake, in Queensland, you have got an FRC for Strathpine whereas Caboolture seemed to be the more likely area. It seems that, somewhere between your ranking, the assessment of all of the services and then the A-G's final decision making, we ended up with one in Strathpine rather than Caboolture. Having some minor knowledge of the area, Caboolture does seem to be—and I agree with you—a high-need area, and certainly it would benefit from having an FRC, by the look of it. There must have been a decision-making process somewhere along the line which took into consideration the range of services that you provide, and which then ultimately determined that it would be located in Strathpine rather than Caboolture. I was just trying to find that assessment—or did the Attorney-General pick a ticket out of a hat?

Mr Hazlehurst—No. The Attorney-General made the decisions around the locations for the family relationship centres based on the variety of information that the Attorney-General's Department would have provided to him. What Ms Winkler has described is the process or the factors that we then considered in determining where the other services that FaCSIA is responsible for were distributed around the country, and one of the factors we considered in that was the location of the family relationship centres.

Senator LUDWIG—I will put the rest of my questions on notice. Thank you very much.

Senator SIEWERT—I just wanted to clarify something there: were early intervention services going through the existing service providers?

Ms Winkler—No, they are not. It was part of the open competitive selection process that was advertised last October and closed in December. So at the same time that we advertised the first 15 family relationship centres, we advertised all the early intervention services that were to be distributed across the country, as well as the post-separation services. A number of existing providers were successful in that process but that funding was not just distributed to existing providers on the basis that they were already providers.

Senator SIEWERT—Senator Ludwig, had you finished?

Senator LUDWIG—Yes. In terms of finalising the issue, with respect to those matters about the locations or where they were ranked—Brookvale, North Ryde and Strathpine—you will take that on notice as to where they were ranked and how you then—

Ms Winkler—Certainly, we can take that on notice and provide feedback. The names of some of those locations are the names of actual places as opposed to the statistical subdivisions in our—

Senator LUDWIG—But I can only go on what the Attorney-General has finally decided the places should be, I guess.

Mr Hazlehurst—That is correct, and we can only provide you the information that was provided to the Attorney-General's Department, but we are happy to do that.

Ms Beauchamp—It really is a question for the Attorney-General's portfolio.

Senator LUDWIG—They sent me here.

Ms Beauchamp—In that context, the three pages of information that you provided to us, we are still unable to clarify whether they are actually our documents or documents from the Attorney-General's Department and certainly there is one document—

Senator LUDWIG—I am not sure they owned them.

Ms Beauchamp—There is one document that you provided that had a number of annotations on it and they are certainly not our annotations.

Senator LUDWIG—These confusions can always arise; why don't you do what I asked earlier and provide the documents that you provided? In that way we are at least working off the same song sheet.

Dr Harmer—We will have a look at that. Given that the information we provided to Attorney-General's was by way of advice to the minister to allow him to make a decision, we will just check with the Attorney-General's Department as to whether they are happy for us to do it. We will only provide it if they are happy for us to provide it.

Senator LUDWIG—I would not want any confusion to remain around this, and I am sure you wouldn't either.

Dr Harmer—No.

Senator SIEWERT—I have got a few more questions. I just want to go back to what we were just talking about with the list of locations for the early intervention programs: have you provided that list to this committee before?

Ms Winkler—Yes, we have.

Senator SIEWERT—Is there an update?

Ms Winkler—Certainly, the information on those services is available on our website, and that documentation was provided as part of the entire selection documentation process.

Senator SIEWERT—I have mainly concentrated on the family relationship centre ones. Has there been a new round of the post-separation funding?

Ms Winkler—There has only been the first round of selection for the full range of services to be implemented for 2006-07. Some of the questions that were asked earlier were in relation to the next phase. We are in the process of providing advice as to when we think that should be.

Senator POLLEY—There have been some changes, obviously, to the FTB A. Can you confirm that the low income health care concession card is provided to families on the maximum rate of family tax benefit part A?

Mr Hazlehurst—Yes.

Senator POLLEY—Can you also confirm that, in the 2005 budget, which increased the income threshold from \$33,361 to \$37,500, you estimated that there would be an additional 40,000 families that would be eligible for the health care card?

Mr Hazlehurst—Yes.

Ms Beauchamp—Can you reiterate those figures about the threshold numbers?

Senator POLLEY—The figures were \$33,361 up to \$37,500.

Mr Hazlehurst—Yes.

Senator POLLEY—What is the estimated number of families that will become eligible for the card as a result of the increase in the threshold to \$40,000 in the 2006 budget?

Mr Hazlehurst—A total of 75,000.

Senator POLLEY—Can you also confirm that the \$40,000 threshold will form a sudden cut-off for the health care card so that families that actually earn \$40,001 will not receive the health care card?

Mr Hazlehurst—Yes, in the same way that it forms a cut-off now.

Senator POLLEY—Doesn't this cause a disincentive for families to earn over \$40,000?

Mr Hazlehurst—To the extent that the cut-out presently does that, and will in the future, some families would, I imagine, consider that to be a disincentive but other families would see the benefits of earning the additional income.

Senator POLLEY—In the department's view the health care card is worth about \$2½ thousand to a family per year?

Mr Hazlehurst—I could not comment on that.

Dr Harmer—I do not think we have done any analysis.

Mr Hazlehurst—I am not familiar with that figure.

Senator MOORE—Dr Harmer, it does interest me—we talk about concession cards all the time at these estimates and also in terms of family packaging—that your department has not done any estimation of what the value of the health care card is to a family receiving payment.

Dr Harmer—We may have. I will defer to Mr Hazlehurst. But what I was saying was that I do not recall us putting a \$2½ thousand figure on the health care card.

Senator MOORE—In the current environment where we are looking so much at the family—

Dr Harmer—It is quite likely we have done.

Senator MOORE—I would hope so, yes.

Senator POLLEY—But it is of significant value to a family nevertheless.

Dr Harmer—Indeed.

Ms Beauchamp—Could I also add that a lot of the concessions are available through state and territory governments which would have different values.

Senator MOORE—We are more than aware of that, Ms Beauchamp. But in terms of the ongoing discussions we have in this process—and we are looking at the whole family package—this is not a new topic.

Senator CHRIS EVANS—We will get you to explain the rationale behind the utilities allowances later. I look forward to this year's explanation.

Senator POLLEY—I am quite interested to hear your response as to what happens when a family estimates their income to be less than \$40,000 per annum but the outcome at the end of that financial year is that in fact they earned over \$40,000. Will they have to repay the benefits of having that health care card, partially or in full?

Mr Hazlehurst—No, Senator.

Senator POLLEY—So families can underestimate their income, claim the health care benefit card, earn in excess of \$40,000 and they will not have to repay anything; is that correct?

Mr Hazlehurst—Yes.

Senator POLLEY—Isn't that somewhat of an incentive for people to underestimate their income? Have you thought about the impact of that and what that would do to the budget?

Mr Hazlehurst—The way in which the family payment system works is to allow parents to receive their payments on a fortnightly basis when they most need that income, if they choose to do it that way. Given that the health care card also has a similar nature in the sense that families need it throughout the year in which they might access those services, it is tied to their assessment of their income throughout the year as opposed to a reconciliation at the end of that year; otherwise the health care card would not be available to those families during the year.

Senator CHRIS EVANS—But you have adopted policies which are encouraging people to underestimate so as not to fall into debt. Certainly, Centrelink have been active in that campaign. The numbers of people who are reconciling at the end of the year rather than taking in fortnightly their full entitlement are rising quite rapidly.

Dr Harmer—It is probably fair to categorise the approach as being one of encouraging families to accurately estimate their income rather than underestimate.

Senator CHRIS EVANS—They are encouraged to be cautious, and 'cautious' means you underestimate.

Dr Harmer—I do not think anyone is encouraging them to underestimate. It is true that Centrelink does encourage them to be cautious and to try to be as accurate as possible.

Senator CHRIS EVANS—We will have to part company because that is not what I hear from the scripts I have seen of what you provide. It is certainly not the evidence. It is semantics, but basically you are asking them to be conservative, to underestimate, in order to reduce the debt problem.

Mr Hazlehurst—Senator, wouldn't it be the other way around?

Senator CHRIS EVANS—Why is that?

Mr Hazlehurst—Without conceding the point that we would encourage people to provide an estimate that minimised their debts, if they underestimated their income they are more likely to end up with a debt. Perhaps you mean 'overestimate'.

Senator CHRIS EVANS—Overestimate, sorry.

Mr Hazlehurst—But in either case, as I understand it, we do encourage families to get their estimate as close as possible to what their actual incomes will be.

Senator POLLEY—That might be a little bit difficult in the future with the Welfare to Work changes and the new IR legislation that has come in. What happens in the reverse? When a family overestimates their income, will they be compensated for not having access to the health care card?

Mr Hazlehurst—You are suggesting that if their income—

Senator POLLEY—If people predict that they are going to have an income of \$40,200 and in fact they come in at \$38,000, will they be compensated for missing out on the health care card?

Mr Hazlehurst—No. But the moment they realise that their income might be lower, it would certainly be open to them to provide a revised estimate and receive the health care card.

Senator CHRIS EVANS—The issue is that there is no taper on the health care card; that is, you are 100 per cent on or you are 100 per cent off.

Dr Harmer—And nothing has changed with the recent decision. All the government has done is to increase the maximum limit from \$37,500, which was announced in the 2005 budget, to \$40,000.

Senator MOORE—That is exactly the point, Dr Harmer, in terms of looking at the families as a total unit and their total incentive to do different things. The value of a health care card is one that comes up constantly when you are talking with community groups in terms of their concerns about moving in and out. The threshold was lifted quite deliberately, I understand, as part of the whole package, to say it is not going to be as bad.

It is interesting to see whether the department has done work about the value of the health care card to families, because anecdotally it is of great benefit and people value it. I am interested to find out whether your department, or any other, has responded to that kind of evidence we seem to have by determining what value individual families get out of their health care cards; how long do they use them; how much do they value them; and is it a determining factor in decisions they make. It would be interesting in the overall consideration of families' situations to see that value of health care cards—and, as Ms Beauchamp quite

rightly said, that ongoing aspect of how it is used in different ways at the state level for a whole range of other concessions over which the federal government has no control.

The question remains in terms of what research there is about the kinds of questions Senator Polley has been asking: the immediacy of cut-off, what that does to people's planning, whether there is fear involved in the whole process—all those things. Just for the record, we regularly ask the standard question about the current discussions amongst state and federal governments about access to concessions and that whole process to see whether it has popped up on discussion points and how far we have gone with trying to look at people having more certainty in those things.

Mr Hazlehurst—I think general questions relating to concessions come under outcome 4.

Senator MOORE—I know, but I thought I would throw it in there because we were talking about the health care card, which is the element of the payment that stimulates the concessions. I will throw it in again.

Dr Harmer—I think it is in outcome 2.

Senator MOORE—I will be ready for the standard answer in outcome 2.

Senator CHRIS EVANS—I would like to ask some questions regarding the assumptions behind some of the payments. The Parkinson report was a really useful addition to our sum knowledge about some of the family behaviour and the effects of some of the measures. We were talking earlier about the modelling et cetera. One of the arguments Parkinson put—and the government has accepted—is that the costs of older children are higher and therefore require greater support. But the FTB B rates seem to reflect the exact opposite in that the higher rate—correct me if I am wrong—is paid if the younger child is under five, and the lower rate is paid if the youngest child is five to 18. Is that right or have I got that confused?

Mr Hazlehurst—That is correct. Family tax benefit B has a slightly different character in the sense that it is in part a payment that recognises that single-income families have access to only one tax-free threshold. Related to that, it is also partly a recognition of the period of time in which many two-parent families will have only one income because one parent is at home. I think having a lower rate for when the children are older reflects—consistent in some ways with some other areas of government policy—an understanding that once the children reach school age, the family is more likely to have the ability for both parents to be working.

Senator CHRIS EVANS—But isn't FTB B supposed to cut out if both parents are earning an income?

Mr Hazlehurst—Because of the More Help for Families changes in the 2004-05 budget to the FTB B, it now has a free area and a taper which means that the secondary earner can be earning to I believe—

Senator CHRIS EVANS—\$21,000.

Mr Hazlehurst—before they completely lose any entitlement to the FTB B.

Senator CHRIS EVANS—So I am arguing about the single-income tax-free threshold and some assumption about when they may or may not move to two incomes?

Mr Hazlehurst—You asked me why there might be a higher rate for children when the youngest child is less than five. That would be my understanding of the original question you asked.

Senator CHRIS EVANS—You understand the dilemma, I am just trying to work this through in terms of social policy. We have just decided that we are going to pay single mothers less because the costs of younger children are allegedly lower, but we are going to pay other families more because their costs may be higher when the children are young. On first blush, that seems a little contradictory.

Dr Harmer—Unless you took into account that perhaps the government was recognising that the first child has some significant fixed costs that might be met by the family that might assist with the raising of the second child, such as structures in the home and things like that.

Senator CHRIS EVANS—So that is a third rationale for the movement is it?

Dr Harmer—It could be. It is government policy.

Senator CHRIS EVANS—I knew in the end you would fall back on that one, which means you do not have to explain why the whole bloody thing is totally contradictory. I accept that—

Dr Harmer—I do not think anybody—

Senator CHRIS EVANS—I am genuinely actually trying to understand what signals we are sending here because they seem to be at cross purpose.

Dr Harmer—I think it is dealing with two different matters. I think there is an element of fixed costs for the first child that means that the contribution from the government for the second one is less. I am not sure whether that was so; I was not around when this was introduced, but it could be.

Senator CHRIS EVANS—I do not think that is right actually because the youngest child might be under five but it might be a 15th child, so I presume your infrastructure costs are pretty well established by then.

Senator Kemp—Maybe worn out.

Mr Hazlehurst—There is a degree of consistency between the arrangements that will come into place in relation to child support and family tax benefit A in the sense that a higher rate of assistance is paid for family tax benefit A once a child turns 13, and the differential within the child support arrangement also turns on the child being 13. I think the issue around family tax benefit B goes more to the different purpose of that payment.

Senator CHRIS EVANS—Is this argument about single-income tax-free thresholds?

Mr Hazlehurst—And a recognition of the lost earnings associated with having only one person in the workforce.

Senator CHRIS EVANS—But the logic of that would take you to one flat rate, wouldn't it? If you are saying it is to replace the tax-free threshold, you would have one rate for a family that would go when the second person returned to work as it were.

Mr Hazlehurst—It is deliberately not as precise as that in part to ensure that you do not have the cliff effect—and that was referred to earlier in relation to the health care card. Instead you have an effect whereby the amount of family tax benefit B is tapered away as the secondary earner's income rises. But one of the purposes for the payment is a recognition of there being only one tax-free threshold.

Senator CHRIS EVANS—Then on top of that we allow them to earn \$21,000 before the taper finally cuts out.

Mr Hazlehurst—Indeed, so that there is not the immediate disincentive of returning to the workforce.

Senator CHRIS EVANS—But the tax-free threshold has now gone to \$10,000?

Mr Hazlehurst—I don't have that in front of me.

Senator CHRIS EVANS—That was my recollection in the budget release—\$10,000.

Dr Harmer—I think that is right.

Senator CHRIS EVANS—That obviously significantly changes the underpinning of this measure.

Mr Hazlehurst—Only to the extent that it improves the incentives to return to the workforce.

Senator CHRIS EVANS—If the argument about the family tax benefit B is based on the tax-free threshold and we have now made a substantial change to the tax-free threshold, is there any suggestion that the calculation will change as a result?

Mr Hazlehurst—The calculation of the FTB B rate?

Senator CHRIS EVANS—Of the thresholds?

Mr Hazlehurst—Not at this stage.

Senator CHRIS EVANS—In terms of the related question about the large family supplement, how many families are going to be affected there? I saw one figure claiming 400,000 will be eligible and then another, I think in the budget paper, saying 112,000 in 2006-07.

Mr Hazlehurst—There are currently around 100,000 that benefit from that now, and they are a subset of the 440,000 that will benefit from reducing large families, as defined for that purpose, down to three children or more. In other words, if you have four children currently, you will get two large family supplements. So you are one of the 440,000 that will benefit as a result of the change.

Senator CHRIS EVANS—I am sure that made sense, but you lost me.

Mr Hazlehurst—There are 100,000 who benefit now—

Senator CHRIS EVANS—They are on the large family supplement because they have four or more kids.

Mr Hazlehurst—They will also benefit from the change, along with those who only have three children, because they will get paid the supplement in respect of their third child as well as currently their fourth child.

Senator CHRIS EVANS—Because it is a per child payment.

Mr Hazlehurst—Correct.

Senator CHRIS EVANS—How many persons not currently in receipt of large family supplement will be added to the beneficiaries as a result of this measure?

Mr Hazlehurst—340,000; 440,000 less the 100,000 who already benefit.

Senator CHRIS EVANS—There are 340,000 new families not currently inside the system who you think will be beneficiaries—

Mr Hazlehurst—They are in the system in the sense that they are in receipt of family tax benefit.

Senator CHRIS EVANS—Yes. There are 340,000 people who would have been in receipt of family tax benefit next year but who will also now be entitled to the large family supplement.

Mr Hazlehurst—That is correct.

Senator CHRIS EVANS—That will be a flat rate per child, won't it?

Mr Hazlehurst—Yes, Senator.

Senator CHRIS EVANS—Thanks.

Senator MOORE—I have a couple of questions about family tax benefit part A paid to approved care organisations. Is this the right group?

Ms Beauchamp—Yes.

Senator MOORE—Can you remind us what the rationale is behind paying the FTB A at a reduced rate to kids who are in what is defined as an approved care organisation?

Mr Hazlehurst—That is a part of the system that I am not acutely aware of right now.

Senator MOORE—Can you become acutely aware?

Mr Hazlehurst—I would be able to come back to you with an answer during the day.

Senator MOORE—That will be fine. They are straightforward questions about that particular payment. We will come back to that. I will make a note to myself so that I do not forget that one later.

Senator CHRIS EVANS—Does Communities for Children come under 3.1?

Dr Harmer—Yes.

Senator CHRIS EVANS—Can someone tell me how this program is going? Ms Plibersek asked a few questions on notice, and it seemed that some of the sites which had said they were going to be funded had not received their funding yet. Is that just a time issue?

Ms Carroll—Yes, there was \$142 million for Communities for Children over the period, and that was going to target 45 disadvantaged communities. There was a selection process for

the Cairns site where there was not a person who was successful. That was first advertised in June 2004 and, as a successful facilitating partner was not chosen, that is now going to be re-tendered. But all the other sites are now basically operational.

Senator CHRIS EVANS—Are they all getting funded to the same degree?

Ms Carroll—There are different amounts of funding, some slight differences between the different sites. I think that might have been provided in the answer to the question on notice.

Senator CHRIS EVANS—Yes, it seems to range from about \$2 million to \$3.5 million.

Ms Carroll—That is correct.

Senator CHRIS EVANS—Is that largely based on size of the client group?

Ms Carroll—That is right. It is based on the relative size of the area that it is covering and the kind of disadvantage that exists within that area.

Senator CHRIS EVANS—It is not necessarily based on the number of—I use the word ‘clients’ because that seems to be the terminology everyone uses these days—families or children that you are targeting; it is more of a disadvantage assessment, is it?

Ms Carroll—It is certainly over the geographical location and the number of children under five that live in those areas, because it is specifically targeted at children under five. However, often in these things there are some other things taken into account, but the primary focus is on the number of children that they would be dealing with in those locations.

Senator CHRIS EVANS—How many sites have only got up and running more recently? The original funding was from 2004 to 2009, wasn’t it?

Ms Carroll—That is correct.

Senator CHRIS EVANS—Apart from Cairns, have you had difficulty getting the others up and running?

Ms Carroll—The process was that the first seven facilitating partners were announced when the Stronger Families and Communities Strategy was launched in April 2004. There was then an advertisement for another 28 sites and facilitating partners. That was where 26 sites were chosen quickly. There was the Cairns site that was not successful in that process and where we have had to go to another process. Then it took us a bit longer to do the facilitating partner for the Swan Hill and Robinvale site, but that has now been finalised. The final 10 facilitating partners were announced in August 2005. So effectively what we have had is a roll-out of the sites over the period of time.

Senator CHRIS EVANS—Have they all been by a tender process?

Ms Carroll—Certainly, the 28 and the 10 have been. I believe that the first seven sites were announced without a tender process.

Senator CHRIS EVANS—How were they chosen?

Ms Carroll—We would have to take that on notice.

Senator CHRIS EVANS—So the second and third rounds were all done by a tender process.

Ms Carroll—That is correct.

Senator CHRIS EVANS—What do they tender on the basis of?

Ms Carroll—What they are tendering for is the facilitating partner for that particular location. So they would be looking at the capacity of that organisation to be able to do the developmental work in the community and to bring other community based organisations on board to deliver some of the programs that the community decides it wants to do.

Senator CHRIS EVANS—Sometimes with these things, they are obviously people with local expertise, but you end up with quite a range of people auspicing them. There seem to be quite a few Mission and Smith Family ones, just on a cursory glance; there are obviously others. You also have quite a wide variety of auspicing. While we get diversity, I always wonder with these things whether we get consistency or actual benefits of the knowledge shared by one organisation. I guess the starting point is: how are you going with the assessment of the success or otherwise of the projects?

Ms Carroll—There is an evaluation strategy linked to the whole Stronger Families and Communities Strategy that includes a whole range of activities around the improvements in outcomes for children in those sites. There is some longitudinal work that is happening as well as other things. As you can imagine, some of the sites have been announced only recently. The initial step that the facilitating partners undertake is to actually look at the strengths, needs and gaps in their community, and they do that in consultation with the community and local providers as to what is occurring in the community and what the community believe their needs are, and then they map the service provision and come up with a community strategic plan and how they will deliver services against that community strategic plan.

Senator MOORE—Is there a standard model for this activity? It seems, even on the web site and in the discussion you have just had, that there are some common elements to the expectations and also the kinds of communities that have been chosen. There are certain elements about the communities that have been chosen in terms of size and number of children under a certain age. Are there some common models which are used for the tasks you indicated—the mapping, the needs analysis and those things—or is that entirely at the discretion of the person who is the auspicing partner?

Ms Carroll—The auspicing partner, the facilitating partner, would look at what tools are most relevant for that particular community. Obviously, often those tools are similar across different sites, and they are then able to use those to do the things like the needs analysis, the mapping and those kinds of things. For example, different organisations might already have their own tools that they could use to do that mapping.

Senator MOORE—But there is no expectation within the program that there is some sharing of best practice and some learning of that kind of expertise?

Ms Carroll—Part of the whole process is that the facilitating partners would also share that information between themselves.

Senator MOORE—That would just seem to me to be an expectation. That is not actually stated in the documentation. I was wondering whether that was an expectation of your organisation in funding it.

Ms Beauchamp—There are a number of standard principles, and the model is very similar. What we are trying to capture here through the non-government organisations or the facilitating partners is knowledge of the local area so they do engage with the local organisations and come up with community based solutions for that particular area. We do have, through the Stronger Families and Communities Strategy partnership, the larger facilitating partners getting together and sharing information; and we do facilitate that sharing of information of best practice, what works and what does not work.

Senator MOORE—So this sharing approach is an element of the whole program?

Ms Beauchamp—Yes.

Senator CHRIS EVANS—How does that happen? These are not necessarily these partners; these are the partners—there are so many partners around it is very hard to—

Ms Beauchamp—And there is a partnership—

Senator CHRIS EVANS—I do not know whether they are de facto or not de facto.

Ms Beauchamp—We facilitate, through the Stronger Families and Communities Strategy partnership, the getting together of the facilitators in each of the Communities for Children sites; so they do share information. We do have some standardised tools for measuring the outcomes. We are currently trying to use the Australian early development index for the outcomes of that in each of the Communities for Children sites.

Ms Carroll—Also, a non-government forum occurs—we have had two of those already—where all the facilitating partners get together and share that information.

Senator MOORE—So it is a specialised NGO forum to this program, not just a general forum?

Ms Carroll—Yes.

Senator MOORE—Because the key players in the industry seem to be listed in your partnerships.

Senator CHRIS EVANS—I will play devil's advocate. In all these initiatives there is a lot of caring and sharing of information, but I worry about the policy outcome after it. All these organisations are doing good work out there on their own, and I am pleased to hear there is some reporting back, but how does that lead to a policy direction driven by the department through government—which of these is working, which has failed, who are the good providers, who are the bad providers? They might be sharing information, but they might be sharing the fact they are not making much difference. I am just playing devil's advocate. They might be making a great deal of difference, but how do we know that? How do we assess it? I am sure the performance is not uniform. You would not expect it to be if you have 45 sites. How do we make the judgment about whether this is good value for taxpayers at each of the sites and the program?

Ms Beauchamp—It is early days yet, but with the whole of the strategy and the Communities for Children element there is a fairly robust evaluation program being developed looking at the overall program but also looking at what is actually happening on the ground.

Senator CHRIS EVANS—Are you using ‘being’ in the future sense or has it been developed?

Ms Beauchamp—It is being developed at the same time as we are rolling out the program.

Senator CHRIS EVANS—So we do not have an evaluation strategy at the moment?

Ms Beauchamp—We are putting in place an evaluation strategy at a number of different levels, and the government has put into it quite a substantial amount of investment.

Ms Carroll—There are two elements. One is the evaluation strategy that Ms Beauchamp has mentioned. The department has commissioned the Social Policy Research Centre at the University of New South Wales, which is also working closely with AVS to develop the national evaluation framework and carry out the evaluation. The elements of that national evaluation framework around Communities for Children include a family study, which is the centrepiece of the evaluation. It is a longitudinal study of 1,500 children in up to 17 sites. The 17 sites consist of 12 Communities for Children sites and five contrast sites. The longitudinal study is based on the Longitudinal Study of Australian Children, LSAC, that already exists. So they will use the same tools, and interview the children and families et cetera. That will give us some very good longitudinal data. However, obviously that will take a little while to get. There is also an outcomes indicator framework and some service user questionnaires.

So, to look at this model, there is certainly some very strong evaluation tools. But right now in FaCSIA our state and territory office network work very closely with the facilitating partners in each of the sites, and obviously they have a number of sites—so they are not looking after just one site in a state or territory—and they are able to look at that consistency that you were talking about and ensure that the facilitating partners are in a position to take forward the requirements of their role within a particular community. If there are any issues, then we look at ways that we can address those with the facilitating partner.

Senator CHRIS EVANS—When will we see the first of the evaluations?

Ms Carroll—I would have to take on notice and get back to you on exactly when we would have some concrete data. Obviously the longitudinal study will take a couple of years. As I said, in late May 2006 a cohort of families with children who were two years old were being interviewed. That will be done again in 2007 and 2008. So it will take some time to get that data, but you will have at least some comparative data by the middle of next year. As Ms Beauchamp said, it is relatively early days yet, but those other tools will be able to kick in.

Senator CHRIS EVANS—When do most of them get started actually delivering services?

Ms Carroll—There is a difference between getting started and delivering services because, as I indicated, the first step is actually to do the needs analysis with the community, to involve the community in looking at what it needs in that particular community, to map the existing service delivery and then to look at what services can go in on the ground.

Senator CHRIS EVANS—I appreciate that. That is why I wanted to know when they actually got started. It seemed to me there was a bit of a task before they actually got around to delivering a service. I am not being critical, but it seems to me there might be quite a time difference between being awarded the tender and then actually being able to start delivering any services.

Mr Henri—The round 1 services were announced in April 2004. Since that time, they have completed their community strategic plan and two annual service delivery plans. As of July, they will have been running two full years. Round 2, the 26 sites, was announced in November 2004. They have completed their community strategic plan and they have also put in one annual service plan for 2005-06. Round 3, the 10 sites, was announced in August 2005. They completed their community strategic plan as at May 2006 and it is being evaluated at the moment.

Senator CHRIS EVANS—The first group have provided an annual service delivery plan for which period?

Mr Henri—2004-05 and 2005-06.

Senator CHRIS EVANS—But you did not fund them until May 2004?

Mr Henri—That would be before 2004-05 started.

Senator CHRIS EVANS—It does not sound like they had much time to map. I was expecting a longer delay than that, so I am just trying to understand.

Ms Carroll—Their service plan would not necessarily cover a full financial year. There would have been time to do the mapping and then, when they were ready, to start to put in their service delivery plans.

Senator CHRIS EVANS—So it is not necessarily that they provided a service in the whole of the year 2004-05?

Ms Carroll—That is correct.

Senator CHRIS EVANS—So, typically, what sort of service would they have provided in the first year? Not much, I presume. I would not have thought they would have had much time to gear up.

Mr Henri—There would be a gearing-up process. But in the funding allocation process they were given an amount of money over four years. They were then asked to come back to us to say how they wanted it broken up over those four years. It was not a straight 25 per cent split. It was backgeared so that it took account of the gearing-up process at the beginning and in later years they then received greater amounts.

Senator CHRIS EVANS—UnitingCare Wesley Port Pirie got \$1.5 million. Was that over four years? I am using that as an example.

Mr Henri—The funding amounts were over four years.

Senator CHRIS EVANS—How they split that up over the four years was subject to negotiation with you about their needs et cetera?

Ms Carroll—That is correct.

Mr Henri—Correct.

Senator CHRIS EVANS—Is there any limit? Do they have to get approval for what they can spend it on? Does their plan have to be ticked off?

Ms Carroll—That is correct.

Senator MOORE—They will still have access to a full four years of operational funding?

Ms Carroll—That is correct, which is why we are trying to progress that service as quickly as possible.

Senator MOORE—I am just thinking about how that will be done administratively, because at the moment this funding is allocated over four to five years. Cairns is not really up yet, is it?

Ms Carroll—I did not speak clearly before.

Senator MOORE—I might not have heard, so you may well have spoken clearly before.

Ms Carroll—The Cairns site was readvertised. The facilitating partner for Cairns was announced in the May 2005 group.

Senator MOORE—But they are still well behind, aren't they? They are still down the track.

Ms Carroll—They are still in line with the last 10 lot of facilitating partners.

Senator MOORE—So any delay from now on would put them further behind than they are?

Ms Carroll—That is correct.

Senator MOORE—But the expectation would be that, once you are approved, you would be building plans around a full four-year operation and have confidence in doing that?

Ms Carroll—Yes.

Senator MOORE—You described the evaluation strategy in terms of the things to be taken into account. Is that public?

Mr Henri—It is on the web site.

Senator MOORE—I have read some of it. Are the dot points on the web site all we have got?

Mr Henri—When I looked at it, it seemed to be very detailed.

Senator CHRIS EVANS—I know there is a lot of sharing and longitudinal stuff when you actually evaluate site by site, but how do you actually assess each site, whether it is working or—

Ms Carroll—Part of the evaluation strategy is also a service user questionnaire. That actually measures the short-term outcomes for families that access particular services.

Senator CHRIS EVANS—How do you assess that, though, against the provider? I do not want to use one as an example because it would be seen as picking on them. How do we know

whether or not the Evans family trust running the one in Perth are doing a good job or whether I am completely bugging it up and wasting taxpayers' money?

Senator Kemp—I think you would have to assume that was the case if you were involved.

Senator CHRIS EVANS—It was a likely target, I thought.

Ms Moreton—There are actually local evaluators so that each site has its own evaluator. That evaluator develops additional information about how the site is progressing.

Senator CHRIS EVANS—Is that a departmental official?

Ms Moreton—No, they are independent evaluators. There is a process of discussion between the site, the facilitating partner and the department about who those evaluators will be. Usually they are from respected universities or research centres.

Senator CHRIS EVANS—Someone just does that as a task for you?

Ms Moreton—No, it is actually for the facilitating partner and the site, but the information is also provided to the department. But it gives exactly what you are describing, which is a more in-depth analysis of what is happening in the specific site.

Senator CHRIS EVANS—But that is actually done for the provider rather than for you?

Ms Moreton—Effectively it will be for both.

CHAIR—There being no further questions on Output Group 3.1, we will move then to Output Group 3.2—Child Support.

[2.15 pm]

Senator MOORE—Ms Beauchamp, what comes under this?

Ms Beauchamp—3.2 is child support, not child-care support. With the Child Support Agency leaving the department, there are still policy elements remaining in FaCSIA.

Senator MOORE—The issues around the implementation of the policy, the Parkinson review and so on?

Ms Beauchamp—Correct.

Senator CHRIS EVANS—That would be the first question: what do you do now? It is a serious question.

Ms Beauchamp—It is a serious question.

Senator CHRIS EVANS—Because people keep moving, the departments keep changing and the names are changed to protect the guilty, I always like to know who is doing what.

Mr Harmer—We are responsible for child support policy.

Ms Beauchamp—Given the reforms that have been announced, we are kept very busy assisting the minister and the government in implementing those reforms, with legislation and the like.

Senator CHRIS EVANS—You are responsible for the legislation?

Ms Beauchamp—Correct.

Mr Harmer—Yes.

Senator CHRIS EVANS—In relation to the Parkinson report and implementation, the main concern people have, including me, is for those families who will have a reduction in payments. I do not want to be negative, but you concentrate on the losers because they are the people who are going to find it tough. The other issue that is always raised is the slowness of the implementation, being 1 July 2008. Is that solely driven by the systems problems? Is there any prospect of its being earlier or is it more likely that it will be, as I hear on the grapevine, later?

Mr Hazlehurst—I am certainly not aware of any suggestion that it will be any later than 2008.

Senator CHRIS EVANS—You have obviously had nothing to do with government IT implementation then. The track record is not great.

Mr Hazlehurst—The rationale for a July 2008 start-up for the new formula has a number of dimensions to it. The first is that quite considerable legislative change needs to occur across several acts and related regulations. The second is that substantial systems development also needs to occur. You may be aware that the Department of Human Services and the Child Support Agency got independent advice on the length of time they would need to develop the systems response. The third dimension is that there is also then a period, once the systems are operational, in which families and indeed employers will need to be contacted and interacted with to find out the new information that is required to construct the new child support assessment. The fourth dimension relates to the interactions between child support and family tax benefit, and the need to commence the new formula from the beginning of a financial year. When we put all of those things together, we ended up with the earliest possible start date being, leaving aside needing to start from a new financial year, towards the end of the calendar year 2007, which meant the next available financial year was 2008.

Senator CHRIS EVANS—I can be reassured by your guarantee that 1 July 2008 will be the start date?

Mr Hazlehurst—That is certainly the start date to which we are all feverishly working.

Senator CHRIS EVANS—I know in Britain, for instance, they went in half prepared and it has been a giant mess. It seems to me the one drawback of the new system is the complexity. So I do not underestimate the challenge.

Mr Harmer—We were aware of the British experience as part of planning.

Senator CHRIS EVANS—They look to us for inspiration. In terms of the policy work, one of the immediate concerns obviously in the first raft of the legislation has been the fact that carer parents will lose income from the non-carer parent—‘non-carer’ is not the right word; the non-resident, non-custodial parent. Because of the 1 July implementation date for the reduction in the high-income earner threshold, some concern has been expressed to me about a sudden cut-off. I think at some levels a serious amount of money will stop flowing into the resident carer’s household. It is just straight to the 1 July new rules. Was any policy work consideration given to a phasing in of this or a graduated move down the scale?

Mr Hazlehurst—In relation to the 1 July this year temporary reduction in the cap?

Senator CHRIS EVANS—Yes, the reduction in the cap.

Mr Hazlehurst—No.

Senator CHRIS EVANS—So those persons affected by it will have a straight June figure replaced by a July figure? I think I worked it out that the difference could be up to a couple of hundred dollars a week in some cases.

Mr Hazlehurst—That would be at the extreme end of the spectrum.

Senator CHRIS EVANS—I know the argument is these people are getting more support than others, but people structure their lives based on their income.

Mr Hazlehurst—Yes, it is an immediate impact and, yes, as you suggest, these families already have very substantial transfers of child support occurring. So it is going from a very, very substantial to a very substantial amount of child support, in many cases well over \$20,000 a year.

Senator CHRIS EVANS—That means there is less sympathy for them in the general public and no doubt inside government; nevertheless, for that particular family, it is a significant sudden drop in income. I was wondering whether you had done any work on ameliorating that sudden impact, but the answer is no. Has any policy work been done on the impact on those low-income resident parents, the loser group, when the changes occur on 1 July 2008? Has any further work been done on any policy options for ameliorating the impact on them or phasing in the impact on them?

Mr Hazlehurst—In the course of providing advice to government around the task force recommendations, a whole range of options were considered and discussed with government. But the details of those I would not be able to provide to the committee.

Senator CHRIS EVANS—Given that the government has adopted in large part the Parkinson model and it has announced its intention to legislate along those lines—we have moved on from there—I am asking you whether any consideration has been given to, or work or modelling done about, the impact on those groups or whether it is a closed issue for the department.

Mr Hazlehurst—We have not been asked to do any further work on that.

Senator CHRIS EVANS—In terms of phasing in or amelioration, it is much the same issue as I raised with the high-income earners. While there may not be much sympathy for them, obviously there is, as Parkinson himself highlights, a problem at the other end, come the application of those July 2008 measures.

Mr Hazlehurst—As I say, we have not been asked to do any further work on those. I suppose one of the factors that the minister has highlighted I think in his public comments is that, by definition, the changes in child support involve either one party paying more or less and the other party receiving more or less. So, to the extent that one party might receive less, the other party might be seen as a beneficiary of that. In many cases, the transfers are occurring between two low-income parties, and the idea is that the formula is a fairer distribution of the costs of the children. So you might equally regard it in some cases as providing some relief to a group of payers who are currently paying too much. It is, as I am sure you appreciate, a complex area.

Senator CHRIS EVANS—I am not unsympathetic to those problems. It is also the case, of course, that in a couple of measures the government has also intervened. It is not straight to zero sum gain; there are some changes to family payments and for those people on Newstart, as I recall. So there is a cost to the Commonwealth for a couple of those measures.

Mr Hazlehurst—Yes, indeed. If one were to view there being in effect three parties to these arrangements, each parent and the Commonwealth, as a result of the changes that are being put in place quite a substantial additional contribution will be made by the Commonwealth.

Senator CHRIS EVANS—Most of that is in the compliance area, isn't it?

Mr Hazlehurst—No. Even in relation to the formula changes themselves, in the order of \$360 million in additional family tax benefit will be paid.

Senator CHRIS EVANS—Is that over four years?

Mr Hazlehurst—Yes.

Senator CHRIS EVANS—\$360 million?

Mr Hazlehurst—In fact, it is over three years. That is the total figure, but of course the new formula does not start until July 2008.

Senator CHRIS EVANS—So none of the impacts on the Commonwealth start until then?

Mr Hazlehurst—There are other impacts on the Commonwealth but the change to the formula starts from 2008.

Senator CHRIS EVANS—What I am asking is: do the changes for those on Newstart et cetera start before that?

Mr Hazlehurst—They do. The payment of the with-child rate of Newstart to a larger group of non-resident parents starts from 1 July this year.

Senator CHRIS EVANS—That is right. It is in the first bill, isn't it?

Mr Hazlehurst—That is right.

Senator CHRIS EVANS—So the cost to the Commonwealth starts from there?

Mr Hazlehurst—Indeed, a range of other measures are starting from then, some of which have costs to the Commonwealth, yes.

Senator CHRIS EVANS—But obviously there is a huge cost currently to the Commonwealth from noncompliance with so many nonpayers or those on the minimum rate as well, I guess.

Mr Hazlehurst—The compliance measures actually are a net cost to implement. They do result in a reduction in family tax benefit outlays as a result of increased child support being paid. But overall they cost—I just refer to my notes—in the order of \$165.1 million over the next four years, with an offsetting amount of \$52.7 million in reduced family tax benefit expenditure. They are estimated to result in \$463.6 million in additional child support being paid. But the government took a decision to actually spend \$112 million net—\$165.1 million less \$52.7 million—to improve the integrity of the system.

Senator CHRIS EVANS—What was the other figure—\$463 million?

Mr Hazlehurst—The \$463.6 million is the estimated additional child support that will flow as a result of improved compliance.

Senator CHRIS EVANS—Isn't that in part a saving?

Mr Hazlehurst—Only to the extent that it reduces the amount of family tax benefit that needs to be paid by the government.

Senator CHRIS EVANS—That is the \$52.7 million?

Mr Hazlehurst—That is correct.

Senator CHRIS EVANS—The alternative way of looking at that is to say that effectively \$410 million should go to support our children?

Mr Hazlehurst—Indeed.

Senator CHRIS EVANS—That is a fair conclusion?

Mr Hazlehurst—Indeed.

Senator CHRIS EVANS—Is it real, do you think?

Mr Hazlehurst—We certainly hope so.

Senator CHRIS EVANS—I just wondered whether there were any caveats on that.

Mr Hazlehurst—No.

Senator CHRIS EVANS—I am just trying to understand whether you know of anything that would make that not quite right.

Mr Hazlehurst—No, it is a very substantial investment in additional compliance activity.

Senator CHRIS EVANS—I am not making the government's case for them, but I would have thought it would be reasonable to include the \$410 million flowing to children in the plus side of any equation. I know it is not for the books of the government, but I would have thought an extra \$400 million going to children in Australia would have been regarded as a good thing. That is why I never quite understood when it was seen as a cost measure, and I guess I had not thought of it strictly in the Commonwealth's view, but increased compliance should mean increased support for children inside families. I am sorry to have editorialised there. Was the 24 per cent reduction for contact four days a fortnight?

Mr Hazlehurst—It is 24 per cent as in time in general. You can choose whatever time period you like.

Senator CHRIS EVANS—That is for the minimum amount of contact, though, isn't it?

Mr Hazlehurst—Indeed. If you have more than 14 per cent contact—that would be two nights a fortnight—there is a reduction in the percentage of the costs of the children that the payer would then be expected to pay of 24 per cent up to 35 per cent of care. So from 14 per cent to 34 per cent of care the payer would have a reduction of 24 per cent.

Senator CHRIS EVANS—A lot of the concern about the new formula has focused on this area. It has certainly been the main area of concern resident carers have raised with me. Is the modelling that was done for the Parkinson report now owned by the department?

Mr Hazlehurst—The modelling or the model?

Senator CHRIS EVANS—I presume they would have tested various models. For instance, the decision to make it a 24 per cent reduction in the payment for anywhere between 14 per cent and 34 per cent care could be seen by some to be an arbitrary figure. Why not 23 per cent? Why not 14 per cent? Why not 27 per cent? I am really asking about the rationale behind it. The way it is shaping up, this will obviously be part of the key political and community debate concerning these changes. From my caucus experience, that is certainly the case.

Mr Hazlehurst—It would be safe to say that the 24 per cent reduction should not be viewed in isolation. The whole calibration of the new formula involves all the different percentages for the different aged children, the different levels of income, the combined parents' income; and then also there are arrangements in relation to reductions associated with care. In effect, the task force brought together the best minds in Australia—I think the previous minister referred to them as that—or the best experts in Australia to come up with the calibration of the new formula. The final outcome of all of that involves a careful balancing of all the competing variables that are in play to lead you to a specific figure for a particular family. One could not really just pick the 24 per cent reduction in relation to contact and analyse why that was said on its own without viewing the whole thing in context.

Senator CHRIS EVANS—I am sympathetic to the non-unpicking argument in general, and I have used it, but it seems to me this is where the argument is weakest.

Mr Hazlehurst—What I can say about this figure is that it was recognised in the course of the task force's deliberations, and indeed it was accepted by government, that a non-resident parent who had 14 per cent of the care actually incurred costs in excess of that as a result of the additional costs associated with additional bedrooms—'infrastructure costs'. It was also considered by the task force and accepted by the government that there was a value in having one rate, if you like, or one reduction in that range all the way through to 35 per cent of care to avoid disputation over every single per cent difference.

Senator CHRIS EVANS—So you transfer the disputation to the 34 per cent mark? You have to have some mark. I suspect that is where the disputation will be centred on now. I accept those things, and I accept the argument on infrastructure. Of course, the alternative argument is that the resident parent somehow has 24 per cent savings by the child not being with them for two nights a fortnight. I think, given the zero sum gain, that is where the weakness is, because it seems to most people that that is not a saving they would actually realise.

Mr Hazlehurst—Except that it is not a 24 per cent reduction in the amount of child support that gets paid. It is a 24 per cent reduction to the costs of the child which is to be borne by the payer. So it is not 24 per cent of the amount of child support that would otherwise be paid. It is a 24 per cent reduction to the costs of the child as a whole. I am not sure that I am being terribly clear on that. I think the task force and, indeed, the government accepted that in separated households there are additional costs as opposed to intact households, in part related to those infrastructure costs, and then at the end of the day it is a matter of judgment for the government about the extent to which there is an expectation that

the parents bear that additional cost as opposed to the taxpayer. The new formula recalibrates that and, as I said before, results in the taxpayer actually paying more in relation to those costs. But it also adjusts the costs between the parents. In some cases payers will be paying more and in some cases they will be paying less.

Ms Kinnear—Being mindful of the fact that costs are generally higher in separated families, the government also made a decision to cease splitting the family tax benefit where non-resident parents had between 14 and 34 per cent care. So the resident parent would end up keeping 100 per cent of the family tax benefit under those circumstances, being mindful of the fact that they do not actually experience savings of 24 per cent when the resident parent has contact.

Senator CHRIS EVANS—But not a lot of families were splitting the FTB anyway. Did someone tell me that that was not very common anyway?

Ms Kinnear—It is certainly common enough at the low-income level for that to make a difference for those resident parents.

Senator CHRIS EVANS—Which takes me back to the modelling argument. We modelled what the impact of that 24 per cent reduction is. You made the point that it is not 24 per cent of the total but 24 per cent of the non-resident parent's contribution. What does that mean in reality?

Mr Hazlehurst—It is only one factor, depending on the circumstances of the family.

Senator CHRIS EVANS—That is why I am trying to get a feel for what that would mean. Have you modelled what the impact of that is?

Mr Hazlehurst—Yes, we have certainly modelled what the impact of that is for specific family types.

Senator CHRIS EVANS—For that particular measure?

Mr Hazlehurst—We have not modelled every little bit of the formula holding all the other things constant, if that is what you mean. That would be the only way to determine that, and it would be very hypothetical because the government is not going to be implementing any single bit in isolation from the others.

Senator CHRIS EVANS—But the parliament might be, though.

Mr Hazlehurst—I cannot comment on that.

Senator CHRIS EVANS—There is still some life left in us, and there are still I think enough people from all sides interested in the issue to want to have an intelligent debate about that and to make sure we are doing the right thing. That is why I am asking you this series of questions. I want to know what the impact of a change in that area would be. I think it will be a live issue over the next couple of years.

Mr Hazlehurst—We have not done that modelling.

Senator CHRIS EVANS—But you are capable of doing it, I gather?

Mr Hazlehurst—Theoretically we would be capable, but it would actually involve substantially rebuilding the way in which the model works because at the moment we do not have a model that allows us to tweak individual bits of the formula.

Senator CHRIS EVANS—When you say to me, though, that it is not 24 per cent of the total income, do you mean total income or total child support payment?

Mr Hazlehurst—No, the way in which the new formula will work is to determine the costs of the children with reference to the combined incomes of the two parents. I can explain it in even more detail than that, but it probably suffices to say the costs of the children are determined with reference to the combined incomes of the parents and then those costs are distributed between the parents based on, firstly, the proportion of the total income that they have and then, secondly, looking at how much contact there is. So in relation to the 24 per cent reduction, if the non-resident parent were expected to bear, let us say for the sake of the argument, 60 per cent of the costs based on their income—that is, they have 60 per cent of the combined income—that would be reduced by 24 per cent, from 60 per cent down to 36 per cent.

Senator CHRIS EVANS—So it would be 24 per cent of the 60 per cent figure?

Mr Hazlehurst—Correct—a 24 percentage point reduction.

Senator CHRIS EVANS—So it would make a more sizeable impact the larger the non-resident parent's share of the total income was; is that right?

Mr Hazlehurst—I guess it depends how you define 'sizeable impact'.

Senator CHRIS EVANS—A larger percentage.

Mr Hazlehurst—It would actually be a greater percentage of their contribution the lower their share of the costs without contact being taken into account. So, for example, a non-resident parent with 40 per cent of the costs determined to be their share would have a 24 percentage point reduction on that whereas one with 80 per cent would have a 24 percentage point reduction on that. So at one level, I suppose, the smaller their initial determination in terms of the share of the costs, the greater as a proportion of that cost a further 24 per cent reduction would be.

Senator CHRIS EVANS—But the money amount would be greater depending on whether you had a larger share of the—

Mr Hazlehurst—It would be greater if you had a larger income.

Senator CHRIS EVANS—You have not done any modelling that would allow one to examine the impacts of individual parts of the package like that?

Mr Hazlehurst—No. I imagine during coming up with the formula the task force would have been tweaking the numbers backwards and forth. But, in terms of the analysis that the department has since done on the impacts of the new formula, we have not modelled changing specific bits of the formula, no.

Senator CHRIS EVANS—Can you give me a breakdown of the components of the costs to the government of \$165 million and also the beneficiaries, if you like, of the costs to government?

Mr Hazlehurst—Is that in relation to the compliance measures? Is that what you are referring to?

Senator CHRIS EVANS—No, the costs that come from payment of new measures for Newstart recipients and increases in any family payments made—the actual costs to government beyond the compliance measures, the actual outlays.

Mr Hazlehurst—I am not sure that we will be able to do that. In the presentation of the costs and, indeed, the savings associated with some of the measures in the budget documentation, in some cases they will have been aggregated. So I am not in a position today to give you a balancing of all the costs and savings associated with all the measures. What I can do is point to some of the measures as described in Budget Paper No. 2 and indicate to you where the major costs and/or savings were and in broad terms explain what that might relate to.

Senator CHRIS EVANS—That is what I was after. The budget papers give you the general information, but I just wanted to understand what the drivers were and effectively who were the beneficiaries.

Mr Hazlehurst—The largest of the costs relate to the formula changes themselves. They comprise a mixture of additional family tax benefit expenditure, which I mentioned before, of around \$365 million, around \$174 million for the Child Support Agency to implement the change to the formula—that is all the systems development and indeed business processes, staff training et cetera—and around \$43.2 million to Centrelink, again for systems changes associated with the flow-on effects of FTB and, indeed, some of the changes to income definitions.

Other significant costs to the government in the package are the compliance measures that I referred to earlier. Indeed, measure by measure, there is around \$56.9 million for the external review measure, of which \$48.4 million is associated with the costs associated with having independent merits review by the Social Security Appeals Tribunal. There is \$48.4 million for the family relationships centres and related services to provide support for families in reaching agreement around their parenting and child support related matters. One significant saving in the package is the aligning income definitions measure. That is on page 187 of Budget Paper No. 2. That involves a saving to the government of around \$151 million all up, primarily as a result in effect of capturing more income within the definitions for both child support purposes and family tax benefit purposes. That is the biggest single saving to the government.

Senator CHRIS EVANS—What do you mean by ‘capturing more income’?

Mr Hazlehurst—Broadening the definitions of income and aligning them between family tax benefit and child support. It relates to definitions of fringe benefits tax that are picked up, it relates to the inclusion of certain payments such as some of the Veterans’ Affairs pensions and it relates to a broader definition of foreign income—in other words, picking up more things that relate to the income of payers such that they pay a higher rate of child support. The communications measure costs the government \$36.1 million. I think the last of seven measures that are in the package relates to changes to do with family tax benefit, treatment of

maintenance income for family tax benefit purposes, and that involves a cost of \$45.4 million to the government.

Senator CHRIS EVANS—What are you doing there?

Mr Hazlehurst—I can explain those. The biggest change there is in relation to what is referred to as the moratorium around the application of the maintenance action test. In simple language, that involves extending the period of 28 days that currently applies. When a person notifies Centrelink of a separation, they have 28 days within which to apply for child support and within that 28-day period they will be paid at the higher rate of family tax benefit. For example, if they have separated and the resident parent no longer has any income, they would then go on to the maximum rate of family tax benefit and would have a period of 28 days, currently, within which to apply for child support. That period is being extended to 13 weeks to give parents a longer opportunity either to get their arrangements in an as amicable way as possible or even to potentially reconcile, being mindful that time pressure particularly around the settling of financial affairs may lead to less than perfect solutions in the care arrangements that might result. That is the major item there. That accounts for around \$28.9 million of the \$45.4 million.

The second is to apply the maintenance income test only to the child support children in a family. At the moment the FTB entitlements of children that are not part of the child support arrangements can be reduced through the maintenance income test, and that is seen to be quite unfair. Under the new arrangements, as child support is paid, it will through the maintenance income test reduce only the FTB entitlements in respect of the child support children down to base rate eventually. Of course, that results in a cost to the government as well, because at the moment the FTB entitlements are reduced for all of the children in that family through the operation of the maintenance income test. That is a cost of \$12.8 million.

The last part of that particular measure relates to the arrangements for agreements and lump sums. Putting it in a nutshell, the arrangements that will be put in place there are that where parents have an agreement for child support that is different to the formula amount—that is, they agree between them to have an amount that is less than the formula amount, for example—the amount of FTB that will be payable will be determined as if they have the formula amount being transferred between them. That comes at a cost of \$3.6 million.

Senator CHRIS EVANS—Do you have any breakdown of where the family tax benefit cost of \$365 million will go?

Mr Hazlehurst—I am not sure I understand the question.

Senator CHRIS EVANS—Who will benefit from it? Obviously it is a cost to the government, but it is a benefit to certain groups. I am trying to understand who those groups are.

Mr Hazlehurst—No, I do not have a breakdown of that.

Senator CHRIS EVANS—Maybe you can take it on notice. I do not want to generate a lot of work. I just want to understand who the beneficiaries are.

Ms Kinnear—In general circumstances, the increased FTB outlays are due to reduced child support payments to resident parents. So the resident parents become eligible for higher levels of FTB. That is the main driver for the FTB cost there.

Senator CHRIS EVANS—Could you say that again?

Ms Kinnear—The new formula will overall reduce the amount of child support from the non-resident parent to the resident parent.

Senator CHRIS EVANS—At certain levels?

Ms Kinnear—In a broad sense, that will generally happen. So the resident parent then becomes eligible for higher levels of family tax benefit. That is mainly what drives the increased cost in activity outlays.

Senator CHRIS EVANS—Their income goes down?

Ms Kinnear—That is right.

Senator MOORE—Ms Beauchamp, how many staff have you got working on this program in your section now? It has been building up.

Ms Beauchamp—We currently have 30 full-time staff.

Senator MOORE—That is specifically in the child support area?

Ms Beauchamp—There is a child support branch.

Senator MOORE—The ongoing interdepartmental working groups in this process have been the model up until now. Is it expected that that will be the model into the future, that there will continue to be the interdepartmental responsibilities?

Ms Beauchamp—Yes. We are currently chairing an interdepartmental group to oversight the implementation of the reforms.

Senator MOORE—Is the expectation that that will continue?

Ms Beauchamp—Indeed.

Senator MOORE—If you chair it, do you have to do the secretariat?

Ms Beauchamp—Yes.

Mr Hazlehurst—That is why we need 30 staff.

Senator MOORE—That is made up of all the key agencies who have a role in the process?

Ms Beauchamp—Correct.

CHAIR—As agreed, the committee will now suspend for approximately an hour and a quarter. In the event that at 4.15 there are speeches under way in the Great Hall as part of the Beaconsfield event, obviously I would not expect people to leave in the middle of that and come back up here. But, if the speeches have concluded by 4.15, we will be back here at that time to resume. We have finished with child support. If there are no further questions on child support, then we thank the officers concerned. When we return at 4.15 we will begin on child-care support.

Proceedings suspended from 3.00 pm to 4.16 pm

Senator MOORE—Ms Beauchamp, I have one final question from Senator Evans on this which you may want to take on notice. It is to do with the information strategy for the various changes we were discussing before the break. What will the mechanism be—an individual process, a focus—for advising people about the changes, particularly for those groups we identified beforehand who will be affected negatively by the changes?

Ms Beauchamp—The government has identified funding for a communications campaign. We are also negotiating with a couple of peaks in terms of ensuring their members are well informed of the changes being proposed.

Senator MOORE—Is there any expectation of having individual information, personalised contact with individual clients?

Ms Beauchamp—We are hoping the peaks will manage that process rather than us at this stage. It is very much a hypothetical situation, even for individuals, at this stage given that the new formula will not come into place until July 2008.

Senator MOORE—We want to put on record, Chair, that we are particularly concerned about the balance between unnecessarily scaring people with the information who may be affected and there being people who still seem almost unaware that it will change, particularly those we identified in the top and bottom levels who will lose significant funding.

CHAIR—We will move to output 3.3, Child care support.

[4.18 pm]

Senator ALLISON—I want to start with the in-home care program. The report had been done, I think, by June or July last year. What is its status?

Ms Carroll—The status of the in-home care report is, after the recent announcements by the government around uncapping family day care and outside school hours care in particular, we are having another look at the in-home care review to see whether that changes any policy decisions the government might need to make reflecting back on that report. Once that has been done and advice has been provided to the minister, we will look at making that report publicly available.

Senator ALLISON—Did that report feed into the decision that was made about uncapping?

Ms Carroll—No, it did not. We now have a new context where around 99 per cent of the sector is uncapped, so the review report needs to be considered now in that context.

Senator ALLISON—How long will the next report take, or is it a whole new ball game?

Ms Carroll—It is not a whole new ball game. It is just looking at the review report within that context. It will happen in the next month or two.

Senator ALLISON—It will be made public in a month or two?

Ms Carroll—Once advice has been provided to the minister and the minister has had an opportunity to consider that, there will be a decision.

Senator MOORE—Will the minister decide whether it will be made public or will it be made public after the minister has considered what is in it?

Ms Beauchamp—Yes, it will be a decision for the minister whether that will be made publicly available.

Senator MOORE—So at this stage there has not been a decision made about making it public?

Ms Beauchamp—No, we have not provided the report to the minister.

Senator ALLISON—The report did not go to the minister at all?

Ms Beauchamp—Not this minister.

Senator MOORE—But it has been concluded?

Ms Beauchamp—Yes.

Senator ALLISON—In relation to those changes in family day care, what progress has been made on the idea identified in the November estimates of family day care taking place in a location other than the worker's home? Where are we at with that proposal?

Ms Carroll—There is a family day care project officer within the department. That project officer has been undertaking some consultations with groups of family day care service providers and their sponsor organisations around Australia. They have been also doing a summary, getting information about where family day care is provided outside of the carer's home, what are the examples of that, what might be good practice in those areas and what are the issues that might be raised from a regulatory point of view. So all of that is being collated and put together at the moment.

Senator ALLISON—What are some examples of locations where this might work?

Ms Carroll—I understand this occurs in Victoria at the moment. An employer, for example, is able to have a family day care care provider provide family day care from a site close to a workplace rather than from the carer's home. We are in the process of gathering together those examples and looking at what is best practice in those examples and what might be licensing or regulation issues.

Senator ALLISON—What talks have you had with the states so far about regulations, because they regulate the industry?

Ms Carroll—Certainly the minister has written recently to state and territory government ministers, again impressing upon them the importance of regulation. There is still a number of state and territory governments that do not regulate family day care and outside school hours care. We obviously have regular contact with them at the officer level and are also looking at how close they might be to bringing those regulations in.

Senator ALLISON—What about those with regulations in place? Have you started talks with the states that have regulated their child care in respect of this new proposal?

Ms Carroll—Certainly we have been having discussions with them also around what the issues might be about having family day care in a place other than the carer's home and what,

from their point of view, might be regulation issues and whether they are interested in changing those regulations or they see the risks as too great.

Senator ALLISON—Are they interested in changing the regulations?

Ms Carroll—In some states and territories they are. For example, in Western Australia we understand that they are interested in trying to make this more flexible. So that is really being done on a bilateral basis.

Senator ALLISON—Have there been any talks so far about maximum numbers of children who might be in these new centres?

Ms Carroll—It would work around the kinds of guidelines that already exist for family day care. For example, in most states and territories that is four children under school age.

Senator ALLISON—What about qualifications of those carers of those children?

Ms Carroll—Again, that would be linked to the current practice in state and territory licensing. Some states and territories—for example, South Australia—have implemented that family day care care providers need to have a certificate 3 in family day care child-care provision. It varies across the states, the jurisdictions.

Senator ALLISON—Going back to the answer to the question previous, four would be the maximum in all states or not?

Ms Carroll—I think it is four or five under school age. Certainly five would be the maximum, but I think four is more common.

Senator ALLISON—How would that be funded? What sorts of discussions have you had about what the fees might be? Would a full-time worker for those five children be receiving a salary or not?

Ms Carroll—Effectively it would operate in the same way that family day care currently operates. Many child-care carers, family day care carers, set their own fees. They set their own fee schedule, and this would operate in a similar way. Effectively that would be a decision by the coordinating service and that individual family day carer.

Senator ALLISON—Can you tell us a bit more about how the coordinating services will work?

Ms Carroll—That is the same way that the family day care coordination units operate now. They have a group of carers that they look after and that they are responsible for in terms of checking the home or the facility, making sure that it is safe and secure premises. They also are responsible for ensuring the quality of care that is happening in that care provider's home. The coordination unit normally does all the child-care benefit reconciliations on behalf of the carer and the parent.

Senator ALLISON—The carer would not have to necessarily be a parent of one of the children?

Ms Carroll—No. I do not quite understand your question.

Senator ALLISON—That is the case at the present time with family day care, isn't it? Typically whoever is doing the caring is also caring for one of their own children?

Ms Carroll—But they do not have to.

Senator ALLISON—Are any statistics being collected for existing family day care? What is the current range of fees being charged?

Ms Carroll—Our child care census collects the fees for family day care service providers. It would just take me a minute to find out the average family day care fee.

Senator ALLISON—And the range. Maybe you can take that on notice.

Ms Carroll—Yes. If I can get it, I will provide it for you.

Senator ALLISON—Would you anticipate that under this new arrangement the fees would be higher or lower?

Ms Carroll—We would not anticipate that the fees would be any different because in fact the carer was providing care in a similar circumstance. But, as I said, that is a decision for the carer and for the family day care coordination unit.

Senator ALLISON—Wouldn't you have the added complication of needing to establish an environment? If it is not in someone's home, then it is somewhere else and presumably needs modification or needs to pay rent or there would be some cost?

Ms Carroll—It would depend who is paying for that. For example, if it was being done on behalf of an employer, an employer might pay for those modifications. A carer pays for the modifications to their home presently. There is a range of variables which might impact on that cost.

Senator ALLISON—These people would need to have certificate 3 certification?

Ms Carroll—That is only in South Australia. Every state and territory government licensing regulation indicates what the qualifications are that staff need to have. In some states they require specific qualifications like the one I indicated in South Australia. In other states they are not required to have a specific qualification, but they might need to meet other criteria. That is a decision for state and territory governments, and that is in their licensing and regulations.

Senator ALLISON—If they require no particular qualifications, that is okay with the Commonwealth, is it?

Ms Carroll—We rely on the state and territory governments to put into their licensing and regulations what might be appropriate qualifications—health and safety specifications et cetera.

Senator ALLISON—If they choose not to regulate these kinds of centres, does that mean they will proceed or not?

Ms Carroll—For example, if Queensland does not regulate family day care anywhere other than in a carer's home, then we would not approve it for CCB because it is not regulated. It depends. We pay child-care benefit for only what is classified as an approved child-care service type. If the state government does not have any regulation for family day care—as is the case in Victoria—we still have approved child care benefit for those services; however, they need to indicate to us that they meet certain standards.

Senator ALLISON—This will not happen in Victoria unless the state government provides some level of regulation for this proposal?

Ms Carroll—It is already happening in Victoria because they are happening out of family day care schemes. I think the confusion is that it is not a new form of care. It is a form of family day care that is being provided in a different way. State and territory governments will consider that in their licensing and regulations. However, there are state and territory governments that do not regulate family day care at all.

Senator ALLISON—For those governments that do not regulate family day care at all, will this proposal go into those states?

Ms Carroll—Yes, because it will be considered the same as family day care and they would need to meet our same approved child-care requirements.

Senator ALLISON—Even though it is unregulated?

Ms Carroll—They are being controlled out of the family day care coordinating schemes. Those coordination units are required to indicate to us that they meet national standards, as the Commonwealth government's safeguard around the issues of that state and territory not having licensing regulations.

Senator ALLISON—There are new standards for these arrangements, this kind of family day care?

Ms Carroll—No, there are not new standards.

Senator ALLISON—What standards apply?

Ms Carroll—I am not sure I understand your question.

Senator ALLISON—You said the coordinators will be responsible for making sure that they comply with the national standards.

Ms Carroll—Yes.

Senator ALLISON—What national standards are we talking about? Is it national standards for existing family day care?

Ms Carroll—Yes, it is the same national standards as already exist.

Senator ALLISON—Which means that there are no qualifications needed for the workers.

Ms Carroll—In some states and territories, that is right.

Senator ALLISON—What are the guidelines for the environment in which children can be cared for?

Ms Carroll—The guidelines for the environment are set out as giving indications around the kind of space that might be required, the kinds of facilities that might be required for the children. We can check. I think some of that information would be available on our website, but we can check that.

Senator ALLISON—What role do the coordinators have in checking these facilities to make sure they are being properly run and that there is no abuse, for instance?

Ms Carroll—The family day care coordination units are required to check these types of family day care in the same way that they are required to check their existing family day care carers who operate out of their own home.

Senator ALLISON—So it will be the same system.

Senator MOORE—We had a long talk about this at a previous estimates. I want to make sure I have this clear. Where the states have regulations, they are the determining factor and you pay on the basis that that is already determined. That is fine. Victoria, which you have mentioned, does not have regulation. So individual child-care coordinators have to determine that they are meeting the basic standards that you have itemised elsewhere, and you will show us where they are; is that right?

Ms Carroll—Yes. When the family day care coordination units apply for places as part of an original set-up, they need to indicate that they will use those in accordance with national standards.

Senator MOORE—You will double-check we have them all clear. It will be the coordinator's responsibility to say that the family day care people in their area meet those standards?

Ms Carroll—That is correct.

Senator MOORE—That is on the basis they are paid now and will be the basis on which they will be paid in the future?

Ms Carroll—That is correct.

Senator MOORE—That is only in Victoria? Elsewhere you are relying on state government regulation?

Ms Carroll—Where there is state government regulation, we use the state government regulations.

Senator MOORE—We keep hearing about Victoria. Is there anywhere else where there is not state government regulation?

Ms Carroll—Yes, there is.

Senator MOORE—We have had this discussion before. I thought I had it right, and I am beginning to have my doubts.

Ms Carroll—And Northern Territory.

Senator MOORE—It is the same system? It is the coordinator's job to check that they meet it and to state that they do meet it to allow payment?

Ms Carroll—Yes.

Senator ALLISON—What will be the operational subsidy system for these new family day care centres?

Ms Carroll—Are you referring to the budget announcement?

Senator ALLISON—I am asking you what the subsidy is, or the benefit or however it will work.

Ms Carroll—The family day care coordinators are paid a network support subsidy. This subsidy is based on the number of utilised places they have, the number of effective full-time equivalent places.

Senator ALLISON—Which is how much?

Ms Carroll—I am just checking. I think it is \$22.50.

Senator ALLISON—A week?

Ms Carroll—\$21.25 for 2005-06 per week per occupied place; per utilised place from next financial year.

Senator ALLISON—What do the carers receive?

Ms Carroll—The carers receive the funding—basically whatever fees they charge. That may be subsidised where families are entitled to some child-care benefit. The families would effectively have to pay only the gap fee between their child-care benefit and the fee charged by the carer.

Senator ALLISON—That is exactly the same as the current family day care system?

Ms Carroll—That is right.

Senator ALLISON—In relation to the question you are taking on notice about the fees being charged at the present time—

Ms Carroll—We have that.

Ms Croke—From the 2004 child care census the average family day care fee per week is \$185. The range is from \$172 to \$217 per week.

Senator ALLISON—Do you have some figures for rural versus urban areas in terms of the averages and the range?

Ms Carroll—I can check, but my understanding is in the standard sheets that we provide from our census we may have state averages but we would not go down to the level of rural and remote areas. We would not say, 'In a remote area this is the average fee.'

Senator ALLISON—You can compare states, but you cannot compare metropolitan and rural areas, for instance?

Ms Carroll—The child-care census is available on the website, and the kind of breakdown of that information in standard tables is available on the website.

Senator ALLISON—But it does not give that breakdown?

Ms Carroll—It would not go down to rural and remote areas.

Senator ALLISON—The department does not have any other figures or any other sense of what the difference is?

Ms Carroll—Primarily we have a range. As I said, it depends on what the individual carer might be wanting to charge.

Senator ALLISON—I realise that, but you are not able to say whether family day care is costing people in rural areas more or less than metropolitan areas? You do not have any data that would tell you that?

Ms Carroll—We do have the data, but the standard tables that we produce—which are in the child care census on the web site—are not broken down to that level. We tend to break it down by state, and we have a range.

Senator ALLISON—If you have that data, why can't you provide that?

Ms Carroll—You would need to be more specific about what you were actually asking for in terms of what you mean by 'remote'.

Senator ALLISON—I said metropolitan versus country.

Ms Carroll—We could take that one on notice and have a look at our data.

Senator ALLISON—If you have a breakdown between remote and not so remote country areas, that would be interesting too.

Mr Harmer—We will look at providing that for you. But if it is a table we do not normally produce—

Senator ALLISON—Why is that?

Mr Harmer—I do not know whether we normally produce it, but—

Ms Carroll—It is not a table we normally produce because the range of fee information is that we have enough information from the breakdowns that we provide to do most of our policy work. It is not a standard table.

Senator ALLISON—Unless someone is interested in the question of the differences between the two, which I am. I am sure the rest of the committee is as well.

Senator SIEWERT—Particularly with the welfare and work changes that are requiring parents to go back to work and to find child care. We have had large discussions about the fact that it is hard to get it in regional areas.

Mr Harmer—We will try to provide it for you.

Senator MOORE—Dr Harmer, it must be one of the few areas where the data between regional and metropolitan areas has not been scrutinised. When we look at the health model, the aged care model and the other models it is a standard question. Looking at the census data, it is good that people will take it on board. But it is surprising that that is not a standard question, considering the interest in this area.

Ms Beauchamp—The other issue is that it is not a very simple question either because it varies from service to service, even within the rural and regional areas.

Senator MOORE—There are no simple questions in child care.

Senator ALLISON—Can you give the committee an overview of the changes to be made to the operational subsidy system for family day care schemes, commencing in July?

Ms Carroll—The change that was first notified to child-care service providers in 2004 is a move from the network support funding being based on operational places to utilisation. Previously, family day care coordination units have picked three representative days for a year and used those to predict their utilisation over a whole year. So it is not actual utilisation. From 1 July, the network support funding is based on the services' actual utilisation.

Senator ALLISON—What change does that anticipate? What do you expect to be the result of that? There are savings, presumably, or not?

Ms Carroll—That was announced as part of the child-care broadband review which introduced a range of changes to the child-care support program. Effectively what it means is if a service was reporting at the kind of utilisation that it currently is operating at then it will get the same amount of funding.

Senator ALLISON—But what do you anticipate to be the net result of this change in dollar terms?

Ms Carroll—The result of the change depends purely on the utilisation of the child-care services.

Senator ALLISON—There must have been some reason for doing this, though? Was the department expecting a saving as a result or not?

Ms Carroll—It was to better target the funding allocations to actual utilisation in child-care services.

Senator ALLISON—What is the fiscal outcome of that?

Ms Beauchamp—If services are fully utilised, they will not have any change of payment.

Senator ALLISON—If they are utilised to the same degree that they are now, what will be the outcome?

Ms Beauchamp—One of the reasons for moving to the new payment is to encourage higher rates of utilisation. Previously, services may have been given their three busiest days, which may not have been a true representation of their utilisation rates.

Senator ALLISON—I will put it another way. You are not expecting any savings from this. You are expecting an increase in the number of places and the utilisation of places. Is that correct?

Ms Carroll—It is part of the budget announcement of uncapping family day care, encouraging new providers into the family day care area and opening up the boundaries. Currently it is a fairly protected market. Family day care coordination units have been given previously a particular location that they operate in and there are quite distinct boundaries. If I am a carer and I live in a particular location, I have been able to go to only one family day care coordination unit. If I am unhappy, I have no other way to be a family day care provider.

One of the things of uncapping the places and opening up the boundaries is to encourage new carers to come into the market and for carers to stay in the market of providing care. We anticipate that that will keep the utilisation rates quite high and hopefully encourage new providers into the market. Being uncapped, child-care benefit will be able to be paid on as many places as are used.

Senator ALLISON—Do you have an estimate of the increase in utilisation? Have you put a percentage on what you are anticipating over the next few years?

Ms Carroll—There has been a gradual decline over the last couple of years in the utilisation of family day care. We are hoping to effectively reverse that trend and at least keep

utilisation levels at their current rate. If it grows, then that is a good thing. But what we were really wanting to stop was the decline that was occurring in family day care.

Senator ALLISON—Have you examined those areas where there are plenty of places available that are not taken up and looked at those areas where there is a shortage of places? How does this affect that disparity, if you like?

Ms Carroll—Are you asking whether we have looked at the areas where family day care services have unused places?

Senator ALLISON—Yes, and will this proposal make a difference to either the unused or the creation of new places where there is overutilisation or a waiting list?

Ms Carroll—We anticipate that this new proposal will hopefully pick up some of that underutilisation in particular areas. As I said, one of the things that we did post the budget was have a hotline that family day care carers could ring in on. We had about 50-odd calls from carers. A number of those carers were ringing in saying that they are really pleased they can now choose their own coordination unit that they work for, because often they talk to their friends and other people and they have been looking at getting out of doing family day care but, now that they can go and work for the coordination unit that they want to work for, they will stay in there. It is anticipated that it will certainly pick up some of that underutilisation.

Ms Beauchamp—That, together with the announcements made last year about providing start-up grants for new family day carers, should assist as well—\$600 per year.

Senator ALLISON—Start-up grants apply to these new arrangements, out-of-home arrangements. How much are they?

Ms Carroll—\$1,500.

Ms Beauchamp—\$1,500, yes, each for each new family day carer.

Senator ALLISON—It is the same amount for in-home and outside-home care?

Ms Beauchamp—That is for family day care service, yes.

Senator ALLISON—Will the government be monitoring fees in the new arrangement, the out-of-home family day care?

Ms Carroll—The child-care census has just occurred or is occurring around about this time and the government regularly does the child-care census. One of the things that was also announced in the budget was the Child Care Management System, the final details of which are still being finalised. Part of the Child Care Management System, when it is fully in place, will allow us to have much more timely data around utilisation and around the cost of child care and things like that.

Senator ALLISON—You do not collect data through the coordinating body?

Ms Carroll—We do through the child-care census.

Senator ALLISON—That is the census, is it?

Ms Carroll—That is every two years, yes.

Senator MOORE—This year's census has happened? They have been 'censored'?

Ms Carroll—I think it was happening about this time, around May.

Senator ALLISON—What other tasks do the coordination units do for their \$21 per child per week? What typically are the roles of these units?

Ms Carroll—The \$21 is a contribution towards the cost of the administration.

Senator ALLISON—It is just a contribution?

Ms Carroll—It is a contribution.

Senator ALLISON—Are there other contributions made?

Ms Carroll—The fees charged by the carers and paid by the families also contribute to administration of a service, just as they do in a long day care service. The administration is obviously borne out of the fees that are charged to the parent.

Senator ALLISON—How much is paid to the coordinator from the family day care centre?

Ms Carroll—That depends service by service. Some services have a schedule of fees, like a loading that they might say the families have to pay back to the coordination unit. Some schemes do not charge anything. It is quite variable. Again, that is one of those things. It is a decision of the coordination unit about how they charge those administrative levies.

Senator ALLISON—Do you have some averages and a range of charges that are made by the coordinating unit?

Ms Carroll—We could get those for you.

Senator ALLISON—From memory, what does it tend to be in the order of?

Ms Carroll—It is quite small. My memory is it can be from 50c to \$5 a week or something like that.

Senator ALLISON—Per child?

Ms Carroll—Yes, or per family sometimes. Sometimes it is per child. Sometimes it is per family. It depends.

Senator ALLISON—You were starting to explain what the roles are, what these units are required to do.

Ms Carroll—Effectively, obviously one of the key roles for the coordination unit, when a new carer comes on, is to go and inspect the carer's home, where they are providing the child care. They also need to go out on a regular basis to check on the care being provided in that home. They obviously also have an administrative role of processing all the fees and child-care benefit and all those things. There is a range of things that the coordination unit are responsible for.

Senator ALLISON—What qualifications are required to be a coordinator?

Ms Carroll—The qualifications are not stipulated, except if they are stipulated in state and territory government regulations, just as the Commonwealth government does not stipulate the qualifications for a child-care worker in a long day care centre. That is in state and territory government regulation.

Senator ALLISON—Is it the same as the regulation of the family day care itself? Is it up to the states, and do some not do it and some do?

Senator PATTERSON—It is not regulated in Victoria.

Senator ALLISON—I realise that.

Ms Carroll—It is the same set of regulations, or lack of them.

Senator SIEWERT—What happens in Victoria, where there is not any regulation?

Ms Carroll—My understanding is the Victorian government still has a list of the family day care coordination units, but it does not have any legislative power over those coordination units. It asks them, in a similar way, to comply with national standards, but it does not have any regulations to enforce that.

Senator SIEWERT—What are you doing, if they do not have any?

Ms Carroll—As I said, we do a similar thing in that we ask the coordination units to comply with national standards and then we have our quality process, which is built on that base. They go in and look at the quality of the care that is being provided by those family day care schemes.

Senator ALLISON—Do the national standards stipulate how often monitoring is done, how regularly visits are made, that sort of thing?

Ms Carroll—No.

Senator ALLISON—A coordinating unit could make one a year or one every three years or one every week? It is up to them, is it?

Ms Carroll—Effectively it is obviously in their judgment about what would need to occur. It would vary. For example, a coordination unit might have a new family day care care provider. They might want to visit them every three months or more regularly if they need to. If they had somebody who had been a care provider for a number of years, they might ring them up, they might see them at play group, talk to them and then visit them only twice a year.

Senator ALLISON—Who knows whether they are doing their job properly or not?

Ms Carroll—Part of that is certainly, again, where the state and territory governments have the licensing they would do spot checks. They can do spot checks of the family day care services. We have the capacity to go in on the basis of quality. Part of the quality visit around family day care includes visits to care providers' homes. Also, we have a contract with the family day care coordinators for their funding. In that contract we are looking at the moment at how we can be more specific about the kinds of things you are raising: how often it might be expected that they visit the carers et cetera.

Senator ALLISON—Typically, how many day care providers and how many children would a coordinating unit manage? Is there a maximum that they can manage?

Ms Carroll—There is not a maximum. It can go up as high as I think 300 or 400; maybe more. I will have to check.

Senator ALLISON—There is no maximum on the numbers they can manage. We do not stipulate how often they have to inspect. We do not stipulate what fees they can charge to family day carers.

Ms Carroll—To the parents.

Senator ALLISON—The fee comes from the parents or from the family day carer?

Ms Carroll—From the day carer. It is a decision by the family day care carer.

Senator PATTERSON—They have to go huge distances in some cases. In other places they are covering a very short distance. You put a general fee.

Senator ALLISON—It is probably fairly lucrative in some areas.

Ms Beauchamp—Minister Brough recently announced some quite significant changes to the compliance regime around quality. We will be introducing or the National Childcare Accreditation Council will be introducing spot checks into all forms of accredited child-care services, including family day care. There are quality assurance guidelines around family day care.

Senator MOORE—These are the ones you will get us? You were looking for them before.

Ms Beauchamp—They are the ones that are already administered by the National Childcare Accreditation Council.

Senator MOORE—We are talking about the regulation and the fact that the family day care coordinators seem to have a fairly solid role in coordinating the day carers they are working with. I want to know what they are being checked on in what they are doing. You said there are things put in their contracts about what they could be required to do. Does that link back to the national child-care guidelines?

Ms Carroll—After some of the consultations that we have recently had with the family day care coordinators, we are looking at what are the appropriate levels in the contract. In terms of strengthening the compliance around this area in their contracts that will be coming in from next financial year, we will be strengthening what is required of them to receive that network support funding.

Senator MOORE—That will include what kinds of things; the kinds of things Senator Allison has been asking about?

Ms Carroll—It will go towards those things, like the kinds of visits to the carers that they may need to do, those kinds of issues.

Senator MOORE—Maybe public contracts?

Ms Carroll—They would be individual contracts with the service providers.

Senator MOORE—If I am a parent, can I see them?

Ms Carroll—Effectively it is a contract between the Australian government and the service provider. It would be up to the service provider whether they provided it to the parents.

Senator MOORE—How do I know, as a parent, what the standards are that are being offered in my family day care area for safety, wage rates, number of visits? What other kinds of things? How do I know as a parent seeking that choice?

Ms Carroll—One of the things that you would know is the quality accreditation rating of that service. If it had had its validation visit and it had passed its quality check, you would be able to check that on the National Childcare Accreditation Council website. Obviously in the state and territories where they do have licensing and regulations you would be able to go to your state or territory government and look at what their regulations were. You could ring, obviously, your state or territory government and find out whether there were any concerns with that service provider.

Senator ALLISON—But why shouldn't that information be available at the site that a person comes to? It takes quite a bit of research capacity to be able to track down all these things, even if you knew what you were asking for. I imagine there would be quite a lot of difficulty in finding out.

Ms Carroll—Certainly, under the national childcare quality system, services are required to display in a prominent place, like the foyer, their actual results of their quality check. Often parents, before they go to the service provider, before they walk in the door, want to have a look at the quality of the different services around. The National Childcare Accreditation Council website allows them to do that. I believe they would need to also display their compliance with state or territory government licensing, but I would need to check that with the state and territory governments.

Senator ALLISON—What is the current proportion of children who are in family day care compared with long day care in other centres?

Ms Carroll—The number of children in family day care as a total number—and we could get you percentages—is around 115,000 compared to long day care, which has around 460,000.

Senator ALLISON—What does the department anticipate will be the changes to those proportions with the measures in this budget?

Ms Carroll—As I indicated before, we do not predict there will be really massive changes. We hope it will stop the decline in the utilisation of family day care, because it is a very important type of care, especially for people who are wanting non-standard hours of care—evening care for shift workers, those sorts of things. It certainly provides an alternative.

Senator ALLISON—How many of those 115,000 would be four-year-olds?

Ms Carroll—I would have to take that on notice or see whether we have that information here today.

Senator ALLISON—When you get that data, could you also find out how many of those children would be attending formal preschool?

Ms Carroll—What we would have a record of is the age of the child; what we would not have a record of is whether the carer is taking them out to formal preschool while they are also in family day care.

Senator ALLISON—So you do not collect that data; it could be that all of the four-year-olds in that 114,000 do not go to preschool?

Ms Carroll—Some of them could go to preschool; some of them could not; some of them may use family day care on the days other than they have preschool. Parents often have different arrangements, so perhaps they go to family day care on Monday and Friday and attend preschool on Tuesday, Wednesday and Thursday.

Senator ALLISON—But you do not have data on that?

Ms Carroll—We do not have that specific data.

Senator ALLISON—Is it the case that we do not have data either on where formal preschool is taking place in long day care centres?

Ms Carroll—I will just need to check whether we collect that information in our child-care census. We will take that one on notice.

Senator ALLISON—That would be good. I am going to move on to a slightly different subject, unless anyone has further questions on this area.

Senator NASH—I have a couple of quick ones in a similar sort of vein. It has been raised with me recently—I am talking specifically from the rural aspect—that there is some difficulty for families in rural areas accessing child-care benefit because they do not have a child-care centre that is up to the sufficient standard to allow them to access the CCB. Is that something you are aware of?

Ms Carroll—In some locations. To get CCB the service needs to be approved for child-care benefit and, to be approved, they need to meet some standards. The first one of those is to meet the state and territory government licence conditions. So, if the facility is not of a sufficient standard to meet the state and territory government licence conditions, they cannot move on to then apply to be an approved child-care service. In addition, the service needs to then go through the quality accreditation process. They need to meet both of those things to be an approved child-care service for child-care benefit.

Senator NASH—I understand that. Is there any flexibility though, given the difficulties we often see in regional areas in terms of funding and a whole range of things that they need to meet in order to meet these standards? Is there any flexibility in those guidelines from the state and territory perspective—it is not your role, but I assume that you would know how they would go about that—in taking into account the difficulty in regional areas?

Ms Carroll—The Australian government has some services that are called budget based funded services. Effectively these services are not eligible for child-care benefit because they are not approved child-care services, but they are targeted at exactly what you are talking about. They might be, for example, mobile child-care services that go between a couple of locations. The fees charged to parents would be quite small in those cases, because the services are funded pretty much to provide the service that they are being asked to fund. In Indigenous communities there are some multifunctional Indigenous services, which again allow the service to be provided for those families in an area where it might be difficult for an approved child-care service to set up. Our aim with a lot of those services is that, as they grow and develop, if they can move into the child-care benefit model, then obviously there is

funding freed up to allow more of the budget based funded services to be established in regional and remote areas.

Senator NASH—I would imagine that some of the families that most need the CCB are in those rural areas, and it seems a bit ironic that often they do not have the centres whereby they can actually access that CCB.

Ms Carroll—As I said, there is a range of these services that operate, and we work with the local communities to try to find the best model that might work. There is a reasonable number of mobile child-care services, for example.

Senator NASH—Does the department have a list of all child-care centres, regardless of whether they are ones that can provide the CCB or not; is there a register?

Ms Carroll—We do not keep that register. What we do have is a list of all the child-care benefit funded services and we would have access to some of the services that make themselves a registered care service. A service can be a non-approved service, but the families can still get minimum rate child-care benefit if the service sets itself up as a registered care service. We would have access to some of that information as well, but that is not a comprehensive list. Obviously we know our other funded services. But state and territory governments fund a lot of these services as well, particularly in rural and remote services. The Australian government does not keep a list of all of those services.

Senator NASH—I know that Senator Allison asked for a list of the fees paid, metropolitan versus non-metropolitan. Is it possible to get a list of families, per child, accessing CCB that are metropolitan based and accessing CCB non-metropolitan based—just in terms of numbers? I do not want the individual children.

Ms Beauchamp—We would have to get the definition of what is metropolitan and what is other than metropolitan. It would take a bit of work.

Dr Harmer—I am not sure if we have that information. I suspect we have not. There would be arguments about definitions of where metropolitan ends et cetera.

Senator NASH—I can be quite specific and come back to you with state by state and say in New South Wales, for example, Sydney, Newcastle, Wollongong is metropolitan, and everything outside of there is not. I could do the same for the other states as well. It is pretty simple.

Senator PATTERSON—Senator Nash, it would be worse in your state because your state does so badly in providing kindergarten/preschool, so there is more CCB. If parents want to work, they have to put their kids in child care, so you have to ask for it state by state.

Senator NASH—Could you take that on notice and at least advise the committee whether it is possible or not?

Dr Harmer—Sure, we will have a look at it, but where do you draw the boundary of Newcastle and where do you draw the boundary of Sydney?

Senator NASH—I think the committee would be reasonably happy with some rough figures, even if they were not exact. DOTARS would probably have specific regions they could give you to work off, which would be quite simple, I would imagine.

Dr Harmer—The reason I am hesitating is that it may divert significant amount of resources to do it. Where we have it available and where we collect it, there is no problem with providing it. But where it is a significant diversion to a data sector that we do not have, it will tie up resources, which we may not be prepared to do. So we will have a look at it for you. But, if it takes a lot of work, a lot of effort and I have to pull a lot of people off another task to do it, then we probably will not be able to provide it for you.

Senator NASH—Thank you. If you could try your best, that would be great. Thanks, Chair.

Senator ALLISON—I would like to ask about the National Standards for Child Care Services project being undertaken as part of the work of the Children's Services Subcommittee within the Council of Australian Governments process. What is the progress on that project?

Ms Beauchamp—That is being led by Queensland with all the other states and territories. I understand there will be a community services and disability ministers meeting coming up around July, where they will be considering the draft report.

Senator ALLISON—Is it possible to provide the committee with the project brief that the NSCCS was given?

Ms Carroll—We would need to confirm with our state and territory government colleagues that they were comfortable with that being provided. But, provided that is the case, then we could provide it.

Senator ALLISON—Thanks. Can a copy of the report into the review of the national standards for child care services be provided?

Ms Beauchamp—Not before ministers have had a chance to look at it. It will be up to the ministers to release that report.

Senator ALLISON—And that is going to happen in July?

Ms Beauchamp—Yes.

Senator ALLISON—So it will be available after July?

Ms Beauchamp—Depending on what the ministers want to do with it.

Dr Harmer—If the ministers agree.

Senator ALLISON—I will go to the long day care arrangements. Has the department done any work on establishing data about the shortage of places in long day care?

Ms Beauchamp—The minister has announced the launch of the Child Care Access Hotline on 1 July, which will provide information on services and the availability of places. And, as Ms Carroll said, we are still working on the child-care management system and finalising the details of that to ensure that there is comprehensive information available on services and the availability of places on a weekly basis.

Senator ALLISON—Will that allow you to collect data on where child care is not available? How reliable will a hotline be in telling you that?

Ms Beauchamp—It will allow us to collect data on unutilised places in child-care centres.

Senator ALLISON—But that was not what I asked.

Ms Carroll—It will provide information on where the vacancies are for all types of child care—so family day care, outside-school-hours care and long day care. The other thing is that the uncapping of outside-school-hours care and family day care, in particular the outside-school-hours care, has been the area of most significant growth over the last couple of years and by uncapping—

Senator ALLISON—I am sorry, I am focusing on long day care; I will come to the other question in a second. Surely one of the problems in policy and planning is in not knowing where the shortages are around the country. Is that true or not, or do we know?

Ms Beauchamp—There is a lot of anecdotal comment around the shortages of places, and I am just reflecting on my own local area. I think there has been much comment around the availability of long day care places in certain areas. When you actually approach long day care centres there are places available. So it will help in understanding the vacancy rates in some centres. You are talking about the shortages.

Senator ALLISON—I am.

Ms Beauchamp—Some of the anecdotal information that we are obtaining is that there are also vacancies available.

Senator ALLISON—That is the extent of it? A bit of your own personal experience which shows that there actually are places when people say there are not?

Ms Beauchamp—No, what I was trying to say was that there has been a lot of comment in the media, and I think there has been a bit of not so much scaremongering. So some parents, in feedback to us—

Senator ALLISON—So how do we know? How do we get beyond the scaremongering and actually know what the data is?

Ms Beauchamp—The Child Care Access Hotline and the development of the child care—

Senator ALLISON—That will just tell people where there are available places; it will not tell the department where the serious shortages occur, surely.

Ms Beauchamp—It will tell us where the vacancy rates are.

Senator ALLISON—But that is not what I asked you.

Dr Harmer—Senator, there is a question of what we would do with that.

Senator ALLISON—Indeed.

Dr Harmer—Indeed. We do not supply child-care places.

Senator ALLISON—Indeed.

Dr Harmer—The market will operate. We have uncapped outside-school-hours family day care so that the market will be able to operate—demand will start to be met, the market will be freed up, we will pay child-care benefit to the places that provide vacancies for children.

Senator ALLISON—Let me put it to you, Dr Harmer, that there are some parts, particularly metropolitan cities, where there are very long waiting lists—sometimes up to

three, four and five years—and that as long as we do not collect the data we are not going to know that these shortages exist or what needs to be done in order to solve them.

Ms Beauchamp—Patterns of demand are very complex, and waiting lists do not tell us if there are shortages or not.

Senator ALLISON—What does that tell us?

Ms Beauchamp—Waiting lists tell us what parents' expectations and preferences might be. They may already have a place in a child-care centre but have their name down on a child-care centre that might be either close to home or close to work, so that does not give us an indication of shortages.

Senator ALLISON—Let me ask you the question another way. Is there a problem in inner metropolitan areas with child care availability?

Dr Harmer—There is, as far as I am aware, some anecdotal evidence that in some inner parts of Melbourne, I think, and possibly other cities there is some shortage, but there is also a lot of evidence to suggest that in other areas there are vacancies. There is no pattern.

Senator ALLISON—When is the department going to collect more than anecdotal evidence about shortages of child-care places?

Dr Harmer—It is very difficult to collect information about demand because a lot of parents put their names down on waiting lists for a number of different child-care centres, and there is at the moment no base or mechanism for us to have that data. As Ms Beauchamp has just said, we are introducing a system which will give us information about the availability of places. It will not manage a waiting list, but it will give us information about the availability of places, and we will be making that available to people looking for child care. The hotline will help as well.

Senator MOORE—We have had this discussion a lot. You are going to set up a hotline. It is being published. It is going to tell people where there are vacancies. How are you going to get that information about vacancies? What is going to be the mechanism?

Ms Beauchamp—We will be getting reports from service providers on a weekly basis.

Senator MOORE—Compulsory reports?

Ms Beauchamp—They will be asked to provide those reports.

Senator MOORE—So that will be part of their contract?

Ms Beauchamp—Yes.

Senator MOORE—So every child-care provider in all those forms of child care will be expected on a—

Ms Beauchamp—Weekly basis.

Senator MOORE—To feed in their vacancies so that then that will be the data on which the hotline will operate—is that right?

Ms Beauchamp—Yes.

Senator MOORE—So a person can ring up and say, ‘Is there a vacancy for long day care in Clayfield?’ Will that hotline be able to say what is available within a two- or three-kilometre area around Clayfield? Will there be that kind of support, because a lot of people do not know—

Ms Carroll—That is exactly what they will be able to do. The hotline will be able to say where a service has indicated that there is a vacancy within that area. They will also be able to indicate across a whole region; they will have available to them the Australia-wide location of vacancies.

Senator MOORE—So the responsibility from the department with the hotline system is to be able to provide information on where there are vacancies. Is there a supplementary process where, if you are getting a lot of calls about need in one particular area, that creates data for you to indicate there is a shortage in that area? Does that feed back? I am really interested in how the hotline system and the management system are going to interact, because we have not had that before.

Ms Carroll—Certainly the information from the hotline will give us some data around what might be available. The management system will provide a more automated model for services to be able to provide their vacancy data as well as other information through to the Australian government; for example, all their child-care benefit returns and those sorts of things. That is the ultimate aim of the management system but, in the meantime, we will have the hotline available. To make sure it is not too onerous on service providers—most service providers use a software package to help manage the utilisation of child care and also to do their child-care benefit returns—we will be working with software providers to get them to do an amendment that will allow the child-care services to automatically upload or pull that information out of their system to provide it in a more automated way rather than a manual way.

Senator ALLISON—Why can’t these centres be asked to advise you on the size of their waiting list?

Ms Carroll—The same issue occurs all the time with the waiting list because it is actually about validity of the waiting list. One of the things that occurs, as Dr Harmer said, is that parents put their name down on multiple waiting lists and they do not take their names off waiting lists.

Senator ALLISON—I realise that.

Ms Carroll—So the idea of using those waiting lists and not being able to match children to see if there are duplicates or whatever makes it not a useful system.

Senator SIEWERT—But is it not better to have something like that than nothing?

Ms Carroll—We will have the information from the Child Care Access Hotline, which will provide us with the availability in those particular child-care services.

Senator SIEWERT—Does it tell you about the need in areas, though? It tells you what places are available but it does not tell you where parents are on waiting lists.

Dr Harmer—It gives the parents information immediately about whether there is a place where they want it.

Senator ALLISON—Once you do this exercise for a while, is it then appropriate to start asking, ‘What have we got left over? Are we still getting lots of calls from my own area of Port Phillip, where you cannot find available places?’ Will that trigger something? Will there be a collection of data as a result of that?

Ms Carroll—Certainly that information will be available around where there are vacancies in child-care services.

Senator ALLISON—By definition does that mean where they are not available there is a waiting list? Can we at least extract that amount of deduction from the figures?

Dr Harmer—If there are no vacancies then either there is an equal balance between supply and demand or there is a—

Senator ALLISON—Shortage. So how do we know when there is going to be a shortage or when there is a shortage?

Dr Harmer—As we have pointed out, the management of that information is quite tricky because parents do not just put their name down for one centre; they often do it in multiple centres. It would be quite a big data management task. The Australian government does not want to get into the business of managing a waiting list.

Senator ALLISON—Did you try to persuade the states at all to collect this data, or even local government?

Ms Carroll—There have not been discussions with state governments about the collection of waiting list data.

Senator ALLISON—Why not?

Ms Carroll—As Dr Harmer said, the Australian government does not want to get into managing waiting lists which are inaccurate and have difficulties with them, so—

Senator ALLISON—I am sorry, I did not suggest waiting lists at all. I am suggesting trying to find out something we do not know at present.

Dr Harmer—The Australian government provides assistance for the costs of child care. We do not provide places; we do not build or construct places. We let the market operate. With the uncapping and the—

Senator ALLISON—I think we know that. Ten years ago there was a major change in the way child care was funded, which set about a whole lot of alterations in supply and demand. We are just trying to get our heads around that, I think.

Ms Carroll—State and territory governments have much more capacity to do something with that information. For example, they are able to look at their planning regulations in terms of construction of new services. They might have, in conjunction with local government, available land that they can use in areas where they believe there might be an undersupply or an oversupply et cetera. For example, here in the ACT last week there was a forum about child care in the ACT. Many of the child-care providers were indicating that there was an oversupply of child care within the ACT. So it is really at that state government level that they actually have the levers to, if they believe that there is a pocket of unmet demand, of

undersupply, look at what they can do around that. I think what Dr Harmer was pointing out was that the Australian government provides assistance with the cost of child care.

Senator ALLISON—So has the market approach this government has taken delivered in terms of child-care shortages or not? Has there been an examination of that—a serious look at whether the current funding arrangements do deliver for those parts of Australia where real estate might be expensive, where distance might be an issue, where there is a whole range of other factors? Surely at a policy level this is something that the department has at least a passing interest in.

Dr Harmer—We know, for example, that in the last 10 years there has been a doubling in the number of child-care places. There is certainly information that indicates that there is an undersupply of places in some areas and, in some areas—although we believe relatively small pockets in the inner city—there might be an oversupply.

Senator ALLISON—Why do you believe this? Why is this belief? Why can't you back a belief with data?

Dr Harmer—We will be able to back our belief with data on the availability of places, but we are not getting in the business of managing waiting lists.

Senator ALLISON—What about fees? What sort of data do you have about fee increases in, say, the last three years?

Ms Carroll—Our child-care census collects fees for all service types. As we indicated before, we gave you the range of family day care fees. It collects outside-school-hours care, long day care et cetera.

Senator ALLISON—So for long day care what percentage increase has there been in fees over the last three years and how does that compare with, say, CPI? Maybe take that on notice.

Dr Harmer—Could you repeat the question? Maybe I can give you some information from what we have got.

Senator ALLISON—Fee increases over the last three years and how that compares with CPI.

Ms Carroll—I think we have provided that information on notice before.

Dr Harmer—I think we have, yes.

Senator MOORE—We have had some data on that on notice, but one of the issues we have is that the latest figures being quoted were the last census, 2004, so that makes it really difficult. In fact, I was going to ask specifically on a question that we had put on notice on those issues about fee increases that the data was based on 2004 figures, which makes a question about the increase in fees in the last three years a little academic seeing the data was 2004.

Senator ALLISON—Just getting back to the shortage question: do you have data on the number of places and the relative decline or increase in numbers of places for perhaps local government areas or regions of some sort? Can you identify movements within metropolitan areas, say, of places?

Ms Carroll—Certainly we have been able to identify places where there have been increases or decreases of places.

Senator ALLISON—And in what areas? How does your data come out?

Ms Carroll—Effectively the data that we have readily available again is at the state government level; however, we can break that down. It is again an issue of how much a difficulty it is to break it down into particular statistical local areas.

Senator ALLISON—But you have the data for local areas. What do you mean by ‘local areas’? Was is that?

Ms Carroll—We know where child care services are by postcode because we have their addresses.

Senator ALLISON—Okay, and that tells you places by postcode?

Ms Carroll—Yes.

Senator ALLISON—And you can look at the trends in each postcode over time?

Ms Carroll—That would be possible.

Senator ALLISON—But?

Dr Harmer—It would be a significant data extraction and compilation exercise, Senator. I do not think it is something we keep as a matter—

Senator ALLISON—Well, why do you collect it?

Dr Harmer—I think what Ms Carroll is saying is that it is possible that our database—we have that information but we do not compile it for any purpose that I am aware of.

Senator MOORE—What about the new management scheme? Would that have that kind of data in it?

Dr Harmer—Yes, it will.

Senator MOORE—So we are talking about data and we have been. In terms of the new management scheme when it is going to be up, what is the expectation for when the budget will be in so that can be working to perhaps look at some of the things that we are asking for?

Dr Harmer—We are moving ahead as quickly as we can with that system. There is still preliminary work going on in the business case et cetera and the minister is very keen to have that system in as soon as we can, which will provide for the first time very good real-time information about where there are places. It will help us with a whole range of compliance activity. It will be a very significant advance from where we are now in terms of the management of our child care.

Senator MOORE—The questions that Senator Allison has been asking are specific questions about vacancies, movement, take-up.

Dr Harmer—The only thing it will not do is we will not be keeping a waiting list; we will not be keeping information about calls that are—I mean, we cannot manage that element of it. We will be able to provide information to parents about vacancies. We will have a lot more information about utilisation and there will be a whole range of things that will help us in

terms of managing the outlays, which are, as you know, now huge—\$9.5 billion over the next four years to 2008-09—and this is why the government is investing in this big management system, to give us a better handle on that; the compliance and places et cetera.

Senator MOORE—Is it part of the \$50.8 million compliance strategy? Is the IT system part of that?

Dr Harmer—No. The 50.8 is in relation to our compliance activity within the department.

Senator MOORE—So just that. So this is totally new money?

Dr Harmer—Yes, this is on top of that.

Senator ALLISON—While we are still on data, can I ask whether we know what the decline has been, if at all, in community run, local government run or community-based child care centres vis-a-vis for profit centres. Is that data available?

Ms Carroll—That data is available and my understanding is that there has not been a decline in the overall numbers of community-based child-care centres.

Senator ALLISON—Can you give us the figures?

Ms Carroll—We will either take that on notice or provide them tonight.

Senator ALLISON—Is that a decline in actual numbers or a decline in proportion?

Ms Carroll—I said there has not been a decline in actual numbers.

Senator ALLISON—And what about a decline in the proportion?

Ms Carroll—I would need to check that.

Senator ALLISON—Anecdotally there would appear to be a lot of local government child-care centres that are closing for one reason or another. I know inner city Melbourne is in this category and it is true too of the city of Port Phillip, which are my local areas. Is this common or in growth areas is local government getting into it more so it is making up for the difference? What are the trends?

Ms Beauchamp—Going back to your previous question before we get onto that one: the number of community long day care places has increased from 1,112 services in 1996 to 1,418 in 2005.

Senator ALLISON—And places?

Ms Beauchamp—This is only in long day care?

Senator ALLISON—Yes.

Ms Beauchamp—Places have gone from 45,600 in 1996 to 67,253.

Senator ALLISON—And for commercial centres, for-profit centres, or however you describe the balance?

Ms Beauchamp—For privates, including small privates and large privates, the number of services has gone from 2,748 to 3,305, and the number—

Senator ALLISON—Sorry; in 1996 it was how many centres?

Ms Beauchamp—For private long day care?

Senator ALLISON—Yes.

Ms Beauchamp—Two thousand seven hundred and forty-eight.

Senator ALLISON—And for last year?

Ms Beauchamp—In 2005 it was 3,305.

Senator ALLISON—And the number of places?

Ms Beauchamp—In 1996, 122,500 and in 2005, 180,065.

Senator ALLISON—I will work out the percentages; I have got a calculator in front of me.

Senator MOORE—Senator, can I ask a question on choice while you are working on that. We are in the same area—the availability of child-care options. We have got the uncapping of the long day care and out of school hours care, but, with the new hotline—which you may have picked up that I am very keen on as something that people can access—if someone rings up and is after some information about available child-care places in a particular part, will they be able to look at information across all the different forms of child care that is available?

Ms Beauchamp—Yes.

Senator MOORE—So the hotline will be able to tell them about outside school hours care, family day care, long day care?

Ms Carroll—Yes.

Senator MOORE—If my choice is that I want to have long day care but there is only family day care available in the area, does that constitute a shortage?

Ms Carroll—That is part of the issue of having a waiting list, obviously, because it may be that parents have preferences about particular things. For example, parents might have a preference about what kind of long day care centre their children go to. They do not want them to go to one that is too big; they want them to go to one that is smaller.

Senator MOORE—Yes, and they might one that is in a particular area.

Ms Carroll—Yes, so there may be a vacancy in a service that is not necessarily their ideal type of service.

Senator MOORE—The reason I am looking at this and the reason for my question earlier about the geographic area is that, while I am very clear that the department is not managing waiting lists, under some of the provisions that are coming in over the next few months, one of the issues is that, if there is available, appropriate child care, that will be part of the whole negotiation process for parents in returning to the workplace. What constitutes 'available, appropriate' if we are talking about options? We are talking about choice of child-care options and geographic area. Has that degree of policy been determined by the department? Dr Harmer was telling me at length in the last few estimates that this is the area of Welfare to Work that is under FaCSIA issues. Has that degree of detail been determined, and how do I work with it as a parent?

Ms Beauchamp—Now we have got 99 per cent of the market uncapped, around Welfare to Work the primary demand will be outside of school hours care, because that will be the focus of the Welfare to Work participants, when their children are old enough to go to school.

Senator MOORE—Have you established that? Is that part of the data you have got?

Ms Beauchamp—So the outside of school hours care component, which has been the biggest growing area of child-care places over the last few years, is the area that has now been freed up. Where there is demand, we anticipate there will be providers that will pick up that demand in outside of school hours care. You spoke about the appropriateness. We would be looking at, obviously, where that child goes to school. Having outside of school hours care available at the school is the primary preference. But, if there is suitable transport to and from an approved outside of school hours care service, we would also consider that suitable.

Senator MOORE—Has the department considered any guidelines? There used to be guidelines about travelling time and so on. In terms of available, appropriate child care to meet the requirements of whatever provisions the person is going through, is there any cap on the geography of where available places would be? For example, if I ring up and say that I am looking at child-care need in Clayfield, how far away from Clayfield would it be appropriate for me to be looking for child care?

Ms Beauchamp—If there were suitable transport to and from that child's school, then that would be appropriate. Obviously DEWR has responsibility for determining travel times and those sorts of things, and whether a job is suitable or not. That would be taken into account in looking at the suitability of that job and that child-care place in terms of that Welfare to Work person returning to work.

Senator MOORE—Wouldn't the professional advice about child-care needs come from FaCSIA?

Ms Beauchamp—Yes. We are saying is: where there is a suitable, approved service—and primarily that will be in the place where the child attends school—

Dr Harmer—Senator, we will be providing information about the availability of places. It will not be our policy role on the other matters in judgment. We would not be well placed to answer hypotheticals about what we would or would not be looking at. Our responsibility will be making sure that the people who are looking for child care have a very good basis on which to be able to identify where child-care places are available. Other than that, it will be up to DEWR to manage the—

Senator MOORE—So the professional advice about what constitutes appropriate child care is not coming from FaCSIA? Is that what you are saying?

Dr Harmer—If it is approved for child-care benefit and there is a place, it is fine by us. But it has to be approved.

Senator MOORE—In terms of the element of choice for the parent as to what form of child care they are seeking, that is a determining factor for whom?

Ms Beauchamp—Sorry, Senator?

Senator MOORE—I am back in the option. FaCSIA is going to provide the hotline service, where they can tell me whether there is a place available. You would only give information on places that have already been through all the accreditation processes we talked about earlier. They would have to be available for child-care benefit. Let us say I, as a parent, am seeking family day care. That is the form of child care that I want for my child, to allow me to take whatever form of action is required of me.

Dr Harmer—Our hotline will provide you with information on the availability of family day care in that area.

Senator MOORE—If there is no family day care available but outside of school hours care is available, what happens then?

Dr Harmer—If the parent wants to know about outside of school hours care, we will also have that information available to them. But it will not be our decision. We will not be talking to the parent about whether they should use one form or another. That will be up to their relationship with the paying department, which will be DEWR.

Senator MOORE—That is what I was trying to establish—exactly where your professional role began and ended. So in terms of the discussion between a vacancy in family day care or long day care or whatever comes in, that is not something for FaCSIA to determine.

Dr Harmer—No.

Senator MOORE—You just determine whether there is a vacancy or not.

Dr Harmer—That is right. We will be providing information on vacancies for the types of care. The relationship between the person on parenting payment, or whatever they are on, and the suitability of child care will be a matter between them and probably the Centrelink officer, frankly, but under the policy guidance of DEWR.

Senator MOORE—That would also be the kind of definition as to travelling time. So, on the vexed question of what constitutes appropriate availability—if it is 15 minutes, half an hour or three-quarters of an hour—that decision would not be yours.

Dr Harmer—That will not be ours.

Senator MOORE—It will be DEWR's. Okay.

Senator SIEWERT—I would like to go back to the issue of quality and the national review of child-care standards, which I understand has been completed and now will not be released until COAG meets. Is that right?

Ms Beauchamp—It is the community services and disability ministers that will make the decision.

Senator SIEWERT—Yet the decision has been made. The minister put out a media release about the overhaul of quality standards and the assessment process.

Ms Carroll—That is correct.

Senator SIEWERT—Is that going to be further refined from the findings of the review?

Ms Carroll—The minister announced a range of measures in his quality release. One of the things he announced was the fact that the validation visits would be unannounced from 1 July. So, once services have submitted their reports to the National Childcare Accreditation Council, the validation visit could occur at any time. He also announced his intention to introduce some sort of spot checking—other unannounced visits—for child-care services.

Another part of it was that he was getting the National Childcare Accreditation Council to look at a strategy for integrating the different systems that we currently have, because we have separate systems for long day care, family day care and outside school hours care, and some services may offer more than one care type. So we are looking at that modelling to perhaps create one single system. Obviously that gives us an opportunity where, if there are any particular announcements that come out of the national standards, the broader systems will be being considered and some advice will be being given to the government, and that could be taken into account during that period.

Senator SIEWERT—I am a bit confused about how the spot checks for family day care are going to operate. Who does the spot checks? Do the peer evaluators—and I will come back to them in a minute—do the spot checks on the carers? Or do the coordination unit or whatever they are called—you know what I mean—do the spot checks?

Ms Carroll—Effectively the National Childcare Accreditation Council model is that the reviewers come in and do the checking. So, just as they do now with the validation visits, the reviewer comes in and part of that review in family day care is that they go to some carers' homes. So it is not the coordination unit; it is actually the Childcare Accreditation Council reviewers coming in.

Senator SIEWERT—They will go into the homes?

Ms Carroll—Yes.

Senator SIEWERT—A comment you made earlier made me think that perhaps it is the coordination units that do the spot checks. It is not.

Ms Carroll—No.

Senator SIEWERT—My understanding is that there is going to be a process where non-peer validators are going to be doing the assessments. That is going to be phased in. Is that correct?

Ms Carroll—Yes, that is correct.

Senator SIEWERT—Are those non-peer validators going to be required to hold qualifications or meet certain standards? What is the process going to be?

Ms Carroll—Certainly they will be required to have qualifications. The details of what those qualifications will be are all being worked on at the moment. This is just an announcement of the intent to move to this model. They would obviously need to be qualified in the area and have some experience, but one of the big issues with the current peer validators is that they do not have a lot of experience in going out and doing the validation visits if they only do a few a year. The idea is to professionalise the validation visit model.

Senator SIEWERT—Will the non-peer checkers, though, have experience as well as qualifications in working in the child-care sector?

Ms Carroll—It is anticipated that they will need to have the expertise in that area, obviously, because of what they are reviewing, but the exact details of what they will be required to have are still being worked on.

Senator SIEWERT—Is the child-care community being consulted over the criteria that those non-peer validators will have to meet?

Ms Carroll—There will be some consultation with the child-care sector during this period. We are obviously at the beginning of the period—the announcement of the intent. We have mechanisms from the industry like the Child Care Reference Group which we are able to draw on for comments on things like those standards.

Senator SIEWERT—I know this is moving to a new one, but let us talk about the system in general. My understanding is that, once people put in their study checks, there will be a 12-week window for the validation to be carried out. Is that correct?

Ms Carroll—That is my understanding. The details of that, again, have still not been finalised, but the intent is that services would know within the next three months that the validation visit would occur.

Senator SIEWERT—And they will not know when the person is coming; they will just turn up. When they do their report and put it in, is it envisaged that there will be an appeals process if the child-care facility disagrees with the findings?

Ms Carroll—The same process that currently exists with the ADRC, the review council, will still exist.

Senator SIEWERT—That will not change?

Ms Carroll—No.

Senator SIEWERT—If there is a spot check carried out and it is seen that there is some improvement needed, will the same process be used for the validation process, or is it going to be a different process as to how it relates to the child-care provider?

Ms Carroll—The detail of all that, specifically around the spot checks, has not been worked through yet. The minister has announced the intent that that will happen, but there are a lot of questions about exactly how that will occur, what will occur if services do not meet all the standards on that spot check and what will occur after that. All that detail is still to be finalised. There will obviously be some discussions with the industry.

Senator MOORE—I think that is the key issue. This has been announced. We have a preliminary system of accreditation now. It is obviously going to be extended. Who is doing the work to determine all those questions Senator Siewert is asking—the really specific details which people need to know about how they are going to be assessed?

Ms Carroll—Part of the National Childcare Accreditation Council's contract for the next financial year will be to work on those models. Ultimately they will be working with the department and obviously with some reference groups and things like that.

Senator MOORE—With your area?

Ms Carroll—With our area. Then that advice will be provided back to the minister for final approval of the system that is put in place.

Senator MOORE—And the advisory groups that are already there from the industry will be feeding into that about that process.

Senator SIEWERT—What is the time line for that process?

Ms Carroll—By the end of this calendar year. We are obviously not trying to introduce the spot checks immediately. This process will occur during this calendar year, to be in a position to introduce things next.

Senator SIEWERT—Is there a process of building excellence in child care? The validation is done and the spot checks are done. I am also particularly interested in the national review of child-care standards. Obviously we want to meet certain standards and progress them, but we also want to provide for a variety of child care. Has that been taken into account in this process? How does building excellence work into the system?

Ms Carroll—That is another part of looking at the model and saying, ‘Is the model that we have got—that you are accredited or not accredited—the best model?’ and looking at what might be some possibilities around building excellence. There is some capacity in these changes to look at those things.

Senator SIEWERT—You said you can go to the website and you will be able to see what FaCSIA is saying. I understood that there will not be some of the state assessment processes and that the regulations will not be there. Is it being considered that you can go to the website and it will say, for example, ‘This child-care centre meets these basic requirements but it also does this’? Could that be part of the accreditation process?

Ms Carroll—If that was a way forward and the industry and the minister certainly decided that that was the direction. Just as all of that information is provided on the National Childcare Accreditation Council’s website now, any additional information would be on that website as well. It would be publicly available.

Senator SIEWERT—You may have answered this question and I missed it. On the website, are there already or is it being considered that that there would be the rates that each of the child-care centres provide, so that people can easily go onto a website and look at what the standard rates are, so that they can do that comparison themselves? Where do parents find that information?

Ms Carroll—Are you talking about the fee rates?

Senator SIEWERT—Yes.

Ms Carroll—That is not provided. Effectively, because child-care services are in control of their own fees and they change their fees when it suits them, the information that will be provided to a parent about an availability of a place in a child-care service will be: ‘There is a spot in this child-care service; you will need to contact the service about the details.’ They also might be told other services that are indicating that they have availability. They can be told, ‘Look, there are these other services in that area as well and you might want to also contact them to find out a bit more about them because perhaps they will have a spot come up in a month.’

Senator SIEWERT—So they will be told of other services. Instead of having to go through the *Yellow Pages*, they could actually ring to find out what is a fairly standard set of fees.

Ms Carroll—Yes.

Senator MOORE—I want to follow up on the idea of trying to link the hotline and the management system and the advantages that will offer. I preface my question by saying that I know the department does not handle waiting lists. One of the things people want to know is where there is unmet demand—that is a term that we use all the time. We know that under the DEWR system it is really clear that DEWR will have the determining factor in whether a certain form of child-care meets the need or not. I want to ask about your information about what is available and what is not, the data that you get when you have providers contacting you on a regular basis saying what vacancies they have. You will have clients contacting the hotline trying to find out what is available. Will there be some form of interaction between the hotline and the management system if there seems to be a great deal of interest in family day care in Clayfield and it is not available? Will that be some form of interaction that will be picked up?

Ms Carroll—Obviously we will be able to see where there might have been a lot of requests for child care in a particular area and perhaps there have not been any vacancies showing against those child-care services. So that information will obviously be able to be obtained from the hotline and then again from the child-care management system.

Senator MOORE—Which we have not had up until now, have we? We have spoken for hours at Senate estimates about trying to determine that, but we have not had this data before, have we?

Dr Harmer—We have not had it up until now.

Senator MOORE—There is the opportunity, under these systems, to come up with this kind of data?

Ms Carroll—Certainly it will allow us to investigate the model of where there is availability, where child services are more generally.

Senator MOORE—I know you are drawing up the management system now; we are in the formative stages. Is this one of the design options that will be available when you are making it—that this kind of data will be able to be captured?

Ms Beauchamp—We will not be capturing unmet demand as such, but we will be capturing information on utilisation and vacancy rates.

Senator MOORE—Almost despite yourself, you are going to get more. For the first time there will be this opportunity to somehow have a reasonable discussion about this process. Can you just remind me of when we are hoping to have this working?

Dr Harmer—It is not clear yet. The minister announced it as part of the budget. We are working through the business case with the department of finance and others. We will be looking to implement it as soon as we possibly can. The hotline will be in place from 1 July this year. We would be hoping in the next 12 months or so to have something. We do not have a time frame yet agreed about the implementation of the management system, so I would

rather not speculate on when we will have that. But we will be looking to do it as soon as we can. The minister is very keen to introduce it, not just because it will be a much more efficient or a better mechanised system of managing places but because it will also help us greatly with compliance.

Senator MOORE—And that is linked back to the expenditure in this budget that is coming through with the antifraud process.

Dr Harmer—Yes.

Senator MOORE—I might ask some questions on fraud, if that is okay.

CHAIR—That is fine. I should remind the senators that there is an informal agreement that we will finish with child-care support at six and move then to output group 4.4, community partnership and delivery. We will finish at seven for dinner and resume at eight with the other four output groups in outcome 4. That is the plan. So more questions on fraud in output group 3.3. Is that right, Senator Moore?

Senator MOORE—In fraud compliance, yes. In the PBS, \$10.52 million is noted under the heading of fraud prevention. It is in the portfolio budget statement. There is a line entitled ‘Fraud and compliance measures, improving child-care compliance’.

Dr Harmer—What page is that, Senator?

Senator MOORE—It is page 38. It is a new one. It is building on previous ones as well. We are just trying to find out what exactly this particular money is representing, what actions.

Ms Beauchamp—You have referred to a figure of \$10.5 million.

Senator MOORE—A figure of \$10.52 million.

Ms Beauchamp—I think that is only just for that one year in 2009-10. The government has announced a proposal around \$50.8 million that will be put into compliance in the child-care sector.

Senator MOORE—Is the \$10.52 million part of the \$50.8 million?

Ms Beauchamp—Yes, that is for just that year.

Senator MOORE—That is what we were not quite sure of. There is nothing special. It is just that one year.

Ms Beauchamp—It is just that one year.

Senator MOORE—In terms of the IT systems that we have talked about, what kinds of systems changes are envisaged to be put in place in this process?

Ms Beauchamp—As Dr Harmer said, we are still working through the business case.

Senator MOORE—So this is the same money as the management system?

Ms Carroll—No.

Ms Beauchamp—The child-care management system is different money and new money that is not part of that \$50.8 million. We are looking at automating some of the manual processes both around transaction in terms of how we administer SSCB and the collection of

information, which we have spoken about, through the child-care access hotline, which is an interim measure.

Senator MOORE—That is for the management system?

Ms Beauchamp—Yes.

Senator MOORE—For the fraud prevention systems, are IT changes envisaged as well?

Ms Beauchamp—The IT system will assist us with the compliance measure, but that compliance measure primarily focuses on going in there and doing compliance reviews.

Dr Harmer—It is more active checking. It is primarily for staff, for us in our state offices and the national office. The management system will help provide information to target that activity.

Senator MOORE—Is there some expectation that some money will be looked to police action?

Ms Carroll—Part of the funding there is also for the DPP, the office of prosecutions. That is part of the \$50.8 million. So that has been identified.

Senator MOORE—At this stage has it been identified clearly what is going to what, or is it still in the early formative stages of the funding? Has a business case been developed for what is going to internal FaCS operations, what is going to the DPP—

Ms Carroll—For the compliance measure, that has been determined. In the 2006-07 financial year, \$1.3 million is going to the DPP. There is a total of around \$12 million, I think it is—no, sorry, about \$7 million to the DPP over the four years. So it is \$1.3 million in the first year and then \$2.2 million in the out years.

Senator MOORE—Has the department identified the kinds of fraud you are seeking to prevent? Do you have types of actions that you have identified that could be happening in the system now that you are seeking to move in and stop?

Ms Beauchamp—There was some money allocated in previous budgets for very small measures around compliance, which included some of the child-care services. From that, we are looking at and have information from that that we have built into the development of the compliance regime that we are hoping to put in place.

Senator MOORE—So you have identified behaviours or actions that could lead to fraudulent behaviour.

Ms Beauchamp—Yes.

Senator MOORE—Do you have details on that, or is that somehow protected?

Ms Beauchamp—Of course some of that in terms of the previous budget measures are resulting in investigations of which I am not privy to divulge any of that information. But the sorts of things we will be looking at are attendance records and what systems are in place to track families and track children through the child-care benefits system.

Senator MOORE—Data exchange, data matching and that kind of thing?

Ms Carroll—Primarily it is matching of children's attendance records with child-care benefit claims and looking at whether children were actually signed in appropriately or

whether, for example, children were signed in over a whole month on their sign-in sheet so there is no guarantee that those attendance records are correct.

Senator MOORE—In terms of the stream of funding that is going in, there is the \$50.8 million for the improving child-care compliance over the four years, there is the out year of \$10.52 million in 2009-10 and then linking with that there is the national system, which I am very fond of, the system that will have all the information in it—the child-care management system. We do not have any allocation for that yet? We are still doing the business plan.

Dr Harmer—We are still going through the business case.

Ms Beauchamp—Can I just clarify? That \$10.5 million that you spoke of in the out year is part of the \$50.8 million.

Dr Harmer—That is part of the \$50.8 million.

Senator MOORE—So it is not separate?

Dr Harmer—No.

Ms Beauchamp—That \$10.5 million I have just referred to is 2009-10.

Senator MOORE—I keep making notes and then not reading my own handwriting. I have some questions on JET but I will put them on notice because they are the kinds of things that can be processed. I have a question on the questions on notice that we did get responses to, particularly No. 59, which we got late today. I have a particular question about that, because I think it might relate to some of the general questions we had earlier. Question 59 which I put on notice related to some questions that Ms Plibersek asked in the House of Reps. There was data involved in that question and there was also some comparison, then there was a statement made in the response from the department that said you would give us some information this time but the effort required would mean that that kind of information would not be available in the future. I want to find out what the transition was. If the data could be obtained and brought out in a format that we were able to see, can that not be replicated easily?

Dr Harmer—When we put some of these questions to the new minister, given how busy the department is, we were asked whether it is readily available, and the answer is no. We compiled them specifically for the answer. Given that we had already done it, he was quite happy to let it go through. But he said, ‘Look, if there is a significant diversion of resources, we ought to signal that we are not prepared to divert those resources to that sort of exercise again, given how long it takes.’

Senator MOORE—That makes it clearer that you had made the effort for that particular answer.

Dr Harmer—Yes.

Senator MOORE—But that is not effort that can be easily replicated?

Dr Harmer—No. There was quite a lot of work and time, diversion of resources to compile that because it is not readily available. Given how busy the department is around a whole range of issues, following the budget in particular, a diversion of resources for that particular exercise, the minister wanted us to signal that we are not prepared to—

Senator MOORE—The particular response to that also quoted data from the 2004 census. It looked at child-care fees and I know we have asked that question again. We now have the 2006 census completed or thereabouts, we believe. That is our basic threshold information: how long will it be before we will be able to get responses that talk about 2006 figures as opposed to the 2004 figures?

Ms Beauchamp—I think based on previous censuses, by the time we clean and validate all the information, it probably takes about 12 months. I think that was in an answer to a previous question that you had raised at a previous sitting.

Senator MOORE—I am sorry, Chair, but I just want to work through this last one. It was particularly important with the question we had asked because we were talking about increases. Would that then mean that the department was not aware of the rates of increases between 2004 and 2006, if we cannot get the figures from the 2006 census?

Ms Beauchamp—We have some idea through ABS surveys and AIHW, for example. Looking at their recent reports, they have provided information on what parents are paying as a proportion of their average weekly net income. Certainly that has improved over the time of the survey since 1995 to 2004. And we have some general information from the ABS in terms of their survey as well, and one of the findings from that was that 65 per cent of parents are paying less than \$20 a week for child-care compared to 46 per cent in 2002 for example. So there are some data sources available to us. But our big data source is the census.

Senator MOORE—In terms of people's entitlement to the CCB, though, isn't it required that the provider sends the fees through? So isn't that data harvested—I think that is the term—on a regular basis? On something as straightforward as someone trying to find out exactly what their fees increase has been—I thought that to get your CCB you had to have the fee for each child calculated at that point.

Ms Carroll—That is correct. The fee is obviously to work out the child-care benefit. There has to be the fee. However, what the services put in as the child-care benefit fee does not always exactly match what is charged to the families, because some aspects of that fee are not eligible for child-care benefit, for example. If some parts are included in the bill then what the child-care service providers provide to Centrelink as their fee for their CCB calculation is not an exact match with the fees that parents see. So that is why the census gives us the best view of exactly what parents are charged in fees.

Senator MOORE—But does the other data that you have to get on a regular basis not provide a valuable threshold figure for comparison of increases, which is what our original question was about? We were looking at particularly anecdotal evidence that there has been a significant rise in child-care costs, when we were trying to talk that through. We have had instances, as you know, where the minister has said that there has not been, we say that there has been, and you get into this ridiculous brouhaha. In terms of just knowing what you are paying, there should be a way of getting that easily. Is the data for the CCB easily obtainable? Does it create a difficulty for the department to give that to us easily?

Ms Carroll—It is not easy to obtain in that form because what Centrelink does with it is calculate child-care benefit. So Centrelink is using it as an input rather than as something that

it extracts out. We can easily get what CCB is paid to families. What is not so easy to get is what the services are charging.

Senator MOORE—Okay. But we could still get the first round of data? You are saying that the fee data provided quarterly by the child-care providers cannot be used to tell us what the average fees are? You could not extract that information from what child-care providers give you on a quarterly basis?

Ms Carroll—It is possible to extract it, but, as I explained, it is not particularly accurate data, and it would take a fair bit of work to extract it as well.

Senator MOORE—Which is the second bit, yes. I think what we need to have is—

Dr Harmer—Because it is an automated system in Centrelink, and they use it, as Ms Carroll said, as an input to the calculation. They do not produce tables.

Senator MOORE—Because it is such a threshold issue, can I ask to get a detailed response on why this data is not accurate. Then, if we have concerns about that—

Dr Harmer—Sure.

Senator MOORE—We are trying to find out exactly what the fees are and how they have increased and the impost on the community. It is not effective to wait for 2004 data. You have raised the issues about why that would not be the best way of doing it and also why it would be difficult to obtain it. If we can get some straightforward information on those two things then we can come back and say, ‘Let’s try again.’ That might be the way to go.

Dr Harmer—Sure.

CHAIR—Are there any further questions on output group 3.3?

Senator SIEWERT—I just want to reiterate that the validation reports and spot check reports will be provided to the care providers, to the services, and they will get a chance to respond. Is that correct?

Ms Beauchamp—Yes.

Senator SIEWERT—I just wanted to double-check that.

[6.09 pm]

CHAIR—That concludes outcome 3. We will now proceed to outcome group 4.4: community partnership and delivery.

Senator CHRIS EVANS—I want to ask a number of questions about grants. I want to start, Dr Harmer, with the ones that we have discussed before—the one-off grants in the 2004 election commitments, which were transferred to FaCSIA. I have to say that I regard the results of my inquiries into these matters as very unsatisfactory. This is the third round of estimates at which I am going to try and get the answers to these questions. I think we were slightly at cross-purposes, but I felt that I had been a bit misled. I concede that we may have been at cross-purposes but—

Dr Harmer—I can assure you that I was not—

Senator CHRIS EVANS—I am not questioning your motives. But the effect of the answer was to prevent me getting the answer again, because we were told that it had been tabled. It

turned out that it had not been tabled, therefore the line of questioning was again delayed for another round of estimates. I do not really want to be here in 2010 following this through. I know that these were election commitments. I know they were done in a party political way as part of an election campaign. That is not what I am trying to establish. I think that is clearly the case. What I want to know—

Dr Harmer—You are not expecting me to comment.

Senator CHRIS EVANS—No, I am not. I am just making it clear that these commitments were made in the heat of an election campaign. They were made by the government. They were announced in marginal seats. Publicity was done with each of the candidates promising cheques. That is all on the record. What I want to know from you is the public accountability measures, how the money was allocated and how it was approved. This is my third round of estimates and I still do not feel that I have got there. So I would like to take us back. For the last answers I got, I asked 17 very detailed questions and I received a very general response, I thought. It seemed to me that you were saying, ‘Don’t ask any more; try Transport.’ Given that we had had two or three goes at this, that seemed a bit rich. As you are now the responsible department, I know what Transport will say if I ask them: ‘We don’t administer those grants, Senator Evans; you ought to talk to FaCSIA.’ I really still have not found out how these grants were initially approved. Are you able to provide me with any more information than we have so far?

Dr Harmer—We will do our best.

Senator CHRIS EVANS—Can we start with whether or not these grants were a response to applications made for funding?

Dr Harmer—Just for the record, we had better clarify the grants that you are speaking of.

Senator CHRIS EVANS—Kilburn Blair Athol Community Youth Centre, \$250,000; Eastern Access Community Health in Victoria; Ringwood Skate Park in Victoria. These are the ones we have discussed a number of times. I think you are now administering them under your Local Answers grants program—is that right?

Mr Carmichael—In response to your earlier comment that we had suggested a response had been provided: the response had actually been provided to the House of Representatives to a very similar question. So there was some response given to a question on notice taken in the House of Representatives.

Senator CHRIS EVANS—You would appreciate that me not knowing that they had asked the question, and you not knowing they had provided the answer left me at a little disadvantage.

Mr Carmichael—Yes, that was part of the confusion.

Senator CHRIS EVANS—I am not questioning your motives; it just happens that I am getting very frustrated with this one. As Dr Harmer will know, we have been around the mulberry bush on this more than once. We did not have the right officers the first time; we were told we had been provided the answer when we had not. I am not a conspiracy theorist by nature. I will always go for the cock-up over the conspiracy theory. But it is starting to test my patience. The conspiracy theory is starting to—

Dr Harmer—Emerge.

Senator CHRIS EVANS—emerge. It is starting to take hold of me. So maybe we can put all that to bed now and you can explain to me how it was all due process and I need not worry. Were any of these grants the subject of a formal application to the government?

Mr Carmichael—Some had been applications in other processes. Many were not, though. Many were just election commitments.

Senator CHRIS EVANS—So are you able to tell me for which of the eight there had actually been an application for funding and under what programs they had sought that funding?

Mr Carmichael—I will take that on notice, because I do not—

Senator CHRIS EVANS—Do you really have to do that? You cannot tell me that you were not prepared for me to ask questions. This is the third time around. I do not mind people taking questions on notice when it is a surprise, but surely this must have come up in the little estimates briefing preparation manual. Otherwise Dr Harmer is not as efficient as I thought he was—and I am sure that is not right. We could always set up a separate Regional Partnerships type inquiry, I suppose.

Dr Harmer—It appears that we do not have the specific information about which of those grants were the subject of previous applications for other programs, possibly not in our portfolio. Is that right?

Mr Carmichael—Yes.

Senator CHRIS EVANS—I am sure they were not in your portfolio originally, because they were not originally funded under your portfolio. But the officer seemed to have some knowledge that some had been and some had not been. He obviously has some level of knowledge. Perhaps he could share what he does know.

Dr Harmer—He may be able to give you a couple of examples of ones that—

Senator CHRIS EVANS—That would be a good start.

Dr Harmer—If he has the information there. We will try to come back to that. Do you have some other questions on this?

Senator CHRIS EVANS—Yes. It is a bit of a starting point, though, isn't it?

Dr Harmer—We think we have given you an answer.

Senator CHRIS EVANS—I am not one to generally give the department a hard time, but this is really not acceptable. This is our third go. We have been fobbed off. I wrote to you. We were fobbed off. I have asked questions. That has been fobbed off. I have had two goes at previous estimates and have been, if not fobbed off, misdirected. To say to me now that the officer cannot help me is just pushing the patience, basically.

Mr Hunter—Perhaps I could help by making a bit of a distinction between commitments which are made during the pre-election period and applications under a pre-existing program. Where an incoming government makes an explicit commitment during the pre-election period, from the point of view of its implementation that is somewhat different to applications

that might have been made under existing programs. It is taken by the department—that is, any department which is allocated responsibility for implementing that election commitment—as a given, if you like, that the government has made a commitment to provide funding for that particular purpose and not necessarily within any particular program structure.

We were, as I recall, allocated funds to implement these commitments. Whether or not they had been successful under other programs was not very relevant to our implementation of the pre-election commitment. It is for that reason that we do not have any structured knowledge of whether or not these had formed grants or been applications for pre-existing programs which had been unsuccessful.

Dr Harmer—Because of the research effort required, to go back to check whether those funding proposals had been the subject of applications under other programs would not be something that we would do.

Mr Carmichael—To elaborate: we did do some investigation, obviously. A lot of them were election commitments. We were unaware of any paperwork thrown in, other than the particular projects that were provided to us. I can say that, under our administration, all the projects are proceeding. There was one that had got into some difficulty—the Kilburn Blair Athol Community Youth Centre. I can now tell you that it is now starting to be implemented. We have paid \$38,000 to date. It was a \$250,000 project. It is the last remaining one to be implemented. So all the projects will be implemented as announced in the election campaign. But a lot of their history is unknown to us.

Senator CHRIS EVANS—This whole-of-government stuff is going well, isn't it? Some of their history may well not be known to you, but you were previously able to tell me that some of them had been subject to grant applications.

Mr Carmichael—There were a few, yes.

Senator CHRIS EVANS—So you obviously have some knowledge. Maybe we could start with what you do know and then we could move to what you do not know.

Mr Carmichael—I do not have that information here.

Senator CHRIS EVANS—Did you make it up, before, when you said—

Mr Carmichael—No. I do not have it with me right now.

Dr Harmer—Mr Carmichael is aware that some of the projects that were funded were the subject of applications under other programs.

Senator CHRIS EVANS—But you did not come prepared to be asked about it?

Dr Harmer—No, because I think we feel that we had provided an answer to the question, which was cleared through our minister's office and provided to you. So we did not come prepared to, in a sense, do it again.

Senator CHRIS EVANS—So you thought saying 'Go away' to me would be enough and I would not come back and ask again?

Dr Harmer—I am not commenting on that, Senator. We have provided you with an answer to the question, which is—

Senator CHRIS EVANS—Let us be honest: you did not answer most of the key questions. I accept that that has to go through the minister's office. I do not get told what you drafted and what was signed, but let us have no pretence that you have answered the key questions.

Dr Harmer—We have provided an answer, Senator.

Senator CHRIS EVANS—It is an answer; it is not the answer, though. It is not a helpful answer. It is not an answer that sheds any more light on how these have been funded or how they came to be approved. \$550,000 of taxpayers' money and you cannot tell me anything about it—other than that you are now paying the money.

Dr Harmer—As Mr Hunter said, when governments make election commitments and departments implement them, they are given resources to do it and that is what we have done. Mr Carmichael is aware that some of the projects were the subject of applications under other programs; some were not.

Senator CHRIS EVANS—But now he cannot remember which they were.

Dr Harmer—He has not got that information with him.

Senator CHRIS EVANS—He either knows or he does not know. I am sure he is a more than competent officer, and he was happy to tell me a few minutes ago that he did know something about it, and now all of a sudden he does not know anything about it.

Dr Harmer—He was saying that he was aware, in general terms, that some of them were the subject of applications under other programs. I think that is all he was saying.

Mr Carmichael—I am aware that some were in the process for the regional grants program. Decisions were made that they be reallocated to our portfolio. I am also aware that some of them were the subject of announcements that had not gone through any formal process, and we worked with our minister's office at the time to understand what the projects were about. We worked with those organisations to develop contracts and implemented the contracts. In terms of the public accountability of the administration of the money, it is fully accountable. All the projects are now on track. I just mentioned the last one, the Kilburn Blair project, which was in some difficulty. We have been able to work with that—

Senator CHRIS EVANS—What does being 'in some difficulty' mean?

Mr Carmichael—There was some local dispute about the stakeholders involved with that project. It was a multi-stakeholder project. The stakeholders did not agree with how they wanted to proceed. It took some time to reconcile their different views to implement the project as announced. We have been able to work through that. It has not been an easy process. Now we can say that the project will be implemented. We have made the first payment. We are likely to make another large payment before the end of this financial year, based on their progress.

Senator CHRIS EVANS—Is it the case that, when the Kilburn Blair community youth centre was announced, the actual sponsoring parties did not know anything about it?

Mr Carmichael—I cannot comment on that. It was an election commitment.

Senator CHRIS EVANS—But you have been sorting out the problem since. This was announced in September 2004. You are telling me that you have been sorting out the problem.

What is the problem—the youth centre was announced and no-one knew they would be responsible for building it?

Mr Carmichael—No; I did not say that. I said that there was a disagreement between the parties. There was a significant amount of money involved. They could not agree on the exact nature of the project. As when many of these things are announced, when most projects are announced, there is a bit of scoping to say exactly how you might go about implementing it. They could not agree on that implementation and there was a process worked through so that they did agree and we could get a contract, and now we are starting to implement it. To protect the public funding of the project, we would not provide funding ahead of their coming to an agreement so we could get a clear contract about what the project was intended to achieve.

Senator CHRIS EVANS—Was this one of the projects that did not have an application?

Mr Carmichael—I think so.

Senator CHRIS EVANS—So it really highlights the public administration problem, doesn't it, when you award money to a project that actually has not been the subject of an application?

Senator Kemp—Senator, I do not know the specifics of the particular project, but both political parties in an election context make announcements and commitments, and that is a very normal process. They are done across a range of portfolios. I notice in the portfolios I have been associated with that commitments were made by our government and commitments were made by the Labor Party and the processes were very similar. I do not want to enter into a debate about that, but both political parties go to elections and they make promises and people quite naturally expect those promises to be fulfilled.

Senator CHRIS EVANS—Yes, Minister. I think, if you had been here earlier, you would have heard me say exactly the same thing. That is not in dispute. What we want to know is how the approval was done and how the public interest is protected and how the finances have flowed. We have been spectacularly unsuccessful in finding that out over a series of estimates rounds now.

Senator Kemp—The public interest was protected, I think, and public administration processes were outlined—money would not flow until all t's were crossed and i's were dotted on contracts and agreements and presumably MOUs.

Senator CHRIS EVANS—That is what we are trying to find out, but we cannot actually establish whether there were applications yet, Minister. The department is not able to tell me.

Dr Harmer—We are able to tell you that we are in the process of implementing or have implemented the commitments the government made under due process of contracts and accountability. So there should not be any question about our providing resources or funding to any body that may or may not have been subject to an election commitment without the appropriate contract and accountability.

Senator CHRIS EVANS—Well, there are questions and I am seeking answers.

Dr Harmer—Senator, let me assure you that, while the process of whether they had applied for previous funding under other programs or not might be in question, once we were

provided with the responsibility to implement the government's election commitments and to provide funding to bodies for certain things, we will have entered into contracts with them and we will be monitoring the effectiveness of those contracts and the accountabilities under those contracts.

Senator CHRIS EVANS—What we do know, though, is that this started out in DOTARS, didn't it? It did not start with you at all.

Dr Harmer—No, it didn't, but we were given the responsibility for these for implementing them, carrying out that implementation task with the appropriate accountability and diligence.

Senator CHRIS EVANS—When did you get that responsibility?

Mr Carmichael—Soon after the last election. Just to be clear: not all the projects came from DOTARS; I am aware that one did come from our minister's office. That was part of how that was announced.

Senator CHRIS EVANS—I was going to ask you about that. I knew seven were part of the DOTARS—they had a particular little program they used as a slush fund for that; what was that called? What was the name of the DOTARS program they were housed under originally? Have you got that there?

Mr Carmichael—No.

Senator CHRIS EVANS—Anyway, they were originally with DOTARS. Which one was not with DOTARS?

Mr Carmichael—I do not have in front of me which one was not with DOTARS.

Senator CHRIS EVANS—You can tell me one was not, but you cannot tell me which one.

Mr Carmichael—That is right.

Senator CHRIS EVANS—Which seven were with DOTARS? Let us try it the other way.

Mr Carmichael—I have got eight listed here. I have got the same answer you have got in front of you that we provided, which says there were eight programs.

Senator CHRIS EVANS—It is not very helpful, is it?

Mr Carmichael—This is what our minister agreed would be the answer.

Senator CHRIS EVANS—I accept that and I do not want to give you a hard time with that, but I do want to know—you are able to tell me; you should be able to tell me—where you picked up this thing from that you spent taxpayers' money on. I cannot believe you cannot tell me. Did a fairy drop it in the tray one morning or did someone send it to you?

Dr Harmer—They were all presumably election commitments.

Mr Carmichael—They all were election commitments.

Dr Harmer—Our role very simply is, post election, being given the resources to implement the election commitments.

Senator CHRIS EVANS—I understand that. Dr Harmer, you have got that on the *Hansard*, I accept that, but what I want to know is: originally they were at DOTARS, except for one, which I now understand came from the minister's office; which minister?

Mr Carmichael—It would have been Minister Patterson at the time.

Senator CHRIS EVANS—So it came from the FaCS minister of the day?

Mr Carmichael—Yes. It was conveyed to us through the minister's office.

Senator CHRIS EVANS—When was that conveyed to you?

Mr Carmichael—Post the last election. Soon after the last election.

Senator CHRIS EVANS—You cannot tell me which one that was.

Mr Carmichael—No, not offhand.

Senator CHRIS EVANS—So your own minister asked you to implement something and you cannot tell me what it was.

Mr Carmichael—We can tell you it was one of those eight that were announced in the election.

Senator CHRIS EVANS—Yes, but we know that the other seven were transferred to you from Transport, but your minister—not some other department's responsibility, not somebody else's fault, not something you cannot help me with; your minister—asked you to fund one program, and FaCSIA cannot tell me which one that was.

Dr Harmer—We could, but you are asking us to give you an answer to a question that we have provided an answer to you on that the minister has cleared. So what you are asking us to do is to give a departmental answer—and these are not departmental answers; we are responding on behalf of the minister when we answer questions.

Senator CHRIS EVANS—No; that is just not right. If that is the way estimates are going to be interpreted, we may as well all pack up shop now.

Dr Harmer—It was a question on notice, and when we give you an answer to a question on notice it is the minister's.

Senator CHRIS EVANS—That is it, finished.

Dr Harmer—Yes.

Senator CHRIS EVANS—We cannot ask anything more about that subject matter ever?

Dr Harmer—No; I am just saying that that is what you are asking us to do.

Senator CHRIS EVANS—No. What I am asking you to do is give me the title of the program that you funded on the direction of your minister. This is not out of the ordinary. This is not difficult. All it can be is that there is a cover-up if you are not prepared to tell us why you funded a program that your minister asked you to.

Senator Kemp—Mr Chairman, can I just make an observation which may or may not be of assistance. If it is an election promise, the government, of course, is committed to delivering on that promise. It may be part of a program and it may not be part of a program in general, but the critical issue is it is a government election promise and, therefore, the government is naturally expected to deliver on it. That is the first point I make. The second point I make is that, if the minister has provided an answer and he has provided the information that he believes is appropriate to the committee, I think it is very hard to put

pressure on the officers to get a different answer from the officers if the minister has made a determination. Now, that therefore becomes a matter of political debate, but it is not a political debate between the senator and the officers; it is a debate between the senator and the minister.

Senator CHRIS EVANS—You are right, Minister: that was not helpful.

CHAIR—I think that is a fair statement, Minister.

Senator Kemp—Others were nodding in profound agreement.

Senator CHRIS EVANS—I have no difficulty with it being an election promise; that is all established. But it is a secret election promise; that is how clever this is. It is an election promise that we do not tell anybody about. So you want to be proud about implementing it, but you will not tell us what it was. How will you get the political credit if it is a secret election promise?

Dr Harmer—Just for the record, I will ask Mr Carmichael whether he actually does know which of those—and he has told me he does not—but we will take the question on notice—

Senator CHRIS EVANS—He does not.

Dr Harmer—No. He has not got the information here. I just want to clear that up. He does not know which one and so if he had known and if he had answered that question with ‘yes’ we would have provided the answer now for that one.

Senator CHRIS EVANS—So there is a change in position now. It is no longer secret, I am not allowed to know—

Dr Harmer—No, you asked which one, and if he had known which one, that was not the question you asked the Minister, so we could have given you that.

Senator CHRIS EVANS—That is what I said to you 10 minutes ago.

Dr Harmer—But he does not know.

CHAIR—Minister, do you have a comment to make?

Senator Kemp—It is very nice of Senator Evans to say that he is worried that the government will not get enough credit for its promises. Well, that is really a matter for the government to make its call on. Senator, I do not know whether there is any more information that we can provide to you. I have no doubt that the minister and his officers are watching this on TV and are gripped by the debate which is continuing. But I do think, in fairness to the officers, if the officers feel that they have been able to answer the question as fully as they are able to do, I appreciate that the officers naturally do not want to go behind a minister’s answer and provide a different answer. In the end, it is a matter for the minister to determine what information he believes should be given to the parliament.

Senator CHRIS EVANS—And the role of the estimates committee, Minister, is for officials to explain the expenditure of taxpayers’ funds to senators.

Senator Kemp—That is right.

Senator CHRIS EVANS—And what I want to know is how these funds were expended and on what authority? We have learnt today that seven—

CHAIR—You have asked that question now several times—

Senator CHRIS EVANS—Yes, over three separate estimates hearings.

CHAIR—and the minister at the table has provided an explanation of the position that the responsible minister—who obviously is not here—has taken. I do not know that asking the question another five or six times now will actually advance us any further. An aspect, at least, of that matter has been taken on notice. Should we perhaps wait until that answer comes back?

Senator CHRIS EVANS—Let us be clear, because it seems to me it is a change in position and I was about to pursue that before the minister gave us an editorial. I think he was undercut by Dr Harmer saying that the department now was willing to give me their answer but they do not know at the moment.

Senator Kemp—The point I was making is that I thought it was unfair to put pressure on officers at the table to provide different answers. You are obviously not happy with the minister's answer, so you want a different answer. The officers do not feel that they can go further; they made their position clear. On the other hand, if there is any additional information the officers are able to give, then that is fine.

Senator CHRIS EVANS—I think you were not listening, Minister, because what Dr Harmer now says is that—as I have pointed out to him—that was not the subject of the question to the minister. It has not been refused by the minister. What I am asking is if FaCS can tell us what the minister for FaCS asked FaCS to do. It seems to be pretty squarely within their responsibilities.

Dr Harmer—Senator, we will take that question on notice. Mr Carmichael does not know that project, and we will take it on notice.

Senator CHRIS EVANS—So can I ask this in the fourth estimate round? I know that persistence is valuable.

Dr Harmer—I cannot do the impossible. If Mr Carmichael does not know—

Senator CHRIS EVANS—I would like you to do the reasonable, though, Dr Harmer. This is either getting unprofessional or, quite frankly, looking like the department not being very helpful.

CHAIR—Senator, you have made that point. The question you have asked is being taken on notice. Unless you have another question, I think we need to move on to something else.

Senator CHRIS EVANS—Mr Chair, that may be your view, but it seems to me that after a letter to the secretary, questions on notice and three rounds of estimates, it is not unreasonable for the department to be able to answer one question about a grant that they administer at the request of their minister. It is not a hard question.

CHAIR—I accept that, Senator. But you have asked the question and an answer has been provided. I am not sure that we can go any further without—

Senator CHRIS EVANS—Mr Chair, how many rounds of estimates, letters and questions do you think is reasonable before one gets an answer on such a basic measure?

CHAIR—It is not for me to answer that question, it is up to the officers at the table to answer that question.

Dr Harmer—Senator, if the officer knew, if he knew and had the information here, we would give it to you. What I am saying is he does not know and therefore we will take it on notice.

Senator CHRIS EVANS—Dr Harmer—

Dr Harmer—Which is something you have accepted on many occasions in Senate estimates.

Senator CHRIS EVANS—I have, Dr Harmer—what I object to is having to accept it again, again and again from you on the same subject. I was misled last time, accidentally, so we moved on—

Dr Harmer—We did agree, Senator, that you were not deliberately misled.

Senator CHRIS EVANS—I gave you the benefit of the doubt. As I say, I am not prone to conspiracy theories, but its price is shortening rapidly. A simple question in your area of responsibility about an issue we have been up hill and down dale about is unable to be answered at the table.

Senator Kemp—Senator, you have been told that it cannot be answered at the table, you have put it on notice and we have heard your views. I have no doubt that the minister, who is always gripped by these committees, will be aware of your views as well, and hopefully we can provide some information which will be of interest to you.

Senator CHRIS EVANS—You say around the time of the budget. Are you able to tell me when you were given responsibility for these projects?

Mr Carmichael—I was not there at the time, so I do not have that data in front of me either, but it was post the election.

Senator CHRIS EVANS—It is not generally the case that an officer has to speak from personal experience of these matters, is it? If we had to have the officer responsible at the time at the table we would have thousands here.

Mr Carmichael—I guess if I could understand the importance of the question, because they were election announcements, so they are in the public arena, all eight. We then, after the election, proceed to implement those eight, so the eight are known, we will begin post the 2004 election to implement it, so some period shortly after the election when those projects are allocated to our portfolio we begin to implement them. At one level it is not that important information to us because we have been given the responsibility, we go ahead and implement it. I do not know the exact date, but you could guess it would be a couple of months beyond the last election.

Senator CHRIS EVANS—With all due respect—and I know you must feel like you are getting picked on, in a sense—but it is not for you to determine which questions I should think are important, to be frank. If I think it is important I have got a right to ask it. It is one of the few remaining privileges an opposition senator has in this brave new world of Senate control.

Senator Kemp—Senator, you are always entitled to ask the questions but, as you would have been aware so often, you cannot govern the answers.

Senator CHRIS EVANS—No, but I do not have to have the officer tell me he does not think it is important and accept that.

Mr Carmichael—I guess I was trying to say it was not important to us and that is why we do not have that information here. I can get back—

Senator CHRIS EVANS—There are all sorts of things that are not important to you on this issue, but they are really important to me. How about just humouring me and one day coming along here with the whole file and actually being able to tell me which program you fund, who asked you to fund it, were there applications for the grants—pretty basic stuff that you do every day of the week on every other program. But this one seems to be a bit like the Regional Partnerships: it is a real mystery to everybody as to where it came from and where it has gone.

Dr Harmer—All Mr Carmichael has said is that he is not aware of the specific date that it came to us. It would have been post-election, we would have been given the responsibility for the implementation task somewhere between the election and presumably the budget in 2005 and we will get you the date.

Senator CHRIS EVANS—We do not even know if one of them was an election commitment, the one that came from the minister.

Mr Hunter—We understand that they are all election commitments.

Senator CHRIS EVANS—So you have got that much detail. So the minister found the other one separately to the others. They all came across from DOTARS, the other seven.

Dr Harmer—Yes.

Senator CHRIS EVANS—The mystery eighth we are still looking for, and you have now dropped them into your Local Answers program.

Mr Carmichael—They are administered out of the same area as the Local Answers are administered. I do not think they are necessarily formally part of the Local Answers program because additional money came for them. We run a range of additional projects within the branch that are not formally part of Local Answers or other programs we run in the branch.

Senator CHRIS EVANS—So what is the answer to the question? Are they part of the Local Answers program or not?

Mr Hunter—My understanding is that the answer to that is no.

Senator Kemp—I think the answer is quite clear, Senator.

Senator CHRIS EVANS—He said it is not unusual to et cetera.

Senator Kemp—The fact that it is being administered within that area—

Senator CHRIS EVANS—He said it might be. Is it part of that program or not?

Dr Harmer—No, it is not.

Senator CHRIS EVANS—Which program is it part of?

Mr Carmichael—The eight election commitment program.

Dr Harmer—They are individual projects being administered by us in the same area because they are grants programs.

Senator CHRIS EVANS—The eight election commitment program?

Dr Harmer—That is not the title of the program.

Senator CHRIS EVANS—That is what the *Hansard* will show.

Dr Harmer—Mr Carmichael is saying that the eight projects are being administered by the people who are running the Local Answers program and they administer those eight projects as well. The reason they do it is because they are similar in nature in that they are grants programs with contracts and monitoring et cetera.

Senator CHRIS EVANS—But they have no other common factors in terms of the projects' ambitions and targets?

Dr Harmer—They have different target group and different approach. But the processes are the same.

Senator Kemp—They would be administered in the same way as any election promises in this area that the ALP made during the election. This is not an abnormal process. This is a process that occurs after every election. Governments make promises and governments then ask the departments to administer those commitments, and then the departments advise the government on how they propose to administer them and assure proper accountability. There is no great mystery to this.

Senator CHRIS EVANS—I think if you knew a bit more about it, you might not say that. These were not announced as commitments; these were announced as being funded. We just want to track down how it all came to pass. No doubt we will have another go next time. But you will be prepared next time, won't you, Dr Harmer, as the origin of the contracts?

Dr Harmer—Yes. We will provide you in advance the answer to the two questions you have asked which we did not have the information for now: which of the eight projects were not sent to us from Transport; and when were these projects given to us to administer?

Senator CHRIS EVANS—And also which of those projects were subject to applications under grant programs, and which grant programs—to the best of your knowledge.

Dr Harmer—To the best of our knowledge, but, as Mr Carmichael has already said, when we are given election commitments to implement, we would not normally go back and check whether that funding commitment had been subject to an application for some other program in another department. We would not normally do that.

Mr Hunter—We will take it on notice.

Dr Harmer—And so therefore we probably have not got that information.

Senator CHRIS EVANS—We will see what we can do and we will have another go next time.

I want to ask you also about the volunteer small equipment grants because I have been asking you about this as well as part of providing accountability and transparency in

government programs. I understand you are saying to me that, while you have conceded you know the minister did overturn recommendations of the department in approving grants under various FaCSIA programs, you are now advising that your defence against providing that information is:

It is not the practice of the department to provide details of advice given to the minister as this is considered to be confidential information between the department and the minister.

Dr Harmer—Can I just correct you: the decision on the volunteer small equipment grants is a ministerial decision. As in all these matters, we make recommendations to the minister which the minister can either accept or not. It is the minister's decision. In the vast majority of cases, as I understand it—and Mr Carmichael can correct me—over a number of years, the minister has accepted the overwhelming majority of the department's recommendations in relation to the grants. On a relatively small number of cases, the minister has exercised his discretion—his decision—to make other decisions. But it would not be appropriate, given that it is advice to the minister for a decision, for us to provide you with information about what we recommended to the minister. That is by nature of policy advice.

Senator CHRIS EVANS—When did you adopt this policy, Dr Harmer?

Dr Harmer—It is standard practice.

Senator CHRIS EVANS—It has changed between 10 o'clock this morning and now. You provided us with that information on the family relationship centres.

Dr Harmer—We gave you information about what we had provided to another department, not to the minister.

Senator CHRIS EVANS—It was to the Attorney-General, as I understood it, and he then made a decision—

Dr Harmer—No, we provided the information.

Senator CHRIS EVANS—to alter that advice.

Dr Harmer—No, we provided the information from our records on the family relationship centres to the Department of the Attorney-General, we were not party to what information went from that department to the minister.

Senator CHRIS EVANS—Is this a whole of government approach, or this is purely a FaCSIA approach because, as I say, it seems to be—

Dr Harmer—This is a standard practice where we do not provide—

Senator CHRIS EVANS—Why is it that DOTARS was able to tell the Regional Partnerships and Sustainable Regions program Senate committee inquiry report as to the advice they provided in relation to what is better known as the regional rorts program.

Senator Kemp—No, it is not better known as that; it is the Regional Partnerships Program.

Senator CHRIS EVANS—I think if you did a survey on the street it would be more commonly known—

Senator Kemp—You are wrong there, Senator. I think you are making a political point, not seeking information.

Senator CHRIS EVANS—I am just making sure that officers know what the program is.

Senator Kemp—No, the officers were shocked at your attempt to make a political point.

Senator CHRIS EVANS—I am not attempting to make a political point, but it seems to me that, again, that department adopted the policy with the same caveats you did about a ministerial decision, but they provided the department's recommendations and advice about which ones were and were not accepted, so this is clearly not whole of government policy.

Dr Harmer—Our interpretation is that advice we provide to the minister is not something that we provide in response to answers.

Senator CHRIS EVANS—So you will tell us that the minister overturned your recommendations, you just will not tell us how.

Dr Harmer—We did, and I think, from memory, at the last estimates hearing I mentioned a figure of about one per cent or something.

Senator CHRIS EVANS—Yes, DOTARS used the three per cent defence, but they actually told us what the programs were and what the recommendations were. So there is going to be no transparency about the decision making on this grants program either.

Dr Harmer—There is one other feature of this and that is that this program I think is the subject to an ANAO report.

Senator CHRIS EVANS—You mentioned that last time. How is that going?

Dr Harmer—We will clearly cooperate with the ANAO in their performance audit of this program, and it will be up to the ANAO to make information available.

Senator CHRIS EVANS—Will you give them information as to the advice you provided to the minister?

Dr Harmer—We will provide to them the information that they request.

Senator CHRIS EVANS—When is the ANAO audit to occur?

Mr Carmichael—The audit has already occurred. It is a two-stage audit. They are already just finalising their second report, which is a detailed report, and the subject of that detailed report is looking at the possible politicisation of the program, so it is one of the terms of reference to look at how the decisions were made. They have investigative powers so they can access all our documentation under their legislation, and they have, and it will be subject of their report, which I understand will be due out later this year.

Senator CHRIS EVANS—The terms of reference regarding the politicisation of the program, where did they originate?

Mr Hunter—My understanding is that the report had its origins in a number of issues which were raised with the Australian National Audit Office by members of the parliament in relation to the allocation of funding under grants programs.

Senator CHRIS EVANS—So they have adopted that as their terms of reference on their own motion, is it? They will respond to their own terms of reference, as I understand it.

Mr Hunter—Yes, on my understanding.

Senator CHRIS EVANS—I know they have matters referred to them, but I think the scope is then left to them, isn't it?

Dr Harmer—I think that is right.

Senator CHRIS EVANS—That ANAO inquiry, is that purely into the small grants?

Mr Carmichael—They specifically looked at Local Answers, the small equipment grant program, Volunteer Management Program, amongst others. They are the ones under my responsibility they looked thoroughly at.

Senator CHRIS EVANS—So it is not just the one grants program, it is the gamut.

Mr Hunter—I believe they have looked at programs in other departments.

Senator CHRIS EVANS—What about the eight election commitment programs: was that caught up in the scope?

Mr Carmichael—I am not sure if that has been looked at. I would have to give you further advice on whether they were part of the consideration.

Dr Harmer—There is no such thing in FaCSIA as the program you have just described.

Senator CHRIS EVANS—Is that right, Dr Harmer?

Dr Harmer—That is right.

Senator CHRIS EVANS—It is amazing the way things come and go, within minutes sometimes. So you cannot tell me whether they were actually auditing that program, or those elements of the eight separate funding decisions, the origin of which we are not clear about.

Dr Harmer—The origin of which were election commitments.

Senator CHRIS EVANS—A program which does not have a name.

Dr Harmer—They were election commitments.

Senator Kemp—This has been repeated innumerable times that they were election commitments. That is the origin.

Senator CHRIS EVANS—Exactly, Minister.

Senator Kemp—You make election commitments, we make election commitments.

Senator CHRIS EVANS—Exactly.

Senator Kemp—So what is the heavy political point in that?

Senator CHRIS EVANS—There is no heavy political point. This is about proper public administration.

Senator Kemp—Absolutely, and we are all in favour of it.

Senator CHRIS EVANS—Good; then you will be helpful.

Senator Kemp—We are being as helpful as we can.

Senator CHRIS EVANS—I do not think even Dr Harmer would argue that position.

Dr Harmer—We are being as helpful as we can.

Senator CHRIS EVANS—As helpful as the constraints in which you work enable you to be.

Senator Kemp—As helpful as we can.

Senator CHRIS EVANS—Can you or can you not tell me whether or not those eight funding commitments have been audited by the ANAO?

Mr Carmichael—I cannot tell you at the moment, but we could possibly take that question on notice, I guess.

Senator CHRIS EVANS—So they are under your control, you know the others are, but you are not sure whether that one is.

Mr Carmichael—The audit office has a pretty free ranging access to our records and I did not follow them around all the time. They accessed many of our files. They spent weeks and weeks in our office. I am not certain what they looked at in their entirety.

Dr Harmer—Senator, we just want to be precise, we want to make sure we give you accurate answers.

Senator CHRIS EVANS—No, I guess I was a bit surprised we did not know the answer. In terms of the acquittals for these grants, just tell me how does the acquittal work. These are very small grants, a lot of them.

Mr Carmichael—Yes.

Senator CHRIS EVANS—Obviously, one would want to make sure one is not spending more on the acquittal process than on the grant, so how is it that you—

Mr Carmichael—It is a fairly simple process and we just seek their validation, that they spent the grant as it was provided to them. So it is, for example, a statutory declaration to say that they spent the grant in accordance with the contract. These are also small organisations, as you suggest, and the capacity of some of these organisations is not as robust as you might ordinarily want, so 93 per cent, say, in the 2005 acquittal process have acquitted their funding as per the contract, and we are still working with the other seven per cent. That is a fairly long process because some of them do not have the capability, they do not understand our requirements easily. As you suggest, they are small grants and we do not want to overregulate them, but we are pursuing them.

Senator CHRIS EVANS—The seven per cent, you have not even got a letter back saying yes, we have spent it on—

Mr Carmichael—Sometimes we do have the letter back, and they think they have provided us with what we asked for, but they haven't, so we have to write back to them and say thank you for that last contribution, but it was not exactly what we asked for, we actually require a statutory declaration, and they have not quite provided that, or some receipts. There is some correspondence going on between us and those seven per cent.

Senator CHRIS EVANS—What is the minimum you require: a receipt, or a statutory declaration, or both?

Mr Carmichael—Both.

Senator CHRIS EVANS—You need a statutory declaration from an officer holder of the organisation and a receipt?

Mr Carmichael—That is right. Sometimes the money is for part equipment, or there is a contribution, so to reconcile it is not straightforward for them either. They have bought a \$5,000 computer, we have paid them \$2,900, so it is trying to marry up the receipts of what we contributed with what others contributed.

Senator CHRIS EVANS—Did the receipt for the fibreglass horse come back all right? The Light Horse Darling Downs troop got a fibreglass horse; I was just wondering about that.

Mr Carmichael—Yes, they did manage to get their reconciliation.

Senator CHRIS EVANS—I am relieved. It just took my fancy. You have provided a lot of barbeques, gas heaters, computers and other such things, lawnmowers et cetera, microwaves, out of the program. Don't get me wrong, I understand they are very important for small organisations who are community based, but has any thought been given to buying them in bulk? You are buying a lot of them, but you are actually paying for them one-off all around the countryside.

Mr Carmichael—Separately we are working with another organisation, Nonprofit Australia, looking at the purchasing processes of non-government agencies, and we have been supporting Nonprofit Australia setting up a particular business arm to be able to purchase much more cheaply goods and services on behalf of the non-government sector.

Senator CHRIS EVANS—One of the initiatives in the budget I thought was one of the best ones if it works was a purchasing co-op style arrangement for the Aboriginal community shops, who pay over the odds without the bargaining power of a bigger group, but it just struck me with these as well.

CHAIR—Senator, we have reached the appointed hour for our rising for—

Senator CHRIS EVANS—One more question, Mr Chairman. Then we will have finished that.

CHAIR—One more question—fire away.

Senator CHRIS EVANS—Is there going to be another round this year?

Mr Carmichael—For VSEG, yes, and it will be announced shortly.

Senator CHRIS EVANS—The outcomes will be announced shortly?

Mr Carmichael—No, the start of the process will be announced shortly.

Senator CHRIS EVANS—Calling for applications.

Mr Carmichael—Yes, the call for applications will be announced shortly.

Senator CHRIS EVANS—When will you be making the announcement of successful grants? What is the time frame?

Mr Carmichael—It will be out for about six weeks for the call for applications. We are expecting maybe between 12,000 and 15,000 applications, so it takes a fair while to get through that amount. We have got a special centre set up to do the assessment process, but we

then hope that a couple of months after that we will be in a position to be able to provide advice to the minister so he can make a decision.

Senator CHRIS EVANS—What is the total budget for this year for that program?

Mr Carmichael—Three million dollars.

Senator CHRIS EVANS—Three million again, is it?

Mr Carmichael—Yes, \$3 million.

Senator CHRIS EVANS—Thank you for that.

CHAIR—I take it that we have finished with output group 4.4 with that, and I thank those officers involved in that group. We will now suspend for dinner and will resume at 8 o'clock, and when we do we will return to output group 4.1, Housing support.

Proceedings suspended from 7.02 pm to 8.05 pm

CHAIR—We resume the Community Affairs Legislation Committee inquiry into appropriation for the Families, Community Services and Indigenous Affairs portfolio. We completed output group 4.4 before dinner and it is our intention to get through 4.1, 4.2 and 4.3 this evening. We will begin with output 4.1, Housing support.

Senator CARR—Dr Harmer, could you indicate what the extent of the Housing Support Branch's involvement was in the development of the Welfare to Work packages.

Dr Harmer—I will pass over to Mr Knapp. I do not think the housing branch would have had a significant input into Welfare to Work.

Mr Knapp—No, we had no direct involvement in the Welfare to Work exercise.

Senator CARR—I am surprised you say that, given the significance of housing, rent assistance and homelessness services to the issues that are traditionally associated with people on very low incomes and those who are dependent on the social security system. Surely there are research reports and the like that you draw upon to assist the department in its preparation.

Dr Harmer—To clarify, the old FaCS was heavily involved in the work leading up to that, but my representatives in that group would not have been from the housing area but from the broader social policy area. They would have made a number of contributions to the work across a range of FaCS programs, quite possibly—although I do not have the information to hand—including information about housing and homelessness.

Senator CARR—However, you would expect that the housing branch, with the levels of expertise within the department at the time of the policy process, would have been the appropriate people to involve in a discussion regarding housing, rent assistance and homelessness services.

Dr Harmer—I am not sure I would have seen them as anything like central to the considerations of Welfare to Work.

Senator CARR—Were any research reports commissioned on any of these issues that related to the Welfare to Work initiatives?

Dr Harmer—Over what time frame?

Senator CARR—During the period in which the Welfare to Work initiatives were being prepared by the government. We understand that the housing branch was not directly involved. Were any other research reports drawn upon, commissioned by the department in any capacity, picking up contemporary research on the issues relating to the role of housing, rent assistance or homelessness services in regard to the so-called Welfare to Work policy?

Ms Wall—There was certainly some work done by the Australian Housing and Urban Research Institute that we paid for as part of the Housing Support Branch, but we did not so much do that work within the branch.

Senator CARR—Which reports did you call upon? I take it this is the standard research program that AHURI would have undertaken. There was nothing specially commissioned?

Ms Wall—No. There is a process whereby AHURI research projects are selected, and we do not commission them as such.

Senator CARR—Which of their reports were used in preparation of the—

Ms Wall—There were a number of reports that looked at issues around housing, homelessness and the interaction with the income support system, for example.

Senator CARR—I am sure there were a number of reports, but which ones did you use?

Mr Knapp—As has already been indicated, we were not directly involved. Reports that are produced by AHURI are available for different areas of the department to use. There may have been some use made of these reports, because they were generally available, but we were not specifically asked to provide any of the reports to the Welfare to Work group. That does not mean that they did not reference or use that information.

Senator CARR—So far you have indicated ‘may have been used’ and ‘are available to be used’.

Dr Harmer—The reason we have to be very careful is that we were not the lead agency in developing the government’s Welfare to Work proposals. We were a member of the interdepartmental committee, but there were a range of other departments, a number of whom would have had access—including Treasury—to the AHURI reports. It is quite possible that some of that information and research was used in that process but, as far as I am aware, there was nothing specifically from us and through our representative into that consideration.

Senator CARR—That is my point, I guess. You may well not have been the lead agency for the development of the policy but you are the lead agency within the Commonwealth Public Service for housing issues.

Dr Harmer—Yes.

Senator CARR—It would appear that there has not been an extensive use of the expertise that the branch has developed in the development of a major government initiative.

Dr Harmer—I am not sure that that is necessarily true. Although we did not, as an initiating agency, take the AHURI report to the working group or the IDC that does not necessarily mean those considerations were not part of it.

Senator CARR—Dr Harmer, can you draw to my attention the specific evidence to suggest that there has been serious consultation with the Housing Support Branch in the development of the Welfare to Work package.

Dr Harmer—I would need to rely on Ms Wall, but the Welfare to Work work was done in an IDC not led by us. We were a member of it, led by people in my social policy group who had access to people in other parts of the organisation, but I do not think housing was a key element of the input. I am not sure that we would have felt at the time that it should be.

Senator CARR—I see. Let us explore some of the matters that might relate to that. At the February estimates hearings, Dr Harmer—and I quote here from page 68 of the *Hansard*—you talked of the ‘growing issue of homelessness’. Do you recall using that expression?

Dr Harmer—I do not, Senator.

Senator CARR—At page 68 of the *Hansard*, you said:

While the vast majority of money does go to helping those who have today’s problems, it is very unwise in an area like homelessness, which is growing, to spend all your money on helping with today’s problems rather than investing some in perhaps looking for better ways to do it in the future, which is what this is about.

Dr Harmer—I remember now. There was a component of the SAAP funding set aside to promote innovation, and I think we were talking about the balance between spending on providing assistance to the homeless versus funding organisations to trial innovative ways of providing that assistance.

Senator CARR—Is there any evidence that you could draw to my attention about the growing nature of homelessness in Australia?

Ms Wall—The context of that discussion was in relation to the number of people seeking assistance, which was growing, through the Supported Accommodation Assistance Program.

Senator CARR—So it is on the basis of demand for services?

Ms Wall—That was my memory of the context, yes.

Senator CARR—What do you assess the growth to be?

Ms Wall—In fact, we have not had a growth in homelessness, if we are looking at the census comparisons. Through 1996 and 2001, which is the most recent census figures that we have to compare, there was actually a slight reduction in homelessness. But there had been an increase in the number of people seeking assistance through the Supported Accommodation Assistance Program.

Senator CARR—Are you familiar with the recent developments in the ABS that say there are research concerns about the adequacy of the ABS survey on homelessness?

Ms Wall—The census?

Senator CARR—Through the census, yes, and that the ABS is now going to change its methodology.

Ms Wall—I was not aware that we were changing the methodology. For the 2006 census, we are certainly looking at using a similar process to that used for the last census count.

Senator CARR—Does the branch take the view about homelessness that there is a link between homelessness and vulnerability, in terms of the broader definition of ‘vulnerability’, for the Welfare to Work package?

Ms Wall—Obviously people who are homeless have difficulty obtaining full-time work or access to work, so there are certainly links between the two.

Senator CARR—What about people who are at risk of being made homeless? Do you have any assessment of that?

Ms Wall—We would have to look at what exactly you mean by ‘at risk’.

Senator CARR—Take gambling, for instance: people who have a gambling addiction or a woman that has left a violent relationship are people who may be regarded as being at risk of homelessness but are not actually homeless at a point in time in terms of the census arrangements. Do the definitions that you provide go to those sorts of issues—the level of vulnerability of people?

Mr Knapp—One of the issues, of course, with access to the SAAP program, is that it does not necessarily mean that people are homeless at the time that they seek the services. They could be at risk of becoming homeless and seeking the services. They could be seeking support and advice in dealing with domestic violence or for some other reasons.

Senator CARR—Are the officers aware that DEWR today has confirmed that homeless job seekers will not meet its criteria for being considered as exceptionally vulnerable when determining whether they should face a penalty of eight weeks without income support?

Dr Harmer—I was not aware of that.

Senator CARR—Are you aware that children who are in homeless families will not meet the criteria for vulnerable dependants when determining whether a job seeker should face a penalty of eight weeks without income support?

Mr Knapp—No, we are not aware of that particular proposal or measure.

Senator CARR—Would it be reasonable for me to assume that homeless children would face significant challenges in accessing education?

Dr Harmer—I would think that would be a reasonable assumption.

Senator CARR—Is there any way in which removing a parent’s ability to buy a bus ticket to get those children to school would actually improve their situation?

Dr Harmer—Senator, you are getting into the realm of hypotheticals.

Senator CARR—No, I do not think it is. This is why I asked the question initially. To what extent were you consulted—particularly the Housing Support Branch—about government policies that are being pursued by another agency of the Commonwealth; policies developed through an interdepartmental committee which we have seen tonight did not seem to involve this agency in a strong way, and yet decisions are now being made which directly affect people’s access to income? We are being told that if people are homeless or their kids are homeless, they will actually lose their benefits, and that will not be taken into account.

Dr Harmer—One of the reasons that we would not have been aware of that is that some of the specifics and the details of the implementation of Welfare to Work would have been worked out by the responsible agency as an implementation task, not in the policy development task.

Senator CARR—We now have a situation where you have one agency of the Commonwealth directly contradicting the work that you set down in your policy documents—for instance, the National Homelessness Strategy. How does that make sense in any administrative manner? In terms of a reasonable approach to public administration, how can we get ourselves into a situation where the Department of Employment and Workplace Relations is taking action directly contrary to what you are trying to achieve in terms of your homelessness strategy?

Dr Harmer—I am not sure, without knowing exactly what you are referring to, that I could agree or disagree with that.

Senator CARR—I am indicating that today the Department of Employment and Workplace Relations have agreed that they are prepared to cut off income support to people who are in fact homeless. I am saying to you that being homeless seriously undermines your capacity to get a job and seriously undermines the capacity of your kids to get to school to participate in the education system. Given what you say in your documents, Dr Harmer—for example, the National Homelessness Strategy, which is on your website, talks about ‘helping Centrelink staff to gain a better understanding of issues impacting upon homeless people’—how can this occur?

Mr Knapp—Can I raise an issue of a program which is under the Welfare to Work side of things and which is the case management that is available. We understand that case management will provide assistance to income support recipients who are subject to an eight-week non-payment period that you have been referring to, if they have dependants or are exceptionally vulnerable. That will allow essential expenses, such as rent, food, education and medical expenses to be met during the non-payment period. So there is a program that is in place to at least provide some assistance to these people who may be placed in that situation.

Senator CARR—We are being told by the Department of Employment and Workplace Relations today that ‘exceptionally vulnerable’ does not include homeless people. How can we reconcile the apparent conflict between what you are trying to achieve and what the Department of Employment and Workplace Relations says it is trying to achieve?

Dr Harmer—I am not sure that I know, but maybe my people do, what the definition of ‘vulnerable’ means in their legislation. You are asking us to comment on something which we were not there to hear. We were here. We were not able to understand the question you asked or the answer and the context in which they gave it, so it is quite a tricky area for us to be speculating on.

Senator CARR—I am seeking an explanation for this, and I appreciate the difficulties you have. So would you like to take these questions on notice and come back to me with an explanation for why it is that there appears to be at least a prima facie case that case management is essentially available for some persons, covering essential expenses such as food and utilities, but it is not available for people who are homeless? I am told that it only

applies to people with medical expenses they could not meet. It strikes me as a little odd that there is, at least prima facie, a contradiction between what the Department of Employment and Workplace Relations is saying to a Senate estimates committee and what your documents say is your strategy. Presumably it is not your personal strategy; it is the property of the Commonwealth of Australia. You would expect that they would have some recognition of it, given that your strategy actually says your intention is to educate people in other departments, such as DEWR, as to what the consequences are of homelessness. The other explanation is that your strategy has failed dismally.

Dr Harmer—Did you ask DEWR officers the question?

Senator CARR—I personally did not ask the questions, no, but one of my colleagues did. I am relying on the advice that they have provided to me. No doubt you will be able to come back to me with advice from your colleagues and we will reconcile the two at some point in the future, Dr Harmer.

Dr Harmer—I think the most useful way to proceed would be if you have specific questions, because it is very difficult for us to answer your questions which relate to a conversation which we were not party to.

Senator CARR—I have asked you a series of questions tonight. You will obviously check the *Hansard* to verify the accuracy of those reflections upon what other officers have said, and we will ask further questions on notice that will help clarify this apparent discrepancy. In answer to questions I put on notice in February that Centrelink received \$540,000 to provide six additional Centrelink community officers for 12 months to provide increased outreach services for homeless people and to people in psychiatric hospitals, I am wondering what has now happened to that program. Can you give me an update?

Ms Wall—That is the National Homelessness Strategy program. It was a time-limited program.

Senator CARR—Is it now concluded? Has the time limit reached its conclusion?

Ms Wall—Centrelink do provide significant services, so it might be appropriate, if you have the opportunity, to ask Centrelink those questions.

Senator CARR—Yes, but you cannot advise me as to whether or not there is additional funding for that past the 12-months period?

Ms Wall—We also provide funding through the HOME program, the Household Organisational Management Expenses program. That is actually under output 4.2.

Senator CARR—Given that I am dealing with it now, you cannot help me with responding to it?

Ms Wall—I can certainly find you some information on the HOME program, yes.

Senator CARR—I take it you could also tell me what lessons were learnt from the provision of that funding for the six additional Centrelink community officers.

Dr Harmer—If we have completed the evaluation we probably could, Senator. We need to check whether the evaluation is complete.

Senator CARR—I take it you do not have the information here tonight?

Ms Wall—I have some of the information on the HOME program here tonight. Basically, the HOME program is delivered by community agencies in partnership with Centrelink. There is one in each state. The program provides assistance to families who are at risk of becoming homeless. The Australian government provided funding of \$10.4 million over four years in the 2004-05 budget for this program. This may be the one you are referring to rather than the National Homelessness Strategy demonstration project, in fact. That one will be ongoing at this point. We have funding for that for four years.

Senator CARR—So the 12 months funding for the six additional Centrelink community officers has now been extended for four years, has it?

Ms Wall—I will have to confirm what was funded previously through the National Homelessness Strategy and this program, which is, as I said, a program for four years. I will have to take that on notice.

Senator CARR—Thank you. Dr Harmer, I am interested to know: what is the level of communication between your officers and the officers of DEWR, its policy officers, in terms of the needs and vulnerabilities of homeless people? Are you able to indicate to me what the nature of the communication between the two departments on these matters is?

Mr Knapp—We have regular interactions with the department on policy matters, along with a number of other departments that have an interest in that area. In terms of policy development, we consult with other departments, and DEWR is one of those that we consult closely with in policy developments.

Senator CARR—Were you consulted about the definitions of vulnerability?

Mr Knapp—I was not directly consulted on that particular definition.

Senator CARR—Mr Knapp, I do use the word ‘you’ freely. What I am referring to here is: was the branch consulted about the definitions?

Ms Wall—In the time I have been in the branch—which is since August last year—I am not aware that we were consulted.

Senator CARR—Can we get a more definitive view in terms of the development of the policy? At what point were you consulted and what was the nature of the consultations?

Mr Knapp—We will take that on notice to find out whether there was some consultation at some earlier point.

Dr Harmer—It is also possible that, at lower levels within the branch, people who know each other may have talked. We would have to be very careful if we were to say that we were not consulted. We do not know.

Senator CARR—No, but no doubt you will have some record of an important matter like this.

Dr Harmer—Presumably, and Ms Wall will be able to find out.

Senator CARR—I am sure she will. In regard to the next housing ministers council, it is due on 16 June, isn't it?

Dr Harmer—Yes.

Senator CARR—I understand that, for some time, it has been proposed that Indigenous affairs ministers join that meeting. Is that the case?

Dr Harmer—As I understand it, on 16 June there is a meeting of the Indigenous affairs ministers in the morning, between 9.30 and 11.30, then a joint meeting between housing ministers and Indigenous affairs ministers between 11.30 and 12.30, then a housing ministers meeting starting after lunch.

Senator CARR—This is the first meeting since Senator Patterson left the job, isn't it?

Mr Knapp—This will be Minister Brough's first meeting with his housing ministerial colleagues, yes.

Senator CARR—So it will be Mr Brough that is attending, not Mr Cobb?

Dr Harmer—Yes.

Senator CARR—There was a meeting about 12 months ago that covered similar ground, wasn't there, Dr Harmer? Didn't we bump into each other in Perth?

Dr Harmer—There was a housing ministers meeting in Perth in October.

Senator CARR—Weren't Indigenous housing issues discussed at that meeting as well?

Mr Knapp—Yes, they were.

Senator CARR—What has happened since October until June in terms of increased activity on Commonwealth-state relations on Indigenous housing issues?

Dr Harmer—There has been quite a lot of work done in preparation for the ministerial meeting in June.

Mr Knapp—There has been a series of discussions between the Commonwealth and the states on the issue of improving an understanding of the reforms that are being introduced by a number of the states in the area of Indigenous housing. Numerous discussions have occurred between the Commonwealth and the states on that issue between the meeting in October and now.

Senator CARR—There has been specific implementation?

Mr Knapp—The states have been continuing to introduce measures to improve governance of Indigenous communities and particularly their housing organisations. There has been ongoing funding to increase housing levels for Indigenous communities, developing proposals that will be considered by ministers in June. There has been a lot of work going on to make sure that we have an informed discussion at the June meeting of the housing ministers council.

Senator CARR—Could you have a look at the decisions taken last October and give me a breakdown on the specific actions taken to implement those decisions?

Mr Knapp—Yes.

Dr Harmer—You are referring to the resolutions agreed?

Senator CARR—Yes, the resolutions of October last year. Was Senator Vanstone not there?

Dr Harmer—It would have been Senator Patterson.

Senator CARR—Yes, but was there not a meeting at that time involving Indigenous affairs ministers?

Mr Hunter—No, that was not a joint meeting.

Senator CARR—It was just a discussion on the Indigenous housing issues. There were specific resolutions.

Mr Hunter—Yes, there were.

Senator CARR—I do not want to know what you have told Minister Brough, but how many briefing notes do you think you would have sent to him, in terms of the preparation for this meeting to be held on 16 June?

Senator Kemp—Mr Chairman, as you would know, having seen me at Senate estimates, I do not direct officers. They are entitled to put their views forward. But how many briefing notes were sent and when they were sent is advice to the minister. I have never believed that there is a general principle that the arrangements between ministers and their departments are confidential. That is the general principle I would operate from, but if officers feel they want to add anything—

Senator CARR—Senator Kemp, I am not asking about the content of this review. I just want to know how often the notes have been sent up.

Senator Kemp—I can see where this line of questioning is going. I have a serious sneaking suspicion.

Senator CARR—It is a statement of fact I am seeking from the officers.

Senator Kemp—Senator Carr, I have dealt with you for so long and I know that you always operated on the basis of doing the right thing.

Senator CARR—That is absolutely true and that is why I want an answer to the question.

Senator Kemp—I would not want, in any way, to cast any aspersions on your motives whatsoever, but I shall be listening carefully.

Senator CARR—Yes, the question is—

Dr Harmer—We will have provided advice to Minister Brough. I am not sure and I do not think my officers would know how many times, but we would have provided advice to Mr Brough, certainly in his incoming minister's brief, about—

Senator CARR—Okay. We will agree that is one. He has been speaking very widely on these issues and obviously has very firmly held views. What I would like to know is: has the department had the opportunity to speak to him very often about these matters?

Dr Harmer—We have spent a lot of time with Minister Brough on Indigenous issues, including Indigenous housing.

Senator CARR—Yes. Dr Harmer, I am not surprised by your answer that you have spent a lot of time on it. Has there been any formal communication between the minister and the department on these issues?

Dr Harmer—There will have been a number of formal communications with the minister.

Senator CARR—But you cannot tell me how many.

Dr Harmer—No, I cannot, nor could I tell you how many formal communications there have been on virtually any topic we have briefed the minister on.

Senator CARR—Do you think the agenda for this forthcoming meeting will be affected by recent events, in terms of the public dialogue that has occurred on Indigenous housing issues?

Dr Harmer—I do not know. It is quite likely that Minister Brough will have his own views about Indigenous housing and he may well, as other ministers may, decide to depart from the agenda.

Senator CARR—I just want to know about the formal agenda. I cannot predict what the minister is going to say.

Dr Harmer—There is already a formal agenda agreed or suggested but as you know, Senator, ministers sometimes decide to add—

Senator CARR—I know. They are not very well house-trained on these things—particularly a new minister. I understand that. A new minister often will depart from the agenda, but what I would like to know is that the formal agenda at this stage has not been altered.

Mr Knapp—As far as I am aware, there is a suggested formal agenda and, as far as I am aware, there have been no changes to it.

Senator CARR—How does this forthcoming meeting relate to the minister's call for what I think he termed a 'summit on Indigenous housing'? How does this meeting relate to that?

Dr Harmer—It is not related to it. The housing ministers meeting was set up some time ago with an agenda around housing issues.

Senator CARR—Would it be fair to say that in a normal incoming minister's brief he would have been advised of the previous discussions from last October? That would be a reasonable assumption to make, would it not?

Dr Harmer—I am not sure of the incoming minister's brief. We would have given him some briefing on where we are at with housing, yes.

Senator CARR—He would have been briefed, surely, before his recent trip to Indigenous communities in Northern Australia? That would be a reasonable presumption to make as well, Dr Harmer, would it not?

Dr Harmer—He would have been briefed, certainly. I am not sure what the briefing would have covered.

Senator CARR—No, but I would have expected that housing officers would have told him what the situation was with Indigenous housing.

Dr Harmer—Quite likely he would have had a briefing on that, but we are not about to go into what sort of information—

Senator CARR—No, I accept that. I accept your comment on what would be in the briefing.

Mr Knapp—One point I would make is that there is a public document which has been recently issued regarding the review of the CHIP program, Community Housing and Infrastructure Program, so that was released by the minister recently. Also can I make a correction: you said there was going to be a summit on Indigenous housing. The summit is not on Indigenous housing; it is on the violence and related issues in Indigenous communities.

Senator CARR—You do not think housing is related to it?

Mr Knapp—I am saying that it is not specifically a summit on Indigenous housing, as you said earlier.

Senator CARR—Okay, you are correcting my presentation. I take it then that you have an agreed figure on what the cost of the backlog is in Indigenous housing? What is the figure you are using at the moment?

Dr Harmer—I do not think there is any agreed figure on—

Senator CARR—There was in October.

Dr Harmer—There was a proposition put by one of the ministers.

Senator CARR—And, what, you disagreed with it?

Dr Harmer—Which was not agreed to. It was commented on.

Senator CARR—Which is the figure that the department relies upon for the backlog?

Dr Harmer—We do not have a figure.

Senator CARR—An assessment? You do not? You disputed the figure in the housing papers from October?

Dr Harmer—If I recall, sir, the October discussion was around a figure of a billion dollars which was proposed by the Northern Territory minister. Is that correct?

Mr Knapp—That is correct, yes.

Senator CARR—The total backlog was much higher than that, wasn't it? That was their emergency proposition. The figure was much higher than that.

Dr Harmer—I do not recall.

Senator CARR—The last housing minister figure I saw was \$3 billion.

Dr Harmer—I do not recall that figure.

Mr Knapp—Those figures are, to some extent, speculative because we do not have very good data on the size of unmet need for housing. It is not to say that one figure is right or wrong but that is a reason why we do not have a particular figure that we are using because there are issues about effectively measuring unmet need. There is no denying there is—

Senator CARR—What is the figure that you think most accurately reflects the current position?

Mr Knapp—The more important point is that we recognise that there is a significant amount of unmet need and that is why we are working with our state colleagues to come up with a strategy to deal with that.

Dr Harmer—The Australian government puts in quite a lot of money.

Senator CARR—They certainly do.

Dr Harmer—Quite a lot more than the state governments do at the moment.

Senator CARR—Dr Harmer, can you give me an assessment of what the department considers to be the most likely and the most accurate figure of the cost of meeting the backlog in Indigenous housing?

Dr Harmer—No.

Senator CARR—Why is that?

Dr Harmer—I do not believe that we have got the data to estimate that. It all depends on the assumptions. We know that the Australian government is making a very substantial contribution to Indigenous housing, and we know that in most cases we are making a much more substantial contribution than the states do in an area which is traditionally a shared responsibility.

Senator CARR—Is that right?

Dr Harmer—Yes.

Senator CARR—At that housing ministers meeting, has anyone disputed the need for significant new investment in Indigenous housing?

Dr Harmer—If I remember the discussion, Senator Patterson made the point, in response to the proposal that a billion dollars was needed, that she was not prepared to substantially increase the Commonwealth funding until there were substantial reforms to the way Indigenous housing was provided, such as collection of rents, maintenance of housing and the use of the building programs to train and educate Indigenous people in building et cetera.

Senator CARR—Did the minister's resolution refer to the need for urgent additional dwellings in the social housing sector, including Indigenous housing?

Dr Harmer—I cannot recall, and I have not got it with me.

Senator CARR—Obviously, we will need to get that out and have a look and see exactly what it does say. I think it is reasonable at this point, given that you are now running into the next housing minister's meeting addressing Indigenous questions, that we are able to get a stocktake from the department's view as to what progress is being made.

Senator Kemp—The minister will be very grateful for your advice. I know that the minister will be watching these estimates, if he possibly can, so he will be noting your advice on that.

Senator CARR—I am sure he will be gratified to hear—

Senator Kemp—If he is not, his staff will certainly be watching. I think that we can say that this is a minister who is prepared to listen to people.

Senator CARR—That is very good!

Senator Kemp—Having said that, I do not know whether we can go much further in the preparation of the minister's briefing notes in relation to the next meeting.

Senator CARR—What I would seek, as I say, is a statement from the department as to what progress has been made about the implementation of the last Indigenous housing resolutions.

Dr Harmer—The officials from all of the state housing authorities would be very well aware, because they have been meeting with our people reasonably regularly since those meetings and are charged by ministers to develop proposals and prepare for the next ministerial meeting.

Mr Knapp—I can comment also on the resolutions that you were referring to earlier. There was a commitment to increase effort on mainstream programs in housing Indigenous people, and certainly we have been getting very encouraging data from the states to indicate that the states are increasing numbers of Indigenous people who are able to access public housing and mainstream community housing programs. There was also a resolution with regard to initiatives to increase Indigenous home ownership in the last budget. There was a measure specifically announced in the Australian government budget relating to funding to increase opportunities for home ownership, particularly on community land—on Indigenous land. On those two points, positive progress has been made since the resolutions of October 2005.

Senator CARR—I am going to come back to these matters when I look at Indigenous questions more carefully.

Senator Kemp—Mr Chairman, I would be very interested to find out what progress Labor states have made in relation to this issue. Some would say that they have performed well and others would probably have a different view. But I am not sure whether this is the substance of questioning for Commonwealth government estimates. My general view is that Labor states have probably been fairly patchy in what they have been doing. That is a political view, and it is not appropriate that this matter be debated here. I am not sure if the officers want to add anything more to this.

Senator CARR—As I say, we will come back to that in a minute because I would like to look at that particular resolution, given that there has been such a play on these questions in recent times, Senator Kemp.

Senator Kemp—You have direct contact with your Labor colleagues and Labor ministers. They will be able to tell you how they have been performing.

Senator CARR—I am interested in the Commonwealth's performance—

Senator Kemp—I do not have Labor colleagues.

Senator CARR—as you are aware, Senator Kemp. I am not in the habit of running estimates procedures for state governments. It is the Commonwealth government that I understand is the—

Senator Kemp—No, that is fair enough, but of course housing is a major state responsibility. I frankly do not want our officers to be commenting too much on state government activities. This is how even-handed I am, you see.

Senator CARR—Let us talk about the Commonwealth-State Housing Agreement, Minister, which has been around since 1945. It is a Commonwealth-State Housing Agreement, not just the states' housing agreement. The current agreement is required to be evaluated by 30 June 2007, isn't it?

Ms Wall—Yes, that is right.

Senator CARR—Have there been any decisions made in regard to the process for the evaluation of the current agreement?

Ms Wall—Those decisions have to be agreed by housing ministers. We are looking at having that as one of the items for discussion at the forthcoming housing ministers meeting.

Senator CARR—So it is actually on the agenda, is it?

Mr Knapp—It is.

Senator CARR—What will the time frame be for the evaluation?

Ms Wall—As we indicated, we are required to have it completed by June 2007.

Senator CARR—When is it expected to start?

Ms Wall—As soon as housing ministers have agreed to the arrangements for the evaluation and we have had time to get those arrangements in place.

Senator CARR—So you have no expectation of how long that would be?

Dr Harmer—We could not predict precisely how long it would take the ministers to agree.

Senator CARR—How long it will take the states to get their act together or—

Senator Kemp—That could take decades, Senator. You know what the states are like.

Senator CARR—Hopefully it will be prior to the conclusion of the agreement. Given that there is nearly \$1 billion of Commonwealth money at stake here every year, I think it would be reasonable to expect that the states would be pretty keen to get this going.

Senator Kemp—I am not as expert on this as you are, but I think that your views will certainly be noted.

Senator CARR—How long will it take the Commonwealth to get its act together? That is the issue I raise with you.

Senator Kemp—The Commonwealth is a very tight ship, Senator.

Senator CARR—What is the minimum requirement in terms of time, Dr Harmer, since the Commonwealth is such a tight ship?

Dr Harmer—The requirement is that the evaluation be concluded by 1 July 2007, and I fully expect that we will achieve it.

Senator CARR—I would say that, by law, you are required to achieve it.

Senator Kemp—Not only do we have a first-class minister but we have first-class public servants.

Senator CARR—Therefore they will be able to answer me.

Senator Kemp—I can express some informal advice that I am sure it will be done very efficiently and expeditiously.

Senator CARR—You are required by law to have it completed by that time, Dr Harmer. What is the minimum time you need—that is, that the Commonwealth officers need—to undertake a review of that type?

Dr Harmer—Without knowing what the ministers have agreed in terms of the nature of the evaluation, that would be impossible to answer.

Ms Wall—The agreement requires the arrangements for the evaluation to be agreed between both the Commonwealth minister and the state and territory ministers, so we cannot unilaterally make that decision.

Senator CARR—It is also the case, isn't it, that most of the terms of this evaluation are referred to in the current agreement?

Ms Wall—The terms of the evaluation?

Senator CARR—Yes, the guiding principles.

Ms Wall—One would assume that, if you are doing an evaluation, you would refer to the guiding principles.

Senator CARR—You would hope that would be the case.

Ms Wall—Yes.

Senator CARR—That is what I am saying to you. So it is not exactly a difficult task to reach conclusions, surely, about what is under review?

Senator Kemp—I have had a lot of dealings with Labor states in my time and I have often been astonished as to how difficult it is.

Senator CARR—Is it the case that the strategic objectives of the agreement and whether or not they have been met would be the subject of a review?

Dr Harmer—In advance of the housing minister's meeting and discussion on this, I do not think it would be helpful for us to be speculating on what we think the focus will be. We will be able to tell you a lot more after the ministers have met.

Senator CARR—Can you tell me what subjects were under discussion in the last review?

Dr Harmer—In the review before the negotiation of the last CSHA?

Senator CARR—Yes.

Dr Harmer—I am afraid I cannot.

Senator CARR—So you cannot tell me, for instance, whether or not it was appropriate then for the objectives of the agreement to be evaluated?

Dr Harmer—I do not know what the focus of the last evaluation was. I was not around. We could find out for you.

Senator CARR—I am sure you could. Would the viability of public housing authorities be an appropriate issue to consider?

Dr Harmer—I do not know whether it was or not.

Ms Wall—I cannot speak about the previous evaluation either. In terms of the current evaluation, if state housing ministers wished to put that forward as part of the evaluation, that would obviously be considered.

Senator CARR—Would it consider the impact of the one per cent efficiency dividend? There is a one per cent productivity dividend.

Ms Wall—If state housing ministers wish to put that forward as one of the issues to be considered.

Senator CARR—And the appropriateness of the indexation level.

Mr Hunter—It is up to the ministerial council. They have not made a decision yet.

Senator CARR—Given that the Commonwealth's role in the provision of rent assistance is not spelt out in the Commonwealth-State Housing Agreement, where would that be evaluated?

Ms Wall—That is a Commonwealth government program.

Senator CARR—That would not be part of this evaluation?

Dr Harmer—We would not be expecting state ministers to be involved in the evaluation of a Commonwealth program any more than they would expect us to be involved in evaluating a state-only program.

Senator CARR—You have told me an enormous amount there! The last Commonwealth-state housing meeting in October resolved 'measures to improve the standard of Indigenous housing, particularly where dwellings are in a poor condition'. Has there been any progress on that?

Mr Knapp—When I referred earlier to discussions about improving the reporting of progress on reforms in the delivery of Indigenous housing, that was a follow-up to that particular part of the communique.

Senator CARR—And the 'undeniable case for new investment to avoid a life cycle of poverty and ill health for Indigenous people in housing need'? What progress has been made on that?

Mr Knapp—The agenda for the meeting in June will include consideration of that issue, amongst many others, in terms of Indigenous housing reform.

Senator CARR—That will be on the agenda again, will it?

Mr Knapp—Yes.

Senator CARR—Will the question of progress be on the agenda, or will it just be a repeat of the previous discussions?

Dr Harmer—We do not know which way ministers will take the discussion, given that there is an agenda item to cover that.

Senator CARR—There was an agreement which spoke about a precursor to new investment, which is a ‘shared responsibility’. Those were the words used—not a state responsibility, a shared responsibility.

Dr Harmer—Shared. I do not think I said ‘state’.

Senator CARR—You did not, but the minister did. He is obviously not informed on that matter.

Senator Kemp—I do not claim to be a great expert on these matters but I think the *Hansard* will show that I said that the states do have key responsibilities in this area, and that is true.

Senator CARR—I am saying that this agreement was that it was a shared responsibility. That is all I wanted to be clear about. That has not changed since October last year, has it, Dr Harmer?

Dr Harmer—It has been a shared responsibility for a long time.

Senator CARR—Yes, since 1945 in terms of housing for Australia.

Dr Harmer—I do not know that Indigenous housing was specifically mentioned in the 1945 agreement.

Senator CARR—That is right. That is, in fact, one of the problems.

Senator Kemp—What is the telling point you are making, Senator?

Senator CARR—The point I am making is that you tried to tell me before that it was a state responsibility. I am saying to you that that is not what the agreement actually said.

Senator Kemp—I am not sure that I did say that. I think I am being verbally here.

CHAIR—It would be more useful if we were to ask questions than to make points anyway. Senator, do you have a question for the department?

Senator CARR—A very reasonable point, Mr Chairman. The Commonwealth-State Housing Agreement refers to an indexation rate. I just want to make sure I have the right page because I had a bit of trouble following this, Dr Harmer. As you know from previous work that we have done, I am interested in indexation issues. I note here on page 8 of the agreement that the indexation arrangements are a safety net, and then there is: ‘*0.40 + The All Groups CPI*0.60’. Could you advise me what standard wage cost indices are being used in this Commonwealth-State Housing Agreement? I do not think I have ever seen it written in quite that format before in a Commonwealth agreement. It is normally a more definitive statement. What does that refer to?

Ms Wall—There is obviously quite a bit of detail there just in the agreement. If you want further than that, we will need to take it on notice.

Senator CARR—What I would like to know specifically is: which WCI are you using for this one? Are you using one of the WCI indices?

Ms Wall—There is a reference to ‘All Groups CPI’.

Senator CARR—Yes. It is not one particular index, is it?

Mr Knapp—Can we get back to you on that, because we will be talking about how—

Senator CARR—Yes. That is not an unfair response, because I could not understand it and I was hoping that you would have something at your fingertips, but that is not the case. Could I have the indexation rate for each year of the agreement and could I also have the actual rate for past years and the estimated rate for future years? I see that Treasury provides us with some estimates in Budget Paper No. 1, ‘Major economic parameters’, so they have some assessments. That is table 2 in Budget Paper No. 1. Is there a special index that I am not aware of? Does the all groups CPI take into account the cost of housing?

Ms Wall—Yes, it does.

Senator CARR—That is a special index, is it?

Ms Wall—All groups CPI is the standard consumer price index.

Senator Kemp—It is all groups.

Senator CARR—You can explain it to me then if you are such an expert on this.

Senator Kemp—No. I am actually using what is called commonsense. If someone says ‘all groups’, I do not think it is too specialised. I could be wrong.

Senator CARR—That is now the definition we are using of ‘commonsense’.

Senator Kemp—Commonsense is a very important thing in life and, Senator, I commend it to you seriously.

Senator CARR—Is the efficiency dividend of one per cent applied every year?

Ms Wall—It is as specified in the agreement. It actually spells that out.

Senator CARR—That is every year, though, is it? That is ‘to produce the actual amounts payable’—that is what the words say.

Ms Wall—That is right.

Senator CARR—That will reduce it by one per cent. It does not actually say ‘per year’. Does it mean per year? Does it mean one per cent on the total agreement?

Mr Knapp—At the commencement of each grant year, that calculation takes place. It says: .. after indexation as above, the amounts will be reduced by one per cent to produce the actual amounts payable.

Senator CARR—And it says ‘per year’, doesn’t it?

Mr Knapp—In 4(6)(a) it says:

The amounts will be calculated at the commencement of each Grant Year by altering the amounts allocated in the previous Grant Year as follows ...

Senator CARR—If that is the case, you can tell me, I trust, what the actual amount was that the efficiency dividend had been calculated at. Let us go back over the past agreement and for future years in the forward estimates.

Ms Wall—This agreement only refers to the 2003 agreement, so we can certainly give you the figures for the 2003 agreement.

Senator CARR—You will not be able to tell me what it is for the coming years?

Ms Wall—There will be estimates.

Senator CARR—I accept that. They are on the forward estimates, so they have to be estimates. They are not actuals.

Ms Wall—So, yes, we can give you those figures. We will take that on notice.

Senator CARR—In answer to a question from Senator Crossin, there was a reference to the amount of actual expenditure there had been when combining the CRA and the Commonwealth-State Housing Agreement between the periods 1996-98 through to 2004-05. I am wondering if you could provide the real figures given in 2004-05 dollars. I take it those figures were provided previously. Is that the case?

Ms Wall—We certainly have those figures available. When you are talking about ‘real’, we will have to go back and check that we started in the right year.

Senator CARR—Thank you. I am particularly interested to know, if you take the base year at 2004-05 dollars, do we get the figures back to 1996-97? You get a very different figure, don’t you, in terms of changes to the program if you take it from 1997 rather than 1996, because 1996 is when the big budget cuts came in. In terms of Senator Crossin’s previous answer, you spoke on the figures from 1997. I would like to know what the figures were from 1996.

Ms Wall—I will have to take that on notice, but we can give you those figures.

Senator CARR—I do recall that there were some changes to the Commonwealth rent assistance program in 1997-98, which reduced outlays by \$200 million. That is why I would like to take it back to that period for the 1996 budget. What is the justification for the application of the efficiency dividend?

Dr Harmer—That was a government decision at the time the negotiating position for the agreement was disclosed.

Senator CARR—You would acknowledge, surely, that the cost of housing particularly in remote areas is continuing to rise. How is it that an efficiency dividend can be applied for a program such as this? What is the justification, other than that government made a decision?

Dr Harmer—I do not know what it is. There would obviously have been some consideration at the time, that it fits with programs where it would be appropriate. Other than that, I do not know.

Senator Kemp—I think that is really a matter for government and we are happy to take that on notice.

Senator CARR—Thank you, much appreciated. In terms of the combination of the figures for the Commonwealth rent assistance program and the Commonwealth-State Housing Agreement, given that they do different things—namely, one is aimed at providing assistance to people to pay the rent, whereas the Commonwealth-State Housing Agreement is about building a housing stock—how is it that the two programs can be combined in the manner in

which your answer to Senator Crossin sought to do? They are separate programs with separate objectives.

Mr Hunter—They both represent a very substantial Australian government contribution to the capacity of individuals to find appropriate housing.

Senator CARR—Yes, that is certainly true and it is a clear statement of fact that they both represent substantial sums of money. But the question went to whether or not Commonwealth-State Housing Agreement funding had been maintained. Commonwealth rent assistance is not part of the Commonwealth-State Housing Agreement, is it?

Mr Knapp—No, it is not.

Mr Hunter—But it is indicative of the Australian government's effort in providing assistance for housing.

Senator CARR—It certainly gives you a distorted view.

Senator Kemp—No, I think it probably gives you a comprehensive view. You may have a different position but you are asking about assistance to housing and the way it relates to people who have to rent housing or purchase housing. I think it is an appropriate comparison.

Senator CARR—I understand that the rent assistance program for Indigenous people, the Aboriginal Rental Housing Program, has seen a \$10 million increase between 2003-04 and 2004-05. Is that the case?

Ms Wall—That is the Commonwealth-State Housing Agreement.

Senator CARR—The Aboriginal Rental Housing Program is part of that same agreement, is it not?

Mr Mann—Back in the 2001 budget, I think, there was an increment of around \$10 million a year for three or possibly four years, which I think ceased in 2004-05.

Mr Knapp—A new Healthy Indigenous Housing measure followed that, which became included in the CHIP funding. That is what the adjustment was.

Senator CARR—Do you recall whether those payments were for a specific purpose?

Mr Mann—I think they were in particular for the northern states, particularly for remote housing.

Senator CARR—And they only lasted for two years.

Mr Mann—I think it was three. That is my recollection.

Senator CARR—On page 17 of the Commonwealth-State Housing Agreement it states:

The Commonwealth, States and Territories will strengthen links between housing and other relevant services with the aim of improving housing outcomes for those who are most in need ...

The states were required to provide annual reports to the Commonwealth, which keeps them accountable, I trust. That is the purpose for the reports, is it?

Ms Wall—Yes, we do have annual reports.

Senator CARR—That is the purpose of them?

Ms Wall—Accountability, yes.

Senator CARR—Is there any accountability mechanism for the Commonwealth? What is the equivalent accountability mechanism for the Commonwealth? If the states are required to provide their annual plans, what is the Commonwealth's annual plan?

Senator Kemp—The accountability mechanism for the Commonwealth is estimates committees.

Senator CARR—Indeed that is part of it; but I would like to know, Dr Harmer, if you could show me this in the agreement: if the states are required to produce these annual plans, is the Commonwealth required to produce annual plans?

Dr Harmer—We do not do the delivery of the Commonwealth-State Housing Agreement. The states do.

Senator CARR—So you are not required to?

Dr Harmer—We provide the money.

Mr Knapp—The CSHA annual report includes the use of the funds provided by the Commonwealth to the states.

Senator CARR—So these are accountability mechanisms of the states to the Commonwealth?

Mr Knapp—Yes.

Senator Kemp—We provide the money and we are anxious to make sure that it is spent on housing. That is entirely appropriate, and I would think you would also support it.

Senator CARR—The other part of the relevant clause here was:

The Commonwealth, States and Territories will strengthen links between housing and other relevant services with the aim of improving housing outcomes ...

What evidence can I be shown where the Commonwealth has done its bit in terms of its obligations to strengthen the links and develop these partnerships in service delivery?

Mr Knapp—As has already been indicated, we provide funds under CSHA to the states to deliver. The Commonwealth does not deliver housing programs directly through the CSHA. Therefore we work closely with the states to agree on outcomes that we believe are consistent with improving overall effectiveness of the housing dollars delivered by the states using either their own funds or our funds.

Senator CARR—I see. So in regard to the discussion we had previously about improving the links between Commonwealth departments, I suppose the states could draw that to our attention and show how there has been an improvement in the level of communication between Commonwealth departments. Would that be a fair thing to conclude, from what you have just said?

Mr Knapp—No. I was just making the reference to the improvement in the outcomes that we achieve—

Senator CARR—So was I.

Mr Knapp—The targeting of housing dollars.

Senator CARR—And keeping unemployed people from receiving support if they are homeless and that sort of thing.

Mr Knapp—I was focusing on the CSHA program.

Senator Kemp—For the sake of completeness, and the record of course, I might add that the states are not confined by the housing agreements on the amount of money they can spend on housing. They can presumably spend more money on housing if they wish to.

Mr Knapp—That is correct.

Senator Kemp—Of course, all of us are very much aware of the amount of GST money which is being provided to the states. If they gave a priority to housing, of course, they are entirely free to increase the amount of money that they wish to put into housing.

Senator CARR—Is it the case that all the states and territories did provide their reports by the date required—that is, 31 December last year?

Ms Wall—Yes, they did.

Senator CARR—Did the minister apply any sanctions to any state or territory?

Ms Wall—No, the minister has not applied any sanctions.

Senator CARR—So they all met their obligations?

Ms Wall—They all provided their reports by 31 December, yes.

Senator CARR—Yes. The housing plans all measured up?

Ms Wall—Yes, that is right.

Senator Kemp—They met their obligations in relation to the housing agreement. I think that is what the officer is saying. But the states are perfectly at liberty to decide that they wish to spend more of their GST money on housing. If Clare Martin, for example, decides that there is a priority for housing, of course they are able to do that.

Senator CARR—When we talk about the key performance requirements of this agreement, one of them was to attract investment from outside the social housing system. Schedule 1 of the agreement draws our attention to the following:

This will assist in increasing the availability of affordable Social Housing.

Has there been any concern expressed by Commonwealth officers that, although there have been many partnerships and joint ventures that have been entered into by the states and territories, a reduction in the number of social housing units that are available has actually been seen?

Mr Knapp—Overall, social housing units have slightly increased when you take into account both public and community housing.

Senator CARR—I see. Let us have a look at that, because I have some figures here that suggest to me, from the data provided on the Commonwealth-State Housing Agreement, the number of public housing units is now 345,333. That is the last available data we have, isn't it?

Ms Wall—Public housing units, yes.

Senator CARR—Back in 1996 there were 372,134. Would you agree with those figures?

Ms Wall—I think you might be counting different figures in there. I have not gone back to 1996.

Senator CARR—I am counting the same—

Ms Wall—I think you might be counting community housing and crisis accommodation program figures in there as well.

Senator CARR—I am talking about the total number of public housing dwellings as of 30 June 1995-96 to 30 June 2003-04, which are the last available published figures.

Ms Wall—Certainly for public housing dwellings, yes, I have that figure.

Senator CARR—So we have seen a decline in the number of public housing dwellings?

Ms Wall—Yes, but there has been an increase in the number of community housing dwellings over that period.

Senator CARR—Let us get this part right first, so that we have these assessments correct. The number of public housing dwellings has fallen from 372,134 to 345,335. You would agree with that?

Ms Wall—I do not have the figure for 1995-96 in front of me. We will have to check that.

Senator CARR—I have 2003-04. They are the last available figures that I have.

Ms Wall—The last published figure is—

Senator Kemp—Senator, while the officer is looking for the figures, again for the record, I think it is worth reiterating that agreements between the states and the Commonwealth on housing do not confine the states to spending only a certain amount of money on housing. In fact, I will ask the officers at the table whether there are any states that have gone further than the Commonwealth-State Housing Agreement.

Ms Wall—Yes, they have.

Senator Kemp—Which state was that?

Ms Wall—A number of the states have put additional funds in.

Senator Kemp—Are you able to name those states?

Senator CARR—Yes. This will be interesting. I look forward to it.

Ms Wall—I do not want to rule out states that may have put extra money in but may not have—

Senator CARR—Victoria has put extra money in.

Ms Wall—Most of the states, I think, have put extra money in.

Senator Kemp—That is a good thing. Which states have made a serious effort?

Ms Wall—Our difficulty is that we do not have to report—

Senator CARR—Define ‘serious’, Minister.

Ms Wall—the additional funding.

Senator Kemp—I know that this is certainly not Senator Carr's intention, but people reading this *Hansard* might feel that the states and the Commonwealth have to move in lock-step, whereas the states have very clear responsibilities in relation to housing and of course get significantly increased revenue as a result of the Commonwealth government's policy on GST. It would be a great pity if people like Clare Martin, for example, had not spent additional money on housing. My feeling is that the government in South Australia has done quite well in relation to spending additional sums on housing, as they should. They had a special priority, I suspect. We do not want to avoid state responsibility in this area.

Senator CARR—No.

Senator Kemp—I do not want people to be looking at this *Hansard* and feeling that somehow the states, because they report to the Commonwealth and they are moving in lock-step with the agreement, have done a first-rate job.

Senator CARR—I am interested to know how the number of public housing dwellings has declined from 372,000 to 345,000 in a period when the population has grown, where no-one is disputing that the need has grown, but you have less stock available. It has been put to me that there has been a 30 per cent reduction in Commonwealth support for the Commonwealth-State Housing Agreement in that period.

Senator Kemp—That would probably be Labor Party sources, Senator.

Senator CARR—I am asking the officers to provide some figures on that.

Senator Kemp—You would have to look at those figures very carefully.

Senator CARR—They will provide them, no doubt, and we will be able to demonstrate whether or not that is—

Senator Kemp—My experience of state governments is that, where they can duck responsibility, they will do it. You have Labor governments in six states around the country, you have Labor governments certainly in Northern Australia, and you would think that they could get their act together, rather than trying to blame people. A lot of these issues have moved past the blame game, and I think people are looking to governments to deliver what they can in a serious manner. Whether housing moved up in real terms, and all the rest of it—they are interesting debates to economists. The question is: what are the state governments delivering on the ground? I suspect it is a variable performance.

Senator CARR—I am interested to know how it is that there are 30,000 fewer public housing dwellings in the period of 10 years.

Mr Knapp—Part of the issue is that the stock has been lost as states have focused on redeveloping ageing and disadvantaged housing estates, as they work to raise the standard of housing and achieve a better social mix. Quite a few of the changes reflect the recognition that a large amount of the housing stock was either inappropriate in terms of its construction or in the wrong locations in terms of providing opportunities to house people near where there were employment opportunities. There are a range of reasons why the states have had a reduction in housing stock. Certainly the states are investing much more significantly in community housing, because that has enabled them to make sure that the numbers who have access to social housing have not decreased over that period of time. It has been a change in

mix. As the community housing sector is growing, certainly the public housing sector has declined. From the report on government services, the figures have declined from 359,000 in 1995-96 to 345,000. But it is not just a funding issue; it reflects the change in strategy as to what housing better meets the needs of the clientele that need the housing these days. Certainly the move away from, say, the tower block type constructions to more appropriate housing in different suburbs in the big cities has been a major change.

Senator CARR—Yes. Victoria has put considerable additional resources into the housing program. They are one of the few states that have actually seen an increase in the level of public housing provision from the period from 1995-96, where they had 62,000, through to now, then they have 64,855. They are the statements of facts. You may well point to the fact that in 1999—

Senator Kemp—What is the point you are making?

Senator CARR—I am saying that, if it had not been for the additional resources put in by the states, these figures would be even more appalling than they are.

Senator Kemp—But housing is presumably, historically, a major state responsibility—not solely, but a major state responsibility. The states have GST money which, thanks to the Howard government, has been provided to them. The revenues are buoyant and, on what you have said, the Victorian government have given a priority to housing and other Labor governments have not. It is a good point. I do not know why we have to delay the Senate committee on this, though.

Senator CARR—I am interested to know what the percentage share of social housing has been as a percentage of total housing stocks through that same period. Are you able to provide that information?

Ms Wall—We will have to take that on notice.

Senator CARR—It is the case, is it not, that there has been a 30,000 drop overall?

Mr Knapp—Based on the report of government—

Ms Wall—For public housing, yes.

Mr Knapp—The report on government services indicates the figures have gone from 359,000 in 1995-96 to 345,000 in 2003-04.

Senator CARR—Yes. Is that the Productivity Commission's report?

Ms Wall—That is right, yes.

Senator CARR—Yes, but in the Commonwealth-State Housing Agreement itself it refers to 372,134 for 1995-96.

Ms Wall—The Productivity Commission report may be referring just to public housing and not to community housing or crisis accommodation.

Senator CARR—No. I am talking about public housing alone. There is 372,134 to 345,335.

Ms Wall—Sorry, are you referring to a figure in the Commonwealth-State Housing Agreement?

Senator CARR—That is the aggregate of figures from 2003-04. Is that not the case—from 372,134 to 345,335?

Senator Kemp—Again I wonder, for the sake of completeness of the record: the assistance given to the lower income groups in the community is not only the housing stock, in which some states, according to Senator Carr, have done better than others. That is good. That is what federation is about. The Commonwealth government have made an enormous effort in the area of rent assistance, which those on income support—I can be corrected by the officers at the table—of course are able to obtain. This is of major help to the lower income groups. If you look at the sorts of figures that Senator Carr is bandying around, you might think that they can be dealt with in isolation from the overall assistance that has been given to lower income groups. That is not the case. The Commonwealth has made a huge effort, in my understanding—I can be corrected by the officers if I am wrong—in the area of rent assistance. What I am saying is that I think a lot of people would like to see a bigger effort from some state governments, and that is probably what Senator Carr is saying when he draws our attention to the considerable effort that he says the Victorian government has made. I know Senator Carr is not parochial on these matters.

Senator CARR—I know I am not; that is absolutely right.

CHAIR—I would like to ask a question on that issue as well. I assume that the very significant rise in house prices that some states have experienced, particularly Sydney and Melbourne, would make it harder to replenish housing stock, in the sense that the dollars will not go as far in terms of replacing housing stock that has been let go of or purchased by a tenant or something of that sort. Is that the case?

Ms Wall—Yes. Obviously house prices have gone up.

Senator CARR—So the provision of public housing has been adversely affected as a result of that?

Ms Wall—But there has been an offset in the increase in community housing over that period, too.

Senator CARR—I am asking you for some figures on that to demonstrate that that is the case or otherwise and I would like to know, percentage-wise, exactly how many additional houses have come on stream as a result of these social housing programs. It is a claim that is made but I would like to see what the figures are. If asset price has increased, does that affect the number of public housing units and housing provision?

Ms Wall—The cost of housing is obviously impacted by—

Senator CARR—The cost of housing and construction is a different matter from an asset price.

CHAIR—Surely, if you have to replace housing or you want to buy new housing to replenish your stock and the price has gone up faster than inflation—as is the case very often—it must be more expensive and your dollars go less far in achieving that purpose.

Senator CARR—It would depend on your constructions costs.

CHAIR—If you are buying newly constructed houses or you are buying houses already in the market.

Senator CARR—This is the point. Are they buying?

Mr Knapp—They are buying and selling. Of course, when they are selling in a rising market as well, they are able to get more for the land or for housing that is no longer suitable for public housing but that could be redeveloped quite effectively for other housing use and then the money used to purchase public housing in a more suitable location for where the target population is likely to be located or wishes to locate for employment or other opportunities, close to transport.

Senator CARR—That is how the public housing authorities are actually financing themselves—by selling off housing stock?

Mr Knapp—That is one of their strategies, yes.

Senator CARR—Can I ask, in regard to the rent programs—

CHAIR—Before you do, can I get an idea of how much longer we are likely to be on this program? There are other people who have questions on this output group, and there are a whole lot of questions on the other output groups.

Senator CARR—I have a bit more to go yet on the housing affordability strategy and a few other bits and pieces.

CHAIR—It is a question of whether we want to cover all of the output groups or whether we—

Senator CARR—We have until 11 o'clock, haven't we?

CHAIR—We have, but we have two more output groups after this. There are other people with questions in this output group as well.

Senator CARR—Don't worry; I will look forward to it. In regard to the rental arrangements under the Commonwealth-State Housing Agreement, if we turn to page 23 of the agreement it says:

The Commonwealth, States and Territories agree to develop a nationally consistent approach to the way rents are calculated, one which also allows flexibility between States and Territories, tenant circumstances and product types.

That is clearly in the agreement. Could one of the officers give us an explanation of what that means?

Ms Wall—It means that we work with the states to try and get some more consistency with the rents. The details of that are reported in the Housing Assistance Act annual report.

Senator CARR—That refers to public rentals and public housing?

Ms Wall—That is right.

Senator CARR—A number of the states have recently changed the way their rental programs operate.

Ms Wall—Yes, they have.

Senator CARR—How has this contributed to achieving the terms of this agreement?

Ms Wall—‘Nationally consistent’ does not mean they have to be exactly the same.

Senator CARR—It certainly obviously means that. How is it that you have some sort of consistency in the way in which rents are calculated?

Ms Wall—There are three dot points there that say rents are to remain affordable, methods used to calculate rents are applied fairly evenly across all income support groups and methods used to calculate rents are promoted and clearly explained to tenants to ensure they are aware of how those methods operate.

Senator CARR—I take it there has been no break in the linkage of income and rent. All the states apply some linkage on that issue—is that right?

Ms Wall—In relation to public housing, yes.

Senator CARR—Is that right, that all of them do?

Ms Wall—As far as I am aware, that is certainly as it is reported in the Housing Assistance Act annual report.

Senator CARR—Can I get some advice from you as to how the states are now calculating that in terms of that agreement? Do you have information on that?

Ms Wall—I have the latest copy of the Housing Assistance Act annual report.

Senator CARR—That is it?

Ms Wall—There is information in that on rent setting.

Senator CARR—With regard to the application of social housing, does the change to the definition from ‘public’ to ‘social’ housing mean that more people will have access to rent assistance as a result of that change?

Ms Wall—Some people in community housing have access to rent assistance, yes.

Senator CARR—What about social housing?

Ms Wall—Social housing is usually taken to mean both public and community housing.

Senator CARR—So the definition of social housing does vary across the Commonwealth?

Ms Wall—Some people have different understandings of what they mean by the terms.

Senator CARR—Is it the case that all persons in social housing have access to rent assistance?

Mr Knapp—If social housing is defined as public housing and community housing, then the answer is no.

Senator CARR—Which categories of people have access to rent assistance?

Mr Knapp—People who are living in housing that is not a direct responsibility, in terms of rent collection, management and so on, of a state department of housing.

Senator CARR—Is that an important factor in the transferring of responsibilities between housing authorities and social housing types?

Ms Wall—We understand that is the reason why some states are setting up community housing organisations: so the tenants can get access to rent assistance.

Senator CARR—It is another form of seeking assistance from the Commonwealth?

Ms Wall—It is an additional subsidy provided by the Commonwealth.

Senator CARR—Are you intending to maintain that policy?

Mr Hunter—That will be a policy decision for government.

Senator CARR—Is there any review of that program?

Ms Wall—There was a no-commitment review of the rent assistance program, which you are aware of. We referred to it at the previous estimates.

Senator CARR—Yes, I am. I am specifically interested in the transfer of public housing tenants to social housing, which has the consequence of providing access to the Commonwealth Rent Assistance program which those persons would not get otherwise. Have you been examining the application of that policy with regard to that change in definition?

Ms Wall—We are aware of the implications of it.

Senator CARR—But there is no examination of those implications?

Mr Hunter—It is an issue which we would need to keep under review.

Senator CARR—What is the financial impact? I have asked you a question about the percentage of persons in terms of the changes that have occurred in the social housing sector. I am obviously drawing a distinction between public housing and social housing. I am interested to know whether there has been a financial impact in terms of access to the rent assistance program as a result of that transfer.

Ms Wall—We are certainly aware that as more people become eligible, and they are community housing tenants, that will increase the cost of the Rent Assistance program.

Senator CARR—You have not done any calculations on what the effect has been?

Ms Wall—We have some difficulty in identifying them through our system for rent assistance.

Senator CARR—You cannot identify people in social housing that get rent assistance?

Ms Wall—We cannot necessarily identify everybody in community housing.

Senator CARR—Why is that?

Ms Wall—Because community housing is set up in a lot of different ways. We do not have an identifier that Centrelink will immediately recognise when they are calculating rent assistance.

Senator CARR—I am surprised that, given that you seem to measure two flies crawling up a wall these days, you cannot identify how many people are getting Commonwealth rent assistance who would otherwise be public housing tenants.

Mr Hunter—The eligibility for rent assistance is based on a series of tests of means not of where people live, other than that they do not live in public housing.

Senator CARR—Mr Hunter, that is exactly my point: if you are a public housing tenant you cannot get access to rent assistance. Is that true?

Ms Wall—If you—

Senator CARR—But if you move into a social housing or a community housing facility, then you have access to rent assistance.

Ms Wall—You may have access.

Senator CARR—Yes, if your income does not substantially change. But if all things remain the same except the ownership of the property in which people live—in fact even the ownership may be the same or it may be transferred by administrative arrangement—you cannot tell me how many people are affected by such a policy change. That is essentially the evidence you are putting to the committee, isn't it?

Ms Wall—As I said, we do not have a means of identifying it through the Rent Assistance program.

Senator CARR—You have no plans to change that to actually improve your collection systems.

Ms Wall—Centrelink manages the Rent Assistance program. We can certainly identify who are Centrelink customers and who are living in state housing authorities, but beyond that we do not specify who they are paying their rent to.

Senator CARR—In terms of the Framework for National Action on Affordable Housing, has there been any progress since Mr Knapp advised us last November that this is a three-year program and that the first year of the program involves a commitment to improving the capability of the community housing sector to take a greater role in the provision of housing?

Mr Knapp—There will be a report to the housing ministers council in June on that first set of commitments.

Senator CARR—Has your branch been involved in the working group on this particular program?

Ms Wall—Yes, we have been.

Senator CARR—You are part of the national sector development strategy?

Ms Wall—We have been involved with that working group, yes.

Senator CARR—Have you been dealing with the community housing sectors on this issue?

Ms Wall—There has been some consultation with non-government representatives.

Senator CARR—I would like to know how it is going. I will put some of these questions on notice. There is one question specifically that I am interested to know the answer to which is in relation to the consultancy that you referred to in November, Mr Knapp. You said that it was undertaking focus group research. Is it possible to get a copy of the consultant's report?

Ms Wall—No, it is not. Because the people that were consulted were told that their views would be in confidence—

Senator CARR—No, I do not want their views; I want the report.

Ms Wall—and that the report would not be made public, because the report documents what they said.

Senator CARR—You will be refusing an FOI request on this, will you?

Mr Hunter—If we receive an FOI request it would need to be judged according to the FOI Act.

Senator CARR—So you are refusing the committee?

Mr Hunter—You asked how it would be judged under an FOI request, and we have to do it according to the law.

Senator CARR—I understand. That is a fair enough answer to the question. I am interested to know why, if it is a consultant's report that is publicly funded and is not advice to a minister, we cannot have access to the report?

Mr Hunter—My understanding is that the basis on which the focus group work was done was that people's views would be kept confidential.

Senator CARR—It does not identify individuals. Most focus group reports do not identify individuals.

Ms Wall—There were certainly people who were representing particular views who would probably see themselves as identifiable in that report.

Senator Kemp—If the arrangements are that people believe the report will be confidential, I am not sure that it is up to us to second-guess that here. I can understand your interest in wanting to get a copy of it. I would strongly support the view that, if people were told the report was going to remain confidential, it should remain confidential.

Senator CARR—That is not the way we normally do business at estimates committees.

Senator Kemp—I am not sure that is the case, Senator. I have been here a lot longer than you.

Senator CARR—Since we have come around to discussing your longevity, it will not be that much longer.

Senator Kemp—I think it is still going to be a long time!

Senator CARR—My recollection of these events is that, if you are denying access to a report and it is not on the basis that people were told their opinions would be kept secret, there is—are you really saying that this report identifies the individual opinions?

Senator Kemp—I am happy to be hauled before the Senate and to be censored by the Senate.

Senator CARR—Yes, I am sure you will.

Senator Kemp—But my view is that, if people were told that they were seeking opinions on the basis that it was confidential, I think it is beholden on those that gave that assurance to defend that. It seems to me that it is a principle which I would be very happy to defend.

Senator CARR—Dr Harmer, could I have a copy of the contract, please, for this particular consultancy? If it has the standard format in it—

Dr Harmer—I will have to take advice on whether we can give you a copy of that contract.

Senator CARR—Dr Harmer, you know we have been through this once or twice before. There is a standard clause in Commonwealth contracts that specifically excludes confidentiality as a basis of the provision of Commonwealth funds. Is that not the case?

Dr Harmer—That is probably true, but I think in this case it may be a little different. I think what Ms Wall is saying—and I am not aware of the report—is that people were consulted on that basis and gave their views in the focus groups and that it is possible to identify either them as an individual or the organisations; and therefore it is not appropriate to make it public.

Senator CARR—Let us have a look at the contract and see whether or not that is the case.

Senator Kemp—Because we always listen carefully to you, we will seek advice on whether we can show you the contract.

Senator CARR—That is what I like to hear, Senator Kemp. That is very reasonable and based on the actual contract itself we can make some judgments on what the money was expended for.

Senator Kemp—I see no reason why the officers would mislead the committee on that.

Senator CARR—Thank you. In regard to rent assistance for Indigenous housing organisations tenants' access, is it the case that tenants of Indigenous housing organisations are eligible or may be eligible for rent assistance if the organisation 'is a separate legal entity from the state government housing organisations'. That is still the case, isn't it?

Senator Kemp—Yes.

Senator CARR—In regard to the Northern Territory, the Northern Territory government is now looking at taking over responsibilities for housing associations from various existing community organisations. That is also correct, is it not?

Mr Knapp—You are referring to—

Senator CARR—I am referring to the minister's instructions, in fact, to the Northern Territory government as a condition, according to the press reports. It appeared in the *Australian* on 26 May; the *Age* 26 May; *Canberra Times* 26 May; *Herald Sun* 26 May; and the *Age* 27 May. I take it that these reports were not repudiated?

Dr Harmer—I have not heard that they were.

Senator CARR—The minister was widely briefed by you on these matters and he would have been widely advised that community organisations that were independent of the state government were able to have their tenants seek access to rent assistance if those persons were eligible. That is the case, isn't it?

Mr Knapp—That is right.

Senator CARR—Is it the case now in the Northern Territory that, if the Northern Territory government takes over those organisations, those tenants will not be eligible for rent assistance?

Mr Knapp—It will depend on the details of how that arrangement will work. All we have at this stage is the press release by the Chief Minister. We do not have any detail of how the Northern Territory government will be putting that into action. Until we see more detail, it is very difficult to pass a comment on the implications for access to rent assistance for tenants of those houses.

Senator CARR—Are there circumstances where people who are Indigenous renters who are renting houses from state government housing authorities would be able to get access to rent assistance?

Mr Knapp—If the authority is not a state department as defined in the legislation, then they may be eligible for rent assistance. This is a matter which you will recall we discussed at the last Senate Estimates.

Senator CARR—We did and that is why I am interested to know what the change has been, because it surely was not the minister's intention to take away people's rights to rent assistance, was it?

Mr Knapp—It was the Chief Minister who made that announcement.

Senator CARR—Yes, but under some duress if I recall.

Mr Knapp—I am not going to comment further on that.

Senator CARR—No, that is a political comment, I suppose. But there was some advice tendered by the Commonwealth minister as to who should be running Indigenous housing in the Northern Territory.

Mr Knapp—We were aware that there were discussions about strategies on improving governance of Indigenous community housing organisations. The Chief Minister made an announcement to that effect. As to the basis on which she made that announcement, we were not privy to that discussion.

Senator CARR—Was the minister aware that, if the Territory government took over these housing associations, they would lose access to rent assistance?

Mr Knapp—As I indicated, it is unclear, until we know more about the arrangements, what the implications will be for rent assistance.

Senator CARR—How many tenants of Indigenous housing organisations of the Northern Territory currently receive rent assistance?

Ms Wall—I do not know the answer to that.

Senator CARR—Would that information be available within the department?

Dr Harmer—I doubt whether we would have that information.

Senator CARR—Who would? Who in the government would have access to it? Centrelink?

Ms Wall—Basically it links back to the previous issue I had, that Centrelink do not identify tenants by who their landlord is, other than state housing authorities.

Senator CARR—So as soon as they identify that it is a state housing authority, they lose their rent assistance?

Ms Wall—That is right.

Senator CARR—Has the Northern Territory government been made aware of that?

Mr Knapp—I would imagine that their department of housing would be familiar with the legislation.

Senator CARR—So I take it that the Commonwealth is in for a saving here as a result of these policy changes?

Mr Hunter—As Mr Knapp said, the arrangements by which the Chief Minister of the Northern Territory's announcement might be given effect have not been worked through and therefore we would not be able to answer that question.

Senator CARR—If you cannot tell me how many people are actually receiving rent assistance, how many Indigenous Australians are receiving rent assistance in the Northern Territory, you will not be able to tell me what the level of savings is.

Dr Harmer—I think what Mr Hunter is saying is that he is not sure that there will be any savings at all. Until we see the detail of what the Northern Territory government is proposing in terms of the ownership of the dwellings, we cannot make any determination about whether they will be entitled to rent assistance.

Senator Kemp—Senator, I assume that you have had close contact with the Northern Territory government.

Senator CARR—Why do you assume that?

Senator Kemp—I may be cynical, but I have rather assumed the general tenor of the questions this evening is to see how we can get Clare Martin off the hook.

Senator CARR—No.

Senator Kemp—It is not? I am delighted to hear that.

Senator CARR—Senator Kemp, you would be surprised to hear that we are more than capable of reading the answers that Mr Knapp was only too happy to provide us in February, reading the newspapers, and drawing our own conclusions that, when a policy change occurs, there is going to be a consequence. In this consequence, we know that as soon as people register as part of the state housing authority, they lose their rent assistance. It is not a difficult proposition. Even I can work that out, so I presume the officers at the table knew it and I am sure they would have told the minister that before he insisted on this change.

Senator Kemp—The officers have made it very clear that, until we actually find out what Clare Martin has decided, it is very hard to make any assessment. But I think the comment was also made that it is most unlikely there will be any savings in this area. I thought that was quite a valuable comment. I think that you and I would hope that Clare Martin would accept

her responsibilities and work closely with the Commonwealth government to deal with what is obviously an exceedingly serious issue.

I know this was not your intention, because you are not that sort of person, Senator Carr, but we have probably moved beyond the political point scoring on this issue. This is a huge problem and something that has to be dealt with. I commend the Commonwealth minister for the energy and the principled commitment he has shown. I make no other judgments. I am not well briefed on this matter—

Senator CARR—That is certainly true.

Senator Kemp—but I certainly hope that Clare Martin will accept her responsibilities.

Senator CARR—I accept that you are not well briefed on it.

Senator Kemp—No, I am not well briefed.

CHAIR—Senator, you have had two hours on the trot in this area and there are other questions. Senator Bartlett has some questions, I think.

Senator BARTLETT—Thank you, Chair. The aspect of the expansion of the Home Ownership on Indigenous Land Program that has been touched on in terms of rent assistance is a new measure announced in the budget. It says in the PBS it is partly outcome 1 and partly outcome 4.

Dr Harmer—It is primarily outcome 1. The people who are likely to be able to answer questions on that will be here tomorrow morning.

Senator BARTLETT—One of the questions I had related to what role outcome 4 plays, since that is what it says in the PBS. What is your role in that?

Mr Mann—There are two roles that the department has in that measure. One aspect is in relation to the construction of 45 homes which are earmarked for sale, as well as a discount of up to 20 per cent on the purchase price of established homes. The second aspect, which is outcome 4, is a money management program.

Senator BARTLETT—You would be overseeing the flow of dollars rather than being involved in the implementation or the program development?

Mr Mann—No. We will be working closely with IBA, who obviously have the lead in this. They are the ones who are making the loans.

Senator BARTLETT—In which ways are you working with them? Is it just in setting up the program or is it in reviewing the progress of it?

Mr Mann—Both of those things. It is quite an integrated program. IBA will make a loan to someone who is able to buy a property, there will be some affordability assistance that IBA provides and then there is what we provide in terms of the discount on the purchase price. That requires close contact between IBA and ourselves. Even before we get to that, there is quite a lot of setting up. We have to make sure that the conditions of our side of it are consistent with the conditions of their side of it. There is the question of the selection of communities, and we have to work together on that. We have an existing program, the Community Housing and Infrastructure Program, that helps people buy properties on separate

titles. We will need to adapt that to make it consistent with what is happening in IBA. So there is quite a bit of work to do together initially, as well as in the ongoing administration.

Senator BARTLETT—Is there likely to be any need to amend aspects to do with land tenure to enable this to work or will you focus on where the land tenure is appropriate already?

Mr Knapp—One of the requirements is that there is the capability for home ownership on community land, and each state and territory will have to look at that issue in terms of whether there is any change required to their legislation in that particular state or territory to allow that to happen. Once that is in place, the combination of the loan capability which Indigenous Business Australia will be able to offer and the houses that we now have funding to construct will enable us to offer Indigenous Australians living in those communities the opportunity for home ownership, but it requires the necessary legislation to be in place that allows those communities to have the capability of having home ownership on community land.

Senator BARTLETT—In each of the states or territories?

Mr Knapp—In each of the states and the Northern Territory.

Senator BARTLETT—Is the Northern Territory legislation just the Commonwealth legislation?

Mr Knapp—I understand there are changes at the Northern Territory end as well. Changes are also required to the Aboriginal land rights legislation, and I understand that is well under way.

Senator BARTLETT—That is the other outcome?

Mr Knapp—Yes, that is right. The outcome can give you more detail on that.

Senator BARTLETT—In relation to the money for the bricks and mortar, or the chipboard and whatever it is, is that in your program or is that in outcome 1 as well?

Mr Knapp—Outcome 1 covers all Indigenous matters, including Indigenous housing. Both Mr Mann and myself are familiar with the program, because we deal with it—that is why we are able to give you the answers—but it is part of outcome 1.

Senator BARTLETT—I am happy to expand on it tomorrow, as I am sure others will do. Is there still a Commonwealth Advisory Committee on Homelessness?

Ms Wall—Yes, there is.

Senator BARTLETT—That is in your section, isn't it, and that would be under the National Homelessness Strategy?

Ms Wall—Yes.

Senator BARTLETT—Can you give me a quick outline on how that operates? Does it have a regular meeting schedule and reporting requirements or is it as requested?

Ms Wall—It is an advisory committee to the minister and meets approximately four times a year. It does some other work outside of the meetings in terms of following up particular issues that the minister has asked the committee to look at.

Senator BARTLETT—So it is private advice to the minister—

Ms Wall—That is right.

Senator BARTLETT—rather than any sort of public documentation or anything like that.

Ms Wall—There are some reports that may become public—some of the reports that the committee has initiated or has initiated at the request of the minister.

Senator BARTLETT—Can you tell me who the members of that committee are—on notice if need be?

Ms Wall—Yes. There is a list of members.

Mr Knapp—There is Mary Wooldridge, who is the chair; Clare Wall, as Housing Support Branch manager, is also there; Patricia Brahim; Jeremy Gilchrist; Chris Jones; Robyn Martin; Gerry Moore; Tony Nicholson; and Jennifer Fulcher.

Senator BARTLETT—In relation to some of the questioning from Senator Carr, you mentioned the reporting from the CSHA. I had an understanding that, as part of the current CSHA, there was the potential for developing private-public partnerships in housing, looking at affordable housing and those sorts of things. Are you monitoring the outcomes of those types of activities in various states to see how they are performing or is that separate to the CSHA? I might be thinking of the private investment benchmarks.

Ms Wall—Where there are CSHA funds used in that process, the reporting is required under the Housing Assistance Act annual report. So, yes, we monitor it through that process.

Senator BARTLETT—Do you just monitor it terms of compliance with the CSHA or is there a broader analysis of cost benefit performance in terms of providing affordable housing?

Ms Wall—There is certainly more information than just meets the criteria. We look at how much money goes in for the number of additional dwellings that are provided and who are the sorts of people that are being assisted through that process.

Mr Knapp—There is also a sharing of information, because we are keen to look at successful models and see those models used across the nation. If a particular state is doing some interesting things in terms of public-private partnerships in the provision of housing then we are certainly keen to see those ideas widely disseminated as part of the CSHA about making greater use of private sector involvement in the provision of social housing.

Senator BARTLETT—The current CSHA does have some requirements in it about states meeting some benchmarks for private investment. Is that right?

Ms Wall—It is one of the objectives of the current CSHA. In terms of benchmarks, each state has the opportunity to put particular targets into their bilateral report. Not all of them have very specific targets, but we do then monitor against how those targets have been achieved, or benchmarks, if they have been put in the bilateral reports.

Senator BARTLETT—Is it a requirement that they have to try and meet a certain level, or is it more just some objectives to see how they go?

Ms Wall—There is not a specific level that is included, no. It depends a bit on the circumstances of different states, too.

Senator BARTLETT—The national housing research of \$420,000 still goes to AHURI. I know it is there again for next year in the estimates. Is that a year-by-year thing or is it anticipated that it will go longer term?

Ms Wall—There is additional funding to the amount that is identified there. It is \$1.25 million a year, and that will go through to June 2008 when the current CSHA expires.

Senator BARTLETT—Did you say that was a year?

Ms Wall—That is right, \$1.25 million. There are additional funds, as well as the funds that are identified under that item.

Mr Knapp—That is an annual amount provided.

Senator BARTLETT—Where does that get reported? Has that been reported in the PBS?

Ms Wall—They are departmental funds.

Senator BARTLETT—Is that all going through AHURI or other research—

Ms Wall—The \$1.25 million goes to AHURI.

Senator BARTLETT—The national housing priority grants are again similar for the next financial year and the one after—\$387,000 I think you have for this year.

Ms Wall—Yes. They go to funding other housing organisations and joint activities with the states.

Senator BARTLETT—Are they grant programs each year where people apply for grants?

Ms Wall—Yes. There is generally a regular payment, that is right. But, as I said, some of it goes to fund Commonwealth-state work that is done: for example, the Commonwealth-state housing offices work together, so some of the funding goes to support that work as well.

Senator BARTLETT—It does not all go to community housing rep bodies.

Ms Wall—No. That is right. Some of it goes to Commonwealth-state offices' work.

Senator BARTLETT—And the remainder in terms of community housing rep bodies is really for participation in particular local projects or in consultation stuff with governments.

Ms Wall—Yes, those sorts of activities: not so much local projects; more for participation and consultation.

Senator BARTLETT—Looking at the PBS on page 151, it briefly mentions the National Housing Priorities. It talks about how National Housing Priorities provides grants approved by the ministers that are used for a range of housing projects. Are there any projects for housing?

Ms Wall—As we mentioned previously, things like the evaluation of the Commonwealth-State Housing Agreement will be funded out of that. It is that sort of work that is funded out of that money.

Senator BARTLETT—It is assessment, consultation and review type work.

Ms Wall—That is right.

Senator BARTLETT—That will do me, Chair.

Senator CARR—What was the appropriation for the review of the Commonwealth-State Housing Agreement?

Ms Wall—There is not a specific appropriation for the review.

Senator CARR—You don't have an amount? You have a global budget.

Ms Wall—We have an idea about what we think it might be, but it will be next financial year. It is not this financial year. Yes, we have an idea about what we think it might cost but until, as I said, the state housing ministers have identified and the ministers have had time to discuss it, we might find that our estimate is not right.

Senator CARR—I see. So it is premature to advise the committee as to what your estimate is.

Ms Wall—I think it would be.

Dr Harmer—Until we have the ministers' agreement to the methodology and the strategy et cetera we do not know what we are in for.

Senator CARR—Under 4.1, the SAAP program, I understand that in fact last November the minister at the time said that any discussion about Commonwealth funding under the new agreement must include funds going to the innovation and investment fund. That was a fair summary, was it not? She was quite firm that there had to be new funding for innovations and investment.

Ms Wall—That is part of the SAAP 5 agreement that was signed by 1 October 2005, yes.

Senator CARR—The department advised at the time that innovation and investment funding for 2006-07, 2007-08 would be distributed to the states and territories in a form agreed with them.

Ms Wall—There was required to be consultation with the states and territories on the allocation of those funds, yes.

Senator CARR—I want to firm up what you mean by 'consultation'. I am using the term 'agreement' and you are saying 'consultation'. There is quite a significant gap between those two concepts.

Ms Wall—If I refer to the SAAP agreement, the word was 'consultation', but I will confirm that.

Senator CARR—It was Mr Knap actually on page 29, if I might be so unkind as to draw that to your attention. You used the term 'in a form to be agreed'.

Ms Wall—Sorry, we will have to find the reference to it in the agreement.

Senator CARR—It is page 29 of the estimates, Thursday, 3 November 2005. It is the second-last paragraph on the page.

Mr Knapp—I apologise if I used the incorrect word, but it is what is in the agreement which will matter, Senator.

Senator CARR—What is in the agreement?

Ms Wall—We are just checking what is in the agreement.

Mr Knapp—Can we come back to that? We will keep looking, but if you have any further questions—

Senator CARR—I certainly do have a further question. I am interested to know the precise terms—whether it is ‘agreed’ or not. How have you distributed the figures, the \$7.2 million for 2006-07?

Ms Wall—The innovation and investment fund was largely based on the additional funding that states and territories put into the agreement.

Senator CARR—How was it distributed? Can you give that to me on a state by state basis?

Ms Wall—We do have the figures, yes. Do you want the figure for across the five years?

Senator CARR—Have you got a table there for me? Is it possible just to get a copy of the table?

Ms Wall—There is a copy of the table, yes.

Senator CARR—It would save us all a lot of time. I will get it more accurately if I have got the table and we have it incorporated, if you think that is worth while. Is that possible?

Ms Wall—Yes.

Senator CARR—Mr Chairman, would you mind if we get a copy of that incorporated in the *Hansard*?

CHAIR—No. We need to see what it looks like first. We will make the decision once we have seen it. It might not be amenable to being incorporated.

Senator CARR—We certainly would like a copy of it.

Senator Kemp—It is a bit complicated.

Senator CARR—I have found over the years that there is not much that you do not find complicated.

Senator Kemp—Life is like that, is it not, the more you think about it?

Senator CARR—That is one of the great joys of being a minister. You get the chance to find things complicated.

Senator Kemp—I was trained sitting on that side of the table with Senator Nick Bolkus here, and I saw how cooperative he was.

Senator CARR—Did he find things complicated as well?

Senator Kemp—Senator Bolkus would not allow anything to be put on notice, from memory.

Senator CARR—Nothing? I find that hard to believe.

Senator Kemp—He was very loath to incorporate things, I suspect, in *Hansard*.

Senator CARR—I find that even more difficult to believe.

Senator Kemp—I was tutored with Labor ministers and it is amazing I have been able to break free of that and be so cooperative.

Senator CARR—Dr Harmer, is it a highly controversial table?

Dr Harmer—No. I am advised that the states already have it.

Senator CARR—I am sure they do.

Senator Kemp—I think Clare Martin has got this. You do not have to worry.

Senator CARR—You will not mind giving me a copy then?

Senator Kemp—Do we mind if we give him this and this goes straight to Clare Martin? Are we happy with that? You know that is true, Senator Carr.

Senator CARR—I cannot possibly comment. Thank you very much. Can I ask you about indexation arrangements. You indicated to me at the last estimates on page 25, the same estimates I spoke of earlier—it was WCI 1. If I look at the index in the Budget Paper No. 1, I do not actually get to see what WCI 1 is. Can you provide me with estimates for the WCI 1, the forward estimates period for the SAAP agreement? Do you have that information?

Ms Wall—I do not have it with me at the moment. We can take that on notice though.

Senator CARR—Is there an efficiency dividend taken from SAAP funding?

Mr Knapp—No, there is no dividend.

Senator CARR—Under that agreement, if there is no efficiency dividend applied, why isn't the indexation keeping pace with CPI over the life of the agreement, let alone keeping pace with the wage price inflation that is indicated on page 5 in Budget Paper No. 1?

Ms Wall—That was a government decision.

Senator CARR—You would agree that the indexation rates are below the CPI and below wage price inflation indicators?

Ms Wall—To use that indexation rate was a government decision.

Mr Knapp—We rely on the Department of the Treasury for the provision of decisions on WCI indexes to be used. That is a matter for Treasury, not for our department.

Senator CARR—Yes. It is an arbitrary decision, is it not?

Mr Knapp—It is a matter for Treasury, yes.

Senator CARR—What figure is it? What is the WCI 1? Do you have that figure there? I have asked for the amounts but what is the rate?

Ms Wall—It will vary from year to year.

Senator CARR—Yes, but on the current estimates you would be able to tell me roughly what it is. Is it 1.8?

Ms Wall—We can work it out from the figures but I do not have the figure with me right now.

Senator CARR—Thank you, if you could take that on notice.

Mr Knapp—If I can respond to that earlier question about what it says in the multilateral agreement, the actual wording is, 'The Commonwealth will take advice from the coordination

and development committee’—which is a group of Commonwealth and state officials—‘on priorities and expenditure decisions.’ So it says that the Commonwealth will ‘take advice’.

Senator CARR—Take advice?

Mr Knapp—Yes—‘take advice’.

Senator CARR—So the Commonwealth did take advice?

Mr Knapp—That is correct.

Senator CARR—Was that advice in agreement with the decisions the Commonwealth took?

Ms Wall—Was the advice? It is probably true to say that no state and territory ever agrees with the way that funds are distributed amongst the group because they all would like to have a bigger slice of the cake.

Senator Kemp—They are a very fractious lot, those state governments.

Senator CARR—You mean to say that you should not get between the states and a bucket of money?

Senator Kemp—No, you should not. You should be very cautious of that.

Senator CARR—Given that the proportion of Commonwealth funds in the SAAP agreement is now 59 per cent of the first SAAP agreement, and it has now moved to 51 per cent of the new agreement; and in light of the findings of the SAAP 4 evaluation that a real increase in funding was actually required just to keep pace with existing programs, I am wondering how you can reconcile the current program with the evaluation.

Mr Knapp—The government made a decision about funding levels for the SAAP agreement. It was a decision of government as to what the funding levels should be.

Senator CARR—All the states and territories did enter the agreements by 31 January?

Mr Knapp—That is correct.

Senator CARR—They have all signed up now to bilateral agreements?

Mr Knapp—That is correct.

Senator CARR—At the end of the first year of the agreement there has been no question of sanctions being applied?

Mr Knapp—The first year of the agreement has not arrived as yet.

Senator CARR—That is due though, is it not?

Mr Knapp—It has only been going—

Ms Wall—We do not have any reporting from them.

Senator CARR—So there are no reasons for you to apply sanctions at this stage, no concerns?

Ms Wall—There is no provision for us to apply sanctions at this stage.

Senator CARR—In November, Senator Patterson advised the committee that she was going to ask the department to see what could be done about bringing together existing

Commonwealth programs to improve the SAAP program. In particular, she mentioned the family violence program. Was there any action taken within the department to give effect to Senator Patterson's request?

Ms Wall—Certainly, I met with the branch head responsible for the family violence program, yes.

Senator CARR—You met with the branch head?

Ms Wall—That is right.

Senator CARR—What was the outcome of that meeting?

Ms Wall—We both went away with a better understanding of each other's programs and how we might be able to work together.

Senator Kemp—That is a very good answer.

Senator CARR—So no concrete action was actually taken? It was a meeting of minds but we cannot point to any concrete changes.

Senator Kemp—That is an important answer. I would not demean that answer at all. People who are in charge of separate programs understand how those programs work and better relate to each other. I thought that was most interesting.

Senator CARR—Yes, interesting, but no action has actually been taken.

Senator Kemp—That is action.

Dr Harmer—Senator, possibly not yet but in terms of the life of this agreement it is early days.

Ms Wall—And certainly, in terms of one of the innovation and investment projects that Western Australia in particular is looking to implement from next year, it will be linked with funding through the family violence program, so yes.

Senator Kemp—There you are. Are you happy with that?

Senator CARR—I am just wondering whether or not, because the minister was not around for long, action was really taken on that.

Senator Kemp—We have heard, actually, how conscientious the officers were.

Senator CARR—They had a meeting.

Senator Kemp—I think you heard more than that.

Senator CARR—And they had a better understanding of one another's position.

Senator Kemp—That is important. For years I have failed to understand your position on a variety of things, so the fact they can have a simple straightforward meeting—

Senator CARR—I appreciate that, but since the Commonwealth does not provide any services directly through SAAP but provides them through providers, how does this meeting of minds—this understanding—get translated to the people who do the work?

Mr Knapp—We have regular meetings through the coordination and development committee, which includes senior officials. We have raised with them the need to better link

some of the SAAP programs and family violence programs. That has been raised in that forum. The Western Australian example would have required cooperation between the Western Australian state government and the family violence program people that Ms Wall has spoken to. Those communication lines have been effective, and that is an example of a program that is being linked.

Senator Kemp—Before we get the next question, could I get some guidance from the committee. In relation to 4.2, ‘Supporting financial management,’ and 4.3, ‘Community recovery,’ we have officers here from the department now, and we are very happy to keep those officers if they will be questioned. On the other hand, if they are not going to be questioned, it seems to me that it would make sense for the committee to give them a leave pass.

Senator CARR—I intended to hand over to Senator McLucas in two minutes, so I will be concluding my questions for the evening at that point.

Senator McLUCAS—I will be looking at community recovery, which is 4.3. That will take us through to 11 o’clock. We will advise the committee at nine o’clock tomorrow morning whether 4.2 and 4.4 will be required tomorrow, and I suggest that we do that at the end of outcome 1, which I imagine will be early to mid-afternoon.

Senator Kemp—I think 4.4 is finished.

CHAIR—Yes, we did 4.4 earlier today, so that has been disposed of.

Senator Kemp—Are we agreed that 4.2 is not required tonight?

CHAIR—I think you can take it that 4.2 will not be required tonight. So, yes, you can send those officers home. We will finish 4.1 in a moment and then go on to 4.3, which hopefully we can finish tonight.

Senator CARR—I will put the rest of my questions on notice for now.

[10.28 pm]

CHAIR—Unless there are any others with questions, I propose that we deal with output 4.3, community recovery, now. We will deal first thing tomorrow morning with whether 4.2 is required at some point during the day. Senator McLucas?

Senator McLUCAS—I have some questions about the assistance to North Queensland following Cyclone Larry. Can I first put on the record our thanks to FaCSIA for the support of your officers and your staff, mainly through Centrelink, to provide assistance. Could you pass that on, Dr Harmer.

Dr Harmer—Yes.

Senator McLUCAS—There were a number of support measures put in place quite soon after Cyclone Larry hit. The two that I think belong to FaCSIA are the ex gratia payments and the one-off income support payment. You do not manage the employment subsidy, do you?

Mr Hunter—No. The employment subsidy is managed by the Department of Employment and Workplace Relations. We also managed the fuel excise relief.

Senator McLUCAS—Let us go through them quickly. In relation to the ex gratia payment of \$1,000 to all eligible adults and \$400 to children, do you have the data on how many adults and children claimed that payment under the measure?

Mr Hunter—At close of business on 19 May, 37,980 claims had been approved under that assistance measure, which totals \$36.92 million.

Senator McLUCAS—Of those 37,980 claims, how many were adults and how many were children? Some of those would be family units, I imagine. Do you have that aggregated information?

Mr Hunter—We would need to break that down for you, but I think you are right. Some would be in respect of a single adult and others may be in respect of a couple.

Senator McLUCAS—In that case, \$2,000 would have been applied to those two adults.

Mr Hunter—Correct. It is additive, so a family of four would have been \$2,800.

Senator McLUCAS—I do not want you to spend the time getting the data, but do you have the data by locality?

Mr Hunter—Centrelink, as you know, did the delivery of that. We would need to come back to you as to how readily that information is available.

Senator McLUCAS—If it is available, it would be appreciated. Do you have a view about how many more adults and children would be eligible for that payment?

Mr Hunter—The rate of payments now has probably decreased substantially. There may still be some people who are eligible, but I would be surprised if there were a lot more.

Senator McLUCAS—I would be surprised as well.

Ms Davies—I know that there are still a few special circumstance cases that are continuing to be examined, but they are down to about 20 to 40 at the moment.

Senator McLUCAS—What was the eligibility that FaCSIA had to put in place for the ex gratia payment?

Mr Hunter—If the person's principal place of residence had been destroyed or was uninhabitable for more than 14 days, and the uninhabitability could have been as a result of damage, lack of access or lack of power and water.

Senator McLUCAS—I certainly had calls to my office, and I am sure you had plenty to yours. How many cases of disagreement about eligibility do you think there are?

Mr Hunter—A way of judging that would be by asking Centrelink for information on the number of claims which were made which were not agreed, although that might not indicate a disagreement in every case. The claimant may have accepted that their claim was not eligible in the circumstances. We could seek information on the number of claims which were not agreed.

Ms Davies—I know that Centrelink had a number of claims that they were keeping, and when we were clarifying the ones that they were uncertain about—clarifying the policy and had written to staff and the number of special circumstances—there still were some unusual circumstances, and we are looking closely at those.

Senator McLUCAS—If you could get that information for me, that would be useful, thank you. I was there, your staff were there. How did you verify the circumstance that someone's home was uninhabitable?

Mr Hunter—It was a very large event. A lot of people were affected very substantially. In order to ensure that people were supported in a timely way, my understanding is that, at least in the early stages, Centrelink provided the *ex gratia* assistance on the basis of the undertakings of the claimant. We were not in a position, for example, to do an assessment of the extent of damage to all the houses and therefore the decision was taken that we would work on the basis of the claims made by the individuals involved.

Senator McLUCAS—I accept that. It was the most devastating thing I have seen. There have been reports, I am sure that you have seen, about people who have claimed who are not eligible. Has FaCSIA or Centrelink had to attempt to retrieve money from people who they believe have incorrectly received those *ex gratia* payments?

Mr Hunter—We are not aware of having had to retrieve any funds, but I think to be sure about that we would need to also take that on notice.

Senator McLUCAS—I do understand that the most important thing was to get people housed and fed and give them water that was not coming out of the sky. I do understand the decision that was made. You must have a disaster response planning process. Does that disaster plan indicate that an *ex gratia* payment will be paid in the way that we ended up doing it?

Mr Hunter—We have what is called the Australian government disaster recovery arrangements, which is a number of things. There is an Australian government disaster recovery committee, which is chaired by FaCSIA and comprises representatives from across a very wide range of Australian government departments. We have available to us a range of options which we can present to government in the light of the circumstances of a particular disaster, in order to best meet the needs of the people who have been impacted. At the moment, one of those measures which is available for government to consider is *ex gratia* assistance of the kind that we are talking about here, which is being formalised at the moment in terms of the introduction of an Australian government disaster recovery payment, which would obviate the need for *ex gratia* payment in every case.

So rather than having a one-size-fits-all plan, the way we try to operate is that we have a range of options that are available to us to quickly consider and provide advice to government on, that it might consider in the event of a disaster. Disasters can vary enormously in their nature and therefore governments need to have flexible responses available to them.

Senator McLUCAS—There is a series of other questions that we might just put on notice, given the time. I will put on notice the questions about the one-off income support to business, the same sorts of questions: how many and what was the eligibility? Now I want to move to the disaster management response triggers. What are the triggers for FaCSIA to instigate your response to a disaster such as we had with Cyclone Larry?

Mr Hunter—In a practical sense, the trigger is a telephone call, typically on a weekend or a public holiday, from Emergency Management Australia or perhaps from the Department of Foreign Affairs and Trade if there has been an event overseas. Typically, things are managed a

little differently if they are offshore. Normally the overall emergency response is coordinated through an emergency task force which is chaired by the Department of Foreign Affairs and Trade. If there is an event onshore, often the initial response is in terms of the emergency management response, so Emergency Management Australia would tend to lead on that. We are generally called in straightaway because best practice is that you start to think about recovery and start planning recovery at the same time as you are trying to manage the crisis. You morph from emergency management into recovery as you work through the scenario.

Senator McLUCAS—In the case of Cyclone Larry, the phone call came from whom?

Ms Davies—As Mr Hunter said, in Cyclone Larry, FaCSIA were involved with the EMA's emergency management meetings that, I think, met for the first 24 hours. We were going to those meetings. Mr Hunter is the chair of the Australian government disaster recovery committee. It became very clear that we needed, as the Australian government, to begin to look at the recovery phase very quickly. Often many of the officers, including FaCSIA, are at the table with Emergency Management Australia in the early few hours of the disaster, so the ability to be able to quickly shift into that recovery committee stage happened in a short period of time.

Senator McLUCAS—That would have been on the Monday morning?

Mr Hunter—Yes. I think the recovery committee met in the afternoon—

Ms Davies—The afternoon of the Monday.

Mr Hunter—for the first time and probably met daily for a couple of weeks.

Senator McLUCAS—Moving now to Cyclone Monica, which is our second event: last Friday the Prime Minister announced some assistance measures for those affected by both tropical cyclones Monica and Larry. All I have is his press release and some information from north Queensland which is sometimes far from reliable. Could you provide the committee an understanding of what the trigger for that response was?

Mr Hunter—We were of course aware of Cyclone Monica, which impacted on both the cape and the Northern Territory. I cannot remember the exact timings, but fairly soon after it occurred, Centrelink and the Department of Agriculture, Fisheries and Forestry made a visit to the cape, or sought to make a visit to the cape, to see the amount of damage that occurred. They had a great deal of difficulty with getting access. Some time later, Minister Truss also went up and I think had more success in getting around. Warren Entsch, the member, had also independently been moving around his electorate and had been providing advice on the impacts. But it is true to say that, because of the remoteness of the area, the extent of the flooding and the difficulties of moving around, it took some time to be able to assess the impact that Cyclone Monica had had.

The response that the Australian government is giving now, via the Prime Minister's media statement of last Friday, is focused very much on those areas which were impacted by Larry but fell outside the zone of eligibility for Cyclone Larry support arrangements and which were impacted on by Cyclone Monica; so they had two events. The nature of the support that is being provided in those areas will be: one-off business assistance grants of the same kind as were provided in the case of Cyclone Larry, also income support of the same kind which was

provided for Cyclone Larry; then concessional loans to assist businesses to re-establish their enterprises of up to \$200,000 under the natural disaster relief arrangements with 25 per cent of that being available as a grant and nine years to pay it off with an interest free payment deferred for up to two years.

Senator McLUCAS—Was there consideration of the one-off ex gratia payments considered for people who had lost their houses with Cyclone Monica?

Mr Hunter—The advice that we had available to us was that there were likely to be very few, if any, who would have met the purposes of that in the way it had been applied in the case of Cyclone Larry.

Senator McLUCAS—Very few houses were demolished but many places were without power for a good period of time.

Mr Hunter—Again, we were working in a situation here of less than perfect information. Our understanding, on the power side of things, was that many residences in this part of the cape were not dependent on mains power but actually generated their own power; and that for that reason we understood that, in most cases, they would continue to generate it.

Senator McLUCAS—Most people have auxiliary power of some sort, even if they are on the main, so they would have their own methods of doing that. I want to turn to eligibility. First of all, you say that the decision is made because this group of people were impacted, initially, by Larry; and then subsequently by Monica. On what basis do you make that assessment?

Mr Hunter—My understanding is that the Queensland government, for purposes of declarations it had made under the actual disaster relief arrangements, identified a series of local government areas which were affected by Cyclone Larry, a series which were affected by Cyclone Monica, and also a series which were affected by both but which fell outside the area which was defined for Cyclone Larry benefit purposes.

Senator McLUCAS—Could you describe the area that means, in a geographical sense?

Mr Hunter—I cannot. It would be described in terms of a list of local government areas and we would have to take that on notice to provide it to you.

Senator McLUCAS—You do not have those?

Ms Davies—I do not have it here with us, but certainly we will be able to provide that because that is, of course, essential in determining who is going to be eligible for that particular assistance. We have been conferring with our other departments that are also providing assistance measures so that we all have a common and shared area that we are working on.

Senator McLUCAS—That has been agreed to this point. There is a list. It is just not here tonight.

Ms Davies—Yes.

Senator McLUCAS—Given the need for information, you know how remote it is—I know you can take three weeks or whatever to answer questions—if you have that back at the office, could it be provided to us?

Ms Davies—I am sure we should have that because we need to start implementing and making these payments. We are just ensuring that each of the departments has got the same understanding, so that work is being done.

Senator McLUCAS—As soon as you have a look, it would be terrific if I could have that. In terms of the roll-out of assistance to the second tranche of support, how do you expect that will happen?

Ms Davies—In terms of the implementation of this assistance?

Senator McLUCAS—The implementation of the second lot.

Ms Davies—The one assistance measure that FaCSIA has, the ex gratia assistance, will be paid through Centrelink, as the three measures will be. Each of the departments that have responsibility for these measures are developing the guidelines that have been forwarded; the policy guidelines for Centrelink. They will both be on our Disaster Assist website. They will be notified there for staff, but Centrelink will, through their normal means of service delivery, be informing those communities. We will be working through them, and also with the Queensland government, to ensure that these measures of assistance are taken up and are promoted.

Senator McLUCAS—So FaCSIA's only—I do not mean 'only' in a negative sense—but your program is the income support equivalent to—

Ms Davies—The ex gratia assistance measure, yes. The other two measures are both through DITR, the Department of Industry, Tourism and Resources.

Mr Hunter—That is the business support one and the concessional loans are under the natural disaster relief arrangements that will be made available via the Queensland government instrumentality. I cannot remember what it is called—Rural Adjustment?

Senator McLUCAS—The Rural Adjustment Authority. In terms of the roll-out, you know that it is remote. Other than the Centrelink office in Cooktown and Centrelink 'agents'—we had better not say officers but rather the individuals that operate out of the councils.

Mr Hunter—The agents.

Ms Davies—The agents, yes.

Senator McLUCAS—Will the agents be skilled up to be able to deliver them?

Ms Davies—This will also be part of the implementation of how we do it. We will need to talk with Centrelink closely and certainly ourselves and DITR will need to look at how that is going to be accessed.

Senator McLUCAS—Is there consideration to having a helicopter? I was going to say a caravan but that would be pretty useless.

Mr Hunter—That is more a question for Centrelink in terms of its responsibilities for delivery, but our objective in working with Centrelink would be to try and make sure that the assistance which was being offered was as accessible as it could reasonably be, given the remote locality in which we are working.

Senator McLUCAS—Coming back to eligibility, you have identified that there are certain local government areas—may even be ‘or part thereof’, I imagine—because the Cook Shire Council is very large. Do you have to live in those areas to be eligible?

Mr Hunter—I do not know the answer to that in relation to the business assistance grant, because I can imagine a situation where you might live in one place but your business would operate in another. I need to take that on notice. I expect that in most cases that would be the expectation, but I can imagine there might be reasonable exceptions.

Senator McLUCAS—I suppose the two ends of the equation are Cairns and Bamaga, because I do not think Cairns will fit within the area affected by Monica; and Bamaga certainly will not. The businesses that are operated, especially the tourism businesses—accommodation in Bamaga, which is right at the tip—have been significantly affected. In fact, tourism related businesses in the northern peninsula area do not expect to have any business this year. Is there some consideration of how that business support could be extended to people whose business is reliant on the area that has been affected by Monica? Whilst they do not live there, their business is not headquartered in the area, they totally rely on the Peninsula Development Road and access to those locations to operate the business.

Mr Hunter—I have a couple of points on that. That is a difficult problem. We had issues similar to that in the case of Larry where there were businesses outside the zone which were substantially impacted but unfortunately, in these events, you have to draw a line somewhere in terms of eligibility for the sorts of measures that we are talking about here. That is what the process of identifying these local government areas has done in the case of Cyclone Monica. It is also relevant that the Prime Minister’s announcement indicated that we would initiate, in conjunction with the Queensland government, a study of the feasibility and cost of upgrading the Peninsula Development Road. I understand that might not be of assistance in the immediate circumstances but obviously there is thought behind that in terms of the longer term sustainability of that road link.

Senator McLUCAS—I agree with you that you have to draw a line somewhere in these sorts of matters, but does the line have to reflect the geography of the affected area rather than thinking about the businesses that are affected by the disaster?

Mr Hunter—That is a difficult question. At one stage shortly after Cyclone Larry occurred I think there were a number of people who specialised in the wholesale of bananas in Sydney who were interested in what support could be made available. Maybe I am drawing a bit of a long bow to give that illustration, but it shows that the impacts downstream can be considerable. In the end, governments need to draw a line somewhere and it is a difficult process.

Senator McLUCAS—I acknowledge that, and I am sure the line did not go as far as the Sydney markets. Going back to the trigger, it is not required that a state government declare an area a disaster zone for the Commonwealth to become involved, is it?

Mr Hunter—It is not a requirement, no. The Australian government can choose when it wishes to become involved. However, I think the pattern generally for natural disasters onshore is that we take the activation of the Natural Disaster Relief Arrangements by the state

government as being a very important indicator that there is something that needs to be looked at.

Senator McLUCAS—The immediacy of your response to Larry was welcomed. The confusion in North Queenslanders' minds was, 'Don't you forget the pointy bit.' I think most Australians were quite astonished that you would have two category 5 cyclones so quickly after each other. It was extraordinary!

Going back to the question about tourism industries, the other industry that is important is freight. There are a number of businesses that operate outside the disaster zone who are freight providers and, until the Peninsula Development Road is passable, once again, they have no business. Was there consideration of the employment assistance support—the \$200 a fortnight—that was provided to businesses to keep their employees on? I know it is not your strategy, it is a DEWR strategy.

Mr Hunter—We, through the Australian government disaster recovery committee, provided the government with a range of options that they might wish to consider in relation to Cyclone Monica. The Prime Minister's announcement indicates the ones which the government wished to take up. That is probably as far as I can go.

Senator McLUCAS—Is FaCSIA aware of the number of people who have become unemployed as a result of Cyclone Monica?

Mr Hunter—I think the answer to that would be no.

Senator McLUCAS—Is there any way we could find that out?

Mr Hunter—It would be possible to ask the Department of Employment and Workplace Relations for the trend in terms of the Newstart allowance, which might indicate impacts. That would be the best insight, I think, one could get to it.

Senator McLUCAS—It is DEWR rather than Centrelink?

Mr Hunter—Yes. Centrelink do the delivery. I am not sure who would be the appropriate one to direct it to. I guess DEWR, as the policy department.

Senator McLUCAS—I will put a question to DEWR on that. The problem is that most people who are employed in the tourism industry and in the cattle industry—in most industries on Cape York—are employed on a casual basis, because life is seasonal.

Mr Hunter—Yes.

Senator McLUCAS—It would be hard to track.

Mr Hunter—Yes, very.

Senator McLUCAS—If you lose your job at some station in the middle of Cape York, you go to Cairns and that is where you apply for Newstart.

Mr Hunter—I agree. I think it would be hard to track. That would be about the only source of data one would have available, that I am aware of.

Senator McLUCAS—It was put to me that every station in Cape York had put off all of their ringers and jillaroos. You could not do anything, and there was no foreseeable employment till about August or September. I was interested that a decision was made not to

pursue that measure, which was so welcomed in Innisfail and on the Atherton Tablelands. Thank you very much.

CHAIR—We have reached the appointed hour for our conclusion. I thank officers of FaCSIA for their appearance here today and look forward to seeing them again tomorrow.

Committee adjourned at 11.03 pm