



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Consideration of Budget Estimates**

WEDNESDAY, 24 MAY 2000

CANBERRA

BY AUTHORITY OF THE SENATE



**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**  
**Wednesday, 24 May 2000**

**Members:** Senator Knowles (*Chair*), Senator Allison (*Deputy Chair*), Senators Denman, Evans, Mason and Tchen

**Senators in attendance:** Senators Calvert, Denman, Evans, Eggleston, Gibbs, Knowles, McLucas, Tchen and West

**Committee met at 9.09 a.m.**

**FAMILY AND COMMUNITY SERVICES PORTFOLIO**

**In Attendance**

Senator Newman, Minister for Family and Community Services

**Executive**

Mr Jeff Whalan, Deputy Secretary

**Executive Directors**

Kerry Flanagan, Community and Locational

Mr Geoff Leeper, Partnership Framework

Ms Robyn McKay, Family Capabilities

Mr David Kalisch, Economic and Social Participation

Ms Helen Fleming, Chief Legal Adviser

Mr David Tune, Strategic Framework and Coordination

Barry Wight, Corporate Facilities and Services

**General Managers**

Ms Cathy Argall, General Manager, Child Support Agency

Mr Alan Law, General Manager, CRS Australia

**Assistant Secretaries**

Mr Alex Dolan, Budget Development

Mr John McWilliam, International

Ms Tricia Rushton, Community

Ms Helen Hambling, Housing

Mr Keith Henry, Family and Children

Mr Jeff Pople, Tax Reform Unit

Mr John Powlay, Child Care Benefits

Mr Andrew Herscovitch, Office of Disability Policy

Ms Jenny Bourne, Youth and Students

Ms Judy Raymond, Risk, Audit and Compliance

Ms Jeremy Nott, Family Relationships

Ms Joan Corbett, Child Care Services

Mr Richard Lansdowne, Information Strategies

Ms Margaret Carmody, Disability Service Reforms

Ms Glenys McIver, A/G Seniors and Means Test  
Ms Gwenda Prince, People Development and Change  
Mr Steve Jennaway, Performance, Ministerial and Public Relations  
Mr Barry Smith, Disability and Carer Support  
Mr Roger Barson, Partnership and Service Delivery  
Mr Peter Hoefler, Corporate Services  
Ms Peta Winzar, Parenting Payment and Labour Market  
Mr James Jordan, Strategic Policy and Analysis

**Assistant General Managers**

Ms Sheila Bird, Child Support Agency  
Mr Trevor Sutton, Child Support Agency

**CENTRELINK****Executive**

Ms Sue Vardon, Chief Executive Officer  
Mr Graham Bashford, Acting Deputy Chief Executive Officer  
Ms Helen Skrzeczek, Acting Chief Information Officer

**General Managers**

Mr John Wadeson, Business Development and Major Projects  
Mr Mike Goldstein, Contestability and Contracts  
Ms Carolyn Hogg, Gateway  
Mr Vic Rogers, Assurance and Assessment and Chief Auditor  
Ms Helen McKenna, Deputy General Manager, Performance Assurance and Evaluation

**National Managers**

Mr Rod Gibson, Debt Services  
Mr Hank Jongen, Communication and Marketing  
Mr David Farrell, People Management  
Mr Grant Tidswell, Families and Children  
Mr David Batchelor, Employment Services  
Ms Mandy Ritchie, Resource Management  
Mr Peter Fisher, Disability and Carers  
Ms Peta Fitzgibbon, Youth and Students  
Ms Margaret Kilpatrick, Retirement  
Mr Peter Rock, Multicultural Services  
Mr Peter Bickerton, Infrastructure Services/Network 2000  
Mr Brian Pacey, Detection and Review  
Mr Brian Silkstone, Tax Reform  
Ms Marcia Williams, Rural and Housing  
Mr Luke Woolmer, I&T Relationship and Demand

**Managers**

Mr Danny Freedman, Recovery and Compensation  
Ms Samantha Scott

**Area Manager**

Ms Christine Hagan, Centrelink Call

**Chief Finance Officer**

Mr Allan Gaukroger, Financial Accounting

**CHAIR**—I declare open this public hearing of the Senate Community Affairs Legislation Committee considering the budget estimates. The committee will now commence examination of the Family and Community Services portfolio. I welcome the Minister, Senator the Hon. Jocelyn Newman, Mr Jeff Whalan and Ms Sue Vardon, and the officers of the Department of Family and Community Services and Centrelink.

The committee will be working from the portfolio budget statements although using slightly different procedures to those applied to the consideration of the previous department. I propose firstly to call on general questions on the portfolio overview on pages 25 to 44 of the PBS. The committee will then consider estimates for Centrelink, followed by departmental budget and non-budget measures which will be called on seriatim as listed in the PBS at pages 137 to 186. I will then call for general questions relating to the departmental outcomes by outcome and output groups 1 to 3 as listed at pages 47 to 135.

Senators have advised the committee that as they do not have questions for the Australian Institute of Family Studies, it was not necessary for these officials from interstate to attend. Minister, do you wish to make an opening statement?

**Senator Newman**—No, thank you, Madam Chair.

**CHAIR**—Thank you. Are there any questions on the overview?

**Senator CHRIS EVANS**—Could I just check, Madam Chair, I always get confused at the start of this program.

**CHAIR**—That is all right.

**Senator CHRIS EVANS**—My mind is still on health. Where should we do GST compensation issues?

**CHAIR**—Mr Whalan will tell you.

**Mr Whalan**—Senator, we will go through the overview of Centrelink and then move into FACS and they can be picked up under FACS.

**Senator CHRIS EVANS**—Any particular program?

**Mr Whalan**—If they are general questions we could pick them up at the start. If they were, for example, GST in housing, they would sensibly be picked up under the particular areas.

**Senator CHRIS EVANS**—Thank you for that. I just thought I would get that clear before we started.

**CHAIR**—As there are no questions on the overview, we will move on to Centrelink.

**CENTRELINK**

**Senator GIBBS**—I would like to talk first about privacy breaches. Apparently FACS has in place a system whereby serious privacy breaches are referred immediately to the Privacy Commissioner. Can you tell us about any privacy breaches since the last round of estimates where you were actually here.

**Ms Vardon**—Since the last estimates there were six breaches reported—six new privacy matters since the last estimates. Most of them were individual matters, and I am going to ask Luke Woolmer to talk about that.

**Mr Woolmer**—There were six breaches since the last estimates in total. Four of them are formal issues with the Privacy Commissioner. Every one of them only involved a single customer or one or two customers. All were completely contained and finalised. There were another two internal ones and we just sought advice from the Privacy Commissioner relating to those issues.

**Senator GIBBS**—So there were six breaches and four obviously have been referred to the Privacy Commissioner. Is that right?

**Mr Woolmer**—Yes, Senator.

**Senator GIBBS**—And they are all resolved?

**Mr Woolmer**—I will just go through the list. We have one outstanding letter where we require a letter back to the Privacy Commissioner. Another matter was closed last week and there was a response we are awaiting from the Privacy Commissioner on one which occurred only about eight or nine days ago.

**Senator GIBBS**—But they are all on track and they all will be dealt with accordingly?

**Mr Woolmer**—Yes, Senator.

**Senator GIBBS**—Last week, people receiving the Austudy supplement loan were told that their payments were to be delayed for 24 hours due to an error. Can you confirm that all students receiving the Austudy supplement loans had their payments delayed for one day last week?

**Ms Vardon**—We certainly can give you the facts on that. There was a problem with the transmitting from our computers through to the bank, which we worked on to make sure that they did get paid.

**Ms Fitzgibbon**—Yes, we did have a day's delay, Senator. You are correct, there were problems last week, but everyone has been paid. It was a problem with the transference of the information from our computer that connects with the Commonwealth Bank. The problem has been fixed and all payments were made.

**Senator WEST**—But not on time.

**Ms Fitzgibbon**—No, not the day that they were meant to get them.

**Senator GIBBS**—So how long was it before people actually got their payment?

**Ms Fitzgibbon**—My understanding was it was 24 hours. It was the next afternoon of the day that they were due to get their payments.

**Senator GIBBS**—Okay, so they got it a day late.

**Senator WEST**—Can I ask what numbers of students we are talking about?

**Senator GIBBS**—I was getting to that.

**Senator WEST**—Sorry.

**Ms Fitzgibbon**—I probably need to get back to you on that in relation to the Austudy numbers. It was certainly not the bulk of the financial loan students.

**Senator GIBBS**—Are you saying that it wasn't all of the Austudy recipients, only certain ones?

**Ms Fitzgibbon**—Sorry, all the Austudy students, but I would need to get you the absolute numbers of that.

**Ms Vardon**—Senator, we can have that answered for you today. We will go and get it now.

**Senator GIBBS**—That would be great, if you could. Obviously because of the error the delay of 24 hours would have been a bit of a boon to the government, I suppose. How much money would you have made on that?

**Ms Vardon**—I am not sure that we think in those terms. We make millions of payments all the time and every now and then there is a small computer problem. This would represent quite a small number of the payments we make.

**Senator GIBBS**—Absolutely. I know it has not been done deliberately but, even so, the government would have made a bit of money there. How much would you estimate the government made on that delay—interest rates, all that sort of thing? We are talking about huge amounts of money here, aren't we? How much would we have made? What would the saving have been?

**Mr Bashford**—You would have to ask the department of finance that, Senator.

**Senator Newman**—Are you suggesting Mr Fahey put us up to it?

**Senator GIBBS**—No, I am just saying fortuitous things happen at times and you do make money when these things happen.

**Senator Newman**—I recommend to you Neal Blewett's book on the cabinet diary and you will see the problems that happen in these areas for any administration.

**Senator GIBBS**—Have there been mechanisms put in place so that this doesn't happen again?

**Ms Fitzgibbon**—It is fair to say that the actual payment of the supplement loan is quite complex because of the relationship between the Commonwealth Bank as another intermediary and ourselves. It has caused some problems from time to time but we have put in a number of steps to ensure that this does not happen again. It is one of our more complex payments and we do keep a very close eye on it.

**Senator GIBBS**—The payment is computerised. It simply goes into their bank accounts, doesn't it?

**Ms Fitzgibbon**—Yes. As I said, what you need to understand is that the supplement loan actually hangs off the youth allowance payment. Unlike other payments, we have to have an interface with the Commonwealth Bank. There are a number of steps involved in the payment of the supplement loan which are more complex than some other payments. It just has a couple of elements where problems can occur. Between the computer, our I&T systems and the youth and students we have some very close monitoring systems because there can be more complexity in the process and things can go a bit wrong.

**Senator GIBBS**—I understand that. Has this happened very often in the past? Is this something that can be easily rectified? If it is computerisation, surely it simply could be rectified. When people are living on such small amounts of money a delay of one day in getting their payment can make a big difference.

**Ms Fitzgibbon**—It can indeed. As I said, we are very aware of it and we do have mechanisms in place. The turnaround to get those payments in the next 24 hours was made with great haste and attention from all the staff concerned because we are very aware of those consequences.

**Senator GIBBS**—Have you had many of these occasions in the past?

**Ms Fitzgibbon**—No, we have not but, as you would appreciate, the youth allowance is a very new payment. In the two years there would have been some occasions but, as youth allowance is bedding down, so is the supplement loan. We are really at the stage now in

Centrelink where we are able to give the complexities of problems like the supplement loan a great deal of attention. That has been one of our priorities this year and it has been a much smoother process. We really feel that we are getting on top of it.

**Senator GIBBS**—Thank you very much. Lately have there been errors in mail-outs to clients at all?

**Senator Newman**—Can you be more specific?

**Senator GIBBS**—I had a constituent who came to me and they had a letter from Centrelink telling them to come along for an interview—they had to be rebooked. It is the usual thing. The letter stated:

If you do not attend the interview your Newstart allowance may be cancelled for a period or reduced for a period—

When these letters are sent out are they normally signed by somebody?

**Ms Vardon**—Senator, we send out millions of letters. They are often in the name of the manager if they are a local letter. This could refer to the bulk mail-outs that came from the setting up of Job Network 2. I need to get more understanding about that. Mostly the bulk letters are sent out with just a general name on them. However, if it is a local letter, the manager's name would be there.

**Senator GIBBS**—This was a local letter. This obviously came from Ipswich because it tells the client, my constituent, that the interview will be conducted by a certain officer but there was no signature. There was nothing at the bottom. It just says at the bottom:

Please bring any certificates, resumes, et cetera. Yours sincerely, Centrelink Customer Service Manager—

It was typed. There was no signature, nothing.

**Ms Vardon**—Senator, we are sending out millions of letters and they are computer generated. It is not possible for us to sign computer generated letters.

**Senator GIBBS**—Why not? We do! Everybody has their signature on the computer.

**Mr Wadeson**—The letter you are talking about is one that would have been generated in the local office. It is not generated by the computer system; it would not be signed that way. The fact is that it should have been signed. Officers do set up their own letters for various reasons. In fact, we send a lot of letters that are not computer generated from the office. It should have been signed by the officer. It should not have gone out without a signature on it like that.

**Senator GIBBS**—This person was a bit upset. He went back and said, 'Look, is this a genuine thing? There is no signature.' So they then signed it for him—

**Mr Wadeson**—If there is a signature block there clearly should be a signature on it. You would not design a letter that did not have a signature block.

**Senator GIBBS**—No. It is a bit rude, isn't it? There was a questionnaire sent out recently to a number of people and apparently it was incorrect. Do you know anything about a questionnaire that was sent out that was totally incorrect and had to be remailed?

**Ms Vardon**—Senator, I need to have more information. I cannot even focus on where that might be coming from.

**Senator GIBBS**—It was a questionnaire sent, obviously, to clients of Centrelink. It was a family assistance questionnaire with a series of questions such as, 'Who are you? How old are



you?’ One of the questions was, ‘Level of income? Yes or no?’ which was obviously ludicrous and obviously a mistake. Does anybody know about this questionnaire?

**Ms Vardon**—Yes, we can now answer that, Senator. It related to the data capture for the Family Assistance Office.

**Mr Silkstone**—I am not aware of any problem like that. We did send out a questionnaire to people to help prepare for the change to the new family assistance payments but I am not aware of any problem relating to that. There was a simple question at the top of that which says, ‘What is your taxable income?’ but I am not aware of any problems.

**Senator GIBBS**—No, it said, ‘What is your level of income? Yes or no.’ It was a questionnaire with a certain number of yes/no answers to it.

**Mr Silkstone**—We have not had any problems relating to that questionnaire brought to our notice.

**Mr Bashford**—Senator, is it possible to give us a copy of that questionnaire?

**Senator GIBBS**—Yes, I could get you one.

**Mr Bashford**—If you give us a copy then we will certainly follow it up, but it is nothing that has come to our attention to date.

**Senator GIBBS**—You are not aware that this questionnaire had to be remailed?

**Mr Bashford**—Not to our knowledge.

**Mr Silkstone**—No, I do not know the incident you are talking about.

**Ms Vardon**—This may not have anything to do with the FAO, because the forms and things that have gone out from that have been very efficient. It may be something else that we cannot identify. It would help us if we could get a bit more content.

**Senator GIBBS**—I certainly will. You know nothing about this family assistance questionnaire at all, and the remailing of it?

**Mr Bashford**—We certainly know that there has been a lot of communication with our families’ customers but we are not aware of any distinct problems like that.

**Mr Silkstone**—The questionnaire that we sent and the data collection asked people for their estimated taxable income for salary and wages and then there are several other questions, but it did not have a yes/no answer on it, so it sounds like it is not that questionnaire.

**Senator GIBBS**—All right. I will see if I can track down one of these.

**Senator Newman**—It could be a different questionnaire. That is why they are just trying to get from you some assistance in identifying it.

**Senator GIBBS**—Yes. It was very strange, because they have some questions which are yes and no answers, like, ‘Are you married?’ and that sort of thing, but this had, ‘Level of income. Yes or no.’

**Senator Newman**—We will do our best to help you, but I think we need some information to identify it.

**Senator GIBBS**—All right, I will try to get that for you. Are all the arrangements in place for the new Family Assistance Office?

**Mr Silkstone**—Yes, they are all on track to be in place by 1 July.

**Senator GIBBS**—They will be in place by 1 July?

**Mr Silkstone**—Yes—in fact, by 20 June when we change the customer records.

**Mr Tune**—The Family Assistance Office is actually larger than just Centrelink. Centrelink is a very large component of it, but it also comprises the Australian Tax Office and the Health Insurance Commission, so FACS in effect is coordinating the implementation of the Family Assistance Office across all those three agencies and, as Mr Silkstone said in relation to Centrelink, everything is on track, and that is also true in relation to the Australian Tax Office side of things and also the Health Insurance Commission side.

**Senator GIBBS**—And that is all coming together quite well?

**Mr Tune**—Yes, it is at the moment.

**Senator GIBBS**—Good. What training has been provided to the call centre staff?

**Mr Silkstone**—The training for all our customer service officers, call centre staff and for our customer service centre staff is that those people who are experienced in families work already, who are just converting over, get the equivalent of three full days training.

**Senator GIBBS**—Sorry, four days training?

**Mr Silkstone**—The people who are already doing the family assistance work in the current environment, to change them over to the new environment, get the equivalent of three full days training on the new payments. The call centres are bringing on around 80 new people and a large number of temporaries. Those people are receiving the full call centre training as well as the family assistance training, so they receive additional training. But people who have been experienced in the work already are getting three full days training to work with the new payments.

**Senator GIBBS**—Does the Family Assistance Office utilise a different call centre infrastructure to other areas of Centrelink?

**Mr Tune**—Yes, it does. The FAO call centre is actually being undertaken by Centrelink on behalf of all the various players in the Family Assistance Office. Perhaps Mr Silkstone can provide more detail on the operations of that, because it is separate from the normal call centre.

**Mr Silkstone**—The existing families queue becomes the Family Assistance Office call centre and takes on some new staff and has linkages through to particularly Tax, and for a small number of inquiries through to the Health Insurance Commission, so the old system becomes a bit larger to handle the links to the tax system and becomes the FAO call centre, with a new number.

**Senator GIBBS**—To what extent have the Family Assistance Office arrangements been separated from other Centrelink functions? I know they are working with the ATO and it is sort of a mixture, but are there any other areas where you can separate it?

**Mr Tune**—Mr Silkstone can provide more detail but, in general, they are integrated with the Centrelink operations, particularly where, say, a sole parent comes in and is seeking a parenting payment and also seeking family assistance. We are trying to get a seamless service across there. Even though the FAO is not formally providing the parenting payment—that is a Centrelink function—for the customer it needs to be a seamless service. The FAO, which is part of a Centrelink office, sometimes will have a separate door, a separate area, within the Centrelink office, and also a separate area inside a Health Insurance Commission office. We try and integrate the services that are being provided by the mainstream agency to families, as well as those specialised services that are being provided by the FAO, so that it is seamless for the customer. But the layout and so forth of every office is slightly different, even though it has a common signage and things like that about it. FAO is an identifiable entity within an office of either the tax office, the Health Insurance Commission or Centrelink.

**Mr Silkstone**—Just to add to that, within the back office we have people who will come in with partners, one of the couple is an FAO customer and the other one perhaps is on Newstart, so we have a lot of integration in the back office. As Mr Tune said, the front office is identifiable as an FAO but we are training our Newstart people to be able to handle FAO issues as well, for the times when someone comes in with a partner, their main inquiry is Newstart but their partner needs to change their FAO payment.

**Senator CHRIS EVANS**—I understand you have split the functions inside Centrelink in a number of offices so that you have aged, disability and family services in one office and youth, student and employment services in another. Is that right?

**Ms Vardon**—In some areas where there are two Centrelink offices close together there has been a focusing so that there is a more obvious separation.

**Senator CHRIS EVANS**—How does that fit with the one-stop shop, though?

**Ms Vardon**—You can still have everything done at the shop. It is often about accommodation when we are trying to create a families front end or an employment front end. It is much better to get the specialist services around those two fronts, but you can still come into any of those offices and get looked after.

**Senator CHRIS EVANS**—We have reports of people being referred to the other office. Is that not right?

**Ms Vardon**—It may well be, if it is for an appointment to see somebody who is very skilled or trained in employment or some things like that, but you can still come in and register and make changes and things in the first office.

**Senator CHRIS EVANS**—And have the number of offices that have been split increased?

**Ms Vardon**—There is a bit of rationalising going on around Australia about that, but it is not very common that that happens.

**Senator CHRIS EVANS**—But it is increasing, is it?

**Ms Vardon**—The answer probably is yes, but we are still talking only of a very small number of offices, because in most places there is only one office of Centrelink. It is where they are close by that that has happened.

**Senator CHRIS EVANS**—You are telling me the only driver of that is the question of office space?

**Ms Vardon**—Mostly office space, yes, and sometimes it is convenience. Some families people do not necessarily like to stand in the same queue as people who are looking for employment and some retired people prefer to have their own identified space, so we are trying to accommodate their needs as much as everything else.

**Senator CHRIS EVANS**—That is a slightly different answer then. You are saying to me there are drivers other than office space. There are actually client based reasons, you say, driving it. I am not trying to be difficult. I am just trying to understand.

**Ms Vardon**—No, I know.

**Senator CHRIS EVANS**—We are getting reports that increasingly the functions are being split. I am just trying to understand what is driving that.

**Ms Vardon**—There are a number of drivers. Our client departments want us to have a strong focus and a strong front for a particular service. The people who want us to have a high profile in employment want to make sure there is an employment area with all of the facilities around it for self-help, and the self-help facilities are taking a lot of space. It is good, because

they are very well used but, to accommodate that, if it is a small office it is a bit difficult to get every front end, as we say, out in the public arena. We try and adjust to what the client departments are expecting, what we know the customers prefer and what the property layout allows us to do.

**Senator CHRIS EVANS**—So there is no intention to divide those functions inside the organisation in any major administrative way?

**Ms Vardon**—No. We are very strong that it is a Centrelink customer service officer who provides service across a number of areas.

**Senator CHRIS EVANS**—That is what I thought. The development seemed to me to be moving against everything else you talked about: one-stop shop, life events. It seemed to be a contrary development.

**Ms Vardon**—Yes, but there is a harmony. The harmony is that the customer service officer has the capacity to be in any of those queues and it is Centrelink providing the services. You must not laugh, Senator, but we call it the boutique front ends and it is the Centrelink backing—

**Senator CHRIS EVANS**—After life events and—

**Ms Vardon**—No. We have to shape the front but anybody who comes to us—and we have just heard a demonstration of it—whatever their circumstances, the customer service officer needs to look after the whole of the problem. If a person comes to employment and Newstart is a part of the issue, the Newstart officer or the customer service officer in employment is actually able to understand what FAO is. We are training our employment people in the FAO so that you do not have to keep moving around but you can capture the whole of the family's circumstances together.

**Senator GIBBS**—Ms Vardon, last year in estimates we were told that the FAO were to employ about 700 staff during 1999-2000. Has that figure held up? Have you actually employed 700 new staff?

**Ms Vardon**—It is not necessarily about new staff, Senator. It is about re-badging the family staff that we already had in our office. To give you an exact answer I will have to ask Mr Silkstone.

**Mr Silkstone**—Everybody who is doing the work in the current office is moving to the new scheme—the same number of people. Additionally, if you look at the appropriations that were given for the new scheme, there is additional money to increase the staffing to handle things like the links to the tax system which is a new aspect of it. So, yes, we have new people, new appropriations, new money to do that.

**Senator GIBBS**—Have you actually put on new staff at the moment?

**Mr Silkstone**—There are new staff. For instance, in the call centres we are putting on something like the equivalent of 137 new staff to handle the extra calls. There are new staff in the network as well; I am not sure on the numbers there but it is in line with the appropriations that we would have received.

**Senator GIBBS**—That 700 were just people who were being moved around a bit.

**Mr Silkstone**—I have never heard the figure 700 before.

**Mr Tune**—Perhaps I can clarify that. The 700 figure is comprising Centrelink, Health Insurance Commission and the ATO. It is a combined figure for the Family Assistance Office. Forty-two are tax office; about 53 are Health Insurance Commission; and the remainder are Centrelink. I think 600 is the Centrelink number approximately.

**Mr Silkstone**—Some of that 600 would be for the implementation. Some of it would be temporary and some of it would be permanent extra staff for the network and the call centre part of the network.

**Senator GIBBS**—I see. Thank you.

**Senator WEST**—On the issue of mail-outs can you provide me, since we last discussed this in February, with details of any problems at all with any of your mail-outs. I am taking a very wide definition here so I do not want anyone sliding out from underneath saying I was not precise enough in my question, please.

**Ms Vardon**—Senator, we did anticipate your question. I am assured that we have not had problems to the extent that we reported last time but we will answer your question as you intended it.

**Senator WEST**—Thank you. Can you give me—

**Ms Vardon**—No, I have not got it today because I think the answer is none. We are going to go away and make sure that, given the breadth of your question, that is the correct answer.

**Senator DENMAN**— Except this questionnaire, when I get my hands on it.

**Senator WEST**—The other thing is that you said ‘any significant ones’. That is a subjective phrase as well, ‘significant’, so I certainly would urge some caution with the use of the word ‘significant’ too, please.

**Ms Vardon**—That is why I was cautious in my reply, Senator.

**Senator WEST**—Thank you.

**Senator GIBBS**—On page 216 there is ‘Compliance Strategy: Measures to Improve Control of Incorrect Payment and Fraud—Deterrence’. How much will this compliance strategy publicity campaign cost to implement?

**Ms Vardon**—I will refer that to our colleagues in FACS.

**Mr Whalan**—Are you happy that we pick that up under that area when we get to FACS?

**Senator GIBBS**—Not a problem. We will.

**Senator WEST**—Under ‘Measure’ for Centrelink on page 216 it says:

Increased data matching reviews, and also allow matching of income details and the exchange of information from the public between the Australian Tax Office and Centrelink tip off recording systems.

I am a bit puzzled as to how that can come into FACS.

**Ms Vardon**—Senator, this is a budget measure that at this stage FACS is responsible for developing. We will implement it when they are ready. At this stage it is a budget measure.

**Senator WEST**—Okay. At this stage it has no relationship to Centrelink.

**Ms Vardon**—We have done some work on it but I think, in general terms, it should be replied to by FACS.

**Mr Whalan**—The prime responsibility until next financial year remains with FACS. As we then move into this next financial year and the budget implementation, the prime responsibility will shift to Centrelink.

**Senator WEST**—That is fine. Senator Gibbs can take her questions there. As Ms Vardon has already said, you have done some work on it. I would like to know how much that has cost you, please.

**Ms Vardon**—We have helped FACS design what it might be and put some costings on it but in a sense they make the final decision about how much they bid for and what shape it finally gets as a policy initiative.

**Senator WEST**—How much they bid for?

**Ms Vardon**—How much they choose to assess it as worth in the budget.

**Senator WEST**—If you are doing some work it must be costing you something.

**Ms Vardon**—Our people would have been giving them advice, to some extent, on what it might look like, what it might cost. We are often asked to provide costings for FACS for new initiatives.

**Senator DENMAN**—In February I asked about waiting times for half an hour and you were working on strategies to improve that. What has happened since February?

**Ms Vardon**—Waiting time is something we pay a lot of attention to and we report on it. We notice if any office anywhere in Australia goes past what we consider to be an acceptable standard. The average is about two days. If we notice any office that is exceeding that we ask why that is so. We have introduced a whole lot of new initiatives in relation to queue management around Australia. I have been watching the queues and they are moving very fast. We have customer service liaison officers who are out the front who go up and down the queues to make sure that they are reduced. We put more people on reception. We have built reception teams throughout Australia to make sure the queues go down and we have improved our booking system significantly. It is something that in a large organisation you can never take your eye off but it is something that we consider high priority in practice.

**Senator DENMAN**—What about phone waiting times?

**Ms Vardon**—Phone waiting times are very good, Senator. I can get you the details on that if you would like.

**Senator DENMAN**—Please.

**Ms Vardon**—I will ask the national manager for call centres, Christine Hagan, to report to you, Senator.

**Ms Hagan**—The call wait time over the last 12 months has reduced by 57 per cent. It is currently around about 66 seconds wait time compared to 152 last year. It has been quite a major improvement.

**Senator DENMAN**—How have you achieved that? What have you done to achieve that?

**Ms Hagan**—There has been, within the call centres themselves, a 50 per cent productivity improvement. We have resourced it better. We have recruited, I think, staff that are very much focused on customer service and who have taken adherence to schedule very seriously.

**Senator CHRIS EVANS**— We have not had any major government changes for a couple of months—

**Ms Hagan**—The Family Assistance Office is taking a lot of people off the phone for training at the moment, so there is always an ongoing training issue.

**Senator WEST**—How did you achieve the 50 per cent productivity increase?

**Ms Hagan**—By focusing on it heavily. I think we gained the commitment of the call centre managers around the country to drive a cultural shift in the way customer service officers approach their work. It was a question of making sure that we were monitoring their schedules and their adherence to their schedule, making sure that we were regularly coaching in call centres. Our team leader spent a lot of time sitting down with the customer service

officers and giving them feedback about their performance over the previous month. So through the coaching and through the general message that it was really required of them to be on the phone, it generated a culture where they felt better. We were answering the phone a lot more quickly. People were feeling a lot happier. The people on the phone were finding it better. It reinforced adherence to their schedule.

**Senator CHRIS EVANS**—But does that mean they are spending less time per call on the phone?

**Ms Hagan**—No, not at all. In fact, we are trying to shift the focus very much away from true calls per hour to first contact resolution. We are trying to encourage our CSOs to really finalise a call as much as possible so that we do not get rework, and that is another strategy that seems to be working in our favour.

**Senator CHRIS EVANS**—What was the old true calls an hour?

**Ms Hagan**—True calls per hour was a measure. We still measure the average calls they are taking per hour but by focusing too heavily on that you might run the risk of customers not getting the best service, so we are taking it the other way.

**Senator CHRIS EVANS**—You were setting a minimum standard, too, were you?

**Ms Hagan**—Yes. At the same time as looking at performance measures, throughput, we are also measuring quality, so we have quality listening and double headsetting with the team leaders to make sure that we are providing quality service, and that again comes into the coaching of our customer service officers.

**Senator CHRIS EVANS**—But you are very much a peaks and troughs organisation, aren't you? I suppose you have a peak coming up. Is that right: an anticipation of what will happen with the July changes?

**Ms Hagan**—We plan well ahead and we are getting better at that, too. I think that is an area in which we have really improved. We make a lot of use of temporary staff with ons and offs so our forecasts have been quite accurate. I work quite closely with the customer segment leaders on forecasts and we schedule to the forecasts so that we have to know reasonably well in advance what the forecast call load will be. We put staff on to meet that call load, take them off as soon as the pressure is going to be off.

**Senator CHRIS EVANS**—Can you tell me what your forecasts are for July-August? I do not mean the exact forecast but a feel for what you think.

**Ms Hagan**—It is the heaviest we have ever had. I will have 4,000 staff in the call centres for June, July, August, so it is the biggest. We have staffed it up—

**Senator CHRIS EVANS**—What is your base staffing?

**Ms Hagan**—At the moment I actually cannot tell you. It is the difference between full-time equivalents and actual people. We have about 3½ thousand people but I think the FTE is under 3,000.

**Senator CHRIS EVANS**—So when you say you will have 4,000, is that FTEs or people?

**Ms Hagan**—People. We have a lot of part-time workers in the call centres.

**Senator CHRIS EVANS**—So what are you saying? You are putting on an extra 500 to cover?

**Ms Hagan**—Yes, at least. With the tax reform we have got a lot of extra staff coming on.

**Senator CHRIS EVANS**—And are they new staff?

**Ms Hagan**—The temporaries are. In fact they are trained for anywhere between four and six weeks before they are allowed on the phone.

**Senator CHRIS EVANS**—Because that is quite an investment for a short peak.

**Ms Hagan**—It is. For the implementation of the tax reform initiative we have 180 permanent staff and 675 temporary staff this year.

**Senator CHRIS EVANS**—For that particular initiative.

**Ms Hagan**—Yes.

**Senator CHRIS EVANS**—I was going to ask later about Centrelink staffing. I see you got some extra staff in the budget. I presume that makes up part of it, does it?

**Ms Hagan**—The call centres?

**Senator CHRIS EVANS**—Yes.

**Ms Hagan**—I think we get about 80 extra FTE for the call centres.

**Senator CHRIS EVANS**—For the entire year; that is in addition to your peak—

**Ms Hagan**—Yes, but we do not put 80 people on. It means that we have got to have a few hundred people for a short period of time.

**Senator CHRIS EVANS**—Yes.

**Senator WEST**—When you are taking the full-time numbers over the year, say you had 160 on for half a year, that would be 80 year equivalents.

**Ms Hagan**—Yes, that is right. That is why it is really hard to give you actual figures of staffing.

**Senator CHRIS EVANS**—I understand. So what do you anticipate to be the peak months—July-August?

**Ms Hagan**—Yes, July-August will be pretty heavy for us.

**Senator CHRIS EVANS**—And then you expect it to tail off from there.

**Ms Hagan**—Hopefully, yes.

**Senator WEST**—What is the staff turnover like of permanents? What length of time do they stay?

**Ms Hagan**—It is well under 10 per cent, from memory. I do not have the actual figure with me. It is quite good. The call centre industry has in general a high turnover but Centrelink has not had such a bad problem with that. It is good.

**Ms Vardon**—Just as a matter of interest, Senator, one of our problems is that people that are well trained, particularly the supervisors and others, have been offered very big jobs at more income, more salary, than our national manager gets, and we are losing some. We are trailing behind. But it is not that they are leaving us because they do not like it. Many are leaving us because they are in demand.

**Senator WEST**—I was not actually concerned about the reason they were leaving. I was wanting an indication of the numbers that were leaving. That is a familiar story with a number of areas within the Defence Force. The defence minister would be aware, particularly, of the situation with pilots in those specialty areas where we do train them up and then they get pinched. So what are you doing to address this?

**Ms Vardon**—We will do anything we can but we cannot outbid. We work on what is euphemistically called the psychic capital, Senator.



**Senator WEST**—On the?

**Ms Vardon**—Psychic capital. I use the estimates to introduce new words.

**Senator CHRIS EVANS**—Where do you get these from? You are reading those awful American management books, aren't you?

**Ms Vardon**—We want people to stay with us because they like working with us, so we work hard at making them feel very special. We have introduced new management training for our team leaders and others in call centres. It is the first time it has happened and they are really enjoying it, and we make sure that all the senior officers come and talk with them and that they have an opinion, and we listen to their opinions and so on. So they are respected as strong contributors to Centrelink and its culture and the way we are trying to do business. A lot of people have joined us because they actually want to make a difference and so we encourage them to be able to do that. These are things which keep our people. We also have good accommodation for them. We have very good training. We have proper breaks and so on and the call centres work very hard at recognition, celebration and all of those other things. That is what we call psychic capital; that is, making sure people feel very important inside our organisation.

**Senator WEST**—I didn't learn that one at management—

**Ms Vardon**—I will not say any more of them.

**Senator GIBBS**—This follows on with your temporary staff. You seem to train them up extremely well and you have them for a certain period of time and then they go.

**Ms Vardon**—Mostly they fill our permanent jobs. They hang out until there is a permanent job available, Senator.

**Senator GIBBS**—So the people who are trained for certain jobs at certain times of the year, you try to get those people back, if possible?

**Ms Hagan**—Yes, because quite often we have peaks and troughs in different subjects so that while you might have families assistance stuff happening now, we might be able to get those same people back to do other special jobs. They might get jobs full time in the customer service centres or they might win full-time positions in the call centre.

**Senator GIBBS**—Because if they go elsewhere you have lost them, haven't you?

**Ms Hagan**—Yes, that is right. But it is a lot cheaper than putting people on full time and not managing the peaks and troughs.

**Senator GIBBS**—You are talking to the wrong person here. I believe in full-time employment for people.

**Ms Hagan**—Yes.

**Senator DENMAN**—My question was similar. When you train those people for four to six weeks for a temporary position, when you have permanent positions what percentage of them do you employ back?

**Ms Hagan**—Senator, I do not have the figures with me. I can find out and get back to you.

**Senator CHRIS EVANS**—Could someone take me to the global staffing stuff. I cannot read these documents. They have done a great job. I cannot find my way through them. Whoever designed them has met their objective. As I understood it, you got an increase in staff numbers in the budget.

**Ms Vardon**—Eight hundred and thirty-one.

**Senator CHRIS EVANS**—That is right; 831 full-time equivalents. I presume, Ms Vardon, from what you told me previously, you would only have got those if they gave you extra jobs as well.

**Ms Vardon**—Yes.

**Senator CHRIS EVANS**—Can I ask what the distribution of staffing numbers is for?

**Ms Vardon**—We actually do have that. In fact, David Farrell could probably give me the list. Most of them are going to the customer service offices, so each customer service office could expect two or three extra people, depending on the size of the office.

**Senator CHRIS EVANS**—Why are you putting those extra positions in?

**Ms Vardon**—Because some of them are complex assessment officers. There will be 54 complex assessment officers going out. They are the people who look after trusts and companies.

**Mr Bashford**—So it is additional work through the budget, Senator, that we have got, which is to deal with our customers and therefore they will be distributed to the customer service centres.

**Senator CHRIS EVANS**—What sort of problems will they be dealing with?

**Ms Vardon**—The trusts and companies. We are getting extra staff for—

**Senator CHRIS EVANS**—Yes, but in the budget context what is the extra work in the trusts and companies area that is driving that?

**Ms Vardon**—Perhaps we could get FACS to answer that question.

**Senator CHRIS EVANS**—Go on and finish and I will come back to that.

**Ms Vardon**—All right.

**Senator CHRIS EVANS**—I was trying to understand what they were going to do.

**Ms Vardon**—We are getting some 400 preparing for work reforms on 1 July and some family assistance review work; 280 of those are going to go into data matching and some other compliance initiatives which we will talk about later. We have got 100 or so extra for call centres. We have six extra social workers; extra JET officers and extra financial assistance officers. So the bulk of the new staff will be going out to the customer service centres.

**Senator CHRIS EVANS**—Perhaps we will go through the major groups as to what is driving that, Mr Whalan. You are going to tell us about the financial officers, are you?

**Mr Whalan**—If I may speak broadly about the complex assessment officers, and then shortly we will go through each of the budget measures and we can pick it up in more detail. The changes in relation to trusts and companies mean that the financial records of a number of Centrelink customers will have to be gone through, and they involve quite detailed calculations and assessments in relation to their financial affairs. To do that, Centrelink employs a number of specialised officers who have a high level of training ability in relation to complex financial matters. The trusts and companies changes will impact on a large number of customers and that is what drives the need to employ these additional highly skilled officers.

**Senator CHRIS EVANS**—What numbers of customers are affected by those changes, roughly? Do you know?

**Mr Whalan**—I can get them for you now, Senator.

**Ms McIver**—There are over 100,000 customers who we know have some link with trusts and companies but the actual number of people who are expected to be affected in terms of their rate by this initiative is much lower, about 35,000, but nevertheless we do have to collect the information from a much larger number of people.

**Senator CHRIS EVANS**—So 100,000 will actually have to have contact.

**Ms McIver**—It would be more than 100,000, more like 130,000.

**Senator CHRIS EVANS**—So 130,000 will have to have some contact about their arrangements and how it impacts on their payments, et cetera.

**Ms McIver**—Yes.

**Senator CHRIS EVANS**—Thanks for that. Ms Vardon, the compliance officers were the next big section; or would you rather do this under the budget measures?

**Ms Vardon**—There are some data matching and other compliance activities. There are 280 jobs for that.

**Senator CHRIS EVANS**—What are the new measures that drive that?

**Ms Vardon**—Can I refer to my colleagues in FACS?

**Mr Bashford**—There are 11 separate initiatives data matching in various different ways but FACS can answer that in more detail if you want them to. They are listed, I believe, in the—

**Senator CHRIS EVANS**—Sorry, I never get this right. Because they are Centrelink jobs, I presume I ask Centrelink.

**Senator Newman**—It is the whys and wherefores.

**Mr Whalan**—I think it is just the point in the cycle we are at at the moment where towards the end of the financial year all these new initiatives have just been announced. FACS has been the prime mover behind designing the initiatives and the way they will work. We work with Centrelink to ensure that they make sense. But we are at the moment the best point to provide that information.

**Senator CHRIS EVANS**—What are these 280 people going to do then?

**Mr Leeper**—The question actually relates to the funding model between the department and Centrelink. These additional jobs that are being identified here flow from funds which have been provided by government as additions to the workload of Centrelink in the next financial year and the financial years that follow. So they are showing up as additions to Centrelink's resource base because in effect this department has taken policy proposals through to government. Government has accepted those.

There are departmental cost items associated with those, most of which flow through to Centrelink to make sure they are delivered. So they appear both in the department's part of the portfolio budget statements in terms of initiatives, and in Centrelink's financial part of the statements as well because the flow of funds goes from FACS to Centrelink. So they show as additional jobs but it is additional jobs for additional work.

**Senator CHRIS EVANS**—I appreciate that. What is the additional work?

**Mr Leeper**—The additional work relates to a range of measures. I can take you through it now or we can go through it under budget items later.

**Senator CHRIS EVANS**—No, I just want to get a general feel for what is the major driver of the additional work.

**Mr Leeper**—Some pilot activities around additional areas of data matching, additional resources to action a number of rent assistance reviews that are not currently able to be followed up because of the resource levels that are currently around; in general, moving into new areas of compliance activity to test the effectiveness of new strategies and new forms of data matching.

**Senator CHRIS EVANS**—So it is basically extra resources for compliance activity.

**Mr Leeper**—Yes.

**Senator CHRIS EVANS**—Could someone take me through this global financial outlook for Centrelink? I notice that revenues look to be dropping in the out years. Is this purely driven by the efficiency dividend factors? I see there are some very impressive figures for the efficiency dividend.

**Mr Bashford**—The special efficiency dividend finishes this year, Senator, but we are still subject to the normal one per cent that every other organisation is subject to, and of course the eight-year figures do not include any revenue for any budget initiatives that may come through.

**Senator CHRIS EVANS**—So the special efficiency dividend imposed on Centrelink finishes—

**Mr Bashford**—This year.

**Senator CHRIS EVANS**—This financial year. So it does not apply next financial year.

**Ms Vardon**—No, it is not added to next financial year.

**Senator CHRIS EVANS**—Yes, but it has a continuing effect.

**Mr Bashford**—Of course it is ongoing. It is reduced from the base so the base remains at that level.

**Senator CHRIS EVANS**—So the increasing efficiency dividend is the IT one.

**Ms Vardon**—Yes, it is constant.

**Mr Bashford**—That stays at the same level.

**Senator WEST**—On page 229, in the out years there was a special ED of about \$139.4 million plus the standard, plus the IT giving you a bit over 200 for out years. Is the efficiency dividend different from those?

**Mr Bashford**—You can see on page 229, Senator, that there are a number of forms of the efficiency dividend.

**Senator WEST**—Yes.

**Mr Bashford**—The standard efficiency dividend is the normal one per cent which goes on every year.

**Senator WEST**—Yes.

**Mr Bashford**—The special efficiency dividend is a total of 10 per cent over three years and you can see it peaks at \$139.4 million and stays at that level for the out years.

**Senator WEST**—Yes.

**Mr Bashford**—There is the IT dividend which again peaks at \$24.8 million and stays at that level for the out years. Then the next figure is the total of all those and the last figure is just the cumulative total since 1997-98.

**Senator WEST**—I must have misunderstood you because I thought you said it had ended.

**Senator Newman**—It has ended.

**Mr Bashford**—It does not increase any more, Senator. There are no further increases in the special efficiency dividend off our base.

**Senator CHRIS EVANS**—But you will go on being efficient until the day you die, won't you?

**Senator Newman**—Of course. You would expect it, wouldn't you?

**Senator CHRIS EVANS**—Yes.

**Senator WEST**—Maybe it is better phrased by saying that it does not end but it ceases to rise.

**Mr Bashford**—Yes, Senator, I agree with you.

**Senator CHRIS EVANS**—So it looks like your revenue is expected to drop quite considerably in the out years from a peak next year. Is that right?

**Ms Vardon**—It has not included, of course, budget initiatives which we would expect in every subsequent year.

**Mr Bashford**—They have dropped marginally at the moment but, as the chief executive officer said, there are no budget initiatives included in the out years and there is no new business included in the out years because we do not know whether we will get any.

**Senator CHRIS EVANS**—That is right. That is probably why it is not included.

**Senator WEST**—What is your future?

**Senator CHRIS EVANS**—I am just trying to get a feel for what the global outlook is. The increase in revenue next financial year is different by what?

**Mr Bashford**—Generally driven by the budget initiatives, Senator—\$87 million, I think it was.

**Senator CHRIS EVANS**—And that is revenue from whom?

**Mr Bashford**—Family and Community Services entirely this year.

**Senator CHRIS EVANS**—For implementation of the new package?

**Mr Bashford**—The range of events, 51 separate measures one way and another, the biggest one of course being the trusts and companies initiative which we have already spoken about.

**Senator CHRIS EVANS**—Yes. So that is a renegotiation of the payment from FACS to Centrelink for the cost of implementing those measures.

**Mr Bashford**—Correct. Each year we renegotiate, with every client that we have, a business partnership agreement.

**Senator WEST**—Yes, because in your summary of future revenue on page 222 you indicate you think your future revenue is going to be \$1.746 billion and I am presuming that out of that you have to take \$210.8 million which takes you down to \$1.5 billion.

**Mr Bashford**—It is already taken off that figure, Senator.

**Senator WEST**—It is already taken off that?

**Mr Bashford**—Yes.

**Senator WEST**—But that is a revenue projection.

**Mr Bashford**—Correct.

**Senator WEST**—So it is a net revenue projection, not the gross revenue projection?

**Mr Bashford**—Correct.

**Senator WEST**—Okay, because on these future revenue projections you certainly are going backwards, aren't you?

**Mr Bashford**—Yes, we will have certainly taken off the one per cent, we will have assumed the one per cent comes off every year, so they will be net figures as well.

**Senator WEST**—But the one per cent is only the \$61 million.

**Mr Bashford**—One per cent is about \$15 million.

**Senator WEST**—Yes. I am asking about all of the efficiency dividends. I am looking at your summary of future revenue and I am looking at your efficiency dividends.

**Mr Bashford**—Yes.

**Senator WEST**—With respect to all of these efficiency dividends, the annual total, have you taken that off the future revenue before you put it down there, or have you only taken off—

**Mr Bashford**—It is all taken off, Senator.

**Senator WEST**—All taken off?

**Mr Bashford**—Yes.

**Senator GIBBS**—If we go to the summary of future revenue on page 222, it says: Revenue from Family and Community Services does not include funding to deliver the Family Assistance Office (FAO) Review Mechanism at this stage.

Why isn't that included in future revenues?

**Mr Bashford**—I think that note was for this year, and it was the difference between the FACS figures and our figures because of a difference in timing, so we did not have the figures available to put into these particular figures, and it is an amount of \$10 million.

**Senator GIBBS**—It is \$10 million, is it?

**Mr Bashford**—Yes.

**Senator GIBBS**—When will you put that?

**Mr Bashford**—We will have to add that \$10 million on to our revenue.

**Senator GIBBS**—When will that show up—next year?

**Mr Bashford**—Yes, Senator.

**Senator WEST**—Going back to page 217, the Extension of Retirement Assistance for Farmers Scheme, what can you tell us about that? Can you tell me how many recipients you currently have of that assistance scheme. Whereabouts in FACS will I ask it?

**Mr Whalan**—When we start on FACS, the first thing we will do is go through the budget measures in order, so we will hit each one.

**Ms Williams**—Senator, since 2 July 1998 there have been 1,375 customers, including their partners, who have accessed the age pension or a higher rate of age pension under the RAF Scheme.

**Senator WEST**—That includes partners?

**Ms Williams**—Partners, yes.

**Senator WEST**—How many farms? That is probably what I am wanting to know.

**Ms Williams**—I actually do not have that data here, Senator, but I can take that one on notice and look at it.

**Senator WEST**—Yes. With customers, you could have six in a family all getting some sort of payment, couldn't you?

**Ms Williams**—You can have some with partners and some without partners. I would actually have to get some detailed figures on that to be able to spread it out for you.

**Senator WEST**—Yes. That is what I am trying to ascertain, because I thought the initial projection was something like 10,000. Am I right?

**Ms Williams**—That is stretching the memory.

**Mr Whalan**—We can confirm that for you, Senator.

**Senator WEST**—I know you are the department and agency that is left to administer it. You did not make the projections in the first place. We had something like 12 take-ups in the first 12 months.

**Mr Whalan**—We will come back to you later today with that figure. We do not have it but we can get it quite quickly.

**Senator WEST**—Yes, because I am wanting to refresh my memory, and my filing system is not good enough to go back to 1997 when it was first initiated to tell me what the original projection was. The uptake has been a lot slower than was initially estimated. So if you are paying out to 1,375 customers, what is the amount you are paying out in total, please.

**Ms Williams**—I actually do not have that figure with me, either, Senator, I am sorry.

**Ms Vardon**—But we could find it out.

**Senator WEST**—Yes, that is fine. What is happening with aggression levels in Centrelink?

**Mr Farrell**—Senator, we have been monitoring reported aggression levels closely over the last three years and while last year there was an increase, we think because of a program of encouraging the reporting of incidents, this year so far the numbers of reported incidents seems to have fallen. The incidence of customer aggression prior to the establishment of Centrelink reported incidents—and obviously that is all we can draw conclusions on—was, in 1996-97, 175 reports per 1,000 employees. In 1997-98 that dropped to 85.1 per thousand employees, but we had a concern that that also reflected a failure to report incidents rather than, necessarily, the number of incidents. We mounted a fairly strong internal campaign during the following year, 1998-99, to encourage our staff to report all instances of aggression through a formal reporting system, including verbal aggression and physical. In 1998-99 the rate increased to about 160 per 1,000 employees. The rate for the December 1999 quarter, which is the latest compiled data we have, had dropped by 27.5 per cent on the figure for the previous year. That has been in the face of continued encouragement of staff to report instances of aggression.

**Senator DENMAN**—Have you got a breakdown between verbal and physical aggression?

**Mr Farrell**—Not a statistical breakdown but by far the majority of reported instances are verbal aggression.

**Senator WEST**—It is just that I am beginning to get more reports and complaints about higher levels of aggression and we are getting more of your clients coming through our doors upset, annoyed and frustrated than we did two years ago. Talking to staff unofficially—and I know they will get into trouble if they thought they were talking to me—they are reporting it. They think the level of aggression is rising. I actually had one of your clients and a constituent

come in and express concerns and say that he thought there should be security within the office complex. The office involved did not think there was any need for that—because we certainly passed that request on to them. It has been coming to my attention and it is not a statistically valid or measurable survey, but it is a trend that I can notice coming through my office. The level of complaints against Centrelink and Telstra are the two that are increasing in our office workload.

**Ms Vardon**—Senator, there are a couple of things I want to say about that. Firstly, aggression often relates to the peaks of the policy initiatives and other things. We had a significant reduction in aggression when we took a harder line on emergency payments inside our organisation because there was a very clear understanding, towards the end of last financial year, of a strong correlation between drug addiction and our emergency payments. We had instances of drug pushers standing outside our Centrelink offices, standing over people to go in and get emergency payments. This was of concern to us around Australia because the money, we believed, was being used inappropriately.

We took a harder line on that, not an insensitive line. We still make emergency payments but we took a harder line. That made a very significant difference to aggression because there wasn't this sort of standover factor that was happening. From time to time when we are taking, for example, a firmer position in relation to breaching or something else like that, people get cross for a period of time until they understand the new way things are happening. Aggression is not a point of time capacity. We put a lot of energy into making sure that we get better emergency response reactions, but that our staff are better trained as well to handle people who can get upset.

I am surprised and interested to hear that you say you are getting more complaints because we check all the indicators we can from members of parliaments' letters, to ombudsmen, to everybody else all the time and we do not see a big rise in complaints, but I would be very happy to respond to anything you want to say to it.

**Senator WEST**—You will not see a rise in complaints coming from letters from me as ministerials because I do not do it that way. What we do is go directly to the office and sort it out that way. Whatever it is, sort it out at the local level. It is fixed instantly. Probably it is not even aggression but it is more people coming through the doors or ringing up. It is not just for one particular office. It is across the board, because I deal state-wide with concerns, frustrations and wanting issues resolved.

**Ms Vardon**—Can I ask if you can differentiate between the ways we deliver the service, or is it that they are responding to the particular eligibility or ineligibility of the issue?

**Senator WEST**—Some have been those and with our intervention we have been able to get the review undertaken more speedily and have a better outcome than what they would have been led to anticipate they were going to get. It is just my feeling, from talking to my staff and them reporting what is coming through our front door and on our telephones, and then I happened to be in a conversation with a friend who works in Centrelink a couple of weeks ago and they reported also that they felt the aggression levels were on the rise again; the frustration, the annoyance. Not to the physical stage but just people frustrated at what is happening and what is not happening. Some of it may be that they are frustrated at the guidelines that you are required to work under and that you have no flexibility. On occasion, some of those cases—

**Senator GIBBS**—It is fairly widespread.

**Ms Vardon**—We are anticipating, with the Family Assistance Office, that a lot of people who have been upset with the families payments and the debts that have been raised and so



on—and I know there have been a number of complaints to members of parliament about that—that those issues will reduce because the circumstances of how the payment is made will be quite different, and then the notion of the debts being raised like they were before should be a thing of the past—not totally but significantly. That is one area where we know people get quite upset. We are all looking forward to 1 July for that policy change. I respect what you are saying.

**Senator WEST**—I cannot do any more than say what is coming through our door. Maybe that is an alert to you that something is going on out there. I do not know if it is happening in other areas.

**Ms Vardon**—I visit four offices a week to make sure that I keep in touch with what is happening. I talk to the people who are there. You are listening to the customers and I hear that.

**Senator WEST**—Can I follow up my questions that I asked about absenteeism in February. What is happening?

**Ms Vardon**—The figures for this year are looking better. We are anticipating 14.9 days. It is still far too high. We are targeting downwards and that is our plan.

**Senator WEST**—What have you done to bring it down to 14.9 from 17.5?

**Mr Farrell**—Senator, at the highest management level in the organisation we have developed a draft plan. Even the discussion of the issue of unplanned leave seems to have had an impact around the place, not just because of heavier compliance with our staff or anything like that, but an awareness among staff of the impact of not making alternate arrangements, bearing in mind that quite often the leave that people take is within their entitlement, but just the same the disruptive impact of that on their work colleagues can be substantial. There are a range of options that people can take to avoid having to leave the workplace. For example, we encourage them—I suppose informally, at our customer service centre level—if people need to leave for child care there can actually be arrangements where the children can be accommodated in the customer service centre in the amenities area for short periods of time.

We are looking at an awareness campaign with our own staff so that they clearly understand their obligations to the organisation as well as the organisation's obligations to them and the consequences of taking unplanned leave. We are asking people to be accountable for the leave that they take and to inform people. It is a heightened awareness from both management and staff's point of view that we think has had this impact. We think, because these have been relatively informal actions, we have recently developed a draft plan to address the issue of unplanned leave which will see a much stronger focus on informing managers, leaders and staff about their mutual obligations in how they deal with these instances of unplanned leave.

**Senator WEST**—You have recently negotiated an enterprise agreement, have you?

**Ms Vardon**—It has been in place for some time.

**Mr Farrell**—It is a bit old now but, yes.

**Senator WEST**—The old enterprise agreement for leave, as I understood it, was two weeks full time full pay; two weeks half pay.

**Mr Farrell**—Sick leave.

**Senator WEST**—Sick leave. In the current one I understand it is four weeks leave full pay.

**Mr Farrell**—I do not have a copy of the current agreement with me but that type of leave has been rolled into a form of leave called personal leave which incorporates a whole range of

things: leave for caring for children, what we used to call special leave in the old Public Service regulations, but they have all been rolled into a type of leave called personal leave which is essentially leave for any circumstances where a person needs to absent themselves from work for personal reasons.

**Ms Vardon**—Senator, the last agreement was a comprehensive agreement, unlike the one before. We had to roll up every single entitlement a person had into something. We called it personal leave because the emphasis was on not having lots of little subcategories of leave but to try and look at it more wholistically. They are not additional benefits but a roll-up of all the entitlements that were there before.

**Senator WEST**—But previously with sick leave you required certificates if you were absent for more than two days or three days. Under this current one there is no real requirement for certificates?

**Mr Farrell**—It is at the team leader's or manager's discretion. If there was doubt about someone's bona fides in claiming such leave, they may well ask for certificates or other evidence, whether it is some sort of indication of the caring that might be required from a third party—but as a general rule my understanding is that managers generally trust their staff and will not require that sort of documentary evidence unless the leave is of a more significant nature.

**Senator WEST**—So there is less policing going on?

**Ms Vardon**—There was.

**Mr Farrell**—There was. Part of the plan that we are putting in place now suggests that there should be a bit more focus on accountability on both parts.

**Senator WEST**—So you have not seen, with this reduction in absenteeism and more policing—albeit unofficial—of the leave, increases in applications for stress leave?

**Mr Farrell**—No. The data I have is on claims for stress related compensation that have been accepted, and that show significant—

**Senator WEST**—What about those that have been lodged? That is a bit different.

**Mr Farrell**—I do not have details here of claims that have been lodged. I can certainly try and get those for you.

**Senator WEST**—Thank you. I would like both sets of statistics. I do not think you can have one without the other because compensation is an interesting issue and you can have a lot of fights before you actually get to the final conclusion. Okay, I will leave it there.

**Senator McLUCAS**—Going back to that issue of aggression, do you keep statistics on the number of banned clients from offices?

**Mr Farrell**—No. Bans do not get recorded in any form of national database. We have a reporting system for incidents of customer aggression, but not necessarily the consequences of that aggression, which might be a ban. So there would not be an easy way to link that.

**Senator McLUCAS**—So you do not know the number of bans?

**Mr Farrell**—Not at any one time.

**Senator McLUCAS**—Is it very common?

**Mr Farrell**—From my Network experience, no, it is not very common. There are a couple of reasons for that. The enforcement of such bans is extremely difficult, it—

**Senator WEST**—It is not if there are AVOs taken out.

**Mr Farrell**—No, but these are not AVOs that I am talking about. These are notices that are sent to the customer basically by the manager of the office or, if it is all offices, by the area manager, banning them from personal attendance at a Centrelink office for a specified period of time, asking them to do all of their business by telephone or by other arrangements that the particular site will put into place for dealing with their particular needs.

**Senator WEST**—So you do not know how many bans there are?

**Mr Farrell**—At any time, no.

**Senator McLUCAS**—Do you think it would be useful to keep that sort of information?

**Ms Vardon**—Not particularly.

**Mr Wadeson**—We do have a number of AVOs as well. At any one time I guess there would be three or four AVOs in force where people are asked to deal with us over the phone, and it is a formal arrangement. The banning arrangement, as it is applied, is a stop from coming into one office. What happens is that they are given one main contact in another office, so although they might be stopped from coming into one office, they are given another office and told to go there and try and make a fresh start.

**Senator WEST**—Yes, but where Senator McLucas and I live that is a bit useless when the office might be 200 or 300 kilometres away.

**Mr Wadeson**—Yes. I know in some remote areas where there is not that sort of access we have in fact had arrangements where, if people do not have phone access, the manager meets the person in an outside forum to deal with any business. But usually the phone option is used for most of this sort of work. The reason we do not count them is that at any one time there would not be 10 right across the network. They are very small numbers. These people have caused considerable aggression in the office and this is not something that is undertaken lightly. It usually relates to acts of physical violence.

**Senator McLUCAS**—I have two of yours.

**Mr Wadeson**—You have two?

**Senator WEST**—I have one or two as well.

**Senator McLUCAS**—We must hang out in the wrong area. You do not know also the number of bans that are on in your agency type offices where you have people working as—

**Mr Wadeson**—I have never heard of an instance in an agency type office.

**Ms Vardon**—The agency office would not be able to put a ban on a Centrelink customer. It would have to be done by the manager that was supporting that agency.

**Senator WEST**—I do not think the manager knew about it in the regional office.

**Ms Vardon**—Sorry, you obviously have an example of an agency office banning somebody?

**Senator WEST**—I do not want to go into it. It is a small town and it would have repercussions, but certainly bans were used.

**Ms Vardon**—By the agent?

**Senator WEST**—I never quite got to the bottom of whether it was by the agent or by somebody else, but it involved someone who did not have a phone on.

**Senator Newman**—Would you like to talk to the officers from Centrelink privately after?

**Senator WEST**—I think we have fixed the problem, but I am concerned about this issue of banning if there is not a reporting mechanism of the number of bans on so that you get some idea about it. The AVO ones I understand you probably do know about, but—

**Mr Wadeson**—Yes. You have to understand that usually the way these things work is that a systems record is made that this person has a history of aggression, and if that person moves it is often not until they are in the next office that the staff there, bringing up the record, will see that this record is attached to it. Usually, although we talk about a ban, what that means is that the staff will have another staff member with them, usually the manager, who will just stand there, or other staff will be alerted, just in case there is any trouble, if these sorts of records exist.

**Senator McLUCAS**—I acknowledge it is a very difficult situation, and the safety of staff has to be paramount—

**Ms Vardon**—Yes.

**Senator McLUCAS**—but the net effect of banning a client is that someone else has to assist that person, because usually that person has extraordinary levels of disability.

**Mr Wadeson**—Yes.

**Senator McLUCAS**—And that pushes that onto another person, and often that person is a member of parliament.

**Mr Wadeson**—I was going to add that a lot of work has gone on in some offices in inner Melbourne about actually taking the service out to community service providers, and we have found that a very effective way of dealing with, once again, a very small number of people outside the office. So that to the extent that these people are getting some sort of assistance, we can be more proactive these days in trying to take the service there, rather than having them come into offices, because they are very badly disturbed in some cases.

**Senator McLUCAS**—Okay. Thank you.

**Senator WEST**—Do you want to ask anything more on Centrelink?

**Senator GIBBS**—My office is trying to track down one of those questionnaires. Whether we get it here on time is another thing, but if we do not get it today we can bring it up next time.

**Ms Vardon**—I would like to give you a better answer before next time, Senator. I would like to give you an answer immediately.

**Senator DENMAN**—With aggression, you deal with verbal aggression, but what if somebody is very physically aggressive? Do you have to call the police in?

**Mr Farrell**—Yes.

**Senator GIBBS**—Regarding the media campaign—control and fraud deterrence. Where can I ask that one?

**Mr Whalan**—We are just about to go through, at the beginning of FACS, each of the new budget initiatives, and that will be one of them.

**Senator GIBBS**—Sure.

**ACTING CHAIR (Senator Tchen)**—I thank the officers of Centrelink. The committee will adjourn for a brief private meeting.

**Proceedings suspended from 10.36 a.m. to 10.45 a.m.**

**CHAIR**—I call the meeting to order. I think that most people would now be aware that the committee has expressed a view that it would in fact like to cover the budget and non-budget measures that were going to be called on separately under each outcome. I understand from the minister and Mr Whalan that that, in the main, can be accommodated even though there are some crossovers, but hopefully they too will be able to be accommodated. We are grateful for your support on that matter and we will now proceed with outcome 1, output 1.1, Family assistance.

[10.46 a.m.]

### **Outcome 1—Stronger families**

#### **Output Group 1.1—Family assistance**

**Senator McLUCAS**—I have asked some questions over the last two estimates rounds and I thank you for the information that you have provided to me. The document I want to refer to is the needs based planning model for the service. In answer to questions previously, you have advised that there were two types of indicators that made the decision about where you were going to locate the services. There were three elements: number of paying parents, number of receiving parents, number of children under 14. Also taken into account was the location of support services. Going from this very detailed information in the back of the document to the summary pages I find extremely difficult, because you have identified that you are going to look at statistical local areas, but in fact you cannot compare one statistical local area with another, so could you walk me through how you get from an SLA to the summary table at the front of the document so that I can understand why you made decisions about where to locate services, please.

**Mr Nott**—We started off with the statistical data that we had, because it was the best that we could get hold of. It is by no means complete and at no stage do we want the process to be driven just by statistical information. We are aware, as you are saying, that the statistical areas are only part of the story, although across Australia they do give a reasonable picture of the population densities of children and children receiving support through the Child Support Agency.

What we did once we had the data was to look at the three categories of data: the number of child support payees, the number of child support payers and the overall number of children in the 0 to 14 age group. We tried to achieve a rough ranking of specific areas on that. In amongst the process as well, we were trying to allocate amongst the states because we were conscious that we wanted to achieve as wide a spread as possible of these services. The overall allocation between states has been done on the basis of population within the states. On this basis Queensland, for example, receives five services, so that is not strictly based on just a straight ranking on the number of children or the number of child support payees or payers either.

We then looked at the overall geographical spread that would be achieved with that and we looked at the support services that are in each of the areas. The document that you have in front of you, Senator, goes through a number of different aspects: support services, Family Court locations, locations where we are already supplying counselling and mediation services through the family relationships branch, and a number of other aspects of that. We were conscious that we wanted to achieve a wide geographical spread because we wanted as many people as possible to have access, in a very broad sense at least, to services, and we wanted to demonstrate in as many broad locations around Australia as we could that these services could be successful. When it came to Queensland, it was easy to allocate the first three areas. They

were done on the basis of quite high densities of potential clients in the three areas in southern Queensland.

**Senator McLUCAS**—Can I just interrupt there—that is Gold Coast, Sunshine Coast/Caboolture and Toowoomba?

**Mr Nott**—At this stage we were also looking at possibly combining the areas because we did not want it to be just on the basis of the statistical local areas, so Sunshine Coast/Caboolture was fine at that stage, and we were also looking at how we could manage to achieve the best coverage possible through the northern coast of Queensland. At this stage we started looking at the issue of Cairns and Townsville and made the decision to combine those two, and we looked at the Mackay area because that would give us a reasonable coverage up the coast of Queensland.

**Senator McLUCAS**—Can I go first of all to the issue of southern Queensland, then we will go to northern Queensland. In one of the answers to the questions that you have given me that I had put on notice, you said that:

The Brisbane area was excluded from this round of funding because it already has a Commonwealth funded contact service in operation.

**Mr Nott**—Yes.

**Senator McLUCAS**—What do you describe as ‘The Brisbane area’?

**Mr Nott**—Very broadly, really. The statistics tells a particular story about Brisbane, which is that it has high numbers of particular clients. In an exercise like this, where we are looking at 25 sites around Australia, we are looking at trying to spread the sites fairly broadly.

**Senator McLUCAS**—So, for example, all of the local government areas of Ipswich, the northern side of Brisbane, were all included in the Brisbane area. Is that how the decision was made?

**Mr Nott**—We were aware that there was a service in Brisbane and therefore, given our goal of achieving a spread of services, we were not looking at other local areas around the Brisbane area.

**Senator McLUCAS**—But Ipswich appears as the highest number of children in the state by SLA. How long does it take to drive from Ipswich to Logan City? Do you know?

**Mr Nott**—I cannot tell you that, Senator.

**Senator McLUCAS**—No, neither do I, but I dare say it is an hour and a half. It is a fairly long way for those children. When the Logan program was established, I understand that one of the ways that they defined their potential client base was that one of the parents had to live within a defined area. Does that area now include Ipswich?

**Mr Nott**—I cannot give you an answer as to the initial allocation of the first nine services, Senator. That was done within the Attorney-General’s Department. I can tell you that we were looking to achieve a wide spread with the 25 new areas.

**Senator McLUCAS**—I am trying to find out whether there was another overlaying criteria that would give us an outcome that Ipswich would not get a service. Was there any direction that these services were not to go in urban areas?

**Mr Nott**—There was no direction given that I am aware of. We were conscious, though, that the first 10 services that were allocated went to, very strongly, metropolitan areas and we wanted to spread the second round of services through remote, regional and urban fringe areas, and we wanted to achieve a wide spread within those 25 areas across Australia.

**Senator McLUCAS**—So basically the information, the three selection criteria plus additional services, was only part of the decision-making process?

**Mr Nott**—We certainly had a pretty wide-ranging discussion after that, amongst ourselves and with the Attorney-General's Department, on how to achieve a good spread of services.

**Senator McLUCAS**—I am going back to the original question I asked two estimates ago, when I was told that there were three selection criteria. It was described to me as a fairly scientific and statistically based process. Are you telling me now that it was more than that?

**Mr Nott**—I am telling you that I think the statistical basis for the process is good and that we looked at, as well as the statistics, a number of other factors such as the network of support services in areas. We think that is important both in terms of demand for the services and potential to supply a good service to clients. We also looked at how to achieve the best range of overall services across the whole of Australia.

**Senator McLUCAS**—Going to the Toowoomba issue, Toowoomba does not appear in the first 10, or in the highest 10, of number of children under 14 who are in single parent families. I know we have established that statistical local areas are in fact very difficult as an indicator. I suppose, using that, it is difficult to say they do not rank there, so how did they get there? I would have thought, out of the three indicators, that the number of children under 14 who live in that collection area would have been your prime or most important indicator. Toowoomba does not appear in the top 10 in Queensland. Can you explain to me why Toowoomba obtained a service?

**Mr Nott**—The number of children aged 0 to 14 living with single parents is, we think, one of the important indicators, but a lot of those children would be living in single parent families where there is no conflict between the parents and where there is no real need for a children's contact service. We thought it was important, but only one indicator. We felt that the number of child support payees and payers was potentially important as an indication of where there were more difficult negotiations going on between parents around support for children. Therefore we paid quite a lot of attention to those other two indicators in deciding on the areas where the services would go. Toowoomba ranked No. 1 in Queensland on the number of child support payers and No. 2 on child support payees. Although it is ranking lower on the overall number of children, we also weighted the other two indicators.

**Senator McLUCAS**—But you could use the same logic to say that the number of payers and payees could be also very happy and comfortable and proportionately, too.

**Mr Nott**—Any one of the indicators on its own is not the overall determinant of the choice.

**Senator McLUCAS**—Moving then to Northern Queensland, I want to look at Rockhampton, Mackay, Townsville and Cairns. You got somewhere down the track and there was obviously a meeting where you decided that Townsville and Cairns should be put together. What advice did you take from other agencies? How did you make the decision that Townsville and Cairns should be lumped together for one service?

**Mr Nott**—The decision was made very strongly in the context that, if there were three services to be allocated to Southern Queensland—and we felt on the basis of likely demand for the services that that should be the way the process panned out—that left two services for the remainder of Queensland. It was clear that one service should definitely go to Northern Queensland because of the population densities around Cairns and Townsville and we were looking for an additional service around the Central Coast of Queensland, the Mackay, Rockhampton, Gladstone, Bundaberg area.

The determinants which drove us to think around Cairns-Townsville as a joint location were that the distance was not impossible for people to travel, although it would be awkward. They were both very high population density areas and they had large numbers of both children in the 0 to 14 category and child support payers and payees. These services are new and we were conscious of the importance of trying to maintain as good a network as possible between the services. We were looking to try and minimise some of the distances between services. For example, if the boundary of the area was the southern area of Townsville, that is a smaller area between there and the Mackay service.

The guiding light we were using throughout the whole process was not to make too many judgments about the nature of the bids we would receive. We are still not sure whether it will be possible to supply a single service to cover the whole area of Cairns and Townsville, but we certainly wanted to give as much flexibility to the people supplying bids, to supply an Outreach service or a service that would cover as wide an area in need as we possibly could. We saw the decision to combine Cairns and Townsville as giving bidders some more potential rather than a negative to the process.

**Senator McLUCAS**—If you go back to the statistics and follow them, my view is that Townsville would have had a service and so would Cairns, if you are reading purely from the statistics and also given that they have a number of support services in the area as well.

**Mr Nott**—If that had been the result we would not have had any services on the Central Coast of Queensland. That would not have been a highly desirable result from our point of view. We think that would have resulted in too localised a range of services through Queensland.

**Senator McLUCAS**—It is a four-hour drive from Cairns to Townsville. Do you imagine many people will have supervised contact in one of those centres and travel a total round trip of eight hours for that to occur?

**Mr Nott**—I think it will be difficult for people attending contact services to drive those sort of distances, but not impossible. I am not aware of what possible arrangements can be made by the tenderers themselves to supply, for example, Outreach services within the areas. To be honest, when we are allocating 25 areas across Australia, those issues of distance apply quite a lot to many different areas. The Cairns-Townsville area is probably one of the less difficult areas for people to access these services.

**Senator McLUCAS**—Where are Rockhampton people meant to travel to?

**Mr Nott**—Again, we wanted to allocate the service to the Central Coast of Queensland. The strongest bidder we felt was Mackay, in that area.

**Senator McLUCAS**—Although Rockhampton had the second highest number of children under 14 in Queensland.

**Mr Nott**—Again, the different areas appear in different places on the rankings for the three different indicators. Mackay is above Rockhampton on two of the measures and below it on the other measure. Again, we weighted the child support payees and payer measures accordingly.

**Senator McLUCAS**—Given you have said those three selection criteria are really not indicative of the number of families who will use the service, is this a robust enough system to give us the outcome? Is it a good indication of where best to place these very important and very desired services?

**Mr Nott**—I think they provide a good indication but not on their own. That is why we adopted the process we did, taking the statistics, looking at support services and networks and



issues around them, then thinking more broadly as well about how to achieve the overall goals.

**Senator McLUCAS**—In terms of transparency then, there was a whole range of other decisions and pieces of information obviously used to make the decision about the location of those five services in Queensland. I do not know them and neither does the community. I think that is a concern. We, as the broader community, do not know how those decisions were made. That is of concern to me. That is a statement, I suppose, rather than a question. I then go to the other issue.

In the first round of estimates in February I asked the question of who was involved in the decision making and I was advised that it was the Department of Family and Community Services and the Attorney-General's Department. Subsequently I asked whether there was anyone else, and you answered yes. Can you tell me about that.

**Mr Nott**—We also consulted the Child Support Agency, the Department of Transport and Regional Services, the Department of Health and Aged Care, and we consulted with our own state and territory offices to get information about services on the ground.

**Senator McLUCAS**—The point I am making is that I know they are valued services and wherever they go they will be valued, but there needs to be greater transparency in the whole process of your decision making as a department, so that we as the community can feel assured that we have the best value for our dollar. I know they will be fantastic wherever they turn up. Let us go to the issue of Townsville and Cairns. It may have been more appropriate to make a decision to put one in one place or the other place to do it properly. It is going to be very hard, in my view, to provide a service to both of those locations.

**Mr Nott**—The outcome may be that there is a service in one place or the other.

**Senator McLUCAS**—Then I think it is being unfair to the other centre to tell them that they were going to get a service, and make them go through the process. I do not know if you are aware, but there has been an extraordinary amount of work by community agencies in both of those two cities to come together to develop their submissions. If a decision is made that it goes to one and not the other, then I think that is very unfair to those community organisations which have done an extraordinary amount of work.

**CHAIR**—Thank you. Any further questions on 1.1? Nothing on family assistance?

[11.09 a.m.]

#### **Output Group 1.2—Youth and student support**

**CHAIR**—Fire away, Senator Gibbs.

**Senator GIBBS**—On page 58 down the bottom we have Family Support Services here and we have, second-to-last paragraph from the bottom:

Over four years \$11.3 million will be distributed to State and Territory governments to provide support services to families of illicit drug users to assist them deal with issues related to their children's drug use.

I am very interested in this area. Could you tell me what sort of services will be offered?

**Ms Bourne**—Senator, this is part of the National Illicit Drugs Strategy. These services will actually be provided by state governments or by organisations that have been selected by state governments. We are currently working with the state governments in developing a memorandum of understanding around the sorts of services that they are offering. They will have community groups to establish and maintain support and advice mechanisms for families, including the promotion of successful models and best practice in this area. They

will provide outreach services to link and coordinate pathways to counselling services to help families as well as the drug users. This program is a little different to most of the others under the drugs strategy in that it focuses on assisting the families of young drug users, whereas most of the others are focused on the drug users themselves.

It will also be linked very closely to other initiatives like youth homelessness and youth suicide, and also linking into the state based parenting programs. We have proposals in from all states and the Australian National Council on Drugs has looked at those and provided comments. We are generally very happy with what is being proposed. We have had to go back and ask for some extra information on some of the proposals, and the sorts of questions are around the targeting of clients and the effective use of existing resources to ensure that there is no duplication between what is already in place in a number of states; that this actually is going to new services or expanding existing services, it was not replacement money for something that is already being funded. We are hoping very soon some of these will begin to operate on the ground.

**CHAIR**—Just before we proceed, there was some misunderstanding that 1.1 has not finished, so if we can just clear that up—I thought that was too good to be true. Can we just let Senator Gibbs finish this particular question, and we will go back to 1.1.

**Senator GIBBS**—Outcome 1 is just outcome 1 to me. I can never sort it out. Okay, that sounds terrific. This \$11.3 million is new this year?

**Ms Bourne**—The last budget.

**Senator GIBBS**—Out of the last budget?

**Ms Bourne**—Yes.

**Senator GIBBS**—So a lot of those programs now would be well under way?

**Ms Bourne**—No, Senator, none of them have started yet. The process involved the states deciding on what sorts of particular services they wanted in the state, and providing that information to us. We sought the advice of the Australian National Council on Drugs to ensure it fitted within the broader strategy. We have gone back and asked some further questions. We currently have draft memorandums of understanding with two state governments, and I signed off another last night. When they agree with those and they are signed by our minister and their relevant minister, the money will be available to the states to put them in place.

**Senator GIBBS**—Is Queensland one of those states with—

**Ms Bourne**—Every state will be—

**Senator DENMAN**—Could you table that document of the proposals from each state. Is that possible?

**Ms Bourne**—I could collate them. I am sure I could do that, Senator.

**Senator DENMAN**—Thank you.

**Senator GIBBS**—I am particularly interested in Queensland. Obviously Senator Denman is interested in Tasmania.

**Ms Bourne**—Yes.

**Senator GIBBS**—And actually I was going to ask for that. I know this is being administered by the states, but obviously they are telling you what programs they want to put into place and you are saying, ‘Well, that’s okay.’ Do I understand that they are actually going to report back, send statistics to you?

**Ms Bourne**—Yes, Senator, they will. The Department of Finance and Administration is responsible for a comprehensive evaluation strategy for the whole of the National Illicit Drugs Strategy and the information that we get here, we collect in relation to these particular projects, will form part of that broader evaluation.

**Senator GIBBS**—I am not knocking this initiative, I never knock any of these initiatives, but \$11.3 million does not seem like a lot of money to go around all the states and territories. Is this actually including all the states and territories?

**Ms Bourne**—The \$11.3 million relates specifically to this measure as part of the overall National Illicit Drugs Strategy. So there is other money going separately, mainly through the health portfolio for other services like needle exchange and education. There is a lot of work being done through the Department of Education, Training and Youth Affairs as well about working closely with schools and families around drug issues. So this is only a small part, and the \$11 million is spread over the four years.

**Senator GIBBS**—Yes, that is right.

**Ms Bourne**—And every state and territory will get some.

**Senator GIBBS**—I would be very interested if you could give me as many statistics as possible for Queensland, particularly around where I live in that south-west corner stretching out through to Ipswich. We have a rather high percentage of users in the area, and we have a very high percentage of drug users starting at eight years old, and the problem is the whole family is into drugs. Mum and dad are into it and the kids are selling it at school. I am just wondering if it is going to help these families instead of the families who suddenly realise that a couple of their children are on drugs. It is a different situation to what we refer to as the local cartels of Goodna where this situation occurs.

**Ms Bourne**—These situations are very sad. The process for this has been that the states were advised that this money was available and they have come forward with a proposal to us. Each state is doing something completely different to the other, and we are really assessing what they are doing to make sure it meets the overall objectives of this, but we are not mandating to them where they have to occur or anything like that.

**Senator GIBBS**—I realise that. That is fine. When is this going to start again? I cannot remember.

**Ms Bourne**—It was in last year's budget. The money is available this financial year and next, and clearly in the other portfolios again, where negotiations are involved with states, there tends to be a substantial delay in the process. It will roll forward. That is my understanding.

**Senator GIBBS**—So maybe at the next estimates we might have something on it.

**Ms Bourne**—I am hoping that in a couple of states that already have a draft memorandum of understanding they may start much quicker than that. I would have thought that as soon as we can have these signed, the money will start flowing.

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

**Senator DENMAN**—Is this where Tasmania is getting its diversion money or does that come out of the health budget?

**Ms Bourne**—That would be out of the health budget, Senator.

**Senator DENMAN**—Does the money include only illicit drug programs or does it include alcohol as well?

**Ms Bourne**—The overall Illicit Drug Strategy is focusing on illicit drugs and not alcohol and tobacco, but there are certainly instances where very often there is a mixture of drug use and users tend to use more than one drug at the same time. But we are certainly not restricting it for family use.

**Senator DENMAN**—So where there is an interrelationship between illicit drugs, alcohol and tobacco it is being picked up. Thank you.

**Senator CHRIS EVANS**—I want to ask about the Stronger Families and Communities Strategy in general and then some of the specific stuff. The starting point is I wanted to get a feel for how this is to work in combination with existing programs, state programs. Obviously there is an awful lot of overlap in this area of social policy initiatives. I just want to start with the general about how the department views all this stuff working and then come back to some more specific stuff. I know it is a general question but I want to get a perspective on how you see this fitting into the myriad of other Commonwealth and state programs.

**Ms McKay**—The Stronger Families and Communities Strategy is essentially developed from two different strands of work: some work on family interventions and some work on community interventions. Taking the family side first, it is drawn very heavily on the evidence base relating to early childhood and the evidence base relating to relationship interventions.

During the period in which we were developing it, we consulted with a number of state governments and we drew heavily on the interventions that were going on at the Commonwealth level in an experimental way, and in the states, to put together the whole picture. We have done one round of consultations with our state government counterparts. The Community Services Ministers Conference last August put out a communique agreeing that we would work collaboratively with state governments on the development of these measures, and clearly that becomes much more pointy in terms of implementation. So there is a round of consultation going on that started last week with state governments again to work out ways in which we can work bilaterally with state governments. Similarly there was a process of the development of a number of the communities initiatives, and I will turn to Kerry to explain what those were.

**Senator CHRIS EVANS**—Should we do that under 1.3 or do it now?

**Ms McKay**—You could do it under 2.1 probably.

**Senator CHRIS EVANS**—Maybe if you want to make some general remarks, that might help put it all in context. I am just conscious of making the officers go back and forth. But yes, some overview would be good, I think.

**Ms Flanagan**—As Robyn has explained, these initiatives were developed fairly separately but we have now brought them together for a whole range of reasons: to look at the synergies between them and also to ensure that, if we are putting them into communities, we do that appropriately. As Robyn has also explained, we have worked with state governments. We have done a wide level of consultation about what initiatives in the community area the communities themselves see as important. They have been developed both from consultation processes and also the evidence base that is developing around what will help to enliven and strengthen communities. We intend to use our state and territory offices to implement both the families and communities initiatives, and we have a joint strategy around setting up performance indicators, contractual arrangements, how we actually identify communities and work with communities on the range of initiatives. So we are trying to bring them together so they can be implemented well.

**Senator CHRIS EVANS**—Ms McKay, I notice most of the money is in the out years. This is because of the need for the developmental work, no doubt. What, in general, is going to happen in terms of on-the-ground programs in this next financial year, or is most of the money going to be spend on the development work?

**Ms McKay**—The families initiatives will largely begin from 1 January 2001 which enables us to spend the next four or five months in developing the implementation strategy. Basically this represents a very new approach to social policy and it is one that needs to balance both local responsiveness and national policy goals and accountability. Because it is broadly a bottom up approach we have left a reasonable amount of time for consultation with very many players who will be interested in the implementation of these measures, alongside existing programs or new measures that are being pursued by state government.

**Senator CHRIS EVANS**—I understand, because of the budget process, you cannot do a lot of that work until you know what you are working with. You say it is going to be community driven. Those things always take longer than one would hope in terms of driving them. They do need a long lead time and there will be, for want of a better word, competition for resources and that is going to be quite a big management job, isn't it, and therefore would involve quite a lead time. I will just take it back a bit. You say that the initiatives are evidence based. Could you point me to what the key evidence is underpinning the major initiatives?

**Ms McKay**—The major initiatives on the family side fall into three different priority areas of the families and communities strategy that was essentially announced by the Prime Minister in the middle of last year. They cover early childhood, work and family and relationship issues. On the early childhood side we have drawn very heavily, as most Australian governments have done, on the US evidence base and the building evidence base in New Zealand and the UK about the importance of early childhood experiences for brain development and therefore for later outcomes in terms of education and employment and general emotional health and wellbeing.

We have drawn a bit on our own experimental base. We have a number of small parenting programs that have been operating either on a pilot basis or moving more to a program basis in a number of jurisdictions in Australia. It is very small and consequently we would not want to place a lot of reliance on that. What we are hoping to do through the implementation of these measures is to build the Australian evidence base so that in each of these measures we are looking both to provide support to families on the ground, so that there is some actual assistance being delivered to Australian families and communities, but we are also looking to evaluate those and to have built into the design of each of the projects research questions which they will inform and then will link to the longitudinal study of Australian children. It is a many-stranded approach but we are looking to building the evidence base as one of the most important by-products of the strategy.

**Senator CHRIS EVANS**—That is right. It struck me that we do not have a lot of Australian based evidence and I was going to ask you—

**Senator Newman**—It is surprising really, after all these years.

**Senator CHRIS EVANS**—Yes. I am not quite sure why but there does not seem to be a lot and some of the overseas evidence is, as always, contradictory. Academics are a bit like lawyers. I accept that there is a body of international evidence about early intervention that is quite well developed. I want to take you to the question of the pilot projects that we have done in Australia and the evaluation. For instance, in the child-care area, there are some interesting initiatives but, as I understand, we do not have evaluations of the pilots of those projects. I am keen to take you through what we do know about the Australian pilots and particularly the

ones the federal government has funded and what they tell us. You say that there is a small parenting pilot in the early childhood area. Where are we at with that?

**Ms McKay**—The parenting pilot in the early childhood area is made up of four Good Beginnings projects and a couple of other best practice projects that draw from the Child Abuse Prevention Program. The early evaluation of Good Beginnings, which is not strictly speaking an outcome evaluation because you need time for that, had been very positive. I think that is available, Senator. The child-care pilots that—

**Senator CHRIS EVANS**—Is the evaluation of the Good Beginnings project pilot available?

**Ms McKay**—I think it is, Senator. I have to take that on notice.

**Senator CHRIS EVANS**—If you could take that on notice and provide us with a copy, if that is possible. I wanted to tie you down before we move on in terms of the detail.

**Ms McKay**—I was going to move on to the child-care pilots.

**Senator CHRIS EVANS**—Yes. I am happy to cover that either now or under 1.3 or whatever. What have we got formally on the Good Beginnings projects? You will take that on notice but there has been a formal evaluation. You just do not know whether it is publicly available.

**Ms McKay**—That is right.

**Senator CHRIS EVANS**—Has there been a departmental assessment of that evaluation?

**Ms McKay**—The departmental assessment of the evaluation has been undertaken and obviously that has informed the early childhood measures that have come forward in this strategy, particularly the Stronger Families Fund. Community input is very important. The links to family support and the building of friendships and community trust have been highlighted as quite important.

**Senator CHRIS EVANS**—I am sure that, as they say, that is not counter-intuitive. You will take on notice whether the report is available. It seems to me that if we are going to try and build in this area then a bit more public discussion about the outcome of those pilots would be helpful. You said there are two other pilot projects.

**Ms McKay**—They were related to the Good Beginnings ones. I actually cannot remember if there were two or one or three. It was a small number. I am well aware that there is one in South Australia which is very similar to the Good Beginnings projects but not under the Good Beginnings auspice.

**Senator CHRIS EVANS**—Could you take on notice the request for information about those and also about the evaluation of those, if there has been any evaluation. I think it is important that we have a broader public debate about what works and doesn't work.

**Ms McKay**—The other contribution to the public debate is some work that we commissioned on the early childhood evidence base late last year and which was launched recently by Minister Anthony. It is some work on the early childhood evidence base that was conducted by the Centre for Child Health at Melbourne University by Frank Oberklaid.

**Senator CHRIS EVANS**—I must have missed that. He launched the research, did he, on that?

**Ms McKay**—Minister Anthony launched three pieces of research that we had commissioned as part of the development of the families measures. There was some work undertaken by Kim Halford on relationship education type measures; some work by Graeme

Russell on work and family; and some work by Frank Oberklaid on early childhood. It was launched last week or the week before and we can provide you with copies of them.

**Senator CHRIS EVANS**—I would like to read that, so if you could provide us with a copy, that would be great. That was the Australian evidence based research underpinning the early childhood developments. Was there anything else that was particularly influential in an Australian context?

**Ms McKay**—I am not sure of the purpose of your question, Senator. What are you driving at?

**Senator CHRIS EVANS**—I am just trying to get a feel for the research underpinning the approach, so I am asking whether, in addition to the Good Beginnings type projects, there are other projects that have informed the development of the policy, that is all.

**Ms McKay**—There are a number of other family based projects not particularly targeted at early childhood that have informed the way that we seek to implement this. For example, the Reconnect project that developed out of the youth homelessness pilot projects has informed the community based approach that we have decided to pursue with early childhood. Similarly, the way in which a number of state governments have been pursuing parenting initiatives has informed the process as well.

**Senator CHRIS EVANS**—Yes. I know there are lots of additions at the state level. I may have trouble sometimes getting my head around what they are doing because, as you say, each state then runs a series of programs as well.

**Senator Newman**—Some of the states have been doing some really good things—

**Senator CHRIS EVANS**—Yes, but it is a question of getting a feel for—

**Senator Newman**—and we would want to be complementary rather than coming in on top of them.

**Senator CHRIS EVANS**—But it is also to see if there are good evaluations of those. What sounds a totally laudable project may not have actually worked for some particular reason and I would be very keen just to get the evaluations on those if we can.

**Ms McKay**—All these measures, in whatever jurisdiction, are pretty new, Senator, and it is therefore quite difficult to find evaluations that give you long-term outcomes. Going back to what I said earlier, that is one of the most important things that we can achieve in the way we go about implementing these measures—that different approaches will be tried in different places and we must expect out of that that not all of them will work; that, in borrowing ideas from other jurisdictions and other cultures and adapting them to Australian conditions, for cultural reasons some things will need to be adjusted over time.

**Senator CHRIS EVANS**—I think that is right but I think it is also the case that we need to make sure we assess what we have done and make sure that we are not making the same mistake twice or reinventing the wheel. That is why I am just interested in the stuff that we have done. I want to see the evaluations and work out in my own mind whether or not they have worked, and I think we need to have a public debate about some of those things as well.

**Ms McKay**—We would intend to have a public debate about those things, in essentially sharing the best practice across a range of jurisdictions and service providers to ensure we get the best outcomes.

**Senator Newman**—That is one of my concerns, that some of the states have been doing excellent stuff, it would appear from the outside looking in, and the Commonwealth can actually use its leadership position to make sure that all the states know the really good things

that are happening in other places. Sometimes a ministerial council in presentations, for example, by ministers of what they are doing in their own jurisdiction, can be extremely valuable for people who have their head down working in their own jurisdiction and not necessarily registering what is happening elsewhere, to be able to ask questions of a minister who has been presiding over maybe a pilot program or maybe a full-blooded program, but to be able to ask questions of them and their officials can be extraordinarily useful for a whole range of other ministers.

**Senator CHRIS EVANS**—I think that is right, but I also think that sometimes a bit of an independent analysis of outcomes is very useful as well—

**Senator Newman**—Of course.

**Senator CHRIS EVANS**—because there is an awful lot of ownership of these things. I am not being critical but you hear the success stories and it is just important that we get some way of actually having an independent assessment.

**Senator Newman**—Yes. Similarly in dealing with teenagers, too, some of them are doing really interesting and useful things for adolescents.

**Senator DENMAN**—When you look at these projects, do you look at whether they have been trialled overseas and the assessments and evaluations of the overseas trials, and discard them if they have not been successful?

**Ms McKay**—Yes. Essentially the Good Beginnings pilots were based on US home visiting programs which had been found to be successful and have therefore been applied to Australian conditions. Yes, we do draw very heavily on the evaluations from overseas, but it is really only some longitudinal work that has been done in the US, starting about 25 or 30 years ago, where you have a really robust longitudinal database on which to draw, and much of that has been covered in the Oberklaid work and prior to that the work that was done by Ross Homel for National Crime Prevention, the *Pathways to Prevention* report which came out about 18 months ago and shows a very strong evidence base for early intervention.

**Senator CHRIS EVANS**—Yes. The early investment in that stuff pays dividends. I know the Busselton heath trials have provided a base now for 20 years that really informs the debate in a much more constructive way than all the short-term stuff. But getting governments of any persuasion to invest in the long-term stuff is always hard, I know. That is why the longitudinal stuff is good. In terms of the family stuff, was there any evidence base for the family stuff?

**Ms McKay**—The evidence base there draws mainly on the 40 years of experience with the family relationships program. That has obviously developed over time and become much more of a relationship education focus in more recent years, so it has shifted from relationship counselling back towards relationship education in more recent years because of the prevention and early intervention approach. The work that was done by Kim Halford that was launched just recently draws all of that together. It is a program that needs a lot more outcome data and the new contracts that were signed with relationship service providers in the middle of last year are now based on outcome indicators. We do not have very much experience of that yet but we would be looking in the next round of recontracting to draw on that outcome data.

**Senator CHRIS EVANS**—What sort of measures do you use for outcomes in that area?

**Ms McKay**—I am going to need some help from Jeremy Nott on this. I am not sure exactly what each of the outcome measures is.

**Senator CHRIS EVANS**—It is a fairly general question.



**Mr Nott**—The amount of data that we have to draw on is still limited. We are still in the early stages of really designing and running a system of performance information with the hundred providers who work for us on family relationships, counselling and mediation and relationships education. The key things we are looking for in the next round of contracting are to ask providers to report very clearly against client benefit. So the actual achievement of outcomes at least in the short term for clients when they leave their doors, number of clients and cost of services provided are the key issues that we will be building into the next contracts.

**Senator CHRIS EVANS**—And you have not had much outcome based assessment before?

**Mr Nott**—This is quite an old program and it has come a long way in the last couple of years. There has been a process running which started in the Attorney-General's Department and is continuing within FACS called FAMQIS. It is a process to try and provide for greater quality improvement and consistency of quality across the organisations which run services. It provides for minimum service standards for the organisations in terms of things like client safety, maintenance of records, premises and so on. The quality strategy as part of that has included a very consultative process to talk to the sector around performance criteria and a more evidence based approach to the outcomes that are being achieved.

**Senator CHRIS EVANS**—Ms McKay, let us go back to talk about the strategy for getting this ground-up development of initiatives and community needs. Can you give me a bit of information as to how that is to be driven? What structures are you putting in place to make that happen?

**Ms McKay**—I said before, this is a new way of working, so we do not have ready-made program structures, program guidelines, all of those kinds of things, within which to slot all this. It is not intended that we would slot all this into strict program guidelines. However, what we need to do in consultation over these next few months is to develop accountability arrangements that will take account of the local responsiveness needs, alongside the need for overall national objectives type of accountability.

**Senator CHRIS EVANS**—It sounds like you are in for a hard time at estimates explaining that. It sounds like a very different sort of approach.

**Ms McKay**—It is a different sort of approach.

**Senator CHRIS EVANS**—It sounds like a bit of a high risk in terms of accountability.

**Mr Whalan**—Might I say something, Senator. Traditionally, what we have done is to deliver ready-made programs into local communities on the basis of, 'That's what's available whether you want it or not.' This is a different mind-set, which is trying to work with the local community around what it is that they think would make a difference. Whilst it is difficult in an administrative sense and will have to be very sharp in terms of accountability, what we believe is that it will make a significant difference in terms of outcomes, but there is a journey we are embarking upon here.

**Senator CHRIS EVANS**—I was not trying to be unnecessarily provocative, but it just struck me as being a much more difficult thing to administer and to be accountable for and, as you say, a very different way of working.

**Ms McKay**—We need to develop performance indicators and reporting frameworks and we need to develop those in consultation. They will be developed and in the public arena before there is any implementation of projects on the ground. So there is that degree of openness and accountability *ex ante* so that it will be understood both by the parliament and

also by the communities who will be looking to draw on these funds to achieve outcomes in their communities, of what the processes are, and that is very important.

**Senator CHRIS EVANS**—Have you any idea of how that will work? If you do not have a program guideline, you are obviously not going to have a normal ‘application against the criteria’ process in place. It will be an application which demonstrates a need, will it?

**Ms McKay**—I do not know. I do not think what you just said is obvious, Senator. There will be processes and performance indicators and guidelines about access to funding developed. Some things will be tendered for, others will be done through community development processes. We need to have those planning processes and guidelines developed, and when we have developed them they will be in the public arena, but they are not yet developed.

**Senator CHRIS EVANS**—What do communities who have needs that they think might be met by this program do in the meantime?

**Ms McKay**—We have received very many phone calls about this.

**Senator CHRIS EVANS**—So have I, and I would like to know what to advise them. They see a bucket of money out there and they have needs.

**Ms McKay**—We are building a database of that community interest. When we are ready, we will be drawing those communities back into the loop.

**Senator CHRIS EVANS**—Does that mean you do not know at this stage? They contact you, but is there anything that they can start doing? Basically, all you are doing is keeping a list of people who contact you and you will send them the information. Is that what you are saying?

**Ms McKay**—The Stronger Families and Communities Strategy launch kit is obviously what has been inspiring everybody to look to a source of funds for achieving things that people want to do in local communities. There is a reasonable amount of guidance in this relating to the principles within which this is going to be implemented, and there are eight principles spelled out here. I think that a number of those communities have been developing projects for some time in the hope of being able to draw on state funding, Commonwealth funding, a range of the kinds of money that becomes available through business and community partnerships and so on. I expect that there will be a lot of projects essentially ready to make an application to us when we are ready.

**Senator CHRIS EVANS**—When we are talking here, are you talking purely about the Stronger Families Fund Initiative or about all of those family strategy initiatives?

**Ms McKay**—I have been talking about the community based families and communities initiatives: the Stronger Families Fund, the Early Intervention, Parenting and Relationship Support measure, Local Solutions to Local Problems, Can Do Communities, and the Leadership measure. There are other families measures: child care and the longitudinal study—

**Senator CHRIS EVANS**—I know that child care is more structured and there is more information. For the others there is not much information about, other than a general description of the program. I just wanted to be clear, though, whether we had been talking exclusively about Families Fund Initiative, which is essentially a fund available to fund projects when you get the detail up and running. I am not quite sure what some of the others mean and how they interact, like the Early Intervention, Parenting and Family Relationship

Support Initiative. That is a separate measure. Is that to be approached in this same developmental way?

**Ms McKay**—Yes. Those five measures that I just listed will be—

**Senator CHRIS EVANS**—Could you just run through those five again for me.

**Ms McKay**—The Stronger Families Fund, the Early Intervention, Parenting and Relationship Support measure, Local Solutions to Local Problems, Can Do Communities, and the Leadership measure.

**Senator CHRIS EVANS**—What was the fourth one?

**Ms McKay**—Can Do Communities, which is the measure that builds the best practice and makes available to the community the things that have worked.

**Senator CHRIS EVANS**—Those five initiatives all have separate budget line items. Is that right?

**Ms McKay**—They do.

**Senator CHRIS EVANS**—So there will be no overlap between the programs for those, they will be all funded separately?

**Ms Flanagan**—Senator, this is one of the reasons why we want to create a process around all of the initiatives. They are separately identified, but rather than engaging communities in, I suppose, a stovepipe and saying, ‘Look, you need to come forward with a particular proposal that we need to shoehorn into Can Do Communities,’ the idea is that if we have a process around all of these initiatives, we can actually come up with, or we can allow some flexibility for communities to come up with, proposals that might work best for them.

**Senator CHRIS EVANS**—You have got to the point, I see, in the budget papers of allocating \$17.185 million in the out year for a particular program.

**Ms Flanagan**—That is the way the budget process works.

**Senator CHRIS EVANS**—I am just trying to understand what level of detail we have got to. I have learnt not to rely too much on those out year figures.

**Mr Whalan**—Even now, Senator, we have projects that are funded in communities that get funded from more than one appropriation and we will mix and match to try and build a service that makes sense. That has been more difficult with the approach we have taken to funding different service responses in the past. This gives us an opportunity, with five different elements coming on-stream at one time, to be able to do more of that, so I would expect that there would be a number of projects in local communities that would be funded from more than one of those five line elements. It means there is an accounting exercise to be done behind the scenes, but the aim is to make sure that you provide an integrated and appropriate solution at the—

**Senator CHRIS EVANS**—That is fine. I guess then the question is, why didn’t you throw it all in under the Families Fund Initiative and describe the various objectives? You have obviously allocated the money. I am trying to understand the intentions for the programs. You are down to quite finite figures about these particular programs.

**Mr Whalan**—There is attention between flexibility and the parliament’s interest and quest for accountability by detailed output area.

**Senator CHRIS EVANS**—It sounds to me as if you have made them up. Is that what you are saying, Mr Whalan?

**Mr Whalan**—No.

**Senator CHRIS EVANS**—Pick a figure. Put it in the column.

**Mr Whalan**—The process we are in at the moment is exactly about—

**Senator CHRIS EVANS**—Clearly you have no idea, basically, in terms of how you are going to spend the money and on what particular program, which is not a criticism. It is at that stage. You are telling me that they are fairly rough estimates of particular programs?

**Mr Whalan**—Each one of those five elements has a particular purpose. It is just that, rather than going into a community with five different programs, we are proposing that we go into communities with the group and ask what it is that would make a difference in that community. It may be that there are elements of two or three of those five programs and elements of other existing programs as well. It is a different way of doing business.

**Senator CHRIS EVANS**—That was the next question: how does this interface with the existing programs and does it have any effect on the funding of those other programs?

**Ms McKay**—It does not have any immediate effect on the funding of those other programs. For example, with the Stronger Families Fund, a local community may well have a series of services that support families, perhaps a child-care centre. It could have a Reconnect project and a youth activity service. It could have, perhaps at a distance, access to relationship services, but identify that what it really needs is more community focused relationship support and perhaps a strong element of parenting support alongside a playgroup.

It could, therefore, draw on a series of these measures, using the Stronger Families Fund as, I suppose, the central driver for it, but perhaps accessing funds from another one of these measures to set up a local playgroup. It would be very much driven by what the local community needs, based on its own analysis. The interaction between the measures is, at the community level, probably of no particular interest to them, as long as they are getting the services they want. In an accounting sense, that can all be accounted for against different measures and against existing programs.

**Senator CHRIS EVANS**—It occurs to me that you may well be funding a particular service already under another initiative. Are they eligible to apply for the Stronger Families Fund Initiative? Would there be some duplication? Would the fund initiative take it over? You fund a range of these things between FACS and Health and God knows who else. You probably fund a range of these things in the community currently in various ways—obviously child care for the child-care system. Health funds some of the—

**Mr Whalan**—This is not Nirvana. If you go to your local Salvation Army service you will find what they have done, or if you go to Tuggeranong or Woden community services in Canberra what you will find is they plug together 50 different service types, sourced from different levels of government, and the consumer does not see the back office complexity that they are dealing with to cope with the accountability requirements of state and federal governments.

**Senator CHRIS EVANS**—One of those things the services all say to you, Mr Whalan. The bureaucracy you impose on them in meeting the various requirements of each of those projects drives them mad and wastes a lot of their resources.

**Mr Whalan**—This is a step in the right direction.

**Senator CHRIS EVANS**—That is why I am interested in how this will work, because that is a key issue and we do duplicate, we do overlap, we do confuse people with different programs. You are saying that there is a different approach and that is fine. I am trying to work through how this works, because it is true that the people who deliver services, like the Salvation Army or community groups, are flexible and, if the truth be known, I am sure a lot

of the things they say they are doing to get your funding they do, but they also use the money to do other things which are not within the guidelines because they deal with the people who come in the door.

**Mr Whalan**—I can't imagine that!

**Senator CHRIS EVANS**—Yes, I know. Perhaps I should not admit it on the record, but as we all know they deal with the people who come in the door. They might have been funded for some service but if the person needs something else, they will try and do that. Then they have to fill out the form to satisfy you that it was used for the purposes for which you gave it to them. I understand the needs of the Commonwealth for accountability, but I am trying to work out in my own mind what this means for existing programs and how they interact and whether there is a suggestion that, say, a community resource centre would be funded now out of one pool of money or whether they would continue to look to different programs for their different sources of money.

**Mr Whalan**—The first point I would make is that this does not supplant or replace other programs. It ought to achieve two things. It ought to achieve a more flexible approach through the purposes of those five elements and also, through doing that, often plug the gaps between some existing programs. It may be that a community accesses some of the elements of these five streams, plus something from Health, plus something from elsewhere in Family and Community Services. That latter is happening already. It has happened more and more in recent times. It does not change that trend. It provides more scope.

**Senator CHRIS EVANS**—All of this money is new money and does not come out of any other programs?

**Mr Whalan**—Correct.

**Senator CHRIS EVANS**—Are there any other programs which will be superseded by this program?

**Mr Whalan**—No.

**Senator CHRIS EVANS**—None at all?

**Mr Whalan**—None.

**Senator DENMAN**—I have a concern about the programs in remote rural areas and targets. How are you going to go about that, because in some of those areas you might only have, for instance, two children who may need child support. No training support is available. What are you going to do about that?

**Ms McKay**—Essentially, this is a bottom up approach, Senator, so we would be looking to the community itself to identify the ways in which they can deliver programs, services, to their children, their families, their communities. We are, therefore, prepared to be very flexible about how that is delivered, drawing on the creativity of the communities themselves.

**Senator DENMAN**—They cannot really be that creative when they have maybe a very small community. I am thinking of a small community inland from where I am which does not have enough resources to be able to come forward and should be able to access some of this money. How are you going to do it?

**Ms McKay**—That is basically why there is a fair bit of lead time built in—so that community development work can be done, so that communities themselves get assistance in the development of some of the projects that they may need. That will be particularly true for some indigenous communities and some very remote communities. Consequently, in order to

get funding into those communities as quickly as possible, that community development work would need to start as soon as possible.

**Senator DENMAN**—If you have someone who has a drug problem in a very small community like this, that person is not going to come forward and be identified. That person might need help but is not going to say so. In the city they are more anonymous. That is one of the problems you are going to have to overcome: anonymity.

**Ms Flanagan**—Senator, just to add to what Robyn has said, we appreciate that some of the communities that we might want to work with do not have the resources to actually engage in the formal processes we normally subject them to in terms of submitting a tender, et cetera, so some of the resources that we have been given we are intending to locate in our state and regional offices so that they can actually go out and work with communities, to assist them to actually participate in the process, because we recognise that this is one of the real issues around trying to implement these initiatives.

**Senator WEST**—There have been community development programs before, put up by the federal government and run by the federal government, haven't there?

**Ms Flanagan**—Yes, there have been.

**Senator WEST**—Have you revisited those old programs to evaluate how well they worked and where the pitfalls were?

**Ms Flanagan**—We certainly have. We talked to a range of people around that. On the community side, I suppose we have engaged in a slightly different process to the families initiatives. We had arranged a number of think tanks where we had experts that have been working in the community development field for a long time. Academics, the community sector and organisations participated in think tanks to work through some of the initiatives that we might face in doing community development in the year 2000 onwards. We have looked at previous research and studies, so we have actually tried to get a lot of background on what the pitfalls have been, so we are hoping to move into this knowing what the pitfalls are going to be.

**Senator WEST**—There was a very interesting article, I think in the *Canberra Times*, a couple of weeks ago by Marie Coleman.

**Ms Flanagan**—We in fact have spoken to Marie Coleman.

**Senator WEST**—You have?

**Ms Flanagan**—Yes.

**Senator WEST**—Because there are a few retired public servants who were there doing it 20 years ago.

**Ms Flanagan**—That is right.

**Senator WEST**—If you do not learn from them you are going to revisit and make the same mistakes, aren't you?

**Ms Flanagan**—Yes, Senator. Marie came and saw us last week and we had a long talk to her.

**Senator WEST**—Have you identified where the pitfalls are yet?

**Ms Flanagan**—What we are not doing here is perhaps what was done, I think, in the 1970s. We are trying to design a new process. Certainly I think some of the pitfalls that have been identified to us have been things like trying to ensure that we do not have too programmatic a response; that we make it as flexible as possible; that we do engage

communities; that it will take a long time to engage communities and work with them to build the capacity to participate in the process; that we need to engage local governments as well as state governments and the community sector. So there is a lot of consultation that needs to go on around this. They are probably the main pitfalls that have been identified to us and we are trying to make arrangements to ensure we do not fall into them again.

**Ms McKay**—There is another pitfall we could fall into, Senator, and that is to rely too heavily on programs that are 25 to 30 years old and to draw too heavily on the lessons of what worked in those circumstances, because the circumstances of those times, particularly economic circumstances and social circumstances, have changed, and we are looking to learn those lessons but to adapt them to the 21st century.

**Senator WEST**—Society has not changed quite that much in 20-odd years—but as long as you are taking cognisance of what was learnt there; that was my concern.

**Mr Whalan**—In a break, Senator West, I might take the opportunity to reply to a question you asked earlier about RAFs. You asked what were the original estimates to take up the Retirement Assistance for Farmers scheme.

**Senator WEST**—Yes.

**Mr Whalan**—The original estimate in relation to the measure announced in 1997 was that some 1,800 FACS customers through Centrelink and some 300 Veterans' Affairs customers through Centrelink would take up this initiative. The latest figure, as mentioned earlier today, was that 1,375 FACS customers have taken it up and 206 Veterans' Affairs customers. So the take-up to date is reasonably close to the estimates; that is 1,581 as against an estimate—

**Senator WEST**—So it is about a 67 per cent, 68 per cent, take-up.

**Mr Whalan**—Of 2,100—and I note they are individuals. You asked an additional question about farms which we do not have the information on as yet.

**Senator WEST**—I would suggest that obviously the 1,375 and the 206 have come about in the last 12 months, because, having kept tabs on progress previously, the evidence is that the take-up was a lot lower than that.

**Mr Whalan**—From memory, at the last estimates when you asked this question, it was significantly lower.

**Senator WEST**—Yes. There are nods behind as well. Thank you. That gives me some indication that it is only about two-thirds the projected number. So, when we get to retirement incomes, I will ask the question as to what the expected projection was first time around, and follow it through. Thank you. I will stick that in section 4.

**Senator GIBBS**—On page 138 you are talking about projects developed in Aboriginal and Torres Strait Islander communities to work in with existing initiatives and projects. Have you got any idea yet exactly what you are going to do here with this new initiative? What are the new initiatives you are going to implement in the communities?

**Ms McKay**—The example I used before of how the Stronger Families Fund might work is just one example of how it might work. We would expect that, through planning processes, there would be communities identified where we thought it important that projects be developed. But the communities themselves will need to want that and they will need to have identified where there are gaps in their service delivery—and that is not just Commonwealth funded services but state funded, local government, and community service organisation funded services. If they identify that there is a gap in support for young mothers at home, then they will be able to develop parenting support, perhaps attached to a local child-care service.

They will be able to develop a play group, perhaps attached to the school. It is very much up to the communities themselves to identify from the menu of things that are available within the suite of these measures which of them they need and to make an application for one or more of those things, but a single application.

**Senator GIBBS**—So basically you do have guidelines and you will list certain things.

**Ms McKay**—We will have guidelines, Senator, but they are not yet developed. They will need to be developed in consultation.

**Senator GIBBS**—So you will list a heap of things and people will think, ‘We haven’t got that. We really need that so we can claim under this initiative.’

**Ms McKay**—We will not necessarily list a heap of things but they are the kinds of things that have already been referred to in these papers. In consultation, it may well be that there is a range of other kinds of interventions that people believe they want and that we have not thought of.

**Senator GIBBS**—Say a community up in the Cape or in Central Queensland decides there is something quite lacking, that there is something in their community that they need, like a kindy, a playgroup or some such thing, who do they go to? Are they going to be told where they ask for these things?

**Ms McKay**—Yes, they will. That is basically why we are looking to implement this regionally. Our first port of call will be our state and territory offices but they themselves will need to have some outreach capacity in order to assist communities in that way.

**Senator GIBBS**—So this will not go through—

**Ms McKay**—We are not running this from Canberra.

**Senator GIBBS**—No. Usually, in the communities, people go to ATSI or something like that, or they go to the department. Will you link in with that or will you just talk to the elders who run all the administration and that sort of thing?

**Ms McKay**—I am sorry, I did not hear all of that, Senator.

**Senator GIBBS**—I am not quite sure how they are going to access this if they decide that there is a gap there. I am not quite sure to whom they are going to say, ‘Well, this is what we need and we would like to apply for funding for this.’

**Ms McKay**—When the planning processes and the guidelines for access to funding are being developed, we will make that available very broadly into the community, and information as to who people should contact will be part of that publicity.

**Senator WEST**—I have a question on child support. There was a package announced in this year’s budget on child support measures?

**Ms McKay**—Yes.

**Senator WEST**—Can somebody run through with me what that package entails, please.

**Ms McKay**—There are five elements to the child support package. They are all very nicely balanced to promote the post-separation relationships between parents and their children, and the five are: post-separation counselling and support for non-resident parents, a measure covering lower formula percentages for payers exercising contact with their children, a lower cap on payer income subject to child support formula assessment, assessment of income for child support parents undertaking overtime and second jobs and, finally, an increase in the family tax benefit income test deduction for payers with a subsequent family.



**Senator WEST**—What does all that mean? The first question I am interested in is: how did these measures arise? Maybe the minister has to answer that, I do not know, but what drove these measures to be implemented?

**Ms McKay**—The motivation for all of these measures was to encourage greater interaction between non-resident parents and their children by recognising some of the costs that they face, and the need to provide support to non-resident parents, resident parents and their children in their post-separation relationships. There is ongoing public debate around the fairness of the child support formula, and these measures are aimed at introducing greater fairness into the child support system.

**Senator WEST**—Was there work done in the lead-up to these changes? What work was done in the lead-up to these changes to arrive at those conclusions?

**Ms McKay**—A very extensive and intensive period of policy development in consultation with a number of other agencies in the Commonwealth.

**Senator WEST**—I wanted to know if there was research done or are there documents around that one can read to understand the background to this.

**Ms McKay**—Yes. I will ask Keith Henry to answer these questions, because it goes back quite a long way into history with the report of the joint select committee on these issues.

**Mr Henry**—A good deal of these measures go back and have a long genesis through the joint select committee inquiry conducted in 1994 and then the government response subsequent to that joint select committee inquiry. You were asking about, however, specific research that might underpin some of this. One of these measures relates to changed formula percentages for parents exercising contact with their children. There is certainly recently published information—indeed, there have not been previous detailed studies—of the behaviour and expenditures of non-resident parents during contact visits, conducted by Murray Woods and Associates and published by the Department of Family and Community Services. If you wanted a copy, it could certainly be provided.

**Senator WEST**—Yes, please.

**Mr Henry**—In essence, that research suggests that parents exercising contact with their children incur relatively significant costs, particularly due to the need to provide a bedroom, furnishings, food, clothes, health care and entertainment. Another finding of the study which underpinned some of the proposals was that this behaviour of the wish of non-resident parents to maintain contact with their children was very strongly evident, and the non-resident parents wished, by and large, to do that and were willing to exercise considerable expense to do so. A finding that we found interesting was that that behaviour seems to be evident across incomes. It does not matter what the income is, the non-resident parent wishes and is willing to enter into expenses of a quite substantial kind to maintain contact with their children.

In relation to the proposal on lower formula percentages, just to use this as an example, for payers exercising contact, the present formula percentage for, say, one child is 18 per cent and if you exercise contact at 30 per cent it is 14 per cent, so there is some recognition in the existing formula of the exercise of contact. What this issue is trying to address is the consistent criticism of many involved that there is no recognition of contact between 0 per cent and 30 per cent, so one of the measures here was to put in a specific and transparent allowance for the cost of contacts between 10 per cent and 30 per cent of the nights per year.

**Senator WEST**—How was that formula arrived at? Is that in that report?

**Mr Henry**—The formula in the child support formula has been the one extant for a period of time, 18 per cent and 14 per cent. The effect of the measure was to adjust to allow a

reduction generally for payers with contact between 10 and 19 per cent to allow the formula percentage to be reduced by generally two percentage points, and between 20 and 29 per cent to be reduced by three percentage points, which is a recognition of shared care within the parameters of the scheme.

**Senator WEST**—When you say a reduction of two percentage points, do you mean a reduction in what is paid to the custodial parent?

**Mr Henry**—A reduction in the child support formula percentage. I will just use the example for one child. It might be the most useful example. Under the present arrangements, if you exercise contact between nought and 30 per cent of the time, there is no distinction drawn. The child support formula is 18 per cent of your income over the exempt income level. For one child, if you were exercising contact between 10 and 19 per cent, that formula percentage would be reduced from 18 to 16 per cent for one child. If you were exercising it between 20 and 29 per cent, it would be reduced by three percentage points; and between 30 and 40, as is the current arrangement, it would be reduced by four percentage points, that is to 14. It would go 18 for no contact or nought to 10 per cent; 16 for between 10 to 20 per cent; 15 for 20 to 30 per cent; and 14, as is currently the case, between 30 and 40 per cent.

**Senator WEST**—What about for subsequent children, because you are dealing with one child here.

**Mr Henry**—The formula percentages allow for a reduction of generally four per cent irrespective. If it were for two children there is still the four per cent gap between the current nought to 30 per cent care of the child and the 30 to 40 per cent. The same sorts of principles would apply. The decision here is to keep the two broad parameters of the scheme unchanged but to allow some recognition of the cost of contact within it. The nought per cent formula does not change. The 30 to 40 per cent formula does not change. There is a recognition generally of that reduction of two per cent between 10 and 19 per cent and three per cent for 20 to 29 per cent.

**Senator DENMAN**—Across two relationships, if there are two children by one and one by another, is that still counted within the same framework?

**Mr Henry**—Perhaps I could ask my child support colleagues to answer that question in more detail.

**Ms Bird**—Where a person is paying child support to children in different families it will be taken into account. For example, if a parent is paying child support for two children in separate relationships, if the payer only has contact with one of those children then there will be a particular reduction. If the payer has contact with both of those children there will be a different adjustment made. It will acknowledge all of the children that the parent is paying child support for and it will acknowledge the different levels of contact that the parent may have with the individual children. I do not have the table of percentages here. That is still in the final development stage.

**Senator GIBBS**—How does one prove contact with a child? How does one prove the percentage of contact?

**Ms Bird**—Where the parents agree that their arrangements are such that the parent does have contact between 10 and 19 per cent or 20 and 29 per cent, then whatever the parents agree to the Child Support Agency will accept. If, however, there is a dispute between the parents about what contact is taking place then it will be based on the number of nights that the child spends with the paying parent.

**Senator GIBBS**—I notice with this you go up to 40 per cent contact. What if people actually split half and half?

**Ms Bird**—If parents are sharing the care of the children between 40 and 60 per cent of the time we deem that to be shared care and both parents are considered to have the child for 50 per cent of the time. That is already in place in the scheme at the moment.

**Senator DENMAN**—Could you provide that table we spoke of as soon as it is available?

**Ms Bird**—Certainly.

**Senator DENMAN**—Thank you.

**Senator WEST**—What monitoring are you going to do to follow up to see what the impact is?

**Ms Argall**—As with all of the new measures that are introduced, we keep records via our operational experience of what is actually happening and review implementation issues from the date of implementation.

**Senator WEST**—You will be keeping a record?

**Ms Argall**—Yes, Senator.

**Senator WEST**—What sort of review will you be undertaking? Will it be an official sort of review or will it be just that the records are there and somebody has got to think to ask the question about it?

**Ms Argall**—What we normally do is get feedback from staff of the agency who are implementing the reforms and we collect through our policy unit. That experience is used in consultation with the department about any adjustments to the policy.

**Senator WEST**—I understand that 91.7 per cent of parents receiving child support are women. Is that correct?

**Ms Bird**—Yes, that is correct.

**Senator WEST**—We are seeing research lately about the feminisation of poverty. What is going to be the impact of this change on that particular finding? Has anybody looked at that issue?

**Mr Henry**—Working with Child Support Agency survey data, there are about 205,000 payers having contact between 10 and 30 per cent of the time; 78 of those between 20 and 30 per cent; and 127,000 between 10 and 20 per cent. Around two-thirds of those would receive an average reduction of about \$5 per week in their child support liability. About \$1.50 of that would be recouped in additional family assistance payments. The remainder of the group would receive no reduction because the payer is only paying minimum child support liability, having only a low income.

**Senator WEST**—This measure will only apply to those who are working through the Child Support Agency. What about those who are not having the moneys collected through the agency?

**Ms Bird**—Wherever the Child Support Agency is determining the liability for the parent then this will apply. For those parents who ask the agency to assess the child support but then choose to collect privately, this measure will still apply to them as well.

**Senator WEST**—Do the figures you have just given me include that last group or not?

**Ms Bird**—Yes, they do.

**Senator CHRIS EVANS**—Could I just ask the corollary of that, Mr Henry—what the benefit is as a result of the measure. Have you got the breakdown of the benefit? You have got a breakdown of the losers in the sense of the custodial parent. What is the benefit to the non-custodial parent?

**Mr Henry**—The benefit to the non-custodial parent is of the same sort of ilk—an average of about \$5 per week in a reduction in their child support liability. These are the parents with the care of the child for between 10 and 30 per cent of the time. That will be recognised and the cost, if you extrapolate that across the 135,000 who would be affected, is an average reduction in child support liability of around \$5 per week.

**Senator CHRIS EVANS**—That depends on the taxation rate as well, doesn't it, or is that a straight transfer? You made it sound like it was a straight transfer, I thought, because of the taxation rate.

**Mr Henry**—No. Because of the reduction in their formula percentage, their child support liability will be reduced by that dimension and it is a pretty firm figure, I have to tell you.

**CHAIR**—Can I just ask a question on flexibility in this area. I have situations where parents are taking a child when they get home from work, say at 6 o'clock at night. That parent—this is the non-custodial parent—leaves home at 6 o'clock the next morning, so they effectively have an hour and a half or so with the child during midweek. Then at the weekend they have the child on Saturday and Sunday nights but do not collect the child until late Saturday afternoon, and of course the child goes to school first thing Monday morning. So while it appears that they have three nights, their actual time with the child and the expense associated with that child are next to nothing because, in effect, the mother has the cost of all day Saturday and all day on the day during the week, and the non-custodial person in this case, I believe, is deliberately cranking up those nights to avoid CSA. How flexible are we in terms of those circumstances where there is clear and utter manipulation of the system to benefit the non-custodial parent and to harm the custodial parent?

**Ms Bird**—In terms of automatic inclusion in the formula, where parents agree the level of their contact, we will accept whatever they say. Where the parents do not agree it, then we will revert to the number of nights that the child actually spends with that parent. There is a slight possibility there: if the parents have a court order or a parenting agreement that specifies what that level of contact with the parent should be and the parent is either withholding that contact from the other parent or is, without agreement, keeping the child longer than they are intended to, then we will revert back to what is in the court order or parenting agreement.

**CHAIR**—This is quite the reverse. Both parents have actually agreed to the nights—I might say they have reluctantly agreed to it—but, clearly, the time that the non-custodial parent has is just a minimum. In fact, that person has now tried to push it up to four on, four off, to further reduce CSA payments. It is not three days, it is not equal time. Even if there were only six days in a week, if we simply put it that way, and the non-custodial had the three nights and the custodial had three, the custodial has 4½ and the non-custodial has 1½.

**Ms Argall**—Senator, these situations arise in a small number of cases where there are ongoing disputes between the parents. As you say, there might have been reluctant agreement. Ultimately, parents can go back to the Family Court to have their court orders amended in relation to the level of contact between them. If there is an ongoing dispute, that would be the resolution.

**CHAIR**—It is not a case of an ongoing dispute. They both agree to the three nights, one night during the week and Saturday and Sunday, but what I am saying is that by virtue of availability the non-custodial parent cannot have that child until very late in the piece on both the weekday and the weekend, on the Saturday. But that person is quite clearly going to benefit by a proposition where it is allocated on the number of nights that the child spends in a bed at any given home.

**Senator Newman**—Senator, if there is any wilful walking away from the order, I would have thought that with the coming of the new magistracy some of these things could be dealt with very quickly. You are really talking about an evidentiary matter, as to what is actually occurring.

**CHAIR**—Yes. That is exactly right.

**Senator Newman**—I would hope—although I am not speaking for the Attorney-General, obviously; I am not sure of the details—that is the sort of thing that could be cleared up relatively quickly if there is an abuse of the order.

**CHAIR**—They do not have an order. That is the point. It is an agreement—

**Senator Newman**—Which has been ratified by the court, hasn't it?

**CHAIR**—No, there are no court orders in place. It is an agreement between both parties that this is what happens. What worries me on the 30 and 40 per cent categories and the 10 to 30 per cent or 40 per cent categories is that it will open it up to even more abuse by the mother or the custodial parent having the child more and more during the day, with more and more expenses, while the non-custodial has the child while he is sound asleep.

**Senator Newman**—You might get more informed advice from the officials about the magistracy and what potential there would be in that case. I do not know if there would be a role for it then.

**Ms Argall**—We are aware of those sorts of circumstances arising on both sides, where it is claimed that either parent is either denying access with a view to maximising child support payments or, alternatively, the reverse situation that you have described. If there is agreement in the circumstances that you are talking about, perhaps the best outcome is for the parents to agree the level of care. If they have agreed to the number of nights and there is a level of cooperation between the parents, perhaps they can agree what that constitutes in the context of the level of care. At the heart of your question was the issue of flexibility, and we believe that the area of flexibility here is one around the best possible outcome in these circumstances, and for parents to agree on the level of care that should apply in their particular circumstances and only reverting to the numbers of nights when there is a disagreement. If that disagreement continues, then that is then a matter for dispute around contact and care arrangements, which is a family law issue, and the federal magistracy—

**CHAIR**—You can see what I am driving at. What I am worried about is one parent cops the child all the time that they are awake, the other one gets the child all the time its eyes are closed but gets the payment reduced accordingly. Maybe we just need to have a chat later on about a particular case.

**Senator GIBBS**—Can I ask a question in relation to Senator Knowles's question because I have heard about this quite a lot myself; we all have. It is a common thing.

**Ms Argall**—Yes.

**Senator GIBBS**—Do you have any sort of research or do you have any sort of outcomes in the department that are actually pointing to a gender imbalance here regarding women who

are, in the greatest number of cases, the custodial parent but whose incomes are reduced and who are basically living in near poverty. Do you have any evidence of this because it seems to me that it is the women who seem to be on the losing end of this whole arrangement.

**Ms Argall**—We have a lot of information about the relative incomes of payees and payers and we can provide you with a copy of a departmental publication which is called *Facts and Figures*, which actually includes a lot of the information that you have just been asking about.

**Senator GIBBS**—I really would like that, thank you. But is it actually pointing to this gender imbalance where women are becoming increasingly worse off and the other side is not, and basically because of claims such as those which Senator Knowles was talking about? This is pretty prevalent, in my experience.

**Ms Argall**—I think that is a question for the policy makers, Senator.

**Ms McKay**—Senator Gibbs, I think it is important to recognise what child support is. Child support is a payment by one parent to another parent for the support of the children. So a transfer of \$5 a week, in this case from a custodial parent to a non-custodial parent, to recognise the costs of contact of the non-custodial parent in having the child in the household, is a recognition that it is a payment in respect of the child. So the payment is to the child, de facto.

**Senator GIBBS**—I understand exactly what it is, but I also understand, quite frankly, that a lot of men will do anything to get out of paying—anything at all. They will do anything to try to minimise these payments. It is very unfortunate, but that seems to be life out there.

**Ms McKay**—Nevertheless, there is some evidence to show that good post separation relationships between parents and access of the non-custodial parent to the child or children delivers higher degrees of compliance with child support liabilities.

**Senator DENMAN**— Senator Newman might have alluded to this. Is there any way where—in Senator Knowles' case—there is a private agreement between parents, that that can be ratified? I know it is a private agreement but is there any way that can be put on the record or ratified by law so that these situations do not arise?

**Ms Bird**—The child support scheme already allows for parents who make an agreement as to the amount of child support to be paid and received, to be registered with the Child Support Agency. Parents can also make a parenting agreement to cover the broader issues of contact, and that can be registered in the Family Court.

**Senator DENMAN**—But it does not have to be.

**Ms Bird**—It does not have to be, but it can be.

**Senator DENMAN**—They are the ones I am concerned about—those that do not have to be.

**Senator GIBBS**—If it is registered and something changes, how fast can that be changed? I know family law in a lot of cases moves extremely slowly because of backlog and that sort of thing, but when it comes to situations like this and something does have to be changed, is there a huge waiting period for this to be rectified, or can it go through pretty speedily?

**Ms Argall**—Where there is agreement between the parents we can process that agreement immediately.

**Senator GIBBS**—You could do that yourself within your department?

**Ms Argall**—On advice over the phone immediately, no doubt.

**Ms Bird**—In relation to child support?

**Ms Argall**—Yes.

**Ms Bird**—The broader parenting issues still need to go back to the Family Court.

**Senator GIBBS**—When it goes back to the Family Court, how long does that take?

**Ms Bird**—I am sorry, I cannot give you that information.

**Senator GIBBS**—That cannot be speedily done by you at all?

**Ms Argall**—No.

**Senator GIBBS**—So that could take forever.

**Ms Argall**—Where there is a change in care arrangements, which happens now with frequent regularity, where one child transfers from one parent to the other, normally the parents will ring us and advise us of that change. That advice triggers a change in the assessment.

**Senator GIBBS**—Thank you.

**Senator WEST**—Can I get back to the five per cent across-the-board average you talked about, Mr Henry. Can you provide me with a breakdown by income range of what the amount of benefit will be to the non-custodial parent?

**Mr Henry**—Yes.

**Senator WEST**—I am happy for that to go on notice because it is a fairly detailed thing.

**Mr Henry**—We could certainly do that. I will say that is provided.

**Senator WEST**—Thank you. With these changes to shared care and the Family Tax Benefit for custodial parents, the FTB is reduced by the percentage of the non-custodial parent's care. Is that right?

**Mr Henry**—Subject to a minimum care of 10 per cent. If this is a question about Family Tax Benefit, there was a range of arrangements under the 10 programs that have come together in Family Tax Benefit A and B. There was a plethora of arrangements. They have been simplified in manner passed by the parliament last year in relation to a minimum 10 per cent care rule applying to Family Tax Benefit. There was a range of arrangements across those 10 benefits.

**Senator WEST**—What modelling was done to assess the impact of these changes on the custodial parents and children? Was there anything done?

**Mr Henry**—Sorry, are you asking the question about child support or

**Senator WEST**—I am asking in relation to the FTB and shared care arrangements. Does that come in here? Do you want to take that on notice?

**Mr Henry**—I will take that on notice, yes. It pre-dates me, I must say.

**Senator WEST**—I want to know how many custodial parents will experience pro rata cuts for care under 30 per cent and how many children this will affect.

**Ms McKay**—We will have to take that on notice for you, Senator.

**Senator WEST**—I would also like you to quantify the amount of FTB lost by income band again, please.

**Ms McKay**—Yes.

**Mr Henry**—Yes.

**Senator WEST**—I am wondering for how many families and children will the total level of FTB received fall?

**Mr Henry**—Essentially, if it is families and children, and you include non-resident parents in that group, that shared care does not take away from the family, if you are looking at the parent having the care of the child.

**Senator WEST**—But what happens where the income of non-custodial parents in care in excess of 10 per cent exceeds the income thresholds for the FTB? If you cannot answer I am happy for you to take it on notice.

**Mr Henry**—I think Mr Alchin would probably be the better one to answer that question.

**Senator WEST**—It might be better going on notice so I can sit and read and contemplate it.

**Mr Henry**—All right, we will take it on notice if you would prefer it.

**Senator CHRIS EVANS**—Could the officer give us a general—

**Mr Alchin**—Could you repeat the question, please.

**Senator WEST**—I am wanting to know for how many families and children will the total level of FTB received fall. I am wanting to know what will happen when the income of a non-custodial parent with the care in excess of 10 per cent exceeds the income thresholds of FTB.

**Mr Alchin**—We would have to take that first question on notice. With regard to the second question, if one parent's income is above the threshold, which for FTB is quite a significant amount of around \$76,000 for one child—our estimates are that there is less than one per cent of non-custodial parents who have income above those amounts—but where that does occur then the other parent will still only receive their percentage of Family Tax Benefit which represents the percentage of care they have.

**Senator WEST**—What analysis was done to establish that costs for non-custodial parents vary proportionately with time in care? That is basically following on Senator Knowles' concerns and questions.

**Mr Alchin**—Sorry, the question is?

**Senator WEST**—What analysis has been done to establish that costs for non-custodial parents vary proportionately with time in care?

**Mr Alchin**—Mr Henry alluded earlier to some research that has been done by Murray Woods and Associates on costs of contact. That does not necessarily outline that the care is on a proportionate basis. What it does outline is that non-custodial parents do spend significant amounts of money in maintaining contact with their children.

**Senator WEST**—I understand that the Woods research cited in the FACS research paper of May 1999 was qualitative and not quantitative, and that the researchers in fact stated it should be treated as exploratory and the data and findings should not necessarily be taken as representative of the overall population. Does that cause somebody concerns—that you are relying on research and analyses that were qualitative, not quantitative, and where the researchers say it should be treated as exploratory and that the data and findings should not necessarily be taken as representative of the overall population? Does that cause some concerns, or have you done further research and analysis to qualify and quantify that this is correct?

**Mr Alchin**—No, that research is the only research of its kind available at the moment. We do not have other research available.



**Senator WEST**—So the decisions were made based on research which was qualitative and not quantitative and which the researchers themselves said should be treated as exploratory, and that data and findings should not necessarily be taken as representative of the overall population? I thought that the minister—you might like to listen to this—was actually on record in a debate in 1998, talking about the need for pilots and evaluations and reviews. This is based on analyses which are not questionable, but are not well founded.

**Mr Henry**—Sorry, Senator, I did not catch the last question.

**Senator WEST**—I am just wondering why something was based—you are quoting to me here—on research and analysis which was not well founded.

**Ms Bird**—Perhaps I could add, Senator, here that the Murray Woods research was indicative and it was not intended to come up with a definitive cost that parents have when they have contact with their children. But what it did identify was that, when parents do have contact with their children, they do incur costs for various items. That research has not been used to say the dollar value that the child support should be reduced by to reflect the contact with the children. For example, a payer who is on an income of, say, \$25,000 a year will pay \$4 a week less in child support if that payer has contact with their children for 25 per cent of the time. I think that is a typical example that shows that the actual reduction does not really show the amount of costs that the parent actually has with their children. It is an acknowledgment that they have some costs, and it is a reduction to acknowledge that.

**Senator CHRIS EVANS**—Ms Bird, I think what Senator West is putting and trying to tease from you is that the research that is alluded to in justifying this measure does not take us to the conclusion reflected in the measure at all. It does not explore most of the issues or the impacts of the measure. I suppose she is trying to find out whether there was other research that you based this measure on because, quite frankly, when we referred to that research in the debate—when I read it—it did not explain this measure, it did not explain what the impact on the families affected would be, and it does not provide any reassurance that this measure will not have an adverse impact on some families.

I take your point that you say it is a small amount of money, in one sense, although on the other hand it is used to say that this provides some sort of incentive for more care. It seems to me that you cannot have it both ways. Nevertheless, the other point Senator West raises about the concern for particular women living in poverty, those small amounts of money are important. If we are to make these changes and the parliament is to legislate, we would like to know that it is based on sound research. The only research you refer us to does not lead to the conclusions that the measure represents. I think that is the question, longwinded as it is. That is what we are trying to explore. What is the answer to that?

**Mr Henry**—I understand the point, Senator. Again, however, what we were saying was that the research and lots of views put to us by those who have interests in the interaction of the child support scheme was that significant costs are incurred by custodial parents in maintaining contact with their children. That was the point that I was referring to in the research.

**Senator CHRIS EVANS**—I can see that.

**Mr Henry**—That is the point of the research.

**Senator CHRIS EVANS**—I can see that—accepted; given fact. Why does that lead to this measure? Why doesn't it lead to a cut-off at 50 per cent, 10 per cent? Why does it strike the rates that you have struck? What analysis is there of the impact on families? Aren't they all

questions that then flow? You say contact costs money—accepted. Where do we go from there? We ended up with this, and what we want to know is how we went from there to there.

**Ms McKay**—Contact costs more money than the reduction in the child support liability that flows from this.

**Senator CHRIS EVANS**—Certainly.

**Ms McKay**—It therefore is a modest acknowledgment of the costs that are incurred by parents who have any contact with their children. Therefore, the threshold has been reduced from 30 per cent to 10 per cent and—

**Senator CHRIS EVANS**—But it is not in a vacuum, is it? ‘A modest acknowledgment’ is also a reduction to somebody else, so it is not in a vacuum.

**Ms McKay**—That is true.

**Senator CHRIS EVANS**—It is not a one-sided policy measure.

**Ms McKay**—Senator Evans, that is true, and we have taken—

**Senator Newman**—It is for the children.

**Senator CHRIS EVANS**—I do not necessarily accept that, Senator Newman.

**Senator Newman**—The access to both parents?

**Senator CHRIS EVANS**—I do not say, as you are suggesting, that it is a neutral measure for children.

**Senator Newman**—No, it is an unalloyed benefit for children is what I would say.

**Senator WEST**—We are trying to tease out where the proof is.

**Senator Newman**—Access to two parents?

**Senator WEST**—No, not access, they are talking about—

**Senator CHRIS EVANS**—The change in payment does not necessarily equate to access to parents.

**Senator Newman**—We are hoping that it will.

**Senator CHRIS EVANS**—You cannot have it both ways. One minute it is modest, and you are downplaying the amount, and the next minute it is an incentive.

**Senator Newman**—No, it is not a question of the money. As the officers are saying, it is very significantly saying to parents, ‘Share the care of your children to the extent you possibly can because it’s good for your kids.’

**Ms McKay**—And it reduces any disincentives that arise around those threshold points, at least down to 10 per cent. We have taken on notice Senator West’s questions about the distributional impact of this, and we will provide that information.

**Senator WEST**—What other consultations took place? What other groups were consulted in the work up to this change? What community organisations were consulted?

**Ms McKay**—There was no formal consultation with external community organisations, beyond the formal consultation that was conducted by the joint select committee, and that is understandable, Senator. There was extensive consultation and debate amongst a range of departments which contributed to the policy development, covering Attorney-General’s, Child Support Agency, ourselves and Prime Minister and Cabinet.

**Senator WEST**—Was the Murray Woods and Associates research done independently or was that a consultancy to the department?

**Ms McKay**—It was a consultancy to the department, I believe.

**Mr Henry**—It was a consultancy.

**Senator WEST**—When was the consultancy let? How was it let? How were the decisions made to let it that particular way, what was the value of the consultancy, and what length of time?

**Ms McKay**—It was let some time during 1998, I believe. However, we will take the rest of that question on notice because it goes to some details that we do not have at our fingertips.

**Senator WEST**—Thank you. Centrelink has gone, but can we take this on notice for Centrelink. I want to know whether additional funding been made available to Centrelink to train staff to handle disputations arising from changes in shared care arrangements?

**Ms McKay**—It would not be Centrelink, Senator. The work of determining child support assessment would be undertaken by the Child Support Agency and funding has been provided to the Child Support Agency to deal with applications for this level of care, for redoing the assessment, and for dealing with any objections or disputes that arise from that.

**Senator WEST**—What about the family payments issue?

**Mr Henry**—Yes, extensive additional funding was provided in the context of the implementation of family tax benefit of which the 10 per cent shared care passed by the parliament last year was a part. Funding takes into account all aspects of the implementation of the scheme.

**Senator WEST**—Did the department request that modelling of the impact of the ANTS package on different household types include families affected by changes to the definition of shared care?

**Mr Tune**—Sorry, Senator West, could I have the question again, please?

**Senator WEST**—Did FaCS request that the modelling of the impact of the ANTS package on different household types include families affected by changes to the definition of shared care?

**Mr Tune**—We did not actually request it of the Treasury, which I assume is the implication of your question. No, we did not request it.

**Senator WEST**—There was modelling carried out by Treasury and I understand by Professors Ann Harding and Neil Warren. This particular group of people that we are talking about today were not included in that modelling?

**Mr Tune**—No, it did not get into that sort of detail. But certainly there has been analysis done within the department and that is the issue that we have taken on notice. We will try and find more detail on that for you.

**Senator WEST**—Right.

**Senator CHRIS EVANS**—But not modelling of the impact of the ANTS package, just of that measure in isolation. Is that right?

**Mr Tune**—Yes, but taking account of the ANTS measures.

**Senator CHRIS EVANS**—What would apply after 1 July is what you are saying there.

**Mr Tune**—In effect, yes. One of the big benefits in the ANTS package actually goes towards sole parents, particularly sole parents with no private income. That results from the amalgamation of the various payments to form Family Tax Benefit part B, and there are very large gains for sole parents in that situation. That was taken into account when looking at the

shared care arrangements as well. So it is a balance of things that need to be looked at when you assess the impact on both the custodial and the non-custodial parent.

**Senator WEST**—I guess I can say the short answer is no. In the Child Support Legislation Amendment Bill in 1998 the minister made a commitment to evaluate the impact of these changes after the first year of operation and to address concerns about income minimisation arrangements that reduced child support liabilities. Has that evaluation taken place?

**Ms Bird**—The Child Support Agency has undertaken a number of evaluations at the moment. One is specifically in relation to the introduction of the minimum assessment of \$260. That is in progress at the moment. We have also been constantly monitoring statistics in relation to the other measures. In relation to the minimisation, I think Cathy has got some figures here.

**Ms Argall**—In relation to income minimisation, part of that package of reforms included an administrative provision which allowed the registrar to initiate a change of assessment where there was information that indicated that either the payee or the payer were minimising their income. The effect of that change as at May 2000 is that 184 cases have been finalised based on investigations which have increased child support payable by \$932,000 per annum.

**Senator WEST**—So 184 cases have been finalised. How many cases are there pending?

**Ms Argall**—I do not have that. I will come back to that if I can find my figure, otherwise I will provide it on notice.

**Senator WEST**—That is fine. I am interested in the evaluations that have taken place because I want to know what the findings of that evaluation were.

**Ms Argall**—In relation to that particular measure?

**Senator WEST**—In relation to the Legislation Amendment Bill 1998 and the changes there.

**Senator CHRIS EVANS**—Particularly the \$260 minimum assessment.

**Ms Bird**—That is in the field at the moment. We have done a fair bit of work already, talking to community groups and the CSA staff. We have had a survey in the field over about the last six weeks where we are contacting payees and payers to find out the impact on their child support and their relationships but that evaluation is not finalised as yet.

**Senator WEST**—Who is conducting the evaluation?

**Ms Bird**—The Child Support Agency is doing the evaluation. However, we have engaged a firm in Melbourne—sorry, I do not recall the name at the moment—to do the field research for us with the payers and payees.

**Senator WEST**—I would like to know how the contract was let. I would like to know who won it, the reasons for the selection of them and I would also like to know the cost, please.

**Senator CHRIS EVANS**—When do you expect that evaluation to be completed, Ms Bird?

**Ms Bird**—By the end of this financial year.

**Senator CHRIS EVANS**—Have you had a lot of complaints about people like prisoners, et cetera, having been caught up in the net and this sort of thing?

**Ms Bird**—We have had some issues raised by a range of parents. We do keep statistics on the number of complaints that we have had in relation to this. There were a reasonable number of complaints when the measure was first introduced and they have tapered off quite significantly over the last six months or so.

**Senator CHRIS EVANS**—Is it true that prisoners are caught up by this measure as well? Has that been one of the areas of complaint?

**Ms Bird**—Yes, prisoners are included in having to pay a minimum assessment of \$5 a week for their children. The mere fact that a person is a prisoner does not mean that they do not have any income available to them.

**Senator CHRIS EVANS**—No. It is one of the areas of hardship that has been raised with me where some of the prisoners who do not have much income available to them have been required to pay, and there are a few other groups. Have you got a breakdown of the sorts of groups where this concern has been raised about whether that measure is impacting on groups who do not have the capacity to pay?

**Ms Bird**—I do not think we can give you numbers of complaints from various groups but we do know which groups are affected by the \$260.

**Senator CHRIS EVANS**—What are the other sorts of categories of problems that are emerging. I just want to get a feel for them.

**Ms Bird**—There are people who are on disability support. There are people who have problems such as alcoholism.

**Senator CHRIS EVANS**—But that will all be covered in the evaluation which we should get by the end of the financial year. Is that right?

**Ms Bird**—We are expecting to complete it by then, yes.

**Senator WEST**—What is the size of the funds allocated to monitoring the changes? Are you getting some extra money out of the department to do this?

**Ms Argall**—No, Senator.

**Senator WEST**—So you can fund it out of your own budget? Have you any idea of how many custodial parents are receiving lower payments and how many children are living in those affected households? You might want to take it on notice.

**Senator Newman**—This is as a result of the \$260 measure?

**Senator WEST**—Yes.

**Senator Newman**—Are you saying that families are getting something where they were getting nothing? Why did you say lower payments?

**Senator WEST**—Sorry?

**Senator CHRIS EVANS**—Sorry, just a second, I have to ask a question of the chair.

**CHAIR**—After you answer that particular question—or do you want to cogitate it over lunch?

**Senator Newman**—I was just trying to get it clear what Senator West just said because she was talking about families getting lower payments.

**Senator WEST**—Have there been any custodial—

**Senator Newman**—But are you not, in the same breath, talking about the \$260 a year one?

**Senator WEST**—Yes.

**Senator Newman**—That is presumably going to families who were not getting anything.

**Senator WEST**—That is possibly following on from Senator Evans' question, so we will come back after lunch.

**CHAIR**—We were trying to finish this prior to lunch.

**Senator Newman**—I understand, but I just thought that was so peculiar, I did not quite know what she meant.

**Ms Bird**—One of the changes that took effect from 1 July last year was that the exempt income of paying parents was increased, so in all of those cases the payee would have received slightly less child support. For the vast majority of cases where the assessment is above \$260, then payees would have received slightly less child support than they would have done had the exempt income not increased.

**Senator WEST**—That is what I want to know. How many of those families receive lower payments and how many children are living in those households? I am not just talking about the \$260 minimum assessment, I am talking about the legislation.

**Senator Newman**—That is why I was asking if it could be clarified.

**Senator WEST**—You are getting me confused.

**Senator CHRIS EVANS**—Senator West was asking about monitoring of the whole legislation. I just butted in about the \$260 measure.

**CHAIR**—We will adjourn for lunch.

**Proceedings suspended from 1.15 p.m. to 2.19 p.m.**

**CHAIR**—We will resume our consideration of output group 1.3—child support.

**Senator WEST**—Before lunch I was asking about the Child Support Legislation Amendment Bill 1998. I also want to know what has been the impact of private collection on the level and continuity of payment.

**Ms Bird**—We have undertaken a small pilot where we have contacted both parents and required them to undertake private collection activity. That was undertaken around September to December last year. We have been monitoring those cases to see what impact it has had. Out of the hundred cases that we required to collect privately only two have returned to the Child Support Agency for us to resume collection. We are continuing to monitor those cases.

**Senator WEST**—And can you give reasons why those two had returned?

**Ms Bird**—In one situation one of the parents had repartnered and the relationship between the parents had soured and they were not prepared to continue paying the child support directly to the other parent. I cannot remember the other case. There has also been one of those cases where, although the parents were reluctant to start with to undertake private collection, they did so and after about two months of doing that they came back to the Child Support Agency and said, ‘We don’t need the Child Support Agency to assist us at all. We now know that we can do this totally ourselves,’ and they are now also working out how much child support they will pay and receive without any further assistance.

**Senator WEST**—So how is the sample 100 selected in this pilot that you are conducting?

**Ms Bird**—In some ways it was a little bit of a hit and miss affair because we were not able to set all the criteria that we wanted to for our system to identify those cases. So we actually started with a large sample of parents who had been making payments regularly. We then manually went through the cases involved to see if there were any relationship issues or things such as domestic violence or an action that was currently in the court and we excluded all of those cases. It was a combination of system identification and then manual finetuning.

**Senator WEST**—You are doing a pilot with a hundred. I am interested to know what your initial pool was that you collected that hundred from.

**Ms Bird**—I do not have the exact number. It was quite large because of the problems at that point of not being able to identify the cases from our computer system. We have since been able to finetune that and we are now better able to identify parents who may be suitable for private collection.

**Senator WEST**—So whilst you have this small pilot going on, you are also going on with further work to increase the number of cases that go out to private collection.

**Ms Bird**—Yes. We have undertaken system work so that we are able to better identify those parents. However, we are not at the moment actively requiring parents to undertake private collection.

**Senator WEST**—Whilst you are not actively requiring them to undertake private collection, is there an encouragement for them to do so?

**Ms Argall**—Yes, there is. In addition to the legislative provision which seeks to require if child support compliance is there, we have put a big effort into informing clients when they are newly separated and first come in contact with the agency to consider the choices available to them in meeting their child support responsibilities, and our experience in those circumstances is a dramatic increase in the percentage of parents' first contact with the agency and their election to collect privately.

**Senator WEST**—The numbers of cases coming to the Child Support Agency, the initial contacts, are about the same this year as they were last year and the previous year and the year before that?

**Ms Argall**—The numbers are gradually dropping off. They are maintaining a reasonably similar volume. I think it is about 12,000 new cases per month, from memory, but I can check that figure and get back to you.

**Senator WEST**—New cases per month?

**Ms Argall**—Not quite that high, I am told. We will check that figure and confirm it.

**Senator WEST**—If it was 12,000 new cases per month, there must be a hell of a lot of families—

**Ms Bird**—There are approximately 77,000 new cases registered each year and that is based on an average over the last four years.

**Senator WEST**—That is the new cases registered and the collections may not take place through you. They may take place privately. Are you seeing a change in the number of people? What are the numbers now as opposed to, say, 12 months ago, or a bit more than that, that are now private collection of that 77,000 as opposed to CSA collection?

**Ms Argall**—If we look at the total case load at the present time, 44 per cent of parents are collecting their child support. They come to the agency, they get an assessment by the agency, and then 44 per cent elect to collect privately. In relation to our experience with new clients, the ratio of new clients electing private collection is more in the order of 60 per cent of new clients.

**Senator WEST**—What are you doing as an incentive or encouragement to get it from 44 to 60 per cent?

**Ms Argall**—We have actually streamlined our operations such that we have a separate stream of CSA people who deal exclusively with new clients and they have scripts that they use in having the initial conversation with clients when we receive an application for child support. For those clients who elect initially for the agency to collect, we will take them through a

dialogue around ensuring that they understand what the issues are and what the benefits are around private collection. We try and do that with all of our clients.

**Senator WEST**—Do you have a set pattern?

**Ms Argall**—We have a guideline which is—

**Senator WEST**—Is it possible to have a copy of that guideline, please?

**Ms Argall**—Yes, certainly, Senator.

**Senator WEST**—Thank you. What monitoring and reviewing is done with this change of those increased numbers who are opting to go through private collection? What monitoring is done to ensure that they are not being ripped off, that they are in fact getting their rightful payments?

**Ms Argall**—Any parent can opt back in for collection at any time if they are not satisfied that the arrangements are working.

**Senator WEST**—You initiate nothing?

**Ms Argall**—No.

**Senator WEST**—What has been the impact of giving the payer discretion of how and when they spend up to 25 per cent of CS payments?

**Ms Argall**—The impact has been minimal.

**Senator WEST**—Are many opting to have that discretion?

**Ms Bird**—No. I do not have the precise figures with me. Overall, the value that we have credited this year in terms of non-agency payments has not increased from previous years and only a small number of parents have actually applied to have the new measure take effect in their case.

**Senator WEST**—Has anything changed with the old issue of avoiding liability, particularly with self-employed payers? I know we had a private briefing about this earlier this year, but for the record.

**Ms Argall**—Senator, I mentioned before lunch the registrar-initiated change of assessment which was part of that suite of reforms, and that was the reference to the 184 completed cases, with increased child support assessments of \$1 million. We are continuing to develop our case selection techniques and we will continue the work in that area.

**Senator WEST**—Are you collaborating with Centrelink or with the ATO to look at this?

**Ms Argall**—We have a high level of collaboration with the ATO in these issues.

**Senator WEST**—What about with Centrelink?

**Ms Argall**—Where that will be beneficial, most of the information that we would need does come out of the taxation records. But, yes, there is liaison with certain elements of the Centrelink organisation.

**Senator WEST**—Is there ongoing monitoring of the poverty of children in single-parent families post-divorce and the role of child support payments in alleviating poverty? Is there any work going on on that?

**Ms Argall**—We do not conduct research in that area, Senator.

**Senator WEST**—Has the department got any work going on on that? You are not doing any work on child poverty?



**Ms McKay**—Not in the Families and Children Branch, no. I am not sure whether some work is being done on children in poverty in the Labour Market Branch. Could we take that on notice, Senator?

**Senator WEST**—Yes.

**Mr Whalan**—We might just check that and come back to you shortly.

**Senator WEST**—Thank you. In relation to budget measures—and this is going to get a bit confusing because we have already dealt with some bits of it and others we have not—but the post-separation counselling and support for non-resident parents is a two-year pilot program, as I understand it, of \$582,000. Are there any similar pilot programs available for custodial parents?

**Ms McKay**—I am just thinking about the Family Relationships Services Program, Senator. There have been a number of new pilots conducted under that program in the last two years.

**Mr Nott**—Sorry, Senator, can you just repeat the last part of the question.

**Senator WEST**—Yes. There is a two-year pilot program at over half a million dollars for post-separation counselling and support for non-resident parents—I usually call them non-custodial parents. Are there any similar programs or pilots for resident parents or custodial parents?

**Mr Nott**—Not specifically, Senator, but, as Robyn McKay was saying, the Family Relationships Branch funds a large range of organisations to provide counselling to a range of clients through the Family Relationships Services Program.

**Senator WEST**—So we have a pilot program for one group of parents, who have the children for less time than the custodial parents, but nothing specific for custodial parents?

**Mr Nott**—Nothing specific, Senator, that I am aware of.

**Ms Argall**—Could I possibly add a little bit of information in this area. In our work with non-resident parents, and arising out of some conferences that have been sponsored at the Commonwealth level—one, notably, Men and Family Relationships—the observations have been made that men are less likely to seek the available community services that are there than women and therefore there is a need to assist men by providing particular support services that are more likely to attract men so that they can deal with some of the post-separation issues.

**Ms McKay**—There is also, back under 1.1, the budget initiatives relating to parenting and relationship support, which provide a range of new kinds of approaches to relationship support and they could well receive assistance under that measure. That covers family skills training and parenting support in more locations, including a focus on separated families and step-families; relationship education services in new and more responsive ways to particular client groups; developing relationship education materials in more relevant formats; and providing early intervention and family counselling type services support in rural and regional areas through the Department of Transport and Regional Services Regional Communities Program. There is also a measure there to provide training support to professionals who might encounter people in need of counselling services in the normal course of providing them with legal services or medical services. There is a range of new initiatives within the Families and Communities Strategy that will meet a wider range of service needs than we currently have.

**Senator WEST**—I am just puzzled, though, as to why this one is stuck into this particular group, when it could also be considered as part of the general initiatives. Why is it out there and identifiable, when there is no commensurate identifiable program for custodial parents?

**Ms McKay**—Specifically for the reasons that Ms Argall just mentioned. It has been identified that a specialised kind of service needs to be provided in order to attract men. We have, as initiatives of the last couple of budgets, a men's access line and men's counselling services, because they do not access services as readily as women do.

**Senator WEST**—Lower formula percentages for payers exercising contact with their children—I think we have probably belted that one around sufficiently. There is a cap on payer income subject to the Child Support Act's assessment formula. The cap falls from \$101,153 under current arrangements to \$78,378. Is this going to reduce the amount of child support paid to any people?

**Ms McKay**—Yes, Senator.

**Senator WEST**—How many people?

**Mr Henry**—Senator, around 4,000 child support payers earning above \$78,378 a year will benefit by paying less child support, so about 4,000 payers have less child support liability under this measure.

**Senator WEST**—What is the extent of the liability at this stage?

**Mr Henry**—The extent of the liability even with the reductions is that most affected payees would still receive child support of \$12,000 tax free per annum for one child or \$18,000 per annum for two children—that is after these changes have taken place.

**Senator CHRIS EVANS**—What is the benefit for the non-custodial parent?

**Mr Henry**—The majority would pay less than \$3,000 a year in child support.

**Ms McKay**—It depends on the extent to which their child support liable income exceeds \$78,378. So you apply the child support percentages to that and that is the benefit.

**Senator CHRIS EVANS**—I understand that, Ms McKay, but earlier you provided some gross figures of the impact on liability for the total payment.

**Ms McKay**—Of how many payers would be affected?

**Senator CHRIS EVANS**—Not only the number of payers but what the extent of the saving is for them as a group. For instance, before you produced a figure about the number of dollars basically that was represented as a saving. Have you got that calculation for that group?

**Ms McKay**—Not here.

**Senator CHRIS EVANS**—Can you take that on notice please.

**Ms McKay**—Yes.

**Senator WEST**—That is going to mean a lower child support payment, isn't it, to some families? Do you know the number of custodial parents and children that will be affected by that?

**Ms McKay**—That is the 4,000 figure you just mentioned, isn't it?

**Senator CHRIS EVANS**—Yes. It is 4,000 payers. It would be a higher number of children based on average numbers of children. The Child Support Agency might be able to assist me but probably 6,000, perhaps, I would have thought.

**Ms Bird**—It is somewhere between 1.6 and 1.8 children on average for each payer.

**Senator CHRIS EVANS**—Is the average payer a lower or higher income earner?

**Ms Bird**—I do not know.

**Senator CHRIS EVANS**—Lower, isn't it?

**Mr Henry**—It is probably lower.

**Senator CHRIS EVANS**—Lower I think as a general trend.

**Senator WEST**—Is there a principle or rationale underpinning this decision?

**Senator Newman**—Only the recommendations of the parliamentary inquiry, as I recall.

**Senator WEST**—That is what the rationale is. As to the assessment of income for child support parents undertaking overtime or second jobs, am I right in saying that non-custodial parents will have the income for a second job or overtime excluded from the assessment for CS if it is to be of benefit for their second family?

**Mr Henry**—Not quite, Senator. There are very strict criteria that it would attach to this. I think the essential one is the measures designed to assist parents in their efforts to improve the position of their new family without unduly affecting their first family. I could read the principles in more detail but the essential point to take into account is that a parent will only have the income disregarded if they can demonstrate that the income was earned for the purpose of providing support to the children of their new family and that will have regard to their work history while living with their original family.

**Senator WEST**—I am worried that you will get situations where someone will be too smart by half and take two part-time jobs or have a permanent full-time job which is a very lowly paid one but where there is lots of overtime available and the overtime is at double or triple time; that type of shenanigan.

**Mr Henry**—The capacity for manipulation has been considered in the design of this scheme, Senator. Perhaps the Child Support Agency may have more to say.

**Ms McKay**—Senator, the Child Support Agency already administers a departure provision and this is just a new departure provision.

**Ms Argall**—Individual circumstances will be considered. These will be considered on a case-by-case basis based on all of the circumstances of the parent, particularly with regards to the post-separation circumstances.

**Senator CHRIS EVANS**—How does that deliver for your current departure provision?

**Ms Argall**—It is an additional provision.

**Mr Henry**—It is an additional provision, Senator. Perhaps I could read out some more detail on the ground:

The ground for change will only apply where: (1) the parent can demonstrate that the additional income is earned for the benefit of the children, both natural, adoptive and stepchildren, in their current subsequent family; (2) the additional income was not earned as part of the normal earning pattern of the parent before the current family was established.

That is a pretty significant burden of proof. You would have to show an earning pattern in caring for your first family that you have now varied. I take Senator West's view about the possibility for manipulation but every effort would be made to avoid that. The additional income was not earned as part of the normal earning pattern of the parent before the current family was established, for example through regular or seasonal overtime or seasonal employment; and, third, that the additional income does not arise from a condition of their current work, for example, mandatory overtime, shift-work conditions or normal incremental increases in pay. That is, including normal career advancements.

**Senator CHRIS EVANS**—With the casualisation of the work-force and the changing nature of the work-force that is going to be a fairly difficult provision to administer, isn't it?

**Mr Henry**—Perhaps I could leave it, Senator, to the Child Support Agency colleagues to say more on that but it is a pretty significant burden of proof and we are looking for people who have had a clear pattern in supporting their first family in the assumption of these additional responsibilities. Taking a second job or overtime is a factor of supporting their second family.

**Senator CHRIS EVANS**—That is a sort of 1950-60 view of the world. I accept that people used to work like that. They had a full-time job and they would take a second job for special purposes. The nature of the work-force, the change in employment, the length of employment, casualisation, contracting—all those things have made the employment market much more complex, for better or worse. I think the fact is we have got a much more complex employment market with people with much more complex arrangements in terms of a number of part-time or casual jobs.

**Senator WEST**—And salary sacrificing.

**Mr Whalan**—There may be alternative job support agencies who administer a number of very complex arrangements now, dealing on a case-by-case basis, and generate a lot of visits then to electorate offices. That is why I suppose we are particularly interested.

**Senator WEST**—We are getting in early, I think.

**Senator Newman**—It has made it easier for you though, hasn't it, having them visit and help?

**Senator WEST**—No, it is the constituents that come in through the electorate office door.

**Senator Newman**—Yes, but haven't you found that the ability of the Child Support Office to assist you in your electorate office is useful?

**Senator WEST**—Yes, it is useful but the numbers are still coming through the door unfortunately.

**Senator Newman**—I think it has reduced the pressure on most electorate offices, from what people tell me.

**Ms Argall**—I do suspect, Senator, that you will always have people walking through the door in relation to child support issues where you have two sides to every case.

**Senator WEST**—I think you are right.

**Ms Argall**—What we are trying to do is minimise that through agency administration and the packages of reforms have actually assisted that process to a great extent. We do have some examples that might assist senators and the committee as a whole in looking at the sorts of circumstances and how those circumstances would be treated under this provision, if that would be useful.

**Senator WEST**—Yes, that would be great. Was this another recommendation out of the joint committee? Where did this one come from? What was the modelling and all the rest of it done to prompt this one?

**Ms Argall**—It has been a particular issue that has arisen in discussions with clients of the agency.

**Senator WEST**—Any particular group of clients?

**Ms Argall**—Particularly the non-resident parents.

**Senator WEST**—On the issue of an increase in family tax benefit income test deduction for payers with a subsequent family, I understand that income tax deductions for payers have increased from 50 to 100 per cent by allowing a dollar for dollar deduction for any child support paid. Is that correct?

**Mr Henry**—That is the measure proposed subject to the passage by the parliament.

**Senator WEST**—The budget papers say that 10,000 payers with children in new families will benefit by an average of \$8 per week. And there will be no impact on payees? Is that correct?

**Mr Henry**—That is correct.

**Senator WEST**—Will the free area that applies to non-custodial parents for the FBT now exceed that applying to other single income families?

**Mr Whalan**—I will take that on notice and try to come back to you before the end of the second day—

**Senator CHRIS EVANS**—It sounds like a job for Mr Tune.

**Mr Tune**—I do not think it affects the free area. All that is happening is that the amount of income is taken into account. I guess it is somewhat semantic, but typically the free area remains the same. We changed the definition of income, in effect, of what we take into account because they are getting a discount on the child support they paid out.

**Senator WEST**—You said you ‘think so’. Would someone like to actually clarify it or take it on notice.

**Mr Tune**—That is correct. That is the basis of it.

**Senator WEST**—What was the rationale for the change?

**Mr Henry**—The rationale is a very clear one. By definition, child support payments from the second family is income not available to the children of the second family. Therefore, the full deduction means that child support payers with children in new families will have their family tax benefit and child care benefit assessed on the income that reflects the actual income available to their new family.

**Senator Newman**—Again, that was a recommendation of the inquiry.

**Mr Henry**—Indeed, and it is very beneficial.

**Senator Newman**—We introduced half of it when we first started to implement these reforms. We could not, at that time, afford the extra money for the taxpayer to top it up.

**Senator WEST**—Is it possible for you to give us an average benefit to non-custodial parents by income band? That can go on notice. I am wondering what monitoring frameworks you are going to put in place to evaluate the impact of the budget measures. Have funds been allocated for the monitoring of such?

**Ms McKay**—We do monitor the impact of budget measures as part of our core business.

**Senator WEST**—What framework has been established to evaluate and monitor the impact?

**Ms McKay**—On this whole package of child support measures?

**Senator WEST**—Yes.

**Ms McKay**—It depends on what you mean by ‘framework’, Senator.

**Senator WEST**—You just told me you monitor it. How do you monitor it?

**Ms McKay**—We will monitor it in the same way as we have undertaken to provide the kind of modelling that you requested in earlier questions. We would monitor the impact of this by income band, by the number of families and children within income bands.

**Senator WEST**—I will just turn briefly to the Child Support Agency issue which Senator Faulkner had asked some questions about on notice and which I followed up in December of last year. It involved staff with outside business interests. It was said that they were obliged to notify their superiors of any outside business. Do you have any numbers of how many in the Child Support Agency actually operate an outside business or are involved with outside businesses or interests?

**Ms Argall**—No, I do not, Senator.

**Senator WEST**—There is not a record kept, to manager level, of how many in the agency have outside—

**Ms Argall**—No, normally it would be a report to the next line manager in the organisation. No, we do not collect a register of people. It is up to the supervisor of the individual staff member to agree or not agree that outside work can be performed.

**Senator WEST**—What about the supervisor, or the next level up? You are obviously talking about the lowest level. What about when you get up into the next level, the higher levels?

**Ms Argall**—We do not keep a register at all. For example, as general manager of CSA, I would be aware of any of my direct line reports who have any outside interests.

**Senator WEST**—Would they be aware of the next line under them?

**Ms Argall**—Yes.

**Senator WEST**—So you have no real way of monitoring whether people do have outside interests and whether their outside interests are impacting upon their work with you, in terms of maybe the use of the mobile phone or the receipt of phone calls about the business into their workplace, or the use of the car they have been given to travel for personal use or for work use which they use for that as well.

**Ms Argall**—I think in our detailed responses to Senator Faulkner's questions we indicated that for the SES, generally speaking, there is a register of private interests for all SES officers. All SES officers are required to actually register their private interests and they are kept with the departmental secretary. That is the case for SES. For the case of all other staff, no, we do not keep those records. In the case of any misuse of an asset—for example, you mentioned a mobile phone—the scrutiny of mobile phone telephone accounts is centralised in the agency. Any use which appears to be a misuse would be brought to the attention of a manager at the national office level.

**Senator WEST**—But the SES list with the departmental secretary, the people who are checking the mobile phone use records and the car use records, would not be aware of people who had private interests to be able to correlate the use.

**Ms Argall**—I am sorry, I am not quite aware of your drift. The telephone accounts that come in are exceptionally well detailed.

**Senator WEST**—Are they itemised?

**Ms Argall**—Itemised. You have telephone numbers on the telephone accounts. It is really quite easy to check any misuse.

**Senator WEST**—Thank you. I will leave it there. That is all I have on child support.

**Senator CHRIS EVANS**—Madam Chair, could I beg your indulgence and that of the minister. I wanted to ask about the Family Assistance Office review mechanism which I think was probably done under 1.1. All I can plead is that I did say I would bugger it up and I have confirmed that. I am sure the department also expected me to ask about it and, having prepared, they would be disappointed if I did not do it.

**Senator Newman**—Yes, Mr Tune is here ready to help you.

**Senator CHRIS EVANS**—Would someone like to give me an overview of how this is going to work. I assume the funds, for instance, are all committed, mainly next year and mainly as departmental expenses. I just want to understand how that works. If someone told me how it worked that would be a good starting point, basically.

**Mr Tune**—We are still working through the detail of how it will operate. There are some things we have come to a view on so I will give you an outline of that. You will appreciate there will be some detail we cannot yet fill in. Basically we are proposing that Centrelink would administer the scheme on behalf of the rest of the Family Assistance Office. There would be some assistance from the Australian Taxation Office where necessary, but in the main it would be Centrelink.

Information on the scheme and claim forms would be available from all family assistance offices—that is, tax offices, Medicare offices and Centrelink offices—and people would be directed to the FAO call centre if they have queries. We think we are going to run it by a streaming process. People will make an initial inquiry and then we will determine whether they seem to have a case that might warrant further investigation.

We suspect that we will get a lot of inquiries where it will be fairly clear cut that there is not a disadvantage at all. So we will take them through that first screening process and then, at the end of it, if they seem to get through that one, we will then send them a claim form and they will fill that out and send it in to Centrelink. The way we will do the processing is in accordance with the minister's press release of a few weeks ago. Basically what we are trying to determine is whether, as a result of the introduction of the family tax benefit, part B, that family has had a reduction in income on transition from the current system to the new one when you take account of all the various changes that apply under the new tax system. That includes not just family tax benefit, part B, but also family tax benefit, part A—child-care benefit, any increases in their social security payments, income tax cuts, and also the impact of the GST on the cost of living. So you net all that out in the same way as the modelling does to work out whether they have in fact had a reduction. If they have, the government has announced that they will be topped up. We will top them up as a lump sum and that will be a non-taxable payment.

**Senator CHRIS EVANS**—But this does not include any provision for the top-up, I gather, does it?

**Mr Tune**—The money that is announced in the portfolio budget is the running cost. This is quite a labour intensive arrangement through this streaming arrangement that I was talking about.

**Senator CHRIS EVANS**—The \$10.695 million is just for administrative costs?

**Mr Tune**—Purely for that, yes.

**Senator CHRIS EVANS**—Where do I find the anticipated costs for the measure?

**Mr Tune**—It is not there at this point in time because we are not sure if there are any, and until we do we have not put any money aside.

**Senator CHRIS EVANS**—Have you got a calculation?

**Mr Tune**—No, we do not.

**Senator CHRIS EVANS**—Not even a rough estimate?

**Mr Tune**—We are working through that at the moment but it is almost impossible to get data on this sort of material, it is getting so detailed. But we have not yet come to a firm view on what the outlays might be, if any.

**Senator CHRIS EVANS**—Where would that money be drawn from if required?

**Mr Tune**—It will be an ex gratia payment and it will probably come through as an advance from the Minister for Finance.

**Senator CHRIS EVANS**—It will be treated as an ex gratia payment to the—

**Mr Tune**—To the individual family.

**Senator CHRIS EVANS**—To the taxpayer of the family.

**Mr Tune**—Yes.

**Senator CHRIS EVANS**—How would it be paid?

**Mr Tune**—As a lump sum deposited into their bank account.

**Senator CHRIS EVANS**—It is envisaged that would be compensation for the difference between where they would have been and where they have ended up. Is that right?

**Mr Tune**—That is correct, yes, for a three-month period.

**Senator CHRIS EVANS**—For a three-month period?

**Mr Tune**—Yes, that is right.

**Senator CHRIS EVANS**—Can you explain that to me? That is the bit I did not quite understand.

**Mr Tune**—That is what was announced by the government—it will be on the transition—largely on the basis that the reason this scheme was brought into being was the situation where the definition of income for say a person who is receiving the basic parenting payment is based on their fortnightly income, current income as it is called in the Social Security Act, whereas FTBB moves towards a full year taxable income. So over a period of time most people actually gain from that. There can be problems around the transition but over a period of time when you take account of the tax cuts over a full year they are generally winners, quite large winners. So it was decided that the top-up should relate just to the transition period and the three-month period has been changed.

**Senator CHRIS EVANS**—Are you saying they will only be worse off for that period of three months?

**Mr Tune**—No, I do not think you can actually define it that closely. It has been decided that it will be for three months though.

**Senator CHRIS EVANS**—I have seen the press release. I am still not clear what that means. Does it mean that you concede that there may be people who are worse off for the whole financial year or do you concede that may be only be worse off for three months or do you concede that they may be worse off for a longer period but you will only pay them compensation for what they lose over that three-month period?

**Mr Tune**—They may be worse off for only two weeks but we will pay them three months.

**Senator CHRIS EVANS**—But if they are worse off for four months you will pay them three months?



**Mr Tune**—That is correct.

**Senator CHRIS EVANS**—So you will calculate how much they will be worse off for a three-month period?

**Mr Tune**—Yes. What we will do is we will look at the transition, what is happening the week before 1 July, what is happening the week after or the fortnight after, work out whether there is a difference and then multiply that by three months.

**Senator CHRIS EVANS**—And pay it as a one-off payment?

**Mr Tune**—That is correct, yes.

**Senator CHRIS EVANS**—So there will be no compensation even if you find that they are worse off for a longer period?

**Mr Tune**—As the scheme is announced at the moment, that is correct.

**Senator CHRIS EVANS**—What is the money in the out years for?

**Mr Tune**—I am sorry, I should have explained it earlier. We are actually going to allow claims all the way through until about June 2002 because some people may be taking their payment as an end of year lump sum, as part of their tax return, and so it could be quite a period of time before it is possible to demonstrate whether they are worse off or not, so these are backdated.

**Senator CHRIS EVANS**—These are your administrative costs. You are down to \$140,000-odd by 2002-03, so that is why you are anticipating the admin costs—

**Mr Tune**—Yes. The way the running costs calculations work in the agreements for the Department of Finance there is actually some depreciation of capital relating to the depreciation of computing equipment and things like that. That accounts for those small dollars in the out years.

**Senator CHRIS EVANS**—So you are telling me not to put much credence in these figures on the document. You will not be spending any money on that program in any real sense in those years.

**Mr Tune**—In terms of cash probably not, but in terms of accrual based accounting, yes, you would.

**Senator CHRIS EVANS**—But in terms of cash basically you will have the bulk of it in this financial year dealing with the applications that come in after 1 July saying they are worse off, and you expect some to still be coming through at the end of that financial year. How will you handle that?

**Mr Tune**—That is when the liaison with ATO will need to take place because we will need to work through—or they will need to tell us what they have received as part of their tax refund.

**Senator CHRIS EVANS**—Are you saying that if people do not apply you will still do the assessment on the tax returns?

**Mr Tune**—No, they need to apply still. We are just giving them a longer period to apply and then we will backdate the thing.

**Senator CHRIS EVANS**—I am just trying to understand the tax year argument. Are you saying that they may not realise until the end of the tax year?

**Mr Tune**—That is right. As you know, people can claim the Family Tax Benefit in one of three ways. They can take it as a fortnightly payment, they can take it as a PAYE or they can take it as an end of year tax refund.

**Senator CHRIS EVANS**—So if they took the tax option they would not be able to make the calculation until the end of the year.

**Mr Tune**—Exactly. So we are administering it beneficially in that respect.

**Senator CHRIS EVANS**—You have done the proposed funding for this. Have you got any idea of the numbers you expect to be dealing with?

**Mr Tune**—No, we have done the running costs, the administrative departmental costs there, on the basis of about 40,000 inquiries, but as to how many of those will be eligible we really have no idea.

**Senator CHRIS EVANS**—So you have not even got an indicative figure of the number of clients—

**Mr Tune**—Sorry, Senator, I just misled you—150,000 initial inquiries.

**Senator CHRIS EVANS**—I thought you had been a bit optimistic.

**Mr Tune**—There are 150,000 initial inquiries, most of which we would think would not get through that first gate.

**Senator CHRIS EVANS**—I should not encourage people to be too optimistic. You are going to go through them hard. So 150,000 inquiries is what you have done your calculation on, but you have absolutely no idea of the numbers who you think may be disadvantaged under the measure.

**Mr Tune**—Not at this stage, no. We are trying to work through it but we do not yet have a firm idea.

**Senator CHRIS EVANS**—Does that mean that you are in the process of trying to calculate that?

**Mr Tune**—We are indeed, yes.

**Senator CHRIS EVANS**—But you have not completed that.

**Mr Tune**—Correct.

**Senator CHRIS EVANS**—Has Treasury been asked to assist?

**Mr Tune**—I think there have been some informal discussions but I do not think we have had any formal discussions with Treasury. I should stress there is actually no decent data on which to come to a firm view about this so it is a bit of just suck it and see at the end of the day.

**Senator CHRIS EVANS**—The very issues I raised with you all through last year, Mr Tune, about some of the estimates that were raised about how all this will work.

**Mr Tune**—There was information on which to base those, Senator. I do not think there is in this case.

**Senator CHRIS EVANS**—We will have that argument some other day. I see a lot of these estimates have been revised quite dramatically, starting with the CPI and moving on. So we do not know who is affected, we do not know how much it will cost. What about the target group? You say 150,000 visits but the target group who would be moving into penalty payment and FTB at the end of the year, would it?

**Mr Tune**—The target group is the people who are currently getting basic parenting payment and are moving on to FTBB and as a result of the change in the definition of income have some disadvantage at the transition point. That is the target point.

**Senator CHRIS EVANS**—How many people are in that category each year?

**Mr Tune**—Somewhere in the order of 400,000 are receiving basic parenting payment. But only a very small proportion of those would be affected in that way.

**Senator CHRIS EVANS**—You say that. I am trying to get you to explain to me why you say that.

**Mr Tune**—Particularly because it is not always a disadvantage to move to a taxable income; it can be advantageous, depending on the way in which the income works—

**Senator CHRIS EVANS**—I am just trying to work the subgroup down. Is there a subgroup of those 400,000 who you know will not be eligible or will not be impacted?

**Mr Tune**—It is not that we know so much; our thinking is that the vast majority of them will not be, because, once you take account of increases in social security payments, income tax cuts and put in the GST effect, it is pretty clear that the vast majority of them are going to be way better off. So our feeling is that the vast majority of them are okay. There might be a small subgroup there, but as to how much it is is the difficult question.

**Senator CHRIS EVANS**—Given that we started from, 'No-one will be worse off,' I think we can leave those final judgments, can't we? We were being assured that there would be nobody adversely affected last year, but isn't it that we just do not know? Isn't that right?

**Mr Tune**—It is not clear that there is anybody. I should say that.

**Senator CHRIS EVANS**—But you are no longer asserting it quite as strongly, are you?

**Mr Tune**—I do not think I have ever asserted anything, Senator, on that score.

**Senator CHRIS EVANS**—You say when they go in there you will work out the impact of the tax cuts, et cetera.

**Mr Tune**—Yes.

**Senator CHRIS EVANS**—What will you do in terms of the calculation of the GST impact on their cost of living?

**Mr Tune**—We will be using the forecast impact of the GST on the cost of living of 2.75 per cent for 2000-01.

**Senator CHRIS EVANS**—Of 2.75 per cent?

**Mr Tune**—Correct. That is the updated number in the budget papers.

**Senator CHRIS EVANS**—So whatever the individual's circumstance—you are not making any sort of assessment of the individual's circumstances?

**Mr Tune**—We have no capacity to work out what the individual's circumstances are in terms of the impact—

**Senator CHRIS EVANS**—No. I guess it was implicit in the sense that you talked earlier about getting all these other factors of their personal circumstances. What you are saying to me is that the GST factor will be a standard 2.75 per cent CPI on the cost of living calculation.

**Mr Tune**—Yes.

**Senator CHRIS EVANS**—There will be no tailoring to their own particular individual circumstances?

**Mr Tune**—No. We have absolutely no basis on which to determine that. I do not know if anybody else has either.

**Senator CHRIS EVANS**—It intrigued me as being an interesting exercise. The way it was expressed was, 'We'll work out what the GST impact on them is.' I thought, 'Oh, well, best of luck.' It is using a standard measure.

**Mr Tune**—Yes.

**Senator CHRIS EVANS**—How will people know about this?

**Mr Tune**—Information is going to be available through the Family Assistance Office and we will be directing people to the call centres. It will be in the pamphlets that the Family Assistance Office will be producing after 1 July. There will be reference to this review scheme and its availability.

**Senator CHRIS EVANS**—All right. Thank you for that.

**CHAIR**—We will move onto 1.4, Child care support.

[3.11 p.m.]

#### **Output group 1.4—Childcare support**

**Senator CHRIS EVANS**—I want to ask, in order to short-circuit today's proceedings in the child-care area, if we might organise a briefing during a parliamentary sitting on the new budget measures on child care, because a lot of the ground I want to cover on child care are really just questions about the measure.

**Senator Newman**—Sure, I'd be happy to.

**Senator CHRIS EVANS**—I want to go to another estimates hearing later on and I know other people are pressed for time. I have some questions about child care but it is really exploring the budget.

**Senator Newman**—New initiatives in the budget.

**Senator CHRIS EVANS**—Yes. It was really a chat about how it is going to work. I know you have extended the courtesy in the past. If you could organise a briefing for the committee members who are interested, it might save everyone else sitting through it, too. Thanks for that. I want to start with a bit of the financial stuff. I would like someone to take me through how it works, how the new child-care benefit works in the budget papers, because I notice for instance that what used to be, I think, child-care assistance paid into local government used to show up as a special purpose payment and that has now gone. Can you maybe give me an overview of how it used to work and how it operates now?

**Mr Powlay**—Yes, Senator. Probably the best table in the Portfolio Budget Statements to look at on this is on page 54 where it shows the changes in relation to output group 1.4, child-care support. But, before looking directly at that, to explain to you the different nature of the two payments, child-care assistance was a payment made to child-care services where they met certain conditions and the amount of child-care assistance paid to the services was based on the circumstances of the parents using that service. Services were required to pass on that payment as a fee reduction. Legally, it was a payment to the service. As such, it was classified for government accounting purposes as a grant. Therefore, when it was paid to a service run by a local government authority or a state government authority—as we have in South Australia—it was classified for accounting purposes as a special purpose payment.

Child-care benefit has a different status legally. Under the new tax system legislation, family assistance legislation, child-care benefit is an entitlement of the parent. You would be aware, Senator, that whilst it is paid via the service there is a reconciliation process at the end of the year which might actually vary the entitlement. Even though, on the face of it, the method of payment is similar, the two payments have a different characteristic. Child-care assistance was a payment to the service and child-care benefit is an entitlement of the parent. Child-care benefit, therefore, cannot be classified as a special purpose payment for accounting

purposes, even where it might be being paid through a child-care service that is run by a local government authority.

What you see in our portfolio budget statements and in, I think, Budget Paper No. 3, relates to special purpose payments. You see a reduction or an elimination of child-care assistance special purpose payment because, as I said, the child-care benefit cannot be classified as a special purpose payment. But that reduction is more than offset by the increase in allocation to child-care benefit. Whilst we do not break down separately how much child-care benefit might be being paid to parents who are using local government controlled services, overall the amount of child-care benefit going through those services would be, at a minimum, in the order of 10 to 15 per cent higher than it was last year.

**Senator CHRIS EVANS**—The figure that showed up as a special purpose payment to local government: was that only child-care assistance or were other payments included in that global figure?

**Mr Powlay**—Yes. If you look at the table on page 54 under ‘Childcare Support, Appropriation Bill No. 2’ it shows the special purpose payments under the child-care support output. There are two categories: one is the child-care assistance special purpose payment which has gone from a final estimate last year of \$20-odd down to zero and the other is support for child-care special purpose payment which consists of other support that we provide directly to child-care services, such as operational subsidies, establishment grants and so forth.

**Senator CHRIS EVANS**—Is that only to local government providers?

**Mr Powlay**—That figure there relates to both local government and state governments. In particular, South Australia operates their family day care scheme as a state government operation, so payments to the South Australian state government would be included in that. For other states it is predominantly local government.

**Senator CHRIS EVANS**—I thought the figure to local government was much higher, though, than \$20 million in the last year. I thought it was about \$150 million. I had in my mind that there was a special purpose figure in the other budget paper, which I do not have in front of me, of about \$150 million, or perhaps \$115 million. My memory was that it was a lot more than \$20 million; that is all.

**Mr Powlay**—Yes, you are right, Senator. I am just trying to find it. I will need to take on notice what is included in that higher figure that appears in Budget Paper No. 3, but I notice in the brief that I have that it does not relate just to child-care support. It is classified as children’s services, and there may be some other payments—

**Senator CHRIS EVANS**—The figure in the other budget paper was what, a hundred and something million?

**Mr Powlay**—It went down from \$189 million to \$48 million.

**Senator CHRIS EVANS**—That is right. So there is obviously still some money going to local government, greater than what is shown in that provision.

**Mr Powlay**—That is right, and I am not quite sure how their difference is accounted for, Senator, but I suspect it is to do with items other than child care because it is a broader classification. It is children’s services.

**Senator CHRIS EVANS**—But even the item in your table of support for child care SPP, there is a reduction. What has driven that?

**Mr Powlay**—Support for child care SPP. That is an actual reduction and it is about, I think, \$1.8 million. It is to do with a drop in capital expenditure that is organised via federal-state agreements.

**Senator CHRIS EVANS**—So that is a reduction in capital expenditure. But the gross figure was \$180 million-odd going to local government. Apart from that small amount you just talked about, this only accounts for \$20 million of that, so we are still looking for another \$160 million-odd, aren't we?

**Mr Powlay**—We are, Senator. Sorry, Senator, I would have to take it on notice—

**Senator CHRIS EVANS**—No wonder the minister and I cannot agree about child care figures.

**Mr Powlay**—I will have to take it on notice. As I said, I suspect it is not child care because the item you are looking at in the other budget paper is not child care. It is a broader category.

**Senator CHRIS EVANS**—No, it is children's services. What else do you fund out of the children's service budget for the local government?

**Mr Powlay**—Some youth support, some playgroups.

**Ms Corbett**—And there would be a component there for operational subsidies for the family day care services that are actually managed by local governments as well. But we really should break that down for you and get you a clear answer. I apologise that we cannot do that today. This question has just been raised with us quite recently by some of the local government organisations, so we are doing that analysis and we will let you know.

**Senator CHRIS EVANS**—They were on the phone to me on budget night, saying they have slashed \$150 million out of child care to local government but I did not fall for the trap.

**Senator Newman**—You know I did not say that.

**Senator CHRIS EVANS**—I do not say that I did not have some doubts in my mind, but—

**Senator Newman**—Don't be unkind. You have got no evidence—

**Senator CHRIS EVANS**—I did exercise some restraint.

**Senator Newman**—Very well done.

**Senator CHRIS EVANS**—But now I am more intrigued because Mr Powlay is not able to actually fully explain it to me. Mr Powlay, I would appreciate a detailed answer on that because I think, as you say, there is some concern in local government circles about that and the lack of clarity as to what it means. I suspect you are right about the change in status, et cetera, but I want to be able to follow which money went from which line to which line under the new arrangements.

**Mr Powlay**—Yes, I am intrigued myself now, Senator.

**Senator CHRIS EVANS**—Good. I hope to not have dented your confidence, but do you want to start with the more general?

**Mr Powlay**—Sorry?

**Senator CHRIS EVANS**—I am trying to get a feel for what has changed in terms of the broad funding. You are right to point to that table. I just thought you could take us through the major changes and explain what has happened.

**Mr Powlay**—Okay. If you look at that table under the heading 'Output group 1.4', which is child care support, the first item there under Appropriation Bill (No. 1) is child-care assistance and that is going from a final estimate of \$706 million to \$17 million this financial

year. The \$17 million this financial year is an allocation for basically late claims for child-care assistance relating to the previous financial year, so if some services have supplementary claims that have not yet been processed by Centrelink, et cetera, we need to pay that out.

**Senator CHRIS EVANS**—I understand.

**Mr Powlay**—For child-care capital loans there is nothing particularly interesting about those numbers. The ‘support for child care’ item under Appropriation Bill (No. 1) has been reduced slightly. The main reason for that is the movement of some funds out of that allocation to other appropriations elsewhere within the portfolio. The background to that is basically that when this program came across to us from the previous Health and Family Services area there was an appropriation that covered both child care and things like playgroups, youth access centres, et cetera, and they remained in the same appropriation called ‘support for child care’ under the child-care output group. That really was not a correct classification and so those appropriations have been moved into other areas and \$8.649 million went into output group 1.1, Family assistance—

**Senator CHRIS EVANS**—Just to take you back, though, you are saying there has been no reduction in the total ‘support for child care’ budget as in the items that were in there and are being—you are saying that what looks like a budget reduction is not?

**Mr Powlay**—No, it is not.

**Senator CHRIS EVANS**—You are giving me that assurance that it is not. Is that right?

**Mr Powlay**—It is a movement between output groups to ensure that the money allocated there is supporting the child care output. We have taken out and moved to other output groups money for playgroups, youth activity services, family liaison workers, et cetera, which were in one appropriation under the previous portfolio.

**Senator CHRIS EVANS**—All right.

**Ms Corbett**—Can I just add, Senator, there is also an amount in the initial figure there that was a carryover from the previous financial year. So that we did actually carry over an amount of \$13 million into that \$188 million. That is another part of the difference in the pattern between the two years.

**Senator CHRIS EVANS**—I see. I would appreciate it if you could take on notice perhaps an explanation of that and where those funds are now represented, just for the purpose of understanding where—

**Mr Powlay**—Sure.

**Ms Corbett**—The major component, Senator, other than the carryover that I just mentioned, is \$15.14 million. Of that, \$8.649 million went to the family assistance area of the portfolio in output group 1.1. That was primarily the playgroups and some out of scope services that are related not directly to child care.

**Senator CHRIS EVANS**—And that is now found as a line item for playgroups, is it?

**Ms Corbett**—It is being managed within a broad banded item within the family assistance component, but it has moved to that output group 1.1.

**Senator CHRIS EVANS**—You will be able to identify that item for me, though, will you?

**Ms Corbett**—Within that broad band, certainly, yes. The other component that has moved to output group 1.2—youth and students—is an amount of \$6.491 million, and that is for the youth activity services. Those services are primarily targeted at children beyond the child care

services age range—you will probably be familiar with them. Primarily they are targeting 12- to 15-year-old people.

**Mr Powlay**—Just to finalise that, Senator. If you turn back to page 53 you will see the \$6.491 million for youth activity services under output group 1.2., youth and student support. And you will see \$8.649 million under output group 1.1. services for families with children.

**Senator CHRIS EVANS**—Thank you.

**Mr Powlay**—Appropriation Bill (No. 2) I have covered with you, perhaps less than adequately, but that is the special purpose payments. Then there are the special appropriations. The appropriation for child-care benefit has gone from zero to \$989 million. That is basically, in one sense, the replacement for the reduction in the child-care assistance that is shown above, and also it includes a component of child-care rebate because, as you know, child-care benefit combines the two previous payments. The reduction that you see in the child-care rebate from \$134 million down to \$50 million has also gone into the child-care benefit special payment.

**Senator CHRIS EVANS**—Why do we still have a rebate showing? Again, is that because of the lag.

**Mr Powlay**—Yes, the rebate there is for just the lag. A lot of people keep their receipts in their bottom drawer and may not bring them out until after July.

**Senator CHRIS EVANS**—There is no eligibility for rebate after 1 July, is there?

**Mr Powlay**—No, but people can still, up until the end of this year, take along their receipts relating to before July.

**Senator CHRIS EVANS**—I understand that. That is purely a lag. There is no ability to claim rebate for services bought beyond 1 July.

**Mr Powlay**—That is right. People can claim child care benefit for those services but not the rebate.

**Senator CHRIS EVANS**—So when we look at the figure for child-care benefit for this year's budget, it should represent the summation of which figures from last year's budget?

**Mr Powlay**—It represents child-care assistance and child-care rebate, basically, and there is an additional \$180 million to \$190 million on top of that.

**Senator CHRIS EVANS**—You are saying to me that that is compared with what you spent last year?

**Mr Powlay**—Compared to what was allocated, yes, compared to the final estimate for last year.

**Senator CHRIS EVANS**—What is your final estimate for last year for total child-care assistance?

**Mr Powlay**—It is there in that first column in that table, Senator. There is \$706 million under bill No. 1 and 20 million under bill No. 2, so it is about \$726 million. Then you would add to that the \$134 million of the child-care rebate and compare that with the \$989 million to be allocated for child-care benefit.

**Senator CHRIS EVANS**—How would you treat the expenditure this year on rebate and child-care assistance? They are really expenditures on the last financial year, aren't they, but paid out on this year?



**Mr Powlay**—Yes. It depends on whether you want to look at it on a cash or an accrual basis, but in terms of what is available to spend in relation to entitlements, this financial year it is that \$989 million figure.

**Senator CHRIS EVANS**—You say that compares with what that was spent on entitlements? Or what was your final estimate figure for this financial year for expenditure on entitlements?

**Mr Powlay**—Are you asking me what it was?

**Senator CHRIS EVANS**—Yes.

**Mr Powlay**—It was around \$850 million.

**Senator CHRIS EVANS**—You just said there was an increase; I just wanted to go back to what your final estimate was. So your final estimate for expenditure on benefits, assistance and rebate this year was \$850 million?

**Mr Powlay**—\$850 million. For next year it is \$989 million and then a question mark about whether you want to add in the \$50 million and \$17 million.

**Senator CHRIS EVANS**—What do you say is driving that increase in expenditure?

**Mr Powlay**—For child-care benefit?

**Senator CHRIS EVANS**—Yes—the comparison between the rebate and assistance last year and the benefit this year.

**Mr Powlay**—The increase in the rate of child-care benefit—

**Senator CHRIS EVANS**—How much of the increase is accounted for by the change in the rate?

**Mr Powlay**—I do not have the exact figure. I am not even sure that we have done the calculation, Senator.

**Senator CHRIS EVANS**—Could you take that on notice for me?

**Mr Powlay**—I could take it on notice. I would guess about three-quarters would be due to the change in rate. The remainder would be due to other changes such as the introduction of the 10 per cent part-time loading for long day care and the abolition of a minimum contribution for families.

**Ms McKay**—But wouldn't it also be the eligibility for the child care benefit of in-home care of around \$49 million?

**Ms Corbett**—Yes.

**Mr Powlay**—It is not in that number I do not think.

**Ms McKay**—It should be.

**Senator CHRIS EVANS**—What was our concluding point of view?

**Ms Corbett**—Our consensus there, Senator, was that the new budget measures and the increased number of places that we are expecting through, for instance, in-home care are also driving up the total expenditure on CCB for next year.

**Senator CHRIS EVANS**—Can you, on notice perhaps, give me an analysis of what you think is driving it. I do not mean to the last dollar, but an analysis of what is driving the higher allocation.

**Ms McKay**—Yes, Senator.

**Mr Powlay**—Yes, Senator.

**Senator CHRIS EVANS**—I mean the type of thing that Mr Powlay just talked about. But you say that the extra allocation for in-home care is also represented in that increased budget figure. Is that right?

**Ms Corbett**—Some of it comes into this year's.

**Mr Powlay**—\$1.8 million of it.

**Senator CHRIS EVANS**—I did not think there was going to be much actually spent on services this next financial year.

**Ms Corbett**—That is true.

**Mr Powlay**—It is only \$1.8 million of that difference.

**Senator CHRIS EVANS**—That is what I thought. As I remember, looking at the budget initiative, there is not much allocated for this financial year. The money is all in the out years, isn't it?

**Mr Powlay**—Yes.

**Ms Corbett**—The majority of it, yes, certainly.

**Senator CHRIS EVANS**—Thanks for that. What calculation underpins that budget figure in terms of parents claiming child-care benefit as compared to last year? You have told me the increase has been driven by these factors. At the base of that is an estimate of demand, I suppose.

**Mr Powlay**—Senator, I would need to take that on notice, but my understanding is that the estimates are not assuming a large increase in demand. It is mainly driven by increases in rate and extra conditions.

**Senator CHRIS EVANS**—I am sure that is right, but if you could just take on notice for me the assumptions that underpin the calculation, I would appreciate that.

**Mr Powlay**—I will, Senator.

**Senator CHRIS EVANS**—You mentioned that one of the drivers for the increased cost was the loading for part-time care. I see that you have moved the hourly rate for family day care and child care to the same rate, but the part-time loading percentage is different: one is 10 per cent and one is 33 per cent. What is the rationale for that?

**Mr Powlay**—Probably the rationale is that, as you are probably aware, in long day care centres they charge parents on a sessional basis generally on a daily basis. So if parents are using five hours care a day and the standard session is eight, then the parent will be charged for and we will actually pay child-care benefit for eight hours, notwithstanding that they have used five. In family day care they would charge either by the hour or by much smaller units.

**Senator CHRIS EVANS**—That is not a requirement, though. You are just talking about industry custom and practice, are you?

**Mr Powlay**—Yes.

**Senator CHRIS EVANS**—Do they charge an hourly rate?

**Mr Powlay**—In general it is an hourly rate although some may have sessions of 2½ hours or something like that.

**Senator CHRIS EVANS**—The logic then is what?

**Mr Powlay**—The logic then is that in terms of the part-time rate, because family day care is generally being paid closer to the amount of hours actually used and therefore the amount of hours for which they incur cost, the part-time loading does not need to be as high in the

long day care centres. To some extent they are getting a part-time loading by the government paying for the session even though the person may have only used part of the session.

**Senator CHRIS EVANS**—Do you think that is being overcompensated by virtue of you not being able to charge by the day rather than for hours used?

**Mr Powlay**—Yes. That is a rationale both of the sectors generally accept.

**Senator CHRIS EVANS**—Was there any particular rationale behind the 33 per cent loading? Why 33 and not 25 or 40?

**Mr Powlay**—Not that I have discovered as yet, Senator.

**Senator CHRIS EVANS**—I think I asked you last time about the benefits to families from the changes. We talked about those families receiving the maximum increase of about \$10 a week. I think the figure was that about 12,000 families would get the \$10 increase a week if they were using at least 50 hours of care. Some other figures you gave indicated that a lot more families than that would actually be getting that rate of increase.

**Mr Powlay**—Yes.

**Senator CHRIS EVANS**—Is that because of the impact of this part-time provision?

**Mr Powlay**—Yes, some of it is due to the part-time loading provision. Some of it is also due to the fact that the \$10 increase is based on people paying the average fee for a long day care centre. There are, of course, many people paying less than the average fee and therefore what they will pick up by way of child care benefit will be more than \$10 above what they were getting under child-care assistance and child-care rebate.

**Senator CHRIS EVANS**—Would you say that to me again, Mr Powlay. I suspect you are right, but I do not think I quite understood you.

**Mr Powlay**—The \$10 gain is based on what would happen to someone paying the average fee in a long day care centre. The average fee at the moment is around \$170 a week. Someone paying that amount would gain \$10 more under child-care benefit than they got by way of CA and CR—child-care assistance and child-care rebate—combined. The child-care rebate is paid proportionate to the fees paid. It is either 20 per cent or 30 per cent of the gap. Those people paying higher child-care fees picked up more of their assistance now under child-care rebate and, similarly, those people paying less than the average fee, picked less under child-care rebate because they did not have as much of a gap.

With child-care benefit it is all set at a flat rate per hour. Those who are currently picking up less under child-care rebate, because their fees are lower, actually gain proportionately more than the \$10. Gains of up to \$30 or \$40 a week are not uncommon where you have a low fee.

**Senator CHRIS EVANS**—A very low fee. Do you have a breakdown on the increases in total benefit to families? Is there some sort of breakdown of who benefits by what?

**Mr Powlay**—Yes, Senator.

**Senator CHRIS EVANS**—Can you provide that for me. I presume that is a general median. I wanted to get a feel for it. I was totally confused when we talked about the \$10 maximum rate and then it struck me that those on part time would actually get a benefit above. But that other explanation adds a further complication.

**Mr Powlay**—The other aspect which I mentioned earlier was that under child-care benefit there is now no requirement for the parent to pay a minimum contribution. Under child-care assistance and child-care rebate those people paying low fees did not always get the full benefit of the child-care assistance because there was a minimum contribution the parent had

to make. Because under child-care benefit there is no minimum contribution requirement, at very low fees child-care benefit can potentially cover 100 per cent of the cost of their fees. They also gain disproportionately.

**Senator CHRIS EVANS**—I suppose that assumes those figures stay at that level, I guess.

**Mr Powlay**—That is right. I do not think we are assuming that.

**Senator CHRIS EVANS**—No. No doubt there will be some market reaction to that sort of proposition. I would appreciate it if you could provide that information to help me understand it. That would be good. Are there any impacts on those who were not receiving assistance, just receiving the rebate?

**Mr Powlay**—Yes. Under child-care benefit those people who are just receiving the rebate—generally because they are using informal care rather than Commonwealth approved care—will still be able to apply for a payment on the basis of producing receipts to the Family Assistance Office and they will be paid at a rate of 41c an hour per hour of care that they request payment for. That is again a standard rate per hour rather than a set percentage of the gap.

**Senator CHRIS EVANS**—One of the questions under ‘Greater flexibility and choice in child care’, says, ‘Can a family access child-care benefit?’ ‘Families will pay reduced fees due to the up-front payment of child-care benefit to the service. Families will not need to obtain an income assessment due to the cashing out of the benefit direct to services under the initial funding over two years ceases.’ This is particularly to these new private centres which you are going to provide incentives to, is it?

**Mr Powlay**—That is correct.

**Ms Corbett**—That is correct, Senator. I am not quite sure which page of that Q and A document you are looking at, but it would help me if you just point it out to me.

**Senator CHRIS EVANS**—At first I thought it was a more general proposition, but then it appeared to be pointing only to this provision of incentives for private operators and employers to establish child-care services in rural and regional areas. These are these 18 new services. As I said, I do not want to go through all the measures in the budget in detail today, although other senators might want to ask questions about those things. I just wondered how that would work?

**Ms Corbett**—We will calculate on the basis of the number of places allocated to a new service what the CCB entitlement would be if those places were fully utilised over the first two years. We will then pay that as an up-front payment to those services, irrespective of whether they do actually start off operating with a smaller number of children using the service.

**Senator CHRIS EVANS**—So, irrespective of the number of kids, you will pay them to their maximum—

**Ms Corbett**—That is right. If we have approved the service for, say, 20 places, then even if they actually start with 6, 8, 10 or 15 we will give them a payment equivalent to the CCB pattern that they would get, taking family incomes for their client group into account over two years.

**Senator CHRIS EVANS**—I understand that you have done that sort of operation with some community centres in the past, have you?

**Ms Corbett**—That is right, Senator, yes.

**Senator CHRIS EVANS**—How does that work?

**Ms Corbett**—On a very similar basis.

**Senator CHRIS EVANS**—How does it work in the sense of as a—

**Ms Corbett**—It certainly has assisted the viability of those services. In some cases the services have built up their reputation and sustained a good viable service number. There are some services that have still struggled to actually fill their full allocation of places but that support has been certainly valuable to them.

**Senator CHRIS EVANS**—Is this the first time you have offered that sort of thing to a private for-profit operator?

**Ms Corbett**—That is correct, Senator.

**Senator CHRIS EVANS**—What sort of extra financial accountability measures will you put in place to deal with that?

**Ms Corbett**—We put in similar accountability measures as we have with the community based services that have had a similar sort of funding from us. They will have a funding agreement and we will be interested in monitoring outcomes, both through the CCB system, once they get into that, and in that initial phase through a much more direct involvement with those new services. Because there are a small number of them, we anticipate knowing quite a lot about how they are going through that first couple of years.

**Senator CHRIS EVANS**—Ms Powlay, earlier you said that under the new system there is reconciliation with centres because the payment goes to the centres and Labor supported that.

**Mr Powlay**—There is a reconciliation between the information that has been provided by the parents through the centres and the information that is available at the end of the year from the tax office in relation to parents' income records, and also a reconciliation of child-care usage at the end of the year.

**Senator CHRIS EVANS**—It just rang alarm bells with me because we supported the measure to pay it direct to the centres to try to protect the centres a bit from the vagaries of bad debts and that sort of business, and I think that was a good thing to do. But the other thing about reconciliation handling aged care is that the problems of debts to the Commonwealth in aged care is just horrendous and the cause of a lot of the problems we have with nursing homes currently. I just want to try and get a feel for what this reconciliation might mean—I do not mean for group providers who run good sets of books, et cetera; I am worried about the other end, where we find people who do not run good sets of books, whether there is a potential problem there.

**Mr Powlay**—The reconciliation that I was talking about will not involve child-care services at all. It is a reconciliation of the parents' entitlement.

**Senator CHRIS EVANS**—Is the parents' entitlement paid to the centre?

**Mr Powlay**—It is paid through the centre and the centre is required to pass it on as a fee reduction to the parent.

**Senator Newman**—Obviously you and I could do a deal here. We can support it being paid to the parents so they do really know how much the taxpayer is supporting them.

**Senator CHRIS EVANS**—No, as I said, I supported the other measure.

**Senator Newman**—I know you did. It sounded as though you had second thoughts.

**Senator CHRIS EVANS**—No, I am just worried about what the reconciliation means. I think we have enough child-care centres going out of business without that, but I just want to understand what the reconciliation means, basically.

**Mr Powlay**—The way the process works, Senator, is that a parent who is using child care applies to the Family Assistance Office for a child-care benefit by fee reductions. They provide details of their income and the name of the service they are using. Once the Family Assistance Office assesses them, they will provide the parent and the service with an assessment of what percentage of child-care benefit the person is entitled to, whether they are entitled to a multiple child rate and what eligible hours of child care they are entitled to; that is, whether they come under the 20-hour or 50-hour limit.

If the service provides fee relief to the parents based on that notice, in general they would not encounter any debt to the Commonwealth. At the end of the year, when parents' income and child-care usage are reconciled, if there is money owing to the parent or the parent has been overpaid, then that matter would be taken up with the parent, either as a payment to the parent or as a notice of overpayment to the parent.

**Senator McLUCAS**—Just on that matter, how will it work in effect on a week-to-week basis? If a family enrolls a child at a child-care centre, how long will it take for that assessment process of the eligibility of hours and payment to occur?

**Mr Powlay**—The commitment from the Family Assistance Office is that the assessment notice would be available within a week, and that is really an outside figure. It would depend on whether the person had already been receiving the family tax benefit or not. If they were, the Family Assistance Office would already have their details and would be able to do that assessment over the phone and produce that notice the next day. If they had not already had any dealings with the Family Assistance Office, it may take a week because the person would have to fill out a form, provide a lot of new detail and would then have to be assessed on that basis.

**Senator McLUCAS**—Let us take a situation where a parent's working situation changes and they do not advise the Family Assistance Office. Let us say that for a month they are unemployed and their child is still in 50 hours care a week. At the end of that month they are in arrears to the government, to the department, because they will have been receiving 50 hours care for the four weeks that their child was in care, and then when their reconciliation is done, they will owe money to the child-care service—no, that will not work; they will not owe money to the child care service at that time.

**Mr Powlay**—No. In a situation as you have described, if someone was working and therefore having an entitlement to the 50 hours of payment and then they became unemployed and did not tell the service or did not tell the Family Assistance Office, if it was subsequently discovered that they were not eligible for the 50 hours, they would have been overpaid a child-care benefit for that period. The case you quote is an interesting one because they would have been underpaid on the basis of their income assessment for the same period, so it may well balance itself out. But in any case, if they had not had a reassessment done, it would be reconciled at the end of the year and whether it was an underpayment or an overpayment would be taken up with the parent.

**Senator McLUCAS**—Therefore the centre is almost kept out of that equation?

**Mr Powlay**—Yes, the centre only has to change its fee relief practices when it receives a new assessment notice from the Family Assistance Office.

**Senator McLUCAS**—They will potentially only be a week in retrospective.

**Mr Powlay**—Yes.

**Senator CHRIS EVANS**—Can I just ask a couple of questions about accreditation and progress on accreditation matters. I think the last reported figures I saw there were that 269

centres were unaccredited but working through a plan of action. Could someone give me an update on that?

**Ms Corbett**—I do not have the number with me. It has not changed markedly in terms of the numbers that are unaccredited. I can get those figures for you subsequently.

**Senator CHRIS EVANS**—Have we closed a centre yet that has not met accreditation standards?

**Ms Corbett**—Some centres that have not met accreditation standards have closed, but they have not been closed by the withdrawal of their status as approved services at this point.

**Senator CHRIS EVANS**—There have been some concerns raised with me about whether the plans of action are adequately dealing with those that are not attempting to meet standards. What is the longest time we have had someone under a plan of action?

**Ms Corbett**—It would be best if I were to check the figure. From my recall, we have had cases of services working through plans of action for well over a year, and 18 months I believe has occurred once or twice.

**Senator CHRIS EVANS**—It has been put to me that we have a couple of centres which have basically been under various forms of attention for some years without getting themselves to proper accreditation standards.

**Ms Corbett**—That is the case, Senator. What needs to be kept in mind is that often centres that are working through a plan of action have failed to reach the quality standard on only one or two of 52 principles. Because we are talking here not about minimum standards, we are talking about a quality improvement system, it is not necessarily indicative that they are in any way putting children at risk. In fact, on the contrary, if we are worried in any instance that a service has children at risk—for instance, if there are possible breaches of their licensing requirements—that is taken up immediately between the accreditation system and the relevant state government. So we are not concerned that we are actually dealing with serious problems here. However, there are—

**Senator CHRIS EVANS**—I know, and I am not trying to be alarmist, either, but I do want to test whether the accreditation system is dealing with those that perhaps are not as committed to quality. I have always had a view about accreditation: it works well for those who want it to work well. I have never been quite so sure about how it works for those who do not want it to work well. I just want to test what is happening at the end of the market, if you like, where they are not meeting accreditation, and what we are doing about that. The suggestion put to me is that we are not actually being all that forceful with those that fail to get there.

**Ms Corbett**—I understand the concern that you are raising, Senator, and this is an issue that is being addressed in the review of the QIS system for the long day care services.

**Senator CHRIS EVANS**—Right.

**Ms Corbett**—Certainly there has been a lot of discussion in the consultation process around that review about the effectiveness of the sanctions, and whether the standards are being set at an inadequate level. The impact of that review I think will see some changes in that area.

**Senator CHRIS EVANS**—Yes. I would be interested, if you could take some questions on notice, in the numbers who are unaccredited but who are working through plans of action, in how long some of those have been under plans of action—or under successive plans of action

if you gave them a year's accreditation and they are back in the system—and how we are dealing with those.

**Ms Corbett**—We can certainly provide that. And very shortly, I understand, some of that information will be available on the NCCAC web site—the National Child Care Accreditation Council.

**Senator CHRIS EVANS**—When will the review of the QIAS come to a head?

**Ms Corbett**—My understanding is that the Child Care Advisory Council has just this week signed off on its recommendations and those recommendations will be going immediately to the minister.

**Senator CHRIS EVANS**—And following the ministerial decision, what happens then? It is a question of a ministerial decision about changes to the guidelines, is it?

**Ms Corbett**—Yes, indeed, that is correct.

**Senator CHRIS EVANS**—So it is a regulation type thing?

**Ms Corbett**—Absolutely.

**Senator Newman**—There was an extensive consultative process.

**Senator CHRIS EVANS**—Yes, I know. I was just trying to work out what—

**Senator Newman**—That is why it has taken so long, really, because I think the council has done a good job and—

**Senator CHRIS EVANS**—No, I was just trying to work out the process, once you have had a look at it—

**Senator Newman**—It is hard work.

**Senator CHRIS EVANS**—what then happens. You gazette a regulation if you are making changes, I gather.

**Senator DENMAN**—Those centres that have not met the standards for accreditation, do you do spot checks on those, or how does that work?

**Ms Corbett**—The way the QIAS process currently works, it does not provide for spot checks. However, in some states the state licensing authorities do conduct spot checks. Again, I think there is a bit of a difference between the protection of the minimum standards level and what is the objective of our quality improvement and accreditation system.

**Senator DENMAN**—Could I have a list of the states that do do spot checks, please, on notice?

**Ms Corbett**—Yes.

**Senator DENMAN**—Thank you.

**Senator CHRIS EVANS**—I think, in the absence of the chair, that concludes the child care section.

[4.04 p.m.]

## **Outcome 2--Stronger communities**

### **Output group 2.1—Housing support, Output group 2.2—Community support**

**Senator GIBBS**—On page 87, under output group 2.1, national housing priorities, \$1,797,000, and then for 2000-01, \$978,000, could you explain that movement to me, please?



**Ms Flanagan**—Yes, Senator. We have reclassified some of the amounts of money that we have around research so that these particular statements are reflecting the new situation. I can run through these initiatives, if you like, and explain the ups and the downs.

**Senator GIBBS**—So it is just basically a movement of money?

**Ms Flanagan**—Yes.

**Senator GIBBS**—On page 90, national homelessness strategy, could you explain the changes in the budget under the Supported Accommodation Assistance Program?

**Ms Flanagan**—There were no changes in this budget for the Supported Accommodation Assistance Program. There was an agreement to spend an extra \$15 million a year for that program but it was not part of this budget. Currently we are negotiating a new agreement with the states which will be called SAAP 4 and that \$15 million offer is part of those negotiations.

**Senator GIBBS**—Could you give me a rundown on how many people will be helped under SAAP 4 in 2000-01?

**Ms Flanagan**—We do not know that yet. Currently we are in bilateral negotiations with the states about how they might use that additional assistance. It will really be up to them to get back to us to let us know how they are doing that. We would, of course, expect that one of the outcomes of this additional assistance will be that more people will be assisted under this program.

**Senator GIBBS**—Last year there were 90,700 plus 65,000 children, so do you estimate there will be more people helped under this scheme?

**Ms Flanagan**—We would like to think so, Senator.

**Senator DENMAN**—We know that you are releasing the report tomorrow. Will there be funding attached to the release of the strategy?

**Ms Flanagan**—No, there will not be. As we have already indicated, and as you can see from the statements, there was no additional money provided in this budget, although, as I said, there was \$15 million committed for the new agreement per year that will come into play for next financial year. However, what the strategy is looking at, I suppose, is linkages around the money that is currently spent, not only in the SAAP program itself but around a whole lot of measures. We are interested in looking at whether we can better prevent people from falling into homelessness by looking at some of the other programs, such as family relationship counselling as an example, to see whether we can better use those programs to focus on the risk of homelessness and how it may be prevented.

So the strategy is, at the first stage, anyway, looking at how we can better do the job with the money that we currently have. It then looks to being involved in a sort of consultative process, seeking perhaps, in addition to what is currently being done, what other things we might be able to do better, and we are looking at being involved in a consultation process around that.

**Senator DENMAN**—Why has it taken such a long time for us to get the strategy released?

**Ms Flanagan**—There have been a number of reasons. I suppose the major one was that the area that has been working on the national homelessness strategy has also been involved in negotiating the new SAAP agreement, and that has taken quite an amount of time. There has been a lot of consultation around the memorandum of understanding and it has caused some delays. That has been the main reason.

**Senator GIBBS**—With regard to the number of homeless in Australia, do you have figures on the amount of homeless and do you have a break-up state by state?

**Ms Flanagan**—We do get figures on the amount of homelessness in Australia. Sorry, we get figures on the amount of unmet demand, that is, people who actually try to access current services. I presume we have a state breakdown and I can take that on notice and get those figures back to you.

**Senator GIBBS**—That would be great, if you could. When you do the breakdown—obviously it will be from 1999 to 2000—could you also let me know if the trend has gone up, if there are more homeless or less.

**Ms Flanagan**—Yes.

**Senator GIBBS**—I suspect there might be a bit more.

**Ms Flanagan**—We can certainly do that. The other thing that I might say is that this is based on a methodology where I understand we look at a two-week snapshot each year, so it is not as though it is an ongoing process. We are at the moment looking at perhaps whether we can use a different and better methodology to actually do this. But we will give you the figures that we currently have.

**Senator GIBBS**—That would really be helpful. Thank you.

**Mr Whalan**—Senator, it is the best information available and it is quite good by international standards, but homelessness is an incredibly hard thing to count. There is a lot of debate about the veracity of the figures.

**Senator GIBBS**—I understand that, because there must be a lot of homeless people out there that you do not come into contact with.

**Ms Flanagan**—Yes.

**Mr Whalan**—And there are questions about double counting, as well as under counting. It is complex and difficult.

**Senator GIBBS**—I would imagine you would have to rely on a lot of the charities also, would you?

**Mr Whalan**—Yes. The information you will get comes from a collection of the homeless services. There is a question about those people who do not access them and, secondly, because it is done across a two-week period, if one person in inner Melbourne knocks on the doors of four different shelters, they are counted four times. So both problems are an issue.

**Senator GIBBS**—Yes. That is a problem, isn't it?

**Senator DENMAN**—Could I ask about the census on homelessness amongst children. There was a report being done, wasn't there?

**Ms Flanagan**—Yes, that is correct.

**Senator DENMAN**—Has it been completed?

**Ms Hambling**—That is part of the collection that is done for us by the Institute of Health and Welfare. That work is part of the work that the AIHW does for us as part of the SAAP data collection. My understanding is that that material will be available before the end of this financial year.

**Senator DENMAN**—I think we might have heard that before. So you can guarantee it will be available?

**Ms Hambling**—The advice that I have received is that it will be available at that time. I will certainly advise you if that is not the case.

**Senator DENMAN**—Have you any idea what the report contains?

**Ms Hambling**—I do not know, Senator.

**Senator DENMAN**—So you do not know whether the figures of homeless children have increased?

**Ms Hambling**—I do not know.

**Senator GIBBS**—When are we going to get that report?

**Ms Hambling**—I understand in the next month or so.

**Senator DENMAN**—So you have no idea how many children are homeless?

**Ms Hambling**—Not until that report is available. If you would like me to check for you—

**Senator DENMAN**—Yes, please.

**Senator GIBBS**—And could we have a copy when it is released?

**Ms Hambling**—Of course.

**Ms Flanagan**—Senator, can I just check whether all committee members want a copy of that or just Senator Gibbs? I will give it to the secretary.

**Senator GIBBS**—I want to turn to boarding houses. There has been a great deal of debate about whether boarding houses and residents of boarding houses will be worse off because of the way ANTS legislation proposed to deal with this form of tenancy. I know there have been negotiations with the government and the Democrats and the decision has been to provide boarding house landlords with two options for residents who have resided with them for more than 28 days. Could you elaborate on this? Could you explain more about it, because we had this position—and I know there have been negotiations and things have changed. What is the actual position here with this 28-day thing?

**Mr Whalan**—Just as a preamble, Senator, I note that the officers would be able to give some advice but the decisions in this area have been made in Treasury, so they will only be able to go to a certain point.

**Senator GIBBS**—It is basically a Treasury question?

**Ms Flanagan**—We can base our advice on advice we have received from Treasury, but if there are particular issues that you take us into that we are not quite sure of, we would need to refer back to Treasury to clarify that. We are not the policy department on this. My understanding is that there is not an issue. I thought that was set at around 28 days. It is my understanding there is not a question of that. It is about the two methods that are used for people who reside over the 28 days. There are two methods. One method will be similar to what occurs with private rental, where there will be an exemption from the GST. The other method that can be applied is, as I understand, under division 87 where the GST is applied to a proportion of the rent. This means that it is applied on 50 per cent of the rent and they are not able to claim—

**Senator GIBBS**—Sorry, how much is that—50 per cent?

**Ms Flanagan**—Fifty per cent of the GST rent.

**Senator GIBBS**—Right.

**Ms Flanagan**—They are then allowed to claim input tax credits. That is my understanding.

**Senator GIBBS**—Is the 50 per cent of the GST rent the rent assistance that they are going to receive?

**Ms Flanagan**—No, the rent assistance would then be determined separately. Those two methodologies determine the amount of rent that would be charged, then we need to calculate

the amount of rent assistance that would be paid. I can run you through that. What would happen is that a landlord or a caravan park owner would advise one of our customers that the new rent rate is, say, \$100. They would then apply through Centrelink to claim an increased amount of rent assistance based on the fact that they are paying increased rents, if that is the outcome of either of these methodologies. We would pay them an increased rate of rent assistance if their rents had gone up.

**Senator DENMAN**—Do you think the compensation will be sufficient to cover the rent in boarding houses?

**Ms Flanagan**—My understanding is that, based on work done by Treasury on the impact on rents—and not only the increases that might occur through rent assistance but also the increases through pensions and allowances—the modelling shows that they will be adequately compensated.

**Senator DENMAN**—What about rents in high-rental areas such as Sydney?

**Ms Flanagan**—There will be an increase of seven per cent on the maximum rate of rent assistance. So in high-rental areas such as Sydney the full seven per cent increase in rent assistance will be paid through.

**Senator DENMAN**—Do you expect that to be sufficient to cover extra rent in those high-rental areas?

**Ms Flanagan**—My understanding is that the Treasury is estimating that the impact on private rents will be around an increase of 2.3 per cent. Based on the modelling that has been done, those sorts of increases, plus the increases in the base pension and allowance rates, will adequately compensate for increases.

**Senator GIBBS**—In a high-rental area like Sydney, what happens if the landlord charges above seven per cent? What happens if they bump the rental up to, say, 15 per cent? What about the compensation then on the rent assistance?

**Ms Flanagan**—It would depend on why they are bumping it up to 15 per cent. In fairly volatile rental markets—aside from the GST impact—there are always going to be changes in rents, depending on the match between supply and demand. There are processes in place for tenants who believe there has been an inappropriate increase in rent. My understanding is that there is recourse to the ACCC.

**Mr Whalan**—That is correct.

**Senator GIBBS**—Yes, I realise that. There might be a report to the ACCC, but what can be done about it in reality? There are obviously a lot of very good landlords out there but because of human nature there are also unscrupulous ones. They might see this as an opportunity to bump it up. They could genuinely believe that they are going to incur more costs than they actually are. Of course they are private enterprise people, so what can actually be done?

**Mr Whalan**—As Ms Flanagan mentioned, there are probably two opportunities open to tenants. The first is that in each state there are tenancy tribunals, et cetera. They operate differently in each state but enable a tenant to raise a claim about anything a landlord does that they think is unreasonable. In addition, particularly at this point with the introduction of the GST, the ACCC has greater resources to be able to cope with claims that are made. I also assume that tenancy organisations would be trying to encourage individual tenants to be aware of both those avenues of claim.

**Senator GIBBS**—So basically under the tenancy awards of each state—

**Mr Whalan**—Both under the tenancy tribunals and through the ACCC.

**Senator GIBBS**—Yes, so people have rights.

**Senator DENMAN**—Can I go back to the report headed by Chris Murphy, the Econtech report. Have the Democrats seen that?

**Ms Hambling**—That report was commissioned by this department on behalf of the Treasurer. It is up to the Treasurer to release the report.

**Senator DENMAN**—But part of the reason for that was because of the Democrats.

**Ms Hambling**—That is right, yes.

**Senator DENMAN**—Have they or haven't they seen it?

**Senator Newman**—No, it went to the Treasurer.

**Mr Whalan**—That is something you will need to ask the Treasurer. We are unaware of that.

**Senator Newman**—I think we were asked that before.

**Senator DENMAN**—I know. We came back to it.

**Senator GIBBS**—I do not want to labour this. I know you have given me quite an explicit answer but I am a bit worried about these boarding house people because they are obviously low income people. Under the rent assistance, if rent increases above a threshold but remains below the rental ceiling for the maximum rate will the rent assistance be only 70 per cent of that maximum?

**Ms Flanagan**—It is actually 75 per cent. Rather than looking at the rent assistance in isolation, very often rent assistance does not pay all of the costs of renting a property. A pension and/or an allowance is also paid to cover part of the housing cost, so rent assistance does not purport to pay all of the accommodation costs of an individual. We need to also factor in the increase in pensions and allowances that is occurring at this time to understand whether we think that people are disadvantaged under these measures.

**Senator GIBBS**—If some people, and obviously it will not be the majority, find themselves terribly disadvantaged will the department look at this on a one-to-one basis and see what other areas can compensate?

**Ms Flanagan**—I am not quite sure of what you are saying, Senator. Can you perhaps give me an example.

**Senator GIBBS**—I am talking about people who slip through the gaps—and this happens in everything. The rent goes up, they get the rent assistance and they have their pension, and I know there is the extra there, but when it all boils down and they pay what they have to pay—and we all know that people on pensions do not squander their money because they have to count every penny and every penny is allocated—they find that they are terribly out of pocket. If somebody should fall through the gap, will there be some mechanism for the department to look at these individual cases?

**Mr Whalan**—Sydney is possibly a good example of why that cannot be the case. To use Sydney as an example, there are a lot of people who are worried about increases in rent in the lead-up to the Olympics. I know the New South Wales government has been considering measures that they are going to take to try and control Olympic related rent increases. So, using it as an example, we could not undertake to look at each individual case and to compensate for changes, because the changes are as a result of a large range of measures, including, for example, Olympic related rent increases. What we have done is to try and

ensure that the level of compensation that is provided for GST related changes is more than adequate. On the advice that we have from Treasury and from our experience, we believe we have done that.

**Senator WEST**—What work does the department do in terms of looking at the full range of housing issues, not just housing for low income and homeless? What role do you have in looking at having breakdowns of what is happening within the housing sector?

**Mr Whalan**—We still take a role in monitoring and advising the government on the housing sector as a whole, so we are looking at trends in home ownership and we are looking at changes in affordability rates. In fact, if you go onto our Internet site at the moment—

**Senator WEST**—Don't tempt me!

**Mr Whalan**—there is a publication there about trends in home ownership and affordability rates, and within the next four weeks there will be an update of that publication which will show the most recent trends in home ownership affordability, the change in median rent by capital city market, affordability index by capital city market, et cetera.

**Senator WEST**—Home ownership?

**Mr Whalan**—Home ownership rates and trends in Australia.

**Senator WEST**—And housing costs?

**Mr Whalan**—And housing costs.

**Senator WEST**—Well, I think you are right up my alley, thank you, Mr Whalan, with what you have just indicated to me.

**Mr Whalan**—I am happy to give you a paper copy of that and alert you to when we put the revised version on the web site.

**Senator WEST**—That is fine. There have been some housing company collapses in recent times. There was one in Melbourne and Brisbane, very much highlighted. There has also been one in the central west of New South Wales with Carling Constructions, who took over the franchise of A.V. Jennings because they were pulling out of the area, going into voluntary receivership or administration. There are 77 homes that were on the books there. Sixty, I understand from the media, were under construction.

I have a constituent who signed a contract and paid a deposit in August of last year, fully expecting to be in the house by now. They are at a stage now where the frame is up and the roof trusses are up. Even with the delays, the brickies had been expected to have completed it this week. The tilers were going to be in and finished this week. Now they are not going to get finished until August. The value of the house is about \$170,000. They have paid \$70,000 to date in periodic payments, in payments required. By 30 June they expect to have paid \$100,000. They are left with \$70,000 to pay after 30 June and they are being told that they will have a GST component on the uncompleted part of that house construction, to be paid on building and material after 30 June. Is that correct?

**Mr Tune**—I do not know if that situation is entirely correct, Senator. You probably should check this with Treasury, or we can do it on your behalf, if you wish.

**Senator WEST**—I will go down to Treasury and line them up, too.

**Mr Tune**—Fine. My understanding, though, is that it depends on the way the contract is written up. If the contract does not have anything explicit in it about GST after 1 July, then the burden falls on the builder. If there is something explicit in the contract about completion not occurring before 1 July and it slips past, then the purchaser may be liable for the GST, so it depends very much on the way the contract is written up.

**Senator WEST**—They have been told by a representative of Jennings that they will be liable for the GST and that the state insurance coverage to cover the eventuality of builders going bust—it is a fairly volatile industry—does not cover government imposts.

**Mr Tune**—The advice I have been given is that it needs to be quite explicit about GST. I guess it would be an issue for lawyers to work out whether ‘government impost’ means GST or not, but I was told—and I checked on this recently—that it had to be quite explicit about it being GST. It gets down to a legal issue more than anything else, perhaps.

**Senator WEST**—And it has to have been included in the contract?

**Mr Tune**—So I am told, yes.

**Senator WEST**—Given that this was a contract that was signed and the deposit paid by August of last year, I do not think they were really considering that GST was going to be an issue. Minister, are you going to take something to cabinet to seek to have some waiver granted on the GST imposts that this group of people will be incurring?

**Mr Whalan**—My advice would be that this is principally a matter first of all for state governments, which regulate builders. You would have a similar issue if the builder had gone bust and left a number of potential purchasers having made a deposit with no house at the end of it so they had lost their money as a result of the builders going bust. This is driven by two issues. One, to do with the licensing and survival of individual builders, is regulated by state governments and, secondly, around the interpretation of the contracts that they have signed. In the first instance, that is a matter for state governments. In the second instance, in relation to the legalities of the contract there will be some input from Treasury. But I would still argue that it is significantly around state governments. I do not see that being the responsibility of this portfolio. We monitor, and advise the minister—and, through the minister, the government—access by low income individuals and families to housing, including home ownership, rental, et cetera.

**Senator WEST**—But you also do a lot of other work in relation to housing in general.

**Mr Whalan**—In terms of access of low income individuals and families to home ownership and private rental.

**Senator Newman**—Only in terms of rent assistance provision and the Commonwealth-state housing agreement. We do not have a wider brief than that.

**Senator WEST**—You have just told me about all the work you do in tracking and monitoring and things like that.

**Senator Newman**—That is monitoring from the point of view of rent assistance and people on income support trying to rent in the private sector, which is quite different from what you have been talking about.

**Senator WEST**—No, I think some of the stuff that Mr Whalan was talking about earlier fits into this. This is something that is impacting upon private home ownership, yes, but if you impact severely on private home ownership it has an impact all the way down. I will take it up with Treasury, anyway, but I just wanted to make sure that your department was aware of the issue. There are at least a few hundred, if not a thousand, people out there affected by this particular problem, through no fault of their own. It is possible in this case that they will not even need to call upon the State Insurance Scheme because it might well be that the company can trade out of its problems but will just be deferring and delaying the completion date of those homes. It would not have been a problem except that the GST kicks in on 1 July and these people are going to have another \$7,000 added to the cost of their home.

**Senator Newman**—They may or they may not. Maybe they need to get a second piece of advice. They have had advice from Jennings, I think you said.

**Senator WEST**—I think they will be getting further pieces of advice but—

**Senator Newman**—Their own interests, surely, would require that they get separate advice.

**Senator WEST**—Yes. Anyway, I will pursue that.

**Senator GIBBS**—Can I just go back to homelessness. The \$15 million that is SAAP 4 is not extra money that is going to the national homelessness strategy, is it? That is a different thing.

**Ms Flanagan**—Senator, it depends what you mean by national homelessness strategy.

**Senator GIBBS**—Minister, tomorrow you are going to launch the homelessness strategy. Could you tell me now—or maybe you do not want to because you are going to launch it tomorrow—is there going to be extra funding going into the homelessness strategy?

**Ms Flanagan**—Senator, I have answered that already.

**Senator GIBBS**—Is that the \$15 million that you gave me?

**Ms Flanagan**—The \$15 million that is going into the SAAP. The SAAP is part of the government's response to homelessness, so there is additional money going into that particular program.

**Senator GIBBS**—Yes. Sorry, I did not quite understand. It is actually additional money—

**Ms Flanagan**—It is additional money.

**Senator GIBBS**—going into the national homelessness strategy?

**Senator Newman**—It is the SAAP increasing by 18 per cent. Is that what you are talking about? The SAAP is part of homelessness.

**Senator GIBBS**—It is just that I could not find any money this year for this.

**Senator Newman**—No, but if you look under the SAAP I think there is an 18 per cent increase over the life of the program, so it is a substantial increase, I am glad to say. I would hope that there would be also substantial increases from the states towards the SAAP. In addition, in terms of trying to deal with homelessness, we are focusing very much on getting in earlier than at simply the crisis management stage, as I am sure you will think is sensible. Essentially, what SAAP has always been for is to prevent homelessness. There are different categories of people or groups of people who end up homeless: women fleeing domestic violence, young people for a variety of reasons becoming homeless, people with mental illness, people with drug addiction, et cetera.

In a whole variety of ways we are trying to do practical things. They range across programs in this department. There are also programs in, say, the health department with some of the things that they are doing with drugs, et cetera. We are trying to come at this issue of homelessness from more than one direction. For many years, as you would know, we have simply focused on crisis funding. This is trying to do things in other ways as well, which are funded through a variety of programs.

**Senator GIBBS**—I just wanted to get clear in my mind how it was working. Basically, the national homelessness strategy is like the umbrella of all of these other projects.

**Senator Newman**—Yes, and the SAAP is an agreement with the states that we work together on crisis solutions for people. Things like Reconnect, which was the youth homelessness program that is going all around Australia now, is Commonwealth money. We



did that as a result of the Youth Homelessness Pilot Program, but we are doing it in other areas and other programs as well, for which there is extra money going in.

**Senator GIBBS**—I know there are these other programs, so I just wanted to get it in my mind.

**Senator Newman**—Yes. It is just a bit hard to talk to you about dollars because it is more diffuse than that.

**Senator GIBBS**—This is actually the umbrella over all the others. Thanks. I have your press release here, Minister, and it says:

The focus is on early intervention and prevention to combat homelessness.

I suppose we have to wait for the report but, apart from the money, are there other avenues that you have talked about in there?

**Senator Newman**—If you would like to come along tomorrow, I will tell you some more.

**Senator GIBBS**—I will have to wait for the report, okay. I am interested, though, to see that you are also talking about the formation of a new high-level committee on homelessness issues.

**Senator Newman**—Yes.

**Senator GIBBS**—A new peak body.

**Senator Newman**—Yes. I will talk about those tomorrow, too.

**Senator GIBBS**—I will have to wait for tomorrow for that, too?

**Senator Newman**—Yes. Sorry to have you holding your breath all night.

**Senator WEST**—You have chosen the launch date, Minister. What would happen if we had put in a super effort and kept you here all day tomorrow as well?

**Senator Newman**—It was not particularly designed for you but I was going to be here. It is in lunchtime. You are usually quite civilised about lunches and things, I have noticed.

**Senator WEST**—We could have broken and you could have given us a whole stack more!

**CHAIR**—Can we go to 2.2.

#### **Output group 1.4—Childcare support**

**Senator WEST**—What is happening with the volunteering schemes and proposals?

**Ms Hambling**—In what sense, Senator?

**Senator WEST**—Is there some more money for it?

**Ms Flanagan**—Yes, Senator. One of the budget initiatives that has been agreed is around volunteering. It includes expenditure for the International Year of the Volunteer, for which this portfolio has responsibility.

**Senator WEST**—That is next year, isn't it?

**Ms Flanagan**—I think it starts from December. It starts next year, yes.

**Senator WEST**—It is in the year 2001?

**Ms Flanagan**—Yes.

**Senator WEST**—What are you doing in relation to preparation for the International Year of Volunteering?

**Ms Flanagan**—We are doing a range of things: through the year itself. We are going to have a range of initiatives around recognising both volunteering organisations and volunteers themselves.

**Ms Rushton**—The United Nations has a set of objectives for the year which includes things like encouraging support. We are just about to develop a set of Australian objectives and we are consulting with community groups on that. We are intending to commission some research—the ABS did some very interesting research on the type of volunteering in Australia. We will be looking at what is happening with volunteering now, in particular at who volunteers and what sorts of activities they do. There will be a series of awards, as Ms Flanagan said, for volunteers. As part of the Stronger Families and Communities Strategy, there is also funding for skills for volunteers to support participation as volunteers.

**Senator WEST**—And is the department alone going to drive this? There will be no committee or outside body commissioned to do so?

**Ms Rushton**—We have established an interdepartmental committee because many different portfolios are involved with volunteers, as you can imagine. We also will be working closely with Volunteering Australia and with the state bodies who are involved with volunteering. We are already visiting them and negotiating with them.

**Senator WEST**—How much money has been set aside for it?

**Ms Rushton**—Approximately \$7 million over two years for the international year, and that is part of approximately \$15 million for the skills and international year.

**Senator WEST**—You might like to give me a breakdown on notice of what your intended budget is and things like that.

**Ms Rushton**—Certainly.

**Senator WEST**—An issue I wanted to pursue with you on volunteering is an issue of concern I have and complaints that I have had brought to me by organisations who are concerned about the insurance costs for volunteers. I had one brought to me last week by someone who was concerned that it was costing volunteers for one of the coastal patrol volunteer groups \$5 membership to the organisation and then having to pay \$50 to cover their insurance. That was a big enough worry. But there are worries and concerns; I think there is a possible black hole. I have had complaints with organisations taking on people who are under case management for unemployment benefit—whatever they call it these days.

**Ms Rushton**—The volunteer work initiative.

**Senator WEST**—Doing the volunteer working—part of—and that is their agreement and they are complying with that. But there is an issue as to whether they can be covered by the organisation's existing insurance for workers compensation and that sort of thing.

**Senator Newman**—If they are volunteers as distinct from participating in Work for the Dole or something.

**Senator WEST**—No, if they are people who are recipients of an allowance, of payment from your department, and they are being case managed and they take the option of doing volunteer work—they are fulfilling their mutual obligation. Insurance companies have a very strict interpretation of their obligations and, for people to be covered by the insurance cover that is given to volunteer organisations, the people must be in receipt of no money as a result of that. The insurance companies are interpreting the receipt of the Newstart or whatever the allowance is from—

**Senator Newman**—I was trying to check whether you were talking about people who were doing that or people who were just volunteering off the street for some of these welfare organisations. That was the point of my question.

**Senator WEST**—There was a concern about that, but the real concern I have is those who are doing it as part of a mutual obligation and the organisation that is concerned—

**Ms Rushton**—I cannot give you a full answer on this; I can take it on notice. But I think you are referring to people who are part of the volunteer work initiative where they are able to do volunteering as one expression of their mutual obligation.

**Senator WEST**—That is right.

**Ms Rushton**—We fund Volunteering Australia and it is in our PBS to skill up the volunteer agencies to run this program. This is just memory now but I think there is one organisation in New South Wales that had some concerns and felt this was a concern, but I do not think it is a genuine concern. But I do not have the details.

**Senator WEST**—I think the concern would have been raised with them by their insurance company.

**Ms Rushton**—I will follow that up with the background.

**Senator WEST**—If that is happening, that is a major concern. Has anyone else brought it to your attention or are they just not telling the insurance company that they have these people on their books?

**Ms Rushton**—No, it has not been brought to our attention by others. I have a vague recollection of this one particular case which was resolved, but I will follow that up, Senator.

**Senator WEST**—Country or city?

**Ms Rushton**—I think it was country.

**Senator DENMAN**—I had one, too.

**Ms Flanagan**—Senator, it would be good if perhaps you could give us some detail on the issues that have been raised with you and we can follow them up and get back to you.

**Senator WEST**—Certainly they had raised it with their peak bodies and they were feeling they were getting nowhere.

**Ms Flanagan**—If we can get the details we can follow it up for you, because in visiting volunteer sector organisations and seeing the program being managed, that has never been mentioned to me.

**Senator WEST**—Are you inquiring whether it has never been mentioned because they have just assumed that their insurance cover is okay and they are making an incorrect assumption, or is it a variation in what the individual insurance companies are doing as well?

**Mr Whalan**—Irrespective of that, Senator, we have got common interests here. If that is a problem, we want to solve it, so we will follow it through.

**Senator WEST**—It is potentially a huge problem if that is going to happen, so I will talk to you afterwards, but I would certainly like to get to the bottom of this. It covers a big area and they are reputable; they are not sort of running a shonky show. They have done all the training. That was my volunteering question.

**Senator GIBBS**—Could I ask, with the voluntary work initiative, can young people who do not receive any form of government assistance or benefit or youth allowance participate in this voluntary project?

**Mr Whalan**—Yes. In terms of the International Year of Volunteers the initiatives to try and train and encourage volunteering more broadly are not targeted at people on benefits; they are targeted at the whole community.

**Senator GIBBS**—I have got a constituent who is out of work. She cannot get a youth allowance or any of the benefits because she is a certain age and her father's income is way over. She could actually volunteer for this program?

**Ms Rushton**—Not for the volunteer work initiative.

**Senator GIBBS**—She is not working; she cannot get a job.

**Ms Rushton**—No. This program is not about, in effect, paying the equivalent of an allowance or some sort of recompense income support to an individual who might want to volunteer. What it is about is building the infrastructure of volunteering. For example, if a volunteering organisation decides that it needs some assistance in learning how to run its financial accounts, or if somebody wants to volunteer to help people with disabilities but needs an amount of training to be able to do that, this is what this is about. It is providing the infrastructure to allow volunteering to happen.

**Senator GIBBS**—I see. So this is basically a training program for anybody who just simply wants to become a volunteer in life.

**Ms Flanagan**—Yes, that is right.

**Mr Whalan**—So, to use the example of the young woman you were talking about, this program may well help provide more opportunities for her to choose from in terms of volunteering, and could provide some training through a volunteering organisation to assist her; but it will not provide support for her.

**Ms Rushton**—But she could go now to one of the 26 agencies in Australia and volunteer, and they would help to place her.

**Senator GIBBS**—Whereabouts are the agencies?

**Ms Rushton**—In Sydney and the region. Are you a Queensland senator?

**Senator GIBBS**—Yes.

**Ms Rushton**—There is a centre in Townsville, I think, one in Brisbane and then there are other agencies—

**Senator DENMAN**—Could we have a list of those, please?

**Ms Rushton**—Certainly.

**Senator GIBBS**—That would be great. So basically, I suppose, if someone is out of work, cannot find a job and would like to do some volunteer work in whatever area, they could be trained and could then use that later on to find a full-time job?

**Ms Rushton**—Yes.

**Senator GIBBS**—Okay. Thank you.

**CHAIR**—That is all on program 2. Let us move to program 3.

[5.03 p.m.]

### **Outcome 3—Economic and social participation**

#### **Output Group 3.1—Labour market assistance**

**Senator WEST**—Could I ask about the Social Policy Research Centre, please.

**Mr Whalan**—While we wait for the officers from program 3 to come to the table, Senator Gibbs, can I just answer one of your questions you asked earlier today. This was on Centrelink. You were asking about the financial supplement loan and the delay in payment for some 40,000 students who had received a financial supplement loan. So the first piece of advice I have is that 40,000 students were affected. The second piece of advice I have is that 60 to 70 per cent of those students had their payment transferred to their bank account on the same afternoon of their normal pay day, and the remainder, who had their bank account with institutions other than the Commonwealth Bank, were all paid the next day, one day later. So that is some of the information that you asked for.

**Senator GIBBS**—Great.

**Senator WEST**—As I understand it, the Social Policy Research Centre was established in 1980 for a five-year agreement between the Commonwealth government and the University of New South Wales.

**Mr Tune**—Yes, that is correct, Senator.

**Senator WEST**—And funding for the centre is provided under the agreement by the Commonwealth through your department.

**Mr Tune**—Yes.

**Senator WEST**—I understand the initial agreement has been extended, and some modifications on three occasions, the last agreement coming into effect on 1 January 1995.

**Mr Tune**—I think that is correct, Senator, yes. It expires at the end of this calendar year anyway, yes.

**Senator WEST**—What is happening then?

**Mr Tune**—Last year we went through a process where the government decided it would put social policy research services out to tender. We ran a tender process late last year and, as a result of that, the funds that were previously provided in total to the Social Policy Research Centre are being split between three agencies, of which the Social Policy Research Centre remains one.

**Senator WEST**—And what is their funding going from to?

**Mr Tune**—At the moment, they are getting about \$1.3 million and it will be reduced to about \$468,000, I think, from memory, or something in that vicinity, anyway.

**Senator WEST**—That is a rather major impact.

**Mr Tune**—In total, the funds will actually increase. We will be actually allocating \$1.5 million overall for the calendar year 2000, so it is an increase in total for social policy research services of \$200,000. So the money is not being taken away; it is just being distributed around to a couple of other research institutes as well.

**Senator WEST**—What evaluation was done of the program before the tender was let, or before tenders were called and it was put out for—

**Mr Tune**—There was an evaluation or an assessment done of the work of the SPRC that was completed some time in 1999, I think. That was a reasonably positive report about the performance of the centre.

**Senator WEST**—And why was it decided to split it between three organisations?

**Mr Tune**—It emanated from the view that, given the period of time that the SPRC had been in existence, and notwithstanding the quite positive comment on its performance in the

evaluation report, it was appropriate to actually test the market to see what other agencies might be able to provide the sorts of research services that we were looking for.

**Senator WEST**—Is it possible for you to provide—it will have to be on notice—copies of the guidelines for the tender? First of all, the report that was done and the evaluation that was done of the program initially, before it was tendered out—do you have something that you can provide us on the public record that indicates what the strengths and weaknesses are and why particular organisations got what they got, and some maybe received nothing?

**Mr Tune**—I will check whether it is possible to make available the evaluation report on the SPRC, which was the first part of your question.

**Senator WEST**—Yes.

**Mr Tune**—I will check that and take that on notice, if I could, please. The second one, I am not sure that I can because it is in the tender evaluation that was done within the department. I would have to check with the legal people whether it is possible for us to release that or not.

**Senator WEST**—Yes. Maybe you can tell me, give me all the details, for a start, of how the tenders were called. Was it open tender? Was it a restricted tender?

**Mr Tune**—No, it was an open tender.

**Senator WEST**—How was it decided? What was the process in the decision making that led to the decisions that were made? I would like to know as much of the full details of this as I can. I recognise that this has to go on notice, because you may not feel that some of it can be put in the public document, but I would certainly like the evaluation of the centre that was prepared by Ian Castles, and some idea of the basis for the shift of funding for an independent social policy research and information dissemination entity to the new arrangements which tie funding to specific research commissioned by the government. Have I interpreted correctly what is going to happen here?

**Mr Tune**—If I just go back a step, the decision to reduce the funding for the SPRC in no way reflects any dissatisfaction with their performance. As I said, and I think you recognised, the evaluation report was quite positive about their performance. I guess one of the things we were looking for was a diversity of sources of advice about research. Some areas in academia specialise in particular aspects. We were very keen to, for example, start to explore the behavioural impacts of social policy, which is often done through some econometric type modelling and those sorts of things. The SPRC had a small amount of expertise in that area, but not as much as others. They are very strong in general social policy research and, in effect, we have asked them, in the contract negotiations we are going through with them now, to continue to focus on that, whereas we will put most of our eggs in the behavioural side of things into another institute that was selected as a successful tenderer. Once again, we are in the process of negotiating a contract with that institute as well.

**Senator WEST**—Right, so you will be requiring different things of each of the—

**Mr Tune**—The way that we will work it is that we are basically buying research expertise. I guess that is what we are seeking. So a large part of the request for tender was about what sorts of expertise they could bring to bear, because often you are paying for the skills of a particular researcher or a group of researchers who are conducting research in an area that you are interested in. If those researchers actually leave that institute or that body, the capacity or the relevance of what they are doing may change in terms of what we are seeking from social policy research. So that was a very important component of it—not the only one.

We did set down in the tender documents the sorts of broad research areas that we were interested in pursuing, and they were basically around, as I said, behavioural research, research relating to social policy in general and also evaluation of social policy. That would be evaluation of policy change made by government or whatever. There were other areas that we decided not to pursue in this particular tender round and they related to housing and families: families, largely because the Institute of Family Studies, which is a government entity, specialises in that area; and housing because the Australian Housing and Urban Research Institute was being set up, and has since been expanded, to focus on housing issues. So we were trying to ensure we were getting value for money by focusing in on the areas that were not covered by existing research institutes.

**Senator WEST**—Interesting media coverage has arisen from this decision, some of it quite critical, along the lines of ‘shooting the policy messenger’ and ‘act of vandalism’. What are your comments on those criticisms?

**Mr Tune**—‘Act of vandalism’ I certainly do not accept. As I said, the Social Policy Research Centre has a very good reputation. We value that reputation and we are going to fund it accordingly. But priorities change, there are sources of expertise in other places and we wanted to utilise those as well.

**Senator WEST**—So you think you have made a good decision. You are going to get value for money?

**Mr Tune**—We certainly hope so. We are moving towards negotiating contracts to achieve that.

**Senator WEST**—How are you going to evaluate whether you have got value for money?

**Mr Tune**—We will be doing a review. We review, actually, on an annual basis the performance of each of the institutes or bodies that we are contracting to, to continually reassess whether the research they are providing to us is of high quality. In some cases we might use external reviewers to assess that. Issues around timeliness of the completion of research will also be taken into account. I should mention that the research projects that each body will be doing will be negotiated with them on an annual basis, so it will be an agreement between, say, ourselves and also the SPRC as to what sorts of projects they would do over the course of the year for the funds that are available. We would settle that in advance—hopefully six months in advance—so they know where they stand, and then move through that in the following calendar year, do an assessment and another review and set up the next year’s research projects. So it will be a process of constant monitoring and evaluation.

**Senator WEST**—You do not think that this cut is going to strip the SPRC of some of its integral, important and essential intellectual property?

**Mr Tune**—We were very conscious of the need to ensure that we maintained a critical mass of researchers. Whilst individual research is very useful and you might have a brilliant researcher there, there are also synergies, in effect, from researchers working with each other. So we needed to ensure that any one institute that we funded maintained a critical mass. We believe the funding we have provided to the SPRC in particular—which is not the smallest amount of funding, by the way—

**Senator WEST**—No, ANU gets 200.

**Mr Tune**—There is a smaller one than that. We believe that we have been able to maintain that critical mass. It is also worth noting, of course, that the SPRC does not work just for the government. It does research for a whole lot of other people. It is continually tendering for

jobs by the New South Wales government or any other state government or private sector bodies or whatever, and that also helps it maintain its viability.

**Senator WEST**—I guess we are going to have to wait and see.

**Mr Tune**—Yes, I think that is correct, and we are going to continually monitor as we go through.

**Senator GIBBS**—I believe \$3.08 million was allocated for pre-vocational training this last year, and only \$1.63 million was spent. As of June 1999 apparently you had a review of the pre-vocational training funding.

**Ms Winzar**—Senator, it is true that pre-vocational training funds money amounts to about \$30 million over 10 years, so around \$3 million a year. It is true that in 1998-99 there was an underspend. We had a review last year and I think we talked about it briefly at our last estimates meeting. We have liberalised the guidelines to avoid overprescription in the sort of training that those funds can be spent on. We found that the JET advisers were being quite rigid about it being pre-vocational and were perhaps not funding courses which were perhaps even fairly short courses with not very much money involved, but with a more vocational bent. We thought that if we liberalised the guidelines a little bit we could get better usage of that money. Certainly since we did that in late 1999 there has been an increase in expenditure of those funds and, as at February 2000, which is the latest information I have, about 54 per cent of this year's funding had been spent and we were well on track to spend the full amount this financial year.

**Senator GIBBS**—And that includes the underspend?

**Ms Winzar**—The carryover money?

**Senator GIBBS**—The carryover.

**Ms Winzar**—I will have to take that on notice, Senator. I am not sure.

**Senator GIBBS**—That is what it all amounted to, that it was short training?

**Ms Winzar**—Yes. Essentially the difficulty with the underspend arose because our guidelines on how it could be spent were too prescriptive.

**Senator GIBBS**—So they have now been widened?

**Ms Winzar**—Yes.

**Senator GIBBS**—Thank you.

**Senator WEST**—There was an announcement about preparing for work agreements in the recent budget—am I right?—and you expect to save \$212 million over four years.

**Ms Winzar**—That is correct, Senator.

**Senator WEST**—I am not sure where you expect these savings to come from. Is it from additional breaches being applied or an improvement in people finding work early? What is underpinning the estimated savings?

**Ms Winzar**—From both those sources. Essentially on Newstart and youth allowance unemployed customers, we have around 1.3 million of those each year. Around 90 per cent of those customers will be required to sign a preparing for work agreement when they claim payment. What we expect to happen is that there will be about 1,500 people who we think will be deterred from proceeding with their claim because they are not prepared to sign the agreement. We believe that about 1,800 people will leave payment earlier because of a clearer understanding of what their requirements are and a more detailed description for them to take away about how they are going to get work. We believe that that will succeed. Additionally,



about 48,000 people each year will be breached for not complying with the obligations that are set out in their plan.

**Senator WEST**—I think you have probably answered those questions there in that. JET we have dealt with. I think we go on to disabilities next, please.

**Output Group 3.2—Support for people with a disability**

**Senator WEST**—Just let me refresh some of my memory. The national peak disability groups now receive funding under the National Secretariat Program. Is that correct?

**Mr Whalan**—Correct.

**Senator WEST**—Annual fundings agreements now contain performance measures, and future funding is contingent on performance evaluation?

**Mr Whalan**—That is correct, and Mr Barson will be able to help you with the detail of it.

**Senator WEST**—In the case of the disability sector criteria, it includes working with the department to reduce the number of organisations, is that correct as well?

**Mr Barson**—That is the number that are funded under the secretariat funds as opposed to the number of organisations per se.

**Senator WEST**—That are delivering services?

**Mr Barson**—Yes. Not all disability peak organisation are funded by the department. The department has an aim of trying to encourage them to amalgamate as far as possible and certainly to reduce the number of peak organisations that it funds in the disability area.

**Senator WEST**—I understand that current funding expires on 30 June this year?

**Mr Barson**—That is correct, Senator.

**Senator WEST**—I presume there has been a round of invitations or advertising for people to apply for funding for peak bodies?

**Mr Barson**—No, the program has not worked that way. The organisations that are currently funded—and there are nine disability consumer groups currently funded—have been funded in previous years—

**Senator WEST**—Can you give me a list of those?

**Mr Barson**—Certainly I can. The funding arrangements for the coming year are currently being considered. We hope to be in a position to announce those shortly.

**Senator WEST**—If you are going to reduce the number of organisations, does that mean that you are not going to be funding nine?

**Mr Barson**—May I answer that in a slightly roundabout way. There are a whole variety of organisations' advocacy groups which are funded under the disabilities program, as well as the group of national peak bodies that are currently managed under the National Secretariat Program. There are a variety of organisations at different levels. What we have been looking at lately is the peak councils. As Mr Whalan was saying, the issue there is how do you best receive the input from community groups, from peak organisations; and there are some issues within the sector about the diversity of those organisations. We are not in a position to comment really on which organisations will be funded or whether indeed there will be any change to funding. That is the one that is under current consideration and hopefully we will be in a position to talk about that shortly.

**Senator WEST**—So if somebody's funding is going to disappear, it is going to disappear in five weeks time. You are not leaving much time for them to make decisions, are you, or wind up—

**Mr Barson**—Senator, I am not necessarily implying there will be any change.

**Senator WEST**—No, you may not be, but I am making the point and asking the question. Do you think you are giving them much time, if some of them are going to disappear or have less funding or whatever?

**Mr Barson**—It is a short period of time. That is a factor which is also being considered as part of trying to make decisions about future funding arrangements. We recognise it is a short period of time and we recognise the difficulties that short period of time may cause, were that to happen.

**Senator WEST**—I understand that in 1999 the department employed consultants Elizabeth Morgan and Helen Disney to undertake a mapping exercise of the peak disability groups.

**Mr Barson**—That is correct. It was primarily an analysis of the groups and a report to the minister on who the organisations were, what their constituencies were and what the characteristics of them were, to assist in this decision-making process.

**Senator WEST**—This basically was a questionnaire that was distributed?

**Mr Barson**—It was a questionnaire and interviews.

**Senator WEST**—And there were five working days to complete the questionnaire?

**Mr Barson**—I do not recall, Senator. You could be right.

**Senator WEST**—Did peak bodies receive assurances from both the consultants and the department that the exercise was not a review; the objective of the consultancy was to gather information?

**Mr Barson**—That is correct. The objective of that particular consultancy was to gather information. The objective of the consultancy was not, for example, to recommend particular changes or particular funding arrangements.

**Senator WEST**—How did the decision get made to reduce the number of organisations? What was the process involved with that?

**Mr Barson**—Senator, there has not been a decision to reduce the number of organisations. What there was were criteria put into the funding agreements last year which Mr Whalan has referred to. They were about the organisations working together. Certainly it would be good to have organisations working together to the point where you had a more cohesive single voice, rather than say nine voices. That is part of that objective. But that does not necessarily imply a reduction in funding or a reduction in the number of organisations at any particular time.

**Senator WEST**—Right. Conversations with two other participating bodies led us to believe that the report was to be presented to the department in December of last year but the minister did not receive the report until March of this year. Is that correct?

**Mr Barson**—From memory, there was a draft version of the report around about Christmas but the final report was received this year. I can give you times later if you wish. The minister received that within a reasonable period of time after that. Since then we in the department, as part of consideration of future arrangements, have been considering that and a whole range of issues. It is part of the lead-up to thinking about funding for next year. I stress that the report was really part of a process and provided a picture of the secretariat peak bodies. In relation to your question, it was not an attempt to argue a particular funding position.

**Senator WEST**—What was the rest of the process that is leading to the discussions? I am not clear.

**Mr Barson**—What I was referring to is an approach of trying to sort out what the most appropriate funding arrangements will be for peak bodies next year. As I said, if we are just focusing on the disability peak bodies, there are organisations which are funded within the Disability Services Program itself as advocacy groups on various levels and there are organisations which, for whatever reason, are funded as peak bodies. Some of those came from within the advocacy program itself, rather than from the old peak body scheme. We are currently managing them as one.

As a hypothetical response, it is possible that some of those organisations are better placed in a national peak bodies program. It is possible that some of them are better placed as disability advocacy groups. The process I was referring to is part of a consideration of those organisations of funding arrangements for next year, of where the best fit of those organisations is and what the best overall use of the secretariat money is to represent the broad range of interests.

**Senator WEST**—You did say it was a draft document that went to the department initially.

**Mr Barson**—I did recall there was a draft. You mentioned December, Senator. I do recall that the consultants did have a draft document around in December but my recollection—and I am happy to confirm it—is that the final document was not received until this current year.

**Senator WEST**—It was returned to the authors prior to the submission of a revised version in April. Would that be right?

**Mr Barson**—As I recall it, there was a draft which was looked at primarily to see if it covered the scope of the issues. Yes, we commented on that draft but the organisation provided a final report, as I recall, in this calendar year. I should say, Senator, that does not imply that we sought any changes to the draft. What it implies is that we were looking at the coverage of it and whether it was useful to have any particular issues in that draft highlighted or covered further.

**Senator WEST**—You are not going to tell me if the consultants did make any revisions to the draft?

**Mr Barson**—The consultants did make revisions to the draft, Senator, but they were more in the nature of amplifying, extending and providing additional information. I am happy to check but I do not recall us seeking any deletions or negative changes. It was more a point of did the report adequately cover the issues; were there parts of it which it would be useful to have more information on?

**Senator WEST**—Can you provide me with the date when it was first provided to the minister, and the date that it was finally submitted? You can take it on notice.

**Mr Barson**—Yes.

**Senator WEST**—Did this report contain recommendations?

**Mr Barson**—No it did not. Again, it was really looking—

**Senator WEST**—Does it now?

**Mr Barson**—No, it does not, Senator. It was providing information on the national secretariat peak bodies. So we were not seeking any evaluation of them that says, ‘This one is worth funding; this one is not’. It was a report and analysis of who the organisations are, what their coverage is—those sorts of questions.

**Senator WEST**—Maybe you can give me a full copy of what the brief that was given to the consultants was—what the guidelines to them were. I am also interested in knowing how much the consultancies cost.

**Mr Barson**—I may be able to give you that before the end of today's session. I will take the rest of it on notice. I should say it was in the order of \$20,000, but I will come back to you with that.

**Senator WEST**—That is fine. I take it that the report has not been made available to the peak bodies?

**Mr Barson**—That is correct.

**Senator WEST**—Why not?

**Mr Barson**—The report has been received; it has not yet been formally released. That is something which is part of this process. A decision has not yet been made on that.

**Senator WEST**—So is the report going to be formally released?

**Mr Barson**—That is a matter for the minister rather than us, Senator. The report is to the minister and it is part of this process.

**Senator WEST**—Minister, is the report going to be released?

**Senator Newman**—I have no idea. I will be considering that, amongst a number of other things. You are asking questions about a process that has not yet come to finality, so I am afraid it is a bit early to be able to answer some of the things for you.

**Senator WEST**—You have got five weeks to get it all completed, I would hope. I thought you might have been able to give me some light as to what your thinking might have been.

**Senator Newman**—No, but I can point out to you that we have in other areas in the portfolio encouraged organisations to work better together, to be more effective. It is not a cost-cutting exercise so much as wanting to make sure that we fund organisations that are very representative and that are able to provide good advice to government—all those sorts of reasons. We have been looking across the portfolio at those sorts of things.

**Senator WEST**—This budget allocates \$670 million this coming financial year to the National Secretariat Program. What share of this funding has been allocated to the peak bodies in the disability sector? It is under Outcome 3.

**Mr Whalan**—Senator, we just need to check that figure. It is not \$670 million.

**Mr Barson**—The total funding, Senator, of the 20 peak bodies that we currently regard as part of the secretariat program, noting that the appropriations are actually split across different outcomes and different programs, totals \$3.164 million. I think the item that you were looking at just relates to those organisations which have been put against Outcome 3, and that is only a subset of those organisations.

**Senator WEST**—What I want to know is what share of that \$3.164 million has been allocated to peak bodies in the disability sector.

**Mr Barson**—I am certainly able to provide that, either in a moment or on notice.

**Senator WEST**—How many meetings have occurred between the department and the peaks with respect to funding for the next financial year?

**Senator Newman**—Can I just interrupt. I announced only just a few weeks or so ago the substantial funding of an Aboriginal advocacy group, for example. There is more money being spent in this area, not less.

**Senator WEST**—That is fine. Maybe you can give me a complete breakdown of how you are going to—

**Senator Newman**—No, but that was a one-off that I announced separately.

**Senator WEST**—Where does it appear? Does it come out of this coming year's budget?

**Mr Smith**—That announcement was made in January.

**Senator Newman**—So that is six months ago, nearly—five.

**Mr Smith**—The minister was probably advised of the fact that the announcement was made then, and the organisation has in fact got up to the stage of operating more recently. It is a new advocacy service in New South Wales focusing on indigenous issues. It is actually an organisation which will link into the National Indigenous, Disability Network.

**Senator Newman**—And people were very pleased, I can tell you that.

**Mr Smith**—Yes, it is funded from—

**Senator Newman**—It was badly needed and—

**Senator WEST**—Minister, I am not disputing that.

**Senator Newman**—I was just giving you some information.

**Senator WEST**—Good. That was not the information I was after.

**Senator Newman**—Well, it is one I can remember; obviously it was earlier than I thought.

**Senator WEST**—It is information, I suppose. I should be grateful.

**Mr Barson**—Senator, one of the difficulties with talking about peak bodies is, as I said, there are a range of organisations which receive funding which do represent their particular sector. Some of those are embedded within programs and some of them are bound up together in this National Secretariat Program. You asked about the disability organisations—

**Senator WEST**—That is right.

**Mr Barson**—Of the seven organisations which are funded from within the employment assistance and other services appropriation—that is \$812,000—there are—

**Senator WEST**—There are two more to account for.

**Mr Barson**—There are two more organisations which are funded under something called the Community Sector Support Scheme. They total, very quickly, another \$590,000. So in terms of the—

**Senator WEST**—\$590,000 for two peak bodies?

**Mr Barson**—Correct. Sorry, just one moment—\$400,000, Senator.

**Senator WEST**—That is still—

**Mr Whalan**—Senator, my suggestion here—

**Mr Barson**—I will give you a list.

**Mr Whalan**—This is quite complex and goes across a range of programs. We are happy to give you a list of all the organisations that fall under that three point whatever million dollars.

**Senator WEST**—I would be happy to take it. This is the end of the third day of me trying to comprehend these figures and the old internal computer is getting a bit tired. I was asking also, how many meetings occurred between the department and the peak bodies with respect to funding for the next financial year?

**Mr Barson**—We meet with peak bodies on a range of issues. We have not met with the peak bodies specifically in relation to funding for next financial year.

**Senator WEST**—So they really are out there sweating on what is going to happen within the next five weeks.

**Mr Barson**—I am sure they are waiting on what happens in the next five weeks, yes, Senator.

**Senator WEST**—From the information I get, ‘waiting’ is a polite word to use. I think ‘sweating’ is more—

**Mr Barson**—I should add—it may be not helpful—I have not had any approaches from the organisations indicating any particular concern at this stage.

**Senator WEST**—Has your office had any calls or questions raised about this, Minister?

**Senator Newman**—I was thinking as Mr Barson was answering, and I do not recall it, no. That is subject to checking, but I have not personally.

**Mr Barson**—I have had a couple of questions about the report and whether can people have access to it, but, no, I have honestly not had any questions about, ‘What is happening with our funding?’ or any concerns being expressed at this stage.

**Senator WEST**—I guess we just wait and see, and follow with interest. On disability employment assistance, the forward estimates contained in the 1999-2000 budget papers allocated \$277.3 million for employment assistance for people with disabilities in this current financial year. Actual spending figures contained in the latest budget reveal only \$260.6 million, so there is a drop there, or there appears to be a drop there, of \$16.7 million. What is the story?

**Ms Carmody**—There has been a change in spending. The change reflects the assumptions that were made in relation to the take-up of the new case based funding trial.

**Senator WEST**—The new—sorry?

**Ms Carmody**—Case based funding trial. That is the primary reason for the difference in spending patterns. We had thought that the trial would start earlier and that we would get a more rapid take-up of job seekers. We originally forecast that we would have 2,000 job seekers in the trial this financial year, and we will have 2,000 in by the end of June. We had forecast that we would get a more significant take-up with the end of the school year last year, with school-leavers moving into employment. That take-up really did not start in any serious way until February. So we had a couple of months lag there compared with the assumptions that we originally had in the forecast for spending in this current year. That money has been rolled into the 2000-2001 year as those payments are considered commitments.

**Senator WEST**—I am glad it has not been lost. You say there have been delays—I cannot think what the phrase was. Yesterday we had some flash new phrase. Anyway, there have been delays; have you been able to identify the reasons for those delays?

**Ms Carmody**—The trial started in November. December and January are traditionally quiet periods for job seekers to enter our services. I think it is part of the seasonal trend. We had hoped that we would open the doors earlier than November. We deliberately delayed to allow us a greater period of consultation with the industry.

**Senator WEST**—How do you promote awareness of employment assistance programs to people with disabilities?

**Mr Smith**—At the moment, if you are talking about the employment services themselves which we have responsibility for, Centrelink has responsibility for referrals to the services that we actually fund, as well as to CRS, so that is one avenue. The organisations themselves are also responsible for promoting their services to the clients, so they actually have a dual pathway to come to the organisations. Peak bodies do take on some activity but that is mainly on behalf of the service providers themselves.

**Senator WEST**—And what funding is allocated to facilitate the awareness and access programs?

**Mr Smith**—In terms of the organisations themselves, we make available block grant funding to them and they decide what types of products they are going to develop and use. So we cannot say how much—what percentage—of their activity is put into that particular area. In terms of Centrelink, the amount of money is some \$4.3 million that we have as a contract with Centrelink to assess, promote and refer and do follow-up with the individuals—who they are, trying to place or trying to refer on to the service providers.

**Ms Carmody**—Senator, if I could just add to that, there is a specially designed kit, called the job seeker kit, which is available through Centrelink offices and also our employment agencies. That provides a number of forms in it for the job seekers to complete and also basic information about the services that are available. We also have under way, as part of our overall reform process for the services, a brochure which is going to pull together the range of reforms under way and how they are likely to impact on job seekers.

**Mr Smith**—As part of the marketing and promotional activity around the international day and around activities—say, Employer of the Year awards—we also produce a brochure which promotes the idea of people with abilities rather than disabilities being employed. That brochure was quite a detailed brochure for both employers and for individuals to use.

**Senator WEST**—At estimates in February of this year it was stated the general length of waiting lists for people with disabilities seeking employment and training was not large, and that sometimes they may have to wait a month or so to get the assistance they are looking for. Are you aware of the AIHW report in 1996 that the number of people with disabilities waiting to access employment and training programs was between 67,000 and 123,200?

**Ms Carmody**—I am aware of the report done by AIHW. It was based on 1996 data. Since 1996 there has been significant change in the capacity of the sector. There have been significant changes made to contract management which has improved the overall capacity, we believe, in the order of 15 to 16 per cent. In addition to that, there has been the two per cent growth money which has been allocated each year, which has provided additional capacity. So I think the AIHW work is probably dated at this stage.

**Mr Smith**—In addition to that, as I mentioned before, the referral service through Centrelink started in 1998. That particular mechanism has been both promoting access and also, if somebody is not being placed, then following up with those people to provide them with alternative referrals to ensure that those people are placed. So that in itself is, in fact, having a significant impact on what may have been measured as some sort of waiting list.

**Senator WEST**—So you stick with your month or so waiting list?

**Mr Smith**—With regard to waiting lists, the organisations that we fund in the main do not keep waiting lists, because the focus of our work is on finding people a placement. That is why once they are assessed through Centrelink or assessed by the organisation, every effort is made to find those people a place. Rather than just simply keeping them on the list of a particular organisation, the idea is that if they cannot find a place with one organisation then

every effort is made to find them a placement with another organisation. So the effort goes into seeking placements rather than just simply keeping waiting lists.

**Senator WEST**—Is there a program called MIFS?

**Mr Herscovitch**—Yes.

**Senator WEST**—Are their clients still utilising the service?

**Mr Herscovitch**—I just missed the question, Senator.

**Senator WEST**—MIFS Program.

**Mr Herscovitch**—Yes, it is a pilot program.

**Senator WEST**—There are still clients in that program?

**Mr Herscovitch**—Yes, but no new clients have been taken since September last year and the programs for people in that program are winding up about now.

**Senator WEST**—You said it was a pilot program.

**Mr Herscovitch**—That is right.

**Senator WEST**—And it is not going to continue.

**Mr Herscovitch**—It is being evaluated. It is not going to continue. The evaluation is now under way and we expect to report on that evaluation towards the end of this calendar year.

**Senator WEST**—You have got an evaluation on it but it is going to close. Why is it going to close?

**Mr Herscovitch**—It was a pilot program and it was always intended to be a pilot program. It was extended in the 1998 budget effectively until June 2000 to ensure that we had sufficient experience of it to make a proper evaluation.

**Senator GIBBS**—While we are talking about disabilities and employment, could I ask a question about mobility allowances for people with disabilities who go to work—that sort of thing. What sort of compensation has been allowed for the mobility allowance? Is it fixed or is it going to be assessed case by case—as far as the GST goes?

**Mr Herscovitch**—Mobility allowance is paid at a fixed rate. I think it is about \$57 a fortnight. Like other income support payments, it is going up by four per cent on 1 July.

**Senator GIBBS**—When the ACCC brought down their report this week they said that the cost of an average 10 kilometre trip by taxi will cost an extra 80c to \$1. Approximately 31,000 people are receiving mobility allowance. Is the compensation going to be enough to allow for the extra money that they are going to have to pay because a lot of these people have to use taxis?

**Mr Herscovitch**—Obviously I cannot answer your question directly, except to say that the increase amounts to something like \$2.30 a fortnight—not a huge sum.

**Senator GIBBS**—How much extra a fortnight?

**Mr Herscovitch**—A four per cent increase on 1 July of about \$2.30 a fortnight. Many people receiving mobility allowance also receive other forms of income support as well, so their total increase would be substantially higher than that. For example, the disability support pension single rate is going up by between \$14 and \$15 a fortnight. So there is a whole range of other things happening.

**Senator GIBBS**—Thank you.



**Senator WEST**—Back on MIFS, if it is going to be closed, have any disability employment agencies closed as a result of the cessation of this program?

**Mr Herscovitch**—Not to my knowledge, Senator.

**Senator WEST**—Has it caused any financial difficulties?

**Mr Herscovitch**—Not to my knowledge. None have approached me on that basis, or mentioned it to me, and I have not heard of that. They have certainly had some concerns about the fact that it is coming to a close, but it has been based more on the individual customers, not on their own financial viability.

**Mr Smith**—The number of organisations that we actually fund has remained quite steady. The only difference in number of organisations would in fact be through amalgamation of organisations, not through any impact of any programs or any pilots in regard to the services.

**Senator WEST**—I am just curious that you are going to close it but you are still going ahead with an evaluation; you have made that decision.

**Mr Herscovitch**—That is right, Senator, and that was always the intention. The program was announced in the 1995 budget as a pilot program, and it was, as I say, extended so that we had enough experience of the program. We are trying to assess the impact of a particular way of dealing with people with severe disabilities. We never sought to prejudge the outcome at the time when the pilot was introduced. It was a pilot; it was always intended to be. The experience of the pilot will certainly inform the welfare reform process and any further policy development but, yes, it is closing.

**Senator WEST**—When do you expect the evaluation to come out?

**Mr Herscovitch**—Towards the end of this year we will have a report for the minister.

**Senator WEST**—As to the post-school options, \$10 million in growth funding was taken from this program— \$5 million over each of the past two years—to fund the case based funding trials. Is that correct?

**Ms Carmody**—No, Senator, it is not.

**Senator WEST**—No money was taken out of post-school options over the last two years?

**Ms Carmody**—No, Senator. Post-school options is a program run in Western Australia. The Commonwealth contributes \$75,000 to the administration costs of the post-school options unit. In the past the post-school options unit was the gateway for job seekers to access new places in Western Australia. With the introduction of the Centrelink gateway, job seekers now access the Commonwealth network via Centrelink.

**Senator WEST**—What about the supported wage system evaluation—what is happening there? Who was the successful tenderer?

**Ms Carmody**—It was done through a competitive open tender. The successful tender was KPMG. Sorry, did you want—

**Senator WEST**—Amount of money?

**Ms Carmody**—The estimated cost is a total of \$131,000 over two years.

**Senator WEST**—And the evaluation has not been completed yet?

**Ms Carmody**—No, not as yet.

**Senator WEST**—When is it expected to be completed?

**Ms Carmody**—We expect that it could be completed August-September this year.

**Senator WEST**—And have participants and service providers been contacted about participating in the evaluation?

**Ms Carmody**—I would have to check that for you. That is our normal mode of operation for doing work with the industry, and I fully expect that that will happen. I just do not know whether or not they have yet been contacted.

**Senator WEST**—There has been an issue about public liability clauses in funding agreements. Has that been resolved?

**Mr Smith**—It was an issue that was raised last year, Senator. It was actually taken up in the consultations with the individual organisations and the peaks again this year, and the answer is, yes, there has been a satisfactory resolution to the clause. After consultation, people looked at what was the Commonwealth's requirement and why there was a Commonwealth requirement along those lines. They actually took it out to their constituents, and what has been agreed is that the Commonwealth requirement around that issue is fair and reasonable and that is what will continue in the agreement.

**Senator WEST**—Has the actual wording of the agreement been changed or clarified?

**Mr Smith**—There are a number of clauses that are under consideration by the minister at the moment. The wording around that clause is the standard wording of the Commonwealth.

**Senator WEST**—Will this be completed in time for inclusion in the next round of funding offers?

**Mr Smith**—Yes.

**Senator WEST**—Thank you. Can I ask about the cost of disability study. In February it was stated that there were a number of internal recommendations being followed up as a result of the study, but they were yet to release a formal response. Has that response been released?

**Mr Herscovitch**—There is no formal response, Senator. I think I said at the time that the report had been referred to the welfare reform reference group, and there is a very brief reference to the study in the interim report, which simply notes the complexity of the issue and that it needs further consideration.

**Senator WEST**—So you are not able to give us any indication of what was in the report or the study?

**Mr Herscovitch**—The report is public knowledge.

**Senator WEST**—The study is public knowledge, is it?

**Mr Herscovitch**—Yes.

**Senator WEST**—The cost of disability study?

**Mr Herscovitch**—Yes.

**Senator WEST**—It has been released?

**Mr Herscovitch**—Yes, last year. I am not sure of the date, but it has certainly been released. I think it was late last year that it was released.

**Senator WEST**—So it has gone into the welfare reform process, has it?

**Mr Herscovitch**—That is right.

**Senator WEST**—I suppose we have to wait and see when that is going to come out. That is still being worked on, isn't it?

**Senator Newman**—It is due to be completed at the end of June.

**Senator WEST**—So I am not going to find out any information about what is in that, am I? I could ask.

**Senator Newman**—I am waiting too.

**Senator WEST**—Good. On unmet need funding, what is the current status of negotiations between the states and territories and the Commonwealth regarding the Commonwealth's \$150 million conditional funding offer?

**Ms Carmody**—Negotiations are progressing very well. The majority of states have now responded and the funding that they have provided through their office is very good. We are waiting on responses from the two states.

**Senator WEST**—Dare I ask which two?

**Ms Carmody**—Queensland and the Northern Territory are the two states that we are waiting on a response. Queensland's budget is not until the middle of July.

**Senator WEST**—Have any of the states and territories or the governments developed any immediate implementation strategies for this funding? Or they can't do that until we get those two responses in.

**Ms Carmody**—No. We are working with the states that have responded. We are working through bilaterals with the aim of having it all signed up by 1 July to enable funds to flow.

**Senator WEST**—This includes only at home respite care. Have you considered funding the establishment of any accommodation support facilities for carers who have been doing so for over 30 years? Has there been any respite looked at there?

**Ms Carmody**—Senator, there were a number of areas of unmet need identified and agreed on with the state and territory ministers. The Commonwealth identified one of those major areas. For the other two areas it is expected that the state funds they are contributing can be directed to those areas, one of which is accommodation.

**Senator WEST**—You are expecting the states to pick that one up.

**Senator Newman**—Accommodation and respite.

**Senator WEST**—Has the department developed any strategies to address general long-term issues surrounding the adequate provision of disability services? You are going to tell me that you are actually doing that with your welfare report, are you?

**Ms Carmody**—There is a very clear strategy for the service sector to achieve some reforms in that area. That was communicated in the 1996-97 budget. These reforms are very complementary, with the concepts that are communicated in the welfare reforms draft interim paper. Yes, I suppose the longer-term forecast will be based on the welfare reform process.

**Senator Newman**—Let us put it quite clearly on the record that we need to have disability employment services actually being able to demonstrate outcomes of what they are funded for. That is not currently the situation. For the sake of people with disabilities, we have to be able to move our employment services much more in that direction. It may not happen quickly but it has to happen. To me, that is one of the values of the two-year case based funding trial. It will give us evidence as to how best to proceed in that general direction.

**Senator WEST**—Under the Commonwealth disability strategy what will be the total cost of implementing and administering the strategy over its 10-year life period?

**Mr Herscovitch**—I do not know, Senator. I could not answer that question. We have done no estimates of that. As I understand it, there are no additional funds being provided for that purpose.

**Senator WEST**—Have final words for the refined strategy been developed?

**Mr Herscovitch**—Not final words. The consultant's report was released in June last year and has gone out to the consultation process. We are now refining the previous strategy and the minister will probably be launching the new version in about September this year.

**Senator WEST**—Has any other department or agency lodged a disability action plan with HREOC?

**Mr Herscovitch**—The total number who have lodged action plans is about 30.

**Senator WEST**—What steps does the department intend to take to ensure that the adequate and objective performance measurement criteria and independent monitoring mechanisms are implemented to accurately map any progress achieved?

**Mr Herscovitch**—We are in the process of developing a new performance management framework. That will be the subject of further discussions with the disability community over the next few months as we move towards the launching of the new strategy.

**Senator WEST**—In terms of administration of the CAAS, I understand it is under review. Is that right?

**Mr Smith**—Yes, a couple of things have occurred in regard to the CAAS. One is that a review of the scheme did take place. The second is that the scheme has been transferred to the Department of Health and Aged Care as part of the national management strategy.

**Senator WEST**—Who is conducting the review? Is it an internal or external review?

**Ms Carmody**—Senator, there are actually two reviews under way. One is about evaluating whether or not the move from a state based model for delivering continence aids to a national model was effective in terms of providing better value for money and better service for clients. The second review is where the scheme is to be reviewed in the context of the broader continence management strategy that Health and Aged Care are undertaking.

**Senator DENMAN**—I have had a question from a constituent about incontinence pads. A father rang me. There are four children in the family, the eldest of whom is severely disabled. He is in full-time care but he turns 16 soon. He gets \$450, I think, for his incontinence pads and they cost \$3,500 for the year. Is there any way that family can be compensated in some way? They have three other children for whom they are responsible.

**Mr Smith**—The CAAS was meant to assist primarily people who were either entering into the labour market or to retain those people in the labour market if they had a permanent and severe incontinence problem. It is a subsidy and is not necessarily meant to meet the full cost of continence aids.

**Senator DENMAN**—That is the concern. The amount of money he receives is going almost primarily on his care. Because the family has three other children it is a cost to them.

**Senator Newman**—It never has been intended, as I understand it.

**Senator DENMAN**—I realise that but the question he asked was whether there was some way—

**Mr Smith**—I think that is part of the reason behind the transfer of the scheme to Health and Aged Care, so those types of issues can be considered within the context of a total national strategy.

**Senator DENMAN**—Thank you.

**Senator WEST**—In terms of the Commonwealth-State Disability Agreement, how much will the Commonwealth contribution be towards funding the CSDA in the final years of the current agreement?

**Ms Carmody**—In the final year it will be \$497 million.

**Senator WEST**—What percentage of the government's contribution towards the CSDA is CPI and what is real growth in those figures? If you want to take it on notice, that is fine.

**Ms Carmody**—I do have it. Growth is factored in. There is \$12.4 million, which relates to both growth and ageing carers. In addition to that, there is \$50 million in the next year and \$100 million in the following year. There is indexation of \$4.749 million, and there is also supplementation for the superannuation guarantee, and that comes to \$3 million.

**Senator WEST**—The last agreement took two years to negotiate. The next one commences in 2002-03. Are we going to be organised enough to ensure that we have got a new one ready to run when this one finishes in 2001-02?

**Ms Carmody**—Yes, Senator. The processes have already commenced, with ministers already indicating that they would like to discuss this at the next meeting.

**Senator WEST**—When is that meeting?

**Ms Carmody**—In July, in New Zealand.

**Senator WEST**—Was the department involved in the drafting of the background paper 'Supporting Australians with severe or profound disabilities—a service partnership'?

**Mr Herscovitch**—I don't know.

**Senator WEST**—Do you want to take it on notice?

**Mr Herscovitch**—I will take it on notice, yes.

**Senator WEST**—And, going with that, what were the guidelines for preparing this draft, if you were, and have any of the three complementary strategies proposed for the ministers to consider been discussed at any level? That can all go on notice. Is unmet need being identified under the CSDA?

**Ms Carmody**—I am sorry, Senator, I do not understand the question.

**Senator WEST**—Unmet need?

**Ms Carmody**—Yes.

**Senator WEST**—In this budget, what level of funding for unmet need has been allocated for this financial year and the following financial year?

**Ms Carmody**—For 2000-01 it is \$50 million and for the following one it is \$100 million.

**Senator WEST**—I am wondering, in terms of disability employment assistance, is it possible to have a breakdown of disability employment expenditure for 2000-01 through to 2003-04, by indexation component, superannuation guarantee levy, efficiency dividend and growth money?

**Ms Carmody**—Yes, it is.

**Senator WEST**—I am happy for that again to go on notice.

**Ms Carmody**—Yes.

**Senator WEST**—And I am wanting to know how does this funding profile compare with previous years. That has obviously got to go on notice. What was the allocation for growth funding for 1999-2000 and what proportion of this was actually spent?

**Ms Carmody**—In relation to growth funding for 1999-2000 and what proportion was spent, \$10 million was allocated for the case based funding trial and we estimate that \$3½ million of that will be spent this year, with the balance being rolled into the next financial year.

**Senator WEST**—It will not disappear?

**Ms Carmody**—No. It is a commitment that relates to the commencements in the current year.

**Senator WEST**—And what impact is the efficiency dividend having?

**Ms Carmody**—The efficiency dividend continues to apply at one per cent of the base grant.

**Senator WEST**—And that will continue?

**Ms Carmody**—Yes, it will.

**Senator WEST**—On all services?

**Ms Carmody**—Yes. It applies to all services.

**Senator WEST**—Do you think that the organisations providing the services have the capacity to make further efficiency dividends?

**Ms Carmody**—We have achieved improvements in performance over past years through improved contract management. The capacity to continue to achieve improvements will have to be tested as we go through the year. The original intention of that efficiency dividend was to encourage block grant type programs to move to an outcome based funding arrangement, such as what we are trialling with case based funding. That trial, if we can agree on a model with the industry in the longer term and move to that model, provides the opportunity for the government to consider the ongoing application of the efficiency dividend.

[6.13 p.m.]

### **Output Group 3.3—Support for carers**

**Senator WEST**—How many applications for care allowance were accepted and rejected for both full carer allowance and the health care card only between the beginning of July 1998 to July 1999, and July 1999 to 31 December 1999?

**Mr Herscovitch**—I think with the detailed information we will take that question on notice.

**Senator WEST**—What I want to know is how many of these rejections applied to children suffering from cystic fibrosis?

**Mr Herscovitch**—I will take that on notice, Senator, but the absolute numbers would be quite low.

**Mr Smith**—The rejected claim from 1 July 1998 to 31 March 2000 was 42.

**Senator WEST**—This is for all categories?

**Mr Smith**—That is cystic fibrosis.

**Senator WEST**—And how old were these children?

**Mr Smith**—Age is not known, unless they are 16. Just less than 16 is the eligibility criteria.

**Senator WEST**—Less than 16. On cystic fibrosis you do not have a particularly long life expectancy, do you?

**Mr Herscovitch**—It is mid-twenties to thirties. That has actually increased quite significantly over the last 15 to 20 years with better medical interventions but, yes, obviously it is still quite low.

**Senator WEST**—I would like to know how many of those rejections apply to children suffering from cystic fibrosis. I would also like to know how many of the rejections apply to children suffering from epilepsy.

**Mr Smith**—In terms of epilepsy, between 1 July 1998 to 12 May 2000 it is 180.

**Senator WEST**—At what stage is the child disability assessment tool evaluation?

**Mr Smith**—The report is due to be tabled on 6 June.

**Senator WEST**—And what level of liaison has the department had with benefit recipients and those appealing these decisions regarding their experience with the assessment tool process?

**Ms Mallise**—Senator, throughout the evaluation we invited all customers who had written to us on their concerns about the assessment tool. We wrote to all of them and invited them to make submissions through the course of the evaluation and we also met with Centrelink officers across Australia to get that ‘hands on at the front line’ experience as well.

**Senator WEST**—Of these rejections applied to children with CF and epilepsy, how many of those appealed and were successful with their appeals?

**Ms Mallise**—I do not have that data with me, Senator. We can take that on notice.

**Senator WEST**—The review of the carer payment for carers of children with profound disabilities is also under review, I understand.

**Mr Smith**—That review is complete and the review report has already been tabled.

**Senator WEST**—What was the cost of the review?

**Ms Mallise**—We have not fully costed departmental costs but the non-departmental cost was about \$15,000.

**Senator WEST**—I am interested in knowing what the cost was to the department so could you take that on notice, please. We have had complaints that the form was not amended to allow for adequate description of the special needs of some groups. Do you think that is an appropriate comment? Why wasn't it amended, if they did not think it was adequate to allow a full description?

**Ms Mallise**—I am not sure just what the question might mean, but as a result of the review some changes will be made to the form that will make it much clearer about who the target population is around profoundly disabled children. As well, some of the form will be amended to identify some particular groups but obviously not the ones that have complained to you.

**Senator WEST**—There are the special needs of some groups. So should those groups that have concerns about that actually be in contact with the department? Is that what you are saying?

**Ms Mallise**—Yes, they can do that.

**Mr Smith**—Many of those groups that have concerns have been in contact with the department.

**Senator WEST**—What is the department doing about it?

**Mr Smith**—The important thing is for us to actually listen to their issues and when we are making any changes or reviewing any processes, look at whether or not we can actually incorporate those views, both in the immediate and the longer term. This particular review that took place was a short-term review to see that the measure was working and working well. In terms of the evaluation of the process, a formal and full evaluation will be done at a later date, but between this review process and that evaluation we are listening to those views and picking those up where we can.

**Senator WEST**—As a result of the review and the adopted recommendations, how many additional parents will receive the allowance or the payment?

**Mr Smith**—In terms of the review of the carer payment, there will be an additional 1,000 over the next four years.

**Senator WEST**—An additional 1,000 parents?

**Mr Smith**—Yes.

**Senator WEST**—Will they fall into some particular category or just across the board?

**Mr Smith**—Probably a couple of additional areas that we are picking up is recognising a broader range of children: those with impaired bowel functions and possibly those involved in tube feeding, and terminally ill children.

**Senator WEST**—There was a recommendation, I understood, to allow provision for granting eligibility on a discretionary basis to children who fall marginally short of the prescribed criteria, and that was not adopted. Is there a reason why that took place?

**Mr Smith**—The particular measure was a fairly tightly prescribed measure, looking at a particular group of people with very severe and profound disabilities, and to add a discretionary measure in there would really broaden the scope and go out beyond the intention of the measure.

**Senator WEST**—In the government's response it is stated that:

Customer numbers for this payment have substantially exceeded the number originally anticipated.

Is that correct?

**Mr Smith**—Yes. The number was 400 to 500 and the actual number at this point in time is around 940.

**Senator WEST**—Why do you think you got it so wrong? I do not mean that in a nasty sense, but it is almost a 100 per cent increase. Were these children out there and we just were not hearing about them?

**Mr Herscovitch**—The number of 500 was based on the number of children whose parents were getting special benefit on the grounds of having to provide full-time care for a child with a severe disability. We had no other information to go on at the time. It is quite clear that a larger population has come into the system, if I can put it that way, because of the measure. It is very difficult to make estimates of a population which you cannot identify until you actually introduce a measure like this. That is really all we can say. It was the best estimate we could make and it was based on a population that was already in the system.

**Senator WEST**—Is it possible to provide details of the number of care payment applications—this is for carers with profoundly disabled children—since July 1998, including the number of acceptances and rejections, and some indication as to why the rejections were made, so we can get some understanding? You might want to take that on notice.

**Ms Mallise**—Yes, we will take that on notice.



**Senator WEST**—Thank you. Can we turn to support for the aged, please.  
[6.24 p.m.]

**Outcome 3—Economic and social participation**

**Output group 3.4—Support for the aged**

**Senator WEST**—I am presuming this is where I can ask questions about that farming initiative.

**Mr Whalan**—Ms Rushton will refer to your RAFS question.

**Senator WEST**—Thanks, Ms Rushton.

**Ms Rushton**—Recently, Minister Truss put out a press release about extending this program. It is now the policy responsibility of that department but, because it is actually spending pension money—

**Senator WEST**—It is real money they are spending.

**Ms Rushton**—we do have those figures. The expectation is that there will be 400 applicants between now and in the nine-month extension period, that 180 of those will be part pensioners, 110 will be full pensioners, and about another 110 will be rejected for some of the reasons that the others have been.

**Senator WEST**—What is that going to cost you?

**Ms Rushton**—It is on page 173.

**Senator WEST**—Okay, let's not go into it. That is fine. I will let you go at that. I just wanted to get those figures off you. I could have got it this morning, but I would have been told it was not appropriate, I think. I was told it was not appropriate.

**Mr Whalan**—That is right.

**Senator WEST**—And that was all I wanted to know.

**Mr Whalan**—Thank you.

**Senator WEST**—I hope Ms Rushton has not sat around waiting all day—

**Ms Rushton**—It's a pleasure!

**Senator WEST**—Thank you. The aged persons savings bonus— correct me if I am getting confused here—is a payment for pensioners and self-funded retirees as GST compensation for the proportion of their income that is otherwise not compensated for through tax cuts and pension increases. The maximum amounts available are \$1,000 for pensioners and \$3,000 for self-funded retirees. Am I correct?

**Mr Popple**—Yes.

**Senator WEST**—I am after more details on the workings of this for both age pensioners and self-funded retirees. What age does this cut in?

**Mr Popple**—For older Australians it cuts in at over 60 for the first one, the aged persons savings bonus. You have to be 60 or over from 1 July. The self-funded retirees supplementary bonus starts at age 55, and there are slightly different means testing arrangements from 55 to age pension age and then above age pension age.

**Senator WEST**—What happens to other beneficiaries who are under the age of 60?

**Mr Popple**—They are not eligible for the aged persons savings bonus nor the self-funded retirees bonus.

**Senator WEST**—I am thinking of a couple who are 58½. One is on a disability pension, one is on a carers pension because they have had to leave work to care for this person.

**Mr Popple**—Their compensation is received through the increases to the pensions and payments that they receive, and through tax cuts if they are eligible for tax cuts.

**Senator WEST**—They are not in the tax system because they are on those two pensions.

**Mr Popple**—Compensation is received through increases to their payments, then.

**Senator WEST**—But I understand the bonus is paid to compensate pensioners and self-funded retirees—

**Mr Popple**—The bonus is paid to compensate older Australians who might lost potential income from their savings and investments over future years. It is not actually targetted at pensioners as such, it is targetted at all older Australians aged 60 or more. The other one is targetted specifically at self-funded retirees.

**Senator DENMAN**—Is the self-funded retirees bonus means tested, or are they all entitled to \$3,000?

**Mr Popple**—Both the bonuses are means tested. They are eligible for the maximum bonus up to an income of \$20,000. It is then phased out between \$20,000 and \$30,000. They are not eligible for any bonus over \$30,000.

**Senator WEST**—So it is a government decision—a cabinet decision—that people who are on disability pensions and carers pensions do not get the same compensation by virtue of not being 60 as somebody who is 60. I mean, it could in fact be the case where this couple in five weeks time are 60 years of age—or one of them is 60 years of age—and they would fall over and trip this mechanism; but because they are both 18 months younger than 60 in five weeks time they are not going to fall over and trip this mechanism. Minister, is this fair that this group of people at 58½ cannot access this bonus, but they are going to have the same problems as somebody who is 60?

**Senator Newman**—Senator, I guess you have known from a long time around the doors of government that there are always winners and losers each side of the line. I do not know what else you would suggest doing.

**Senator WEST**—You are in government.

**CHAIR**—Wherever you put the line.

**Senator Newman**—Wherever you put the line, yes.

**Senator WEST**—So the government has no intention to review the age on this?

**Senator Newman**—No. That has gone through in the legislation. It has been passed in the parliament; you know that.

**Senator WEST**—Yes, I think I recall some of this. I think I recall where I voted. How many age pensioners will be eligible for the bonus?

**Mr Popple**—The eligibility will be a matter of testing it. It has been written out to by the Taxation Office, the Department of Veterans' Affairs and Centrelink. We are writing out to a total of 2.8 million people. That is with both bonuses combined.

**Senator WEST**—Can you give me a breakdown of how many you think will be eligible who are age pensioners? You or Centrelink must have some idea how many you think are going to be eligible, because you know what their assets and stuff are from the testing of their eligibility for the pension.

**Mr Popple**—Certainly. I was making the point that there was a wider range than age pensioners. Of the ones that Centrelink are writing out to, we understand about—we responded to a question on notice about this previously and the answer is 1,160,340.

**Senator WEST**—They are old-age pensioners that you are writing out to?

**Mr Popple**—They are aged persons. They might not all be age pensioners.

**Senator WEST**—Okay, they are aged persons. You have no projection as to what the average payment will be?

**Mr Popple**—No.

**Senator WEST**—How many do you think are going to get the \$1,000 or the \$3,000?

**Mr Popple**—We responded to the question on notice that 838,818 would receive less than \$500 under the scheme, we expect. Of course, they can choose to seek another form of assessment by going through the tax system rather than having Centrelink deem them.

**Senator WEST**—You do not have any idea as to how many people are going to be in the zero to \$50 bracket?

**Mr Popple**—No.

**Senator WEST**—Do you have an estimation?

**Mr Popple**—Not on me. I can take that on notice, if you wish.

**Senator WEST**—Please could you do that. I would like it in brackets of zero to \$50, \$50 to \$100, to get some idea.

**Mr Popple**—They would only be estimates, as I said, as they have the choice of seeking another form of assessment, if they wish.

**Senator WEST**—Yes. I would like that for both the age pensioners and the self-funded retirees.

**Mr Popple**—We only have information on the aged persons so—

**Senator WEST**—Well, self-funded retirees?

**Mr Popple**—We do not have that.

**Senator WEST**—It is going to be all through the ATO, is it?

**Mr Popple**—If you receive a pension you are not eligible for the self-funded retiree supplementary bonus.

**Senator WEST**—And you are not handling the self-funded retiree bonus?

**Mr Popple**—FACS is coordinating it but it is basically going through the tax system, yes.

**Senator WEST**—The ATO will be the ones giving figures?

**Mr Popple**—From Treasury probably, yes. It is very difficult on the self-funded retirees to estimate their payouts, other than numbers, because it is a bit of an unknown group, but Treasury might be able to provide more information.

**Senator WEST**—How is the bonus being advertised?

**Mr Popple**—As I said, we are writing out to all potentially eligible people. The letters go into the system on Thursday and they will start receiving them from next Tuesday. Centrelink customers will be asked if they wish to have their bonus—they will indicate that they can be deemed and they can just sign the form and return it back and they will get their bonus. Those through the tax system have a choice of which year they wish to be assessed on, either 1998-99 or 1999-2000.

**Senator Newman**—But it has also been, I think, in the *Age Pension News*. Of course *Age Pension News* goes now not only to pensioners but also to self-funded retirees.

**Mr Popple**—Yes. We have run a series of articles, as the minister mentioned, over the last year. These articles contained information on the changes to the pension, but also changes to the bonuses as well. Of course, there was an advertising campaign as well, which will start again on Sunday, reminding pensioners and self-funded retirees that the bonus is there and, if they do not receive a form, to contact either Centrelink or the Taxation Office.

**Senator WEST**—And that has gone through all the appropriate channels?

**Senator Newman**—Yes.

**Senator WEST**—And I am sure my colleagues elsewhere will be asking question.

**Senator Newman**—Yes.

**Senator WEST**—I am sure that Senator Faulkner and Senator Ray will be into that and asking questions.

**Senator Newman**—That was all publicly announced, though, at the time when the first ads were coming on, as to the phasing of it—that there was a second phase.

**Senator WEST**—Yes.

**Senator Newman**—I said that publicly.

**Senator WEST**—Yes, I am not disputing that, Minister. Thank you very much.

**CHAIR**—Thank you, Minister and Mr Whalan. Mr Whalan, you really have a story to tell Dr Rosalky one day! And of course to all the officers, thank you very much, and to Hansard and the secretariat as well. The meeting is closed.

**Committee adjourned at 6.36 p.m.**

