



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Consideration of Budget Estimates**

MONDAY, 3 JUNE 2002

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**  
**Monday, 3 June 2002**

**Members:** Senator Knowles (*Chair*), Senator Allison (*Deputy Chair*), Senators Bishop, Denman, Herron and Tchen

**Senators in attendance:** Senators Mark Bishop, Calvert, Jacinta Collins, Denman, Herron, Knowles, McLucas and Tchen

**Committee met at 9.08 a.m.**

**FAMILY AND COMMUNITY AFFAIRS PORTFOLIO**

**In Attendance**

Senator Vanstone, Minister for Family and Community Services

**Executive**

Mr Mark Sullivan, Secretary  
Mr Wayne Jackson, Deputy Secretary  
Ms Lisa Paul, Deputy Secretary

**Executive Directors**

Mr Barry Wight, Corporate Facilities and Services  
Ms Peta Winzar, Economic and Social Participation  
Mr David Kalisch, Economic and Social Participation  
Ms Robyn McKay, Families  
Ms Virginia Mudie, Partnership Framework  
Ms Denise Swift, Community & Locational  
Ms Helen Fleming, Chief Legal Adviser  
Ms Kerry Flanagan, Strategic Framework and Coordination  
Ms Margaret Carmody, Acting General Manager, CRS

**Assistant Secretaries**

Mr Alex Dolan, Budget Development  
Mr Gary Dunn, Centrelink Relationships  
Mr Jeff Poppo, Child Care Benefits  
Ms Dawn Casey, Child Care Services  
Ms Linda Powell, Community  
Ms Joan Corbett, Disability Service Reforms  
Mr Keith Henry, Family & Children  
Ms Fiona Mallise, Family Policy  
Mr Jeremy Nott, Family Relationships  
Mr Tim Youngberry, Financial Strategies  
Ms Fiona Smart, Housing Support  
Mr Tony Mee, Information Strategies (Acting)  
Mr Roger Barson, International  
Mr Steve Jennaway, Management Support

Mr Andrew Herscovitch, Ministerial & Communications  
Ms Jackie Wilson, Office of Disability  
Ms Frances Davies, Parenting & Employment Programs  
Mr Evan Mann, Parenting & Employment Programs  
Ms Cate McKenzie, Participation Support  
Mr Bruce Smith, Participation Policy  
Ms Jenny Bourne, Partnership & Service Delivery  
Ms Judy Raymond, Risk, Compliance & Simplification  
Ms Gwenda Prince, Manager Victorian State Office  
Mr Stuart Kennedy, Seniors and Means Test (Acting)  
Ms Kerry Elizabeth, Strategic Management  
Ms Serena Wilson, Strategic Policy & Analysis  
Mr David Hazlehurst, Strategic Policy & Analysis  
Ms Tricia Rushton, Youth Bureau - Programs  
Mr Matt Davies, Youth Bureau – Policy and Promotions  
Mr Glen Halloran, National Manager, National Disability Services  
Mr David Stanton, Director, Australian Institute of Family Studies  
Mr Robert Porteous, Assistant General Manager, Child Support Agency

**CENTRELINK**

Ms Sue Vardon, Chief Executive Officer  
Ms Jane Treadwell, Chief Information Officer  
Mr Graham Bashford, Deputy Chief Executive Officer, Business  
Mr Paul Hickey, Deputy Chief Executive Officer, Business Capability  
Ms Pat Turner, Deputy Chief Executive Officer, Customer Service  
Mr John Wadson, General Manager, Major Projects  
Ms Carolyn Hogg, General Manager, Service Integration Shop  
Mr Mike Goldstein, General Manager, Business Assurance Services and Chief Auditor  
Ms Helen McKenna, Risk and Business Assurance  
Mr Rod Gibson, National Manager, Business Alliances and Contracts  
Mr Pat Fegan, National Manager, Employment Operations  
Ms Christine Bruce, Manager, National Purchasing and Contracts Unit  
Mr Tony Schell, National Manager, Debt Services  
Mr Graham Maloney, Centrelink Call  
Ms Sheryl Lewin, National Manager, Future Capability—Centrelink Call  
Ms Peta Fitzgibbon, National Manager, Youth and Student Customer Segment  
Ms Rachelle Mudie, Business Manager, Youth and Community Segment Team  
Ms Rilka Macainsh, Business Manager, Youth and Community Segment Team,  
Ms Margaret Browne, National Manager, Retirement  
Ms Michelle Gunasekera, National Manager, Employment Services  
Mr Eric Bennett, National Programme Manager  
Mr Sergio Foglia, Senior Officer  
Ms Carmel McGregor, National Manager, People Management  
Mr John Regan, National Manager, Area Network  
Mr Phil Richardson, Detection and Review Team

Mr Colin Parker, National Manager, Property  
Mr Peter Fisher, Disability and Carers Community Segments Team  
Ms Marilyn Prothero, Chief Financial Officer  
Ms Karel Havlat, Resource Management  
Mr Robin Salvage, National Manager, Rural and Housing  
Mr John Gibbon, AWT Team  
Mr Hank Jongen, National Manager, Communication and Marketing  
Mr Gary Seeto, Communication and Marketing  
Mr Luke Woolmer, National Manager, Business and Information Protection, Web Services  
Mr Grant Tidswell, National Manager, Families  
Ms Sally Babbage, National Manager, CCB Childcare benefits  
Mr Darryl Alexander, National Manager, Parenting Assistance  
Ms Anne Dickens, BM Parenting Assistance  
Mr Keith Bender, BM Upper Level  
Ms Tina Anderson, BM CCB REC  
Mr Cameron Lander, Business Manager CCB  
Ms Barbara Causon, National Manager, Indigenous Services

**CHAIR**—I declare open the hearing of the Senate Community Affairs Legislation Committee. On 14 May 2002, the Senate referred to this committee the particulars of proposed expenditure for the year ending 30 June 2003 for the Family and Community Services portfolio and the Health and Ageing portfolio. The committee will now commence examination of the Family and Community Services portfolio. Before commencing with Centrelink, senators have advised that they do not require the Child Support Agency or the Social Security Appeals Tribunal. I welcome the Minister for Family and Community Services, Senator Vanstone; the departmental secretary, Mr Mark Sullivan; the Chief Executive Officer of Centrelink, Ms Sue Vardon; and officers from the Department of Family and Community Services and Centrelink.

I draw to witnesses' attention the resolutions agreed to by the Senate on 25 February 1988—'Procedures to be observed by Senate committees for the protection of witnesses'—and in particular to resolution 1(10) which states in part:

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

And resolution 1(17) states:

An officer of a department of the Commonwealth or of a State shall not be asked to give opinions on matters of policy, and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a Minister.

Witnesses are further reminded that the evidence given to the committee is protected by parliamentary privilege and the giving of any false or misleading evidence may constitute a contempt of the Senate. Finally, I ask witnesses to ensure that all mobile phones are switched off or at least switched to silent. I do not mind people having jiggling mobile phones, but it will create a bit of order if they are switched off or switched to silent. Minister, do you wish to make an opening statement?

**Senator Vanstone**—Just briefly. It is so nice to be back. I have been dreaming of this moment and here it is! Some of you were lucky enough to be in estimates last week. I missed

that opportunity, but here we are. It is a pleasure to be here with Mr Sullivan, the secretary of the department; Sue Vardon, who runs Centrelink; and Mr Dolan, the money man. Mr Dolan is a very important man for reasons other than simply being the money man, but that is important.

Since we are about to start with Centrelink, I take the opportunity to say that this area is hard enough in a policy sense because of the variety of payments and the variety of clients' circumstances. Within any one payment, there is a huge range of different circumstances for clients. I have great respect for what the department does in that sense, but Centrelink on a day-to-day basis deals with the reality of that—people who, by definition, are in need because they are getting some type of benefit from the Commonwealth. Presumably we all know what it is like to have moments where you think you really need something and you are under a bit more pressure than otherwise. They are the people that Centrelink deals with on a day-to-day basis.

I get very few complaints about Centrelink. More often than not I get letters saying, 'I would just like you to know,' and then it is about one person in a small office that did something for someone. If we have made mistakes, either in Centrelink delivery or in a policy sense, of course we want to know about them. I welcome the process of estimates committees, because we want to fix these mistakes. But I do ask that, if there are circumstances where an individual has not got the treatment they deserve, or believes they have not, in the characterisation of that to the media we do not treat that as typical of Centrelink service, because it is not. We have about six million clients and basically do a tremendous job. Out of six million clients, if you said you had a one per cent error rate—which most companies would be terribly happy with—you would still have lots of unhappy people. If they are, they do not come to me about it. I am pretty sure they would write to the minister rather than direct to Centrelink.

I just wanted to highlight that there is this enormous variety of payments and variety of particular circumstances—incomes going up and down, lovers moving in and out, children being born, children moving off benefits because they are past the age and so on. Centrelink handles this extremely well. I am not denying there will be mistakes. But over the last year I think we have had too many examples of individual cases being treated as typical when they are not and, even worse, individual cases in the media being treated as typical where the whole story has not been printed. I just do not think that is fair to the public servants involved. Sure, when we make a mistake, blow it up and march around town with it, but highlight it as just that—a one-off instance or one of a number but not typical.

[9.13 a.m.]

#### **Centrelink**

**CHAIR**—Thank you, Minister. The Finance and Public Administration Committee oversights the format and contents of the portfolio budget statements. If senators have any comments on the PBS, could they please put them on the public record during the hearings.

The committee will be working from the budget estimate statements. I propose that we commence with issues relating to Centrelink, pages 229 to 258, followed by general questions on the department overview, pages 9 to 20, and then the departmental budget and non-budget measures, which will be called on seriatim as listed on the PBS at pages 169 to 199. I will then call for general questions relating to the departmental outcomes by outcome and output

groups 1 to 3, as listed at pages 45 to 167, followed by the Australian Institute of Family Studies, pages 259 to 279. We will start with issues relating to Centrelink.

**Senator MARK BISHOP**—I welcome the officers of Centrelink and the department and of course the minister to this round of budget estimates. To assist those in attendance, the issues I wish to address in terms of Centrelink include the funding model, Colmar Brunton, privacy breaches, the indigenous servicing strategy and Abstudy in the Cape York Peninsula. Those topics will be the subject of 95 per cent of my questioning on Centrelink. Then we will go into the program, as outlined by the Chair. Turning first now to the funding model, Ms Vardon, could you provide the committee with a copy of the latest Centrelink job seeker satisfaction survey? Is that possible?

**Ms Vardon**—The job seeker satisfaction survey is normally done by DEWR. In our normal collection of data about what our customers think, we do classify some of our surveying into the Newstart customer group or the job seeker group.

**Mr Fegan**—As part of the business partnership arrangement we have with DEWR, we are interested in getting feedback about satisfaction from job seekers and satisfaction from the Job Network member in terms of overall service delivery by Centrelink. As I understand it, the survey undertaken by DEWR is quite comprehensive, but I do not have the details of that. I can say that there is a survey currently under way and I have not had any feedback from that, but it is in the context of measuring the latest perceptions of job seekers about Centrelink services.

**Senator MARK BISHOP**—The previous one, when was that done? My figures are, I am advised, 2001. Is that the latest one?

**Mr Fegan**—In that financial year, that is correct. They try to do them roughly every year.

**Senator MARK BISHOP**—When would it have been concluded—around June of last year?

**Mr Fegan**—I believe so. The current one, I think, started around February-March.

**Senator MARK BISHOP**—Over what time frame is the survey work done?

**Mr Fegan**—I really cannot answer that because that is DEWR's business.

**Ms Vardon**—Can I just say that in our own survey in November 2001 the satisfaction level—and it is not quite as detailed as the other job seeker satisfaction survey—with our service for those seeking employment was 70 per cent, which was an increase of eight per cent over the last survey.

**Senator MARK BISHOP**—How often do you do surveys?

**Ms Vardon**—We do a big survey once a year. We do smaller focus groups called value creation workshops regularly during the year, but when you look at the big targeting of the customer groups, it is a once a year survey.

**Senator MARK BISHOP**—Okay. That eight per cent figure that you referred to, is that on the previous big survey?

**Ms Vardon**—It is.

**Senator MARK BISHOP**—Mr Fegan, you say the survey I am referring to is prepared by who?

**Mr Fegan**—The Department of Employment and Workplace Relations.

**Senator MARK BISHOP**—What is that survey directed to?

**Mr Fegan**—A range of measures associated with services provided by the Job Network membership. Also, in terms of Centrelink they might canvass matters such as, ‘Were you generally happy overall with the services provided by Centrelink?’ In the last results, we met the benchmark and we achieved 80 per cent of job seekers’ satisfaction.

**Senator MARK BISHOP**—So your benchmark is 80 per cent?

**Mr Fegan**—Eighty per cent. That is correct.

**Senator MARK BISHOP**—And what figure was achieved?

**Mr Fegan**—Eighty per cent.

**Senator MARK BISHOP**—Okay. I presume that, once the initiating department has signed off on that survey, it is made available to other departments that might be affected or to which it is relevant.

**Mr Fegan**—I cannot answer that. I am not quite sure how DEWR publish the results.

**Senator MARK BISHOP**—It has information on the attitude of clients or customers of Centrelink to services provided to those persons by Centrelink and it is not provided to Centrelink as a matter of course?

**Mr Fegan**—You said to other departments, so I was confused about that.

**Senator MARK BISHOP**—Sorry.

**Mr Fegan**—Certainly DEWR tend to consult with Centrelink in terms of the organisation of the survey. We have some input—for instance, in suggesting some of the issues that they explore. Of course, we get the results of the survey and then we would take that feedback on board.

**Senator MARK BISHOP**—When I said ‘department’, it was generic; I also meant the agencies within the responsible department. So can the agency provide the committee with a copy of the latest Centrelink job seeker satisfaction survey?

**Mr Fegan**—I think it is best getting it off DEWR, just in case I have not got the latest version.

**Senator MARK BISHOP**—When was the latest version?

**Mr Fegan**—There is a current version under way, as I understand it, but I have not received the results. It is a DEWR survey.

**Senator MARK BISHOP**—There is a survey that is currently being undertaken. I will come back to that in the next round of estimates. I am talking about the survey that has been concluded and the contents therein distributed to those agencies and departments that would have an interest. That is the one I want. I am asking: can a copy of that be provided to the committee?

**Senator Vanstone**—If the survey was done by DEWR, I think we really need to just check with DEWR as to whether they are happy for you to have that. We get information from a whole range of sources, but it is not necessarily ours to give out.

**Senator MARK BISHOP**—Can we—

**Senator Vanstone**—I do not know if they have had their estimates or not, but we will ask in any event if we could pass it on.



**Senator MARK BISHOP**—Take that through the committee. There is a question there and can it be provided, if possible. Do you know whether this survey contained the questions that were the subject of the Colmar Brunton investigation, or categorisation, of the unemployed in the press release by Minister Brough on 21 May?

**Mr Fegan**—No, I cannot answer that.

**Senator MARK BISHOP**—You cannot answer that. Why is that?

**Mr Fegan**—I have no knowledge of that information, of those issues.

**Senator MARK BISHOP**—You have not made any inquiries?

**Mr Fegan**—No.

**Senator MARK BISHOP**—Why is that?

**Mr Fegan**—I am not aware that that is a particular issue for us.

**Senator Vanstone**—I think if you are talking about a survey that was done by DEWR, then you need to put the questions to DEWR about their survey.

**Senator MARK BISHOP**—But the angle I am pursuing, firstly, is the attitude of customers of Centrelink to the services they receive, which has been surveyed by another department. Secondly, it leads into questions as to the veracity of that survey as regarded by Centrelink. They are, I think, proper questions to ask Centrelink. I have not come to the second part yet.

**Senator Vanstone**—They are proper questions to Centrelink as to any way they can assure you or give you the answers that you are looking for—I do not mean the substantive answers, but answers to the questions that you want answered in relation to Centrelink and how their customers see them—but not in relation to a survey done by someone else, another body, and how that was put together, et cetera. I think that it is not appropriate for this committee but, more importantly, as they have not been involved, they would not be able to answer.

**Senator MARK BISHOP**—All right. Perhaps we then need to establish the extent to which Centrelink has been involved in the questions in the survey that relate to the services they provide.

**Senator Vanstone**—You can ask all that, yes, sure. I am not trying to be difficult here; I am just trying to point out that this is another department and you are asking a bit much.

**Senator MARK BISHOP**—No, I take that overall point. So are those questions best directed to you, Ms Vardon, or to—

**Ms Vardon**—We were not involved in any other surveys. We get the feedback from the one that comes from DEWR, which is about our customers' satisfaction. We have a look at that, but we are constantly looking at how we can improve our services at the local level. So we do not just wait for the one-year survey to come. This is something that we pay attention to all of the time. But if you are trying to make some connection between the other survey that you have referred to and this one, we would not be in a position to make any connection between those two surveys, because they are not surveys that we instigate or create.

**Senator MARK BISHOP**—No, but as I understood Mr Fegan, he said that Centrelink was consulted on some of the content and had the opportunity to have input into some of the survey questions as they affected Centrelink.

**Mr Fegan**—That is in respect of the current survey.

**Senator MARK BISHOP**—Which is currently being undertaken.

**Mr Fegan**—And I have not got any results. That is correct.

**Senator MARK BISHOP**—We are not talking about that; we are talking about the survey that was done—

**Mr Fegan**—The one in the previous financial year. I really cannot answer. I was not in that position before.

**Senator MARK BISHOP**—Okay. That is fine. If you were not involved, perhaps we could have the relevant officer who was involved.

**Mr Fegan**—We might have to take that on notice.

**Ms Vardon**—We will. The person who knows the answer says that we were not consulted in last year's, but I would like to take it on notice and get you the actual facts.

**Senator MARK BISHOP**—Okay. So you—Centrelink—were not consulted in last year's survey at all? Is that correct?

**Ms Vardon**—I am putting that on the table as the best information I have now.

**Senator MARK BISHOP**—Is there a problem with the relevant officer coming forward and putting that on the record?

**Ms Vardon**—No, but he is also going to speak to the best of his ability. Graham Bashford, who is our other deputy—

**Senator MARK BISHOP**—He can only speak to the best of his ability, Ms Vardon.

**Mr Bashford**—It was not that we were totally not consulted; it is that we were not consulted in sufficient time for the previous survey. In fact, we made a point of this to DEWR, and that is why they have consulted us quite significantly with this particular survey.

**Senator MARK BISHOP**—For the survey that is being undertaken?

**Mr Bashford**—Yes.

**Senator MARK BISHOP**—Can you just put on the record the degree of consultation that occurred with Centrelink in the prior survey, the survey that has been concluded?

**Mr Bashford**—I do not have that at my fingertips, but we can certainly get it for you.

**Ms Vardon**—I think what Mr Bashford just said is: 'very little' was the answer.

**Senator MARK BISHOP**—Is that what you are saying?

**Mr Bashford**—I am saying that there was not a lot of consultation with the previous one, yes. So let us take that on notice and give you the details of what consultation did take place.

**Senator MARK BISHOP**—All right. And you might also provide us in that written response your comments on the adequacy or otherwise of the level of consultation in that previous survey. Moving forward to the current survey, were you consulted exhaustively?

**Mr Fegan**—I would not necessarily say that is a term that I would apply.

**Senator MARK BISHOP**—Okay. What term would you apply—

**Mr Fegan**—I would think 'reasonably'. The point here is that the survey that DEWR undertake is primarily to get feedback for a whole range of purposes, only some of which will touch upon attitudes of job seekers towards the services that they get from Centrelink.

Centrelink has its own comprehensive survey arrangements for getting feedback from job seekers and all customers.

**Senator MARK BISHOP**—Okay. I understand that, and that is the issue Ms Vardon referred to. We might come to that in due course. In terms of the consultation prior to the current survey being conducted, what did the other departments seek to consult with you on?

**Mr Fegan**—To the best of my recollection—because I was not handling this personally—they talked about some of the questions and the broad content. They were also seeking to change, I think, their methodology in terms of the survey and to get, I think they call it, a customer satisfaction index, so it is a range of subpoints.

**Senator MARK BISHOP**—All right. They consulted you about the type of questions, the broad content and methodology. Was there anything else?

**Mr Fegan**—Not that I recall.

**Senator MARK BISHOP**—Mr Bashford, do you have anything to add?

**Mr Bashford**—No, I cannot add anything.

**Senator MARK BISHOP**—Did they put to you that they were going to use a particular typology in the questions they intended to ask users?

**Mr Fegan**—Do you mean in the wording of the questions?

**Senator MARK BISHOP**—Yes, I do.

**Mr Fegan**—They did not put it in specific terms. But to the extent that the specific questions may have been evident there we would have seen that.

**Senator MARK BISHOP**—Was Centrelink satisfied with the approach that was being taken in that respect or did you have some alternative suggestions to offer?

**Mr Fegan**—In these sorts of things we always have some alternative comments to offer, but essentially the survey, I guess, is a DEWR product and a DEWR initiative and they are not obliged to adopt any particular suggestions that we have to offer.

**Senator MARK BISHOP**—No, but they had not consulted with you adequately in the previous year and that lack of consultation had been the subject of some criticism. So the consultation process was improved in the current survey and there were issues of typology. Were you satisfied with the content of the questions that they wished to ask or did you seek that they have them varied?

**Mr Fegan**—I believe we would have suggested some minor variations on some questions. In essence, of course, we would be concerned that from a layman's perspective the questions asked of job seekers would be as least misleading as possible or subject to different interpretation.

**Senator MARK BISHOP**—Yes, I understand that. Could you outline just very briefly an overview of the approach that the department was going to pursue—the typology of the questions?

**Mr Fegan**—No, I could not do that. The best way would be for the committee to ask DEWR to table the questionnaire currently being used.

**Senator MARK BISHOP**—Okay. Are you satisfied that their approach is equally as valid as the JSCI tool?

**Mr Bashford**—I do not think that is a question that we can comment on really. They are both DEWR type initiatives. I think that is a question more appropriately put to the DEWR officers.

**Senator MARK BISHOP**—No, it is not, Mr Bashford. It could be asked of the DEWR officers as to whether they are satisfied with their question and the purpose they are seeking to achieve. Those are certainly questions you would ask them. But I am asking Centrelink whether they are satisfied that the type of questions that are being asked are satisfactory and how they compare with, for example, the JSCI tool. At the outset, the minister made the point that Centrelink has something in the order of six million customers and that customer satisfaction is a high standard she expects, and Ms Vardon repeatedly said in the last round of estimates that client satisfaction was something that was constantly sought and constantly reviewed to make sure that officers were delivering. The question I am asking you here, on the worth or otherwise of a particular tool or a particular question, goes to the heart of that. I would need to be persuaded that it is not an appropriate question to ask officers of Centrelink whether your organisation is satisfied.

**Mr Bashford**—In any work that we are asked to deliver we certainly make comments from a grassroots perspective. We will always provide comments to any client about the tools that we are given to use.

**Senator MARK BISHOP**—What I am asking you to advise the committee is the view your agency expressed as to how it compared with the JSCI tool. Are you satisfied that it is equally valid and efficient, or do you have reasons for dissatisfaction and, if so, what are they?

**Ms Vardon**—They are two different things. The JSCI tool is an individual measure so that we can stream every single person into their appropriate service choice. Our customer satisfaction survey is actually measuring something different. I am not trying to be difficult; I am just having trouble reconciling the two concepts.

**Senator JACINTA COLLINS**—It is Centrelink that applies the JSCI?

**Ms Vardon**—It is.

**Senator JACINTA COLLINS**—But the way it was mentioned earlier was that it was a DEWR tool?

**Ms Vardon**—That is right.

**Senator JACINTA COLLINS**—DEWR designed it but Centrelink applies it?

**Mr Fegan**—That is correct.

**Senator JACINTA COLLINS**—Were there any questions in that last survey related to the JSCI index?

**Mr Fegan**—I cannot answer that. I am not familiar with it.

**Senator JACINTA COLLINS**—You were consulted by DEWR about the survey but you cannot tell us whether the survey was testing the JSCI's applicability?

**Senator Vanstone**—I will just make a point here. This is a survey done by another department. Senator Collins, you rightly identify that they might have been consulted on a whole range of things in relation to that survey. There is a world of difference, though, from a public servant's point of view, between offering advice to another department that you work with regularly—because DEWR is one of their contractors on things—and then expecting to

have to answer for the other department's survey in an estimates committee. You would naturally think that questions in relation to that survey would go to that department and you would not mentally or practically equip yourself to be answering questions on another department's survey. I am not denying that, as they say, they have been consulted. But you would not think, 'Oh, gee, I had better note down everything about this because I'll be asked about the other department's survey.'

**Senator MARK BISHOP**—I understand that point, Minister.

**Senator Vanstone**—Obviously they know something, because they have been consulted, but to expect them, because they do take their commitments here seriously, to give answers on the record is, I think, a bit hard. It is just one of the unfortunate situations where they are the contracted party by a number of departments, including this one.

**Senator JACINTA COLLINS**—Could I ask Mr Fegan to take on notice whether the nature of consultation with DEWR covered the JSCI index and the extent to which Centrelink was satisfied with the manner in which DEWR was going to be testing questions about that index?

**Senator Vanstone**—Sure.

**Ms Vardon**—We are very happy to take that question.

**Senator Vanstone**—Any questions in relation to this I think it is fair enough for you to put on notice. If we have records or knowledge in Centrelink on it, we are happy to answer. But I just think off-the-cuff answers in relation to another department's survey are a bit hard to give.

**Senator MARK BISHOP**—Yes. Just to narrow that down: the information I am seeking is Centrelink's attitude to and satisfaction with the questions being asked by the other department as it affects customers of Centrelink. That is the focus I am bringing to it, Minister. I would have thought that might be a difficult but not unreasonable question—that is: is Centrelink satisfied that the reviews or surveys being conducted by other departments of the services and work Centrelink performs are reasonable and fair survey questions?

**Senator Vanstone**—I am not at any time saying: do not ask these questions. I am trying to do the right thing by Centrelink staff, who I think are in a difficult position because you are asking them about someone else's survey, someone who contracts them to do the work.

**Senator MARK BISHOP**—Okay. In that case, can Centrelink take on notice any comments or criticisms that go to the utility and the satisfaction—which are different things—that Centrelink has with the questions that are asked in that survey by the other department of the work performance of its officers.

**Ms Vardon**—Yes.

**Senator MARK BISHOP**—What was Centrelink's involvement in the Colmar Brunton project, Mr Fegan?

**Mr Fegan**—I am not in a position to answer that.

**Senator MARK BISHOP**—You do not know?

**Mr Fegan**—I was not there.

**Ms Vardon**—I do not think that we were involved at all.

**Senator MARK BISHOP**—Not involved at all? Is that right, Mr Bashford?

**Mr Bashford**—Not to my knowledge.

**Senator Vanstone**—You might want to address some questions in relation to that to FACS.

**Senator MARK BISHOP**—Thank you, Minister.

**Senator Vanstone**—When we get to FACS.

**Senator MARK BISHOP**—Do you want to do them now? I have only got three or four. You do not want to do them now?

**Senator Vanstone**—I think we would rather just get rid of—not get rid of Centrelink, but try to handle this in an orderly fashion.

**Senator MARK BISHOP**—So it was the department's involvement in that project, was it? I have a whole range of questions as to the level of involvement.

**Mr Sullivan**—It was the Welfare Reform Taskforce.

**Senator MARK BISHOP**—That is fine.

**Senator JACINTA COLLINS**—Which department formed the Welfare Reform Taskforce?

**Mr Sullivan**—The Welfare Reform Taskforce was a task force involving the Department of Employment and Workplace Relations, the Department of Family and Community Services, the Department of the Prime Minister and Cabinet, and I will add if there were others. It was chaired by the Department of the Prime Minister and Cabinet.

**Senator JACINTA COLLINS**—So PM&C is the lead agency, is it?

**Mr Sullivan**—It was chaired by it. If you ask a task force who is the lead agency, I would hope that all of them would say, 'We are'. Various issues were led by various departments.

**Senator MARK BISHOP**—Okay. I will come back to those other issues with FACS at the appropriate time. If we could now turn to privacy breaches, the questions I have are similar to the ones we asked in the February estimates. Welcome, Mr Woolmer. Since the last estimates round, how many privacy breaches have there been since last February? Can you describe the more significant of those without identifying individuals?

**Mr Woolmer**—The last point you just made is very important, about the identification being cautious in this forum, please. I am sorry, but I cannot give you a number since last February. I actually have year to date figures. We run them from month to month. I have the total for the year to date as at 27 May and we can put that into a sort of comparison. I am sorry but I did not look at the three-month figures from the last estimates.

**Senator MARK BISHOP**—And you do not have them readily available?

**Mr Woolmer**—No, I do not. I would have if I had brought the last package of statistics, but I did not; I just brought the case ones from the last time. Year to date as at 27 May—and this is from 1 July—incidents reported are 1,248, incidents finalised or investigations finalised are 1,186 and the number of cases proven to have some substantiated element to them is 330, which equals 27.8 per cent, which is roughly where we go from year to year. So I would extrapolate backwards three months: I cannot recall the numbers, but probably about 900 at the time when we reported last in February.

**Senator MARK BISHOP**—So you think, off the top of your head, something in the order of 300 since we last met.

**Mr Woolmer**—Yes, 300 to 350 or 360, or something around that order.

**Senator MARK BISHOP**—If you could take that on notice—

**Mr Woolmer**—Yes; I apologise for that.

**Senator MARK BISHOP**—and give us the monthly figures until now. How many of these breaches have been referred to the Privacy Commissioner?

**Mr Woolmer**—Do you mean this year or since last estimates?

**Senator MARK BISHOP**—Since last estimates.

**Mr Woolmer**—In relation to those referred to the Privacy Commissioner or involving the Privacy Commissioner, there have been three. There was one in February, one in March and one in May.

**Senator MARK BISHOP**—What is the difference between ‘referred to’ and ‘involving’?

**Mr Woolmer**—Sometimes the Privacy Commissioner refers cases to us. A member of the public will go direct to the Privacy Commissioner and the first we will find out about it is when we receive correspondence from the PC’s office.

**Senator MARK BISHOP**—In relation to those three that you identified, can you just run through the nature of the problem, the number of customers affected and where we are at in terms of resolution?

**Mr Woolmer**—Okay. I would like to put it in a broader context. You asked last time about the number of cases per year. In the last three or four years we have had 9, 9, 11 and this year it is 12 so far—that is open cases. I want to put that into context in terms of 1,300 or 1,400 total cases. In relation to the cases that are open, we have to date 10 open cases still with the Privacy Commissioner and the last three have only involved three individuals.

**Senator MARK BISHOP**—So there are 10 open cases, and three individuals have made three separate complaints about a particular problem that they have identified?

**Mr Woolmer**—Yes. There have been two individuals and one from the PC’s office.

**Senator MARK BISHOP**—Two individuals and?

**Mr Woolmer**—One that was referred to us from the Privacy Commissioner.

**Senator MARK BISHOP**—I see. Where are they at? Are each of those still at the negotiation stage?

**Mr Woolmer**—Yes. Two require action from our Centrelink offices and one from the Privacy Commissioner—matters resting with them.

**Senator MARK BISHOP**—Can you just briefly outline the nature of the problem that each complainant has complained of?

**Mr Woolmer**—Yes. We have three particular cases that are recent. One relates to an employment declaration form that was raised through datamatching with the Taxation Office. It threw up an anomaly. The individual was approached by Centrelink and has claimed that they did not ever sign the particular form. So we are just following through with that.

We have another one where the individual has gone to the Privacy Commissioner’s office and has complained that Centrelink breached the person’s privacy. The person in question was actually forcibly removed from the Centrelink office by the police. Our officers were doing what we normally do to facilitate fast and accurate customer service: just walking down the line, discussing what sort of case, asking, ‘Could you come in to the counter, or go this way or

that way,' to try to facilitate better customer service. The particular gentleman has blown up in the customer service office. He did not obviously have an agreement with the office and ended up being removed and restrained by the police. He has subsequently said that we breached his privacy. But all the information we have is that it was he who was yelling and screaming in the office and giving all the details. And we have been approached by the Privacy Commissioner in relation to a case around a disability benefit. I think it was disability payments in the end case.

**Senator MARK BISHOP**—I presume it is standard operating procedure that if a customer becomes upset to the extent that the officer feels that his or her safety might be involved, you shift off and contact the police or whatever?

**Ms Vardon**—Yes. We try to do it as rarely as possible. We have trained our staff in aggression management and to talk quietly and not provoke it. But there are a lot of people with mental illnesses, or some other grievous problem that they have when they come in to us, and any slight problem can trigger offence.

**Senator MARK BISHOP**—Mr Woolmer, you might take on notice if you could give me a similarly brief factual situation of each of those outstanding 10 cases that you referred to, just so that we have that for our files.

**Mr Woolmer**—Certainly.

**Ms Vardon**—They go back to 1998.

**Senator MARK BISHOP**—I am not looking for any more than two or three paragraphs per case.

**Mr Woolmer**—I understand.

**Senator MARK BISHOP**—Just the facts, who you consulted, where it is at—that is all you can do. Thank you, Mr Woolmer.

**Mr Woolmer**—You are welcome.

**Senator MARK BISHOP**—I want to turn now to the indigenous servicing strategy, particularly in the Northern Territory. Welcome, Ms Causon. The issues that I want to discuss are mail problems in indigenous remote and rural communities, some transport problems, communication issues, access and breaching, and the provision of the 12 remote service centres under the Australians Working Together program.

Firstly, can we turn to some problems that have been identified to us in terms of receipt of mail for indigenous persons in remote and rural communities. The allegation that has been made to us is that Centrelink letters are not received on time or not received at all by the various recipients in remoter parts of the Northern Territory. The letters, we are told, are generated and sent from Melbourne, but the recipients do not receive them because they are either homeless or very mobile, as you would expect in parts of the outback. That is the context of my questions. Can you advise us what percentage of breaches in the various regions in the Northern Territory are related to failure to respond to correspondence or provide information requested in correspondence?

**Ms Vardon**—I think what you are talking about is an endemic problem in our organisation. Ms Causon has just recently been appointed as National Manager, Indigenous Services. Normally, our deputy, Pat Turner, would be here, but she has been involved in a family drama and is not. So you will forgive us if we spend a moment trying to make sure that you get the right answer.



There are a number of problems for us. Firstly, the mail is often sent out to remote communities where it stacks up in a room somewhere and does not get distributed. We do not rely on the mail, if I can say, for compliance a lot; mostly we send out our staff into rural communities. We also have been working very hard to look at alternatives to traditional compliance, because obviously somebody cannot go around all the time, so people are actually put on lighter activity tasks. One of the things that Pat Turner has been very keen to do, and it has come through in *Australians Working Together*, is to have alternatives to traditional expectations of somebody who is required to have a work activity and to mould the work activity into something that is suitable to the community rather than what might be artificially imposed in a traditional sense. So we are working very hard to reduce breaches in those communities.

Our area managers and our staff up there do not like traditional people particularly and homeless people and people who are on the move to be breached. I can think of a group that I spoke to in Katherine who were people who were moving around—very hard for our people to track. Our staff were being very creative in looking for ways that those people could make some contribution without breaching them. So there is not a direct correlation between mail and breaching.

But to give you a better understanding, I would rather have had the area manager from Area North Australia come and talk to you about all the things that he and his people are doing to try to make the regimes that were essentially created in Canberra much more relevant to the people in the Northern Territory. But when you ask the specific question about breaches relating to letters, I would have to take that one on notice because I would have to go and actually get into the statistics.

**Senator MARK BISHOP**—You do not have that information to hand, Ms Causon?

**Ms Causon**—No, I do not, but I think it would be correct to say that the percentage of breaches in remote communities would be very small because most remote communities are exempt from activity testing.

**Senator MARK BISHOP**—I am sorry, I could not hear that.

**Ms Causon**—I do not have the exact figures to hand, but I think it would be fair to say that the percentage of breaches for remote communities would be very small because most remote communities are exempt at this stage from activity testing.

**Senator MARK BISHOP**—Right. So what would be the major reasons for breaching then?

**Ms Causon**—Most breaches would obviously occur in areas where there is activity testing—that is, around urban centres.

**Senator MARK BISHOP**—Is there minimal or zero activity testing in the Northern Territory?

**Ms Causon**—In remote centres it is basically zero.

**Senator MARK BISHOP**—Right.

**Ms Causon**—In urban centres there is activity testing.

**Senator MARK BISHOP**—So you have activity testing in Darwin, Alice, Tennant Creek, Nhulunbuy, Katherine?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—Are they the only places?

**Ms Vardon**—Kununurra—

**Ms Causon**—In the Northern Territory.

**Ms Vardon**—That is part of our Northern Territory brief.

**Senator MARK BISHOP**—Okay.

**Senator Vanstone**—You thought she did not know her geography, didn't you?

**Senator MARK BISHOP**—I thought she was pinching something, yes.

**Senator Vanstone**—There have been other estimates committees where people on either side have missed their geographic points.

**Senator MARK BISHOP**—We understood that.

**Mr Bennett**—We just did some numbers last week. I know this is not exactly the answer you are seeking, but what it shows is that indigenous customers, as a proportion of all our customers, are actually underrepresented in breaching. Where we are looking at somewhere around seven per cent of our customers being indigenous, the breaching rate is closer to six per cent of all breaches. So as an overall, for all our customers, as you can see Centrelink is doing quite a good job to ensure that we are not breaching inappropriately.

**Senator MARK BISHOP**—Yes, but the bulk of your indigenous customers in the Northern Territory would be in those remote areas, non-urban areas, which are not activity tested, wouldn't they?

**Mr Bennett**—A significant proportion but, no, not the bulk.

**Senator MARK BISHOP**—Ms Causon was nodding,

**Ms Causon**—A significant proportion of indigenous people in the Northern Territory do live in remote or rural locations.

**Senator MARK BISHOP**—And the second part of the question is: in areas that are not activity tested?

**Ms Causon**—I do not have the exact figures on me as to what the breakdown is between activity tested and non-activity tested people in people in the NT.

**Senator MARK BISHOP**—Okay. Mr Bennett?

**Mr Bennett**—My understanding is that there is still a significant proportion in those in remote areas who are activity tested. It is certain areas which have been negotiated with DEWR, and I think they are currently looking at further areas which may be defined which should not be activity tested. But my understanding is that Centrelink has procedures in place to ensure that there is no inappropriate breaching for those customers obviously who are activity tested and I think that is reflected in those overall numbers, which show that indigenous people are underrepresented as a proportion of breaching.

**Senator MARK BISHOP**—I do not challenge your figures, but I am surprised that the breaching of indigenous people in the Northern Territory is less than the figures Australia wide.

**Ms Vardon**—I think that we have not given you those figures. I think what we have got is an all of Australia-wide set.

**Mr Bennett**—That is right. We have not broken it down; we have got an Australia-wide set of figures.

**Senator MARK BISHOP**—Okay. In case I am a little bit confused, what were you referring to when you referred to seven and six per cent?

**Mr Bennett**—Approximately seven per cent of our job seeker customers are indigenous, but of those customers they represent slightly less than six per cent of our total breaches. Everything else being equal, you would expect that if they are seven per cent of our customers they would be seven per cent of our breaches. But in fact they are less than that.

**Senator MARK BISHOP**—Do you have a break-up of the figures for indigenous people in the various states and territories who are not activity tested, as opposed to those who are activity tested?

**Ms Vardon**—At the area office level we could ask that question and get an answer for you.

**Senator MARK BISHOP**—I will tell you where I am heading with this. Mr Bennett has put some interesting figures into the discussion. You earlier advised that, excepting five or six named urban townships in the Northern Territory, indigenous people were not activity tested. What I am driving at is the level of indigenous people generally who are not activity tested, in order to test the veracity of those figures provided by Mr Bennett.

**Ms Vardon**—In relation to the Northern Territory?

**Senator MARK BISHOP**—Yes.

**Ms Vardon**—Can we take it on notice? We are happy to provide it, but I cannot speculate.

**Senator MARK BISHOP**—Take it on notice. That is fine. I want to get back to the issue of mail being generated from central locations outside the Northern Territory, being posted and then piling up, for want of a better description, in the office of receipt and then not being distributed to the addressee. How big a problem is that? We are talking about the Northern Territory.

**Ms Vardon**—The Northern Territory used to have a small mailing unit which I think is now substantially closed. We have contracted a company to do a lot of the mailing. It gets up there as fast as it can get there.

**Senator MARK BISHOP**—What is that company's name?

**Mr Jongen**—The company that handles our bulk mail is Salmat.

**Senator MARK BISHOP**—Where is the point of origin for this mail posted for receipt in the Northern Territory?

**Mr Jongen**—I know that the question was the subject of review recently. I was actually down the back, scrambling to make a phone call to get a definitive answer for you. I believe I should be able to give you a definite answer within a matter of minutes. My understanding is that the mail is still generated in Darwin; but really, I would prefer to take a minute, make a call and then give you a definitive answer.

**Senator MARK BISHOP**—That is fine. Could you outline the problems in terms of this mail piling up?

**Ms Vardon**—It depends. There are a number of issues with mail. Some people who receive mail cannot read. Some people cannot differentiate between the different forms of letters that we send. We have our agents in some places. They are there all the time and they

are able to distribute mail. There are other communities where we do not have agents, and so we try to send our people out on tours—and I think we cover just about every significant outlying community—to make sure that the communication keeps flowing and that the letters are available and get passed out. I am not sure about the Northern Territory, but I know that in Western Australia we have tried to differentiate between the letters by having an indigenous frame around the letter, writing in different language and putting dollar signs across the top to signify that it is an important letter. We have done as much of that as our creative juices will allow to happen. I am sure there is more we can do, but—

**Senator MARK BISHOP**—If the mail is just sitting in the reception point, all the fancy envelopes in the world are not going to help, are they?

**Ms Vardon**—That is right. That is the problem. I am not trying to deny it. It is a problem we spend a lot of time trying to work out.

**Senator MARK BISHOP**—How much of a problem is it? What is the scale of that in terms of indigenous recipients?

**Ms Vardon**—Every now and then when we send officers out to communities we find that the people are not receiving benefits that they might be eligible for because they have not responded to some piece of paper. We do not rely on the piece of paper; we rely on our people going out and making sure it happens.

**Senator MARK BISHOP**—Let me ask the question in a different way. How many indigenous customers would you have in the Northern Territory outside those five or six named urban areas? Can you give a ballpark figure?

**Ms Vardon**—Can we get back to you in an hour?

**Senator MARK BISHOP**—Yes. You may as well take on notice the number of customers by each remote geographic location. I am sure your computer can dish that out in due course.

**Ms Vardon**—We have that. Are we still talking about the Northern Territory?

**Senator MARK BISHOP**—Yes. Unless otherwise advised, this whole discussion is about the Northern Territory.

**Ms Vardon**—I am glad. We are trying to constrain it to the Northern Territory. The issues are the same everywhere, of course.

**Senator MARK BISHOP**—I would think so. Anecdotally, what do you think is the scale of the problem? Do you have any idea?

**Ms Vardon**—I do not know. I go up there from time to time and I certainly talk to people about it. We have a number of agents in place. I think we have tried to remediate it. One of the things I know Pat Turner has been very interested in is developing the hubs and spokes concept, which you foreshadowed you wanted to talk about, where we have an expert office, preferably in their own communities, with outlying offices. We know that since we put a proper office into Maningrida we give everyone much better service. You asked about the nature of the problem. We think some communities are probably not having access to good and reliable information and might be missing out on entitlements. However, we go out of our way to try to remediate that. But we know that a better model is the Maningrida model and we are going full steam ahead to try and get that through—

**Senator MARK BISHOP**—We are going to have a discussion on that in due course, and you are getting that information for me. Do you know how many breaches in the Northern

Territory are related to failure to attend an interview or appointment within the 90 minutes designated appointment time?

**Ms Vardon**—We cannot tell you that now, but with a bit of research—we are going to be here for two days—to the best of our knowledge, we could get that for you from our Area North Australia people.

**Senator MARK BISHOP**—Could you take that on notice and provide it when you have it?

**Ms Vardon**—Yes.

**Senator MARK BISHOP**—And if you could give it to us both in numbers and in percentage terms, broken up by whatever your geographical regional areas are for the entire Northern Territory, it would be appreciated.

**Ms Vardon**—Yes.

**Senator MARK BISHOP**—Are you considering reviewing this requirement in terms of indigenous people in the Northern Territory?

**Ms Vardon**—I think that Australians Working Together did reflect on that and said that we have to work a little differently with those people and we need to have personal advisers and others who will spend time with them. As important was making the activity testing more relevant and more meaningful within the context of the people's experience who came to us. That is definitely one of the initiatives in Australians Working Together that we are pleased to be associated with. ATSIIC is doing that piece of work, but we are working with them on it. Would you like Hank to give you the answer to that question you asked earlier?

**Senator MARK BISHOP**—Yes.

**Mr Jongen**—My apologies again. The situation is this. The mail for the Northern Territory is, as I think you indicated, generated from Melbourne. That is part of the normal arrangement that we have with Salmat. Where I was getting confused was with a decision that we recently reviewed, which is that cheques are generated at the local office in Darwin and lodged locally, because that is a more expensive option than using bulk mailing houses. The review that we undertook sought to give the area a solution, We did offer the local area manager a solution which would have guaranteed the timely arrival of those cheques, but he has made a decision on the basis of customer service and our inability to give a 100 per cent guarantee that every single cheque would arrive on time. For that reason we have retained the facility in Darwin itself to generate the cheque payments at that local level.

**Senator MARK BISHOP**—Ms Vardon, coming back to that discussion we were having, is Centrelink considering reviewing this requirement? You outlined a bit of background and said there was some work going on with ATSIIC. Is the 90-minute requirement under review or not?

**Ms Vardon**—The 90-minute requirement?

**Senator MARK BISHOP**—For failure to attend an interview or appointment within 90 minutes of the designated time, and breaches relating to such failure?

**Ms Vardon**—I am not sure I can answer that question.

**Mr Bashford**—I am not sure there is a 90-minute requirement, but we will check up on that. It would be a policy issue that we would have to respond to, anyway.

**Senator MARK BISHOP**—Sorry. Perhaps I have been given the wrong advice. You correct me if I am wrong, Mr Bashford. My understanding is that if a client does not attend for a designated interview, there is a leeway of 90 minutes given to that client and, if the client does not attend, they are then breached by Centrelink and payment is discontinued until the reasons for the non-attendance have been identified and remedied; is that not the case?

**Mr Bashford**—Not automatically. We would take steps to find out why the customer did not attend before we took any breaching action.

**Senator MARK BISHOP**—What steps would occur in the Northern Territory?

**Ms Vardon**—They are the under the same rules as everybody else. I personally went to the Northern Territory and said they had to introduce the third breach alert, which was being introduced everywhere else, and they had to get a second opinion from an indigenous expert, a social worker or somebody else and had to take these things into account.

**Senator Vanstone**—Can I make a point? Quite separate from the changes that I announced in January or February this year, when we moved to a suspension, I made a point at the time that Centrelink had been working in the 12 months that I had then had the job very, very consistently around Australia to try and help the particularly vulnerable people who might be affected by the breaching regime—which, incidentally, parliament collectively agreed to—and that indigenous people would be part of that vulnerable group. If you would be interested—we do not want to go through it now; it is just an opportunity for an advertisement—we are happy to provide you with that information. There are lots of things they have done over that year, well before that announcement, on working with vulnerable groups to try and help them out. They are often a particularly difficult group to help, sometimes because of location and language problems, which is what you are talking about now. At other times, as I think I have indicated in the Senate, it is because someone does not always want to front up to Centrelink and say, ‘I did not come to my appointment because I am a drug addict and I was passed out,’ or ‘I am an alcoholic,’ or whatever. It makes interesting reading. It is a good example of what an organisation can do without requiring legislative change and by working with the community. If you would be happy to ask that question on notice, we would be happy to give you the answer.

**Senator MARK BISHOP**—Thank you, Minister. I will give that some thought. I was not attempting to be overly critical.

**Senator Vanstone**—I did not think you were. I just thought you were interested in this area and you might be interested in the other stuff they have done.

**Senator MARK BISHOP**—I will take that on notice, because I am interested in the locational remoteness, transport and language problems in this context. That is what the discussion is about—the particular problems that indigenous people are facing in those more remote communities in the Northern Territory, and whether the standard rules that are applied to you and me in urban centres around Australia have the same validity, for want of a better description, in those remoter areas of the Northern Territory. What I am hearing you say, Ms Vardon, is that, whilst the same rules apply, you are aware of the problem but you do not yet have definite solutions.

**Ms Vardon**—No, I am not saying that. I think we have made lots of adjustments to take into account the conditions in remote communities. I do not wish to restrict myself in that response to the Northern Territory; it is everywhere, but in the Northern Territory particularly. We have a big indigenous team of staff there, and they absolutely understand the people’s

conditions. Sometimes they are in favour and then they are not in favour with the communities. Different people move left, right and centre. To the extent that they can, they have made lots of adjustments, within the rules that we have before us. But those rules allow some flexibility. We are not hitting our head up against a brick wall when it comes to implementing the rules. The policy agencies have said, 'You can make adjustments. You can exempt people. You can think of different ways of giving them activity tests that are more relevant,' and so on. I introduce Michelle Gunasekera, who is the National Manager, Employment, who probably can give you much more detailed information than I have been able to.

**Ms Gunasekera**—As part of our business partnership agreement with FACTS, we are required to apply the activity test to ensure that job seekers in receipt of unemployment payments are genuinely and actively looking for work. It is only when the job seeker without a reasonable excuse fails to meet the activity test requirement that we have to impose an activity test breach. Some of the requirements to satisfy the activity test requirement include that the job seeker is actively seeking or willing to undertake suitable paid work, or that they are taking reasonable steps to comply with a requirement to undertake particular paid work. They also have to take reasonable steps to comply with a requirement to participate in some other approved training program or course, or they have to enter into an activity agreement without unreasonable delay. They also need to be taking reasonable steps to comply with the terms of the activity agreement. There are also administrative breaches, which are different from the activity test breaches. Examples of activity test breaches include if they do not contact the service provider or if they do not comply with the requirement to attend the Centrelink office. It is in those cases that you are referring, where someone does not turn up for an appointment either with a Centrelink office or with a Job Network or with a community work coordinator in the Job Network. I can take you through the guidelines.

**Senator MARK BISHOP**—No. I think I can probably get them off the Net if I wanted to. I understand the point you are making, Ms Gunasekera. The discussion I was having with Ms Vardon was about the degree of flexibility that officers have in terms of problems in the Northern Territory. Perhaps, Ms Vardon, you might take on notice the range of problems and issues identified in the remote communities in the Northern Territory arising out of the breaching policy.

**Ms Vardon**—Those communities not already exempt: is that what you are saying?

**Senator MARK BISHOP**—Yes. And the new flexibilities or authorities that have been given to line officers to take account of the particular situations; when those new flexibilities were introduced; and any review, analysis or evaluation that has been done as to the effectiveness of those new measures. That is really taking up the minister's invitation. Could you take that on notice?

**Ms Vardon**—I am happy to do it.

**Senator MARK BISHOP**—In terms of access and breaching, I am advised that English is significantly a second language for a lot of indigenous people in the Northern Territory. There are something like 59 different language groups in the Northern Territory. I am advised there is no interpreter service and, of course, telecommunications are subject to all the vagaries that exist in those sorts of areas. My next set of questions will be in that context. Has any consideration been given to providing an indigenous interpreter service to indigenous clients who speak English as a second or third language?

**Ms Vardon**—It is a difficult one, because there are so many different languages. We ourselves have many indigenous staff who speak quite a lot of the languages. I can see that this is an issue, but I am not quite sure how it has been resolved.

**Ms Causon**—Centrelink is currently looking at the development of an indigenous interpreter service. Of course, there is an indigenous interpreter service operating in the Northern Territory, which could be accessed by Centrelink staff and indigenous customers.

**Senator MARK BISHOP**—Do Centrelink staff access that Northern Territory interpreter service as a matter of course?

**Ms Causon**—I do not know the answer to that question.

**Senator MARK BISHOP**—There is no instruction or guidelines to officers to do so?

**Ms Causon**—Not that I am aware of.

**Senator MARK BISHOP**—Okay. So it exists, but that is it.

**Ms Causon**—It is, as I understand it, the only state or territory that has an indigenous interpreter service operating.

**Senator MARK BISHOP**—I am not being critical of its existence.

**Ms Causon**—No.

**Senator MARK BISHOP**—It exists and it is funded by the Northern Territory government, is it not?

**Ms Causon**—And the Commonwealth.

**Senator MARK BISHOP**—So it exists, it is jointly funded, and officers of Centrelink are aware of it, but there are no instructions or guidelines to officers to use it or access it?

**Ms Vardon**—I cannot answer that. I would have to ask the area manager, because I know that our own people up there speak many languages. If you are asking whether someone with English as a second language who might come in the Palmerston office gets an interpreter, I do not know how that is done, but I am happy to find out. We have got a very lively indigenous call centre. I know that telecommunications are an issue, but in just about all the remote communities there is access to our indigenous call centre at Palmerston. There is quite a lot of staff there. I have got the list of about 35 for the whole of the indigenous call centres here—but there are actually three of them around Australia. What happens is that the agents, who usually speak the language of the community, ring our indigenous call centre and ask the questions. In fact, they act as an interpreter from the traditional people through to our call centre people. The indigenous call centre up there is quite special. It rings all day long. People say that indigenous people do not like to use telephones, but the agents are on the phone all the time. We have many agents everywhere, and it is extensively used. We have many indigenous languages in that call centre, but the agents themselves are often the language intermediary.

**Senator MARK BISHOP**—Yes, I would have thought so.

**Ms Vardon**—I have heard the question in the language interpreted through the agent to our people, and then the answer is translated back. There are many, many hundreds of those calls going every week throughout remote and indigenous parts of Australia.

**Senator MARK BISHOP**—Okay.



**Senator DENMAN**—So, if an indigenous person comes in and there is no-one with that language, you do have access through your call centre to get an interpretation with—what did you say, 49 or 59 different languages? Was it 59?

**Ms Vardon**—Yes.

**Senator DENMAN**—Is it possible always to get an interpretation?

**Ms Vardon**—Not necessarily on the spot. On the specific question relating to when a person comes into our offices and they do not have English as a first language or do not understand English, I am not absolutely sure how each of those managers in their office manages it. All I can say is that we have many indigenous staff and I know that they go out of their way to try to make sure that there is not a breakdown of language. But on your specific question about interpreter services, I am going to have to come back to you, because I will need to talk to the area manager for North Australia to give that to you.

**Senator MARK BISHOP**—That is fine, and thank you for that. What do you call the service in Palmerston?

**Ms Vardon**—We have two. We have an office, but we also have an indigenous call centre.

**Senator MARK BISHOP**—An indigenous call centre. Can you take on notice the hours that it is operational, the number of staff at any given time, the number of language or dialects that are available to be interpreted, and the percentage of languages or dialects that covers that are spoken in the Northern Territory?

**Ms Vardon**—It is not likely that someone who might be a traditional person is going to ring a call centre if they saw a phone. The way they talk to us is through agents.

**Senator MARK BISHOP**—No. That is right. The problem is that they are either breached or they require advice, and they speak to the agent and the agent cannot understand them and so they go to the call centre. That is entirely logical, I would have thought—sensible.

**Ms Vardon**—Yes.

**Senator MARK BISHOP**—How is funding for the Community Agent Program determined? Is it simply on the number of people living in the community? What is the basis of funding for that?

**Ms Causon**—Funding is provided to Centrelink from FACS, and it was based on quite an old formula around community population.

**Senator MARK BISHOP**—Do you mind providing on notice the details of that formula to us?

**Ms Causon**—Certainly I can.

**Senator MARK BISHOP**—Does that mean, for example, that a community of a given size where the residents speaking English as a second language receives the same funding as a community of the same size where residents speak English as their first language—or is there a differential involved?

**Ms Causon**—I should point out that Centrelink has recently done a major revision of the Community Agent Program, and as of 1 July we will have an integrated Centrelink Agent Program. The funding levels will be quite different from what has been previously allocated to Centrelink from FACS. Centrelink has put in a fair amount of resources to upgrade the Community Agent Program. Largely, that is determined by the area or regional manager deciding, in conjunction with the community, what level of service is required—that is, how

many hours and whether it is just one agent or two agents working part-time to cover different dialects and different gender or cultural issues.

**Senator MARK BISHOP**—That new process is to commence on 1 July, you say?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—Are the new guidelines and rules available for public dissemination as yet?

**Ms Causon**—Most of them. Parts of them are still waiting on final sign off in terms of contracts; and some of the training guidelines, et cetera, are not quite finalised.

**Senator MARK BISHOP**—Could I ask you to provide the committee with a package of documentation that outlines the new program, the new guidelines, the costings—I am not particularly interested in the detail of the contract—and the purpose to be achieved, when it is available?

**Ms Causon**—Certainly.

**Senator MARK BISHOP**—So is the amount of hours that are used by Centrelink clients when they access a call service and the like through the agents the sort of thing that has been taken into consideration in the new model that will apply from 1 July, or not?

**Ms Vardon**—The agents are not the only service that we have in a community. We may have one agent or even two agents, and they are stable and the community usually picks them for us. But we also have visiting services and the call centre, and they are all supervised by a big office. So the physical manifestation of our service on site is not the whole of the resource that Centrelink puts into the community. Sometimes there is some confusion about this—

**Senator MARK BISHOP**—Yes.

**Ms Vardon**—Because of the remoteness, we cannot get a lot of services on site. It is difficult to get accommodation, and all sorts of other things. So we support an agent who is out there in many different ways, including sending out experts from time to time when they are required, like Abstudy experts.

**Senator MARK BISHOP**—How often do field officers visit communities with a Centrelink agent? Is there a set formula?

**Ms Vardon**—It depends. The visiting teams have a set routine. I cannot give you that routine, but I could get it if you wanted to have it.

**Senator MARK BISHOP**—I will take that on notice, if that is okay. What is the composition of the team?

**Ms Vardon**—It is usually two people for safety's sake. Sometimes it could be more, depending if there is an Abstudy expert required to go with them or some other expert, maybe even from another government agency. Sometimes we take other people with us.

**Senator MARK BISHOP**—And off the top of your head, you do not know how often field officers would visit the communities with the Centrelink agent?

**Ms Vardon**—No, because it differs, depending on the size of the community and the remoteness.

**Senator MARK BISHOP**—Yes. That stands to reason.

**Ms Vardon**—But we have teams whose job it is to keep going out.

**Senator MARK BISHOP**—Yes; whether it is every two months or every three months—whatever—they just go on the road for whatever period of time?

**Ms Vardon**—It might be two months in a bigger place and three months in others. I cannot speak on it. It is however the area manager who decides to ration the service, for want of a better word.

**Senator MARK BISHOP**—In relation to the Community Agent Program, is that what you were referring to, Ms Causon, that is changing on 1 July?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—So you have obviously done an evaluation of its effectiveness to date. What did that evaluation identify?

**Ms Vardon**—In fact, the evaluation we did was about equity, in that indigenous agents were not paid and supported to the same extent as non-indigenous agents were. Pat Turner has for some time been very concerned about the discrepancy. They came from two different parts of programs. The indigenous Community Agent Program was an old one and so, I suppose, was the other agent program. Slowly over time they both built up quite significantly, so that there was a stark contrast between what you might call the black and the white program. Nobody was happy about that. A program is a program. It is not differentiated by the people that it serves. So it was to bring all of the agents up to a level so that they were equivalent, basically.

**Senator MARK BISHOP**—Were there other shortcomings identified in the evaluation, apart from that payments discrepancy?

**Ms Causon**—We tried to align all the support issues around the integrated Centrelink agents, including training, IT support, PC facilities and accreditation for the agents.

**Senator MARK BISHOP**—So the evaluation that has been concluded—and its results will become effective from 1 July—was really a process of integration of the previous two programs. Is that what has occurred?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—You have gone essentially to a standard.

**Senator McLUCAS**—Was that evaluation only done for the Northern Territory, or for everywhere?

**Ms Vardon**—No; it was Australia-wide.

**Senator McLUCAS**—Did you go to the issue of rental paid where agents are usually in community council premises? Was that issue canvassed in that evaluation?

**Ms Causon**—It was certainly identified. At the moment, in relation to the integrated Centrelink Agent Program, the previous Rural Agent Program and the Community Agent Program, none of those have the capacity to enter into lease agreements or to pay rent, under the program guidelines.

**Senator McLUCAS**—Is that the result of the review and the status quo is to be maintained? Is that what you are telling me?

**Ms Causon**—That issue certainly arose in the review. At the moment the status quo is that that program does not have the capacity to enter into lease agreements.

**Senator McLUCAS**—Does that preclude, in any of the communities—and I am particularly thinking of very small communities with small facilities—your staff having access to reasonable accommodation in those places?

**Ms Vardon**—The agents in remote communities are not our staff.

**Senator McLUCAS**—Not your staff?

**Ms Vardon**—It is just important to differentiate. We actually make a grant to the community, who provides the agents. Different accommodation arrangements are made across Australia, depending entirely on the community and what resources are available. For example, where there is a rural transactions service that is being supported by this government, there is an expectation that the Centrelink people will be part of that without rent, but that we will pay for our own phones and so on. In other places, it might be at a small council chamber. Mostly it is of advantage to a community to have us have an agent there. Many people welcome us and say, 'We'll provide you with the accommodation if you will provide us with an agent.' So we do a local deal, depending on the local circumstances, because it is to the community's advantage for us to provide this kind of service.

**Senator McLUCAS**—When you have an agreement with, say, a local council, are the telephone charges paid by the council? Or is it a package of measures that the phone is then part of the cost of that service?

**Ms Causon**—Under the integrated agents model, which is to commence on 1 July, certainly all costs around phones, faxes, printers, photocopiers and so on will be met by Centrelink.

**Ms Vardon**—The person who is responsible for the integrated agent program with our indigenous area is Robin Salvage. He can give you an answer to that as well as the one you have already had.

**Mr Salvage**—As Ms Causon has pointed out, we are integrating the processes as of 1 July, and that will include the cost of phones, et cetera. However, what we have is a program that dates back over many years, and many contracts need to be reviewed to bring them into line. I am aware of a number of different arrangements that have been reached over the years between our areas and agents, as to what phone costs will be taken on board or not. However, the new arrangement is that we bring them all into line. There might be situations where we have a varied range of arrangements.

**Senator McLUCAS**—Senator Bishop has asked for a whole range of things to come on notice. Can those sorts of principles that you would be using in terms of accommodation of your agent be part of that package that we receive on notice?

**Mr Salvage**—Yes, it will. I think it has already been pointed out that at this point we do not pay rent for our agent arrangements. We pay a fee to a community organisation or to an organisation that takes on the role of an agent. We just pay them a fee on that basis, plus facility type issues, but not rent.

**Senator McLUCAS**—It is an ongoing question, isn't it? Thank you.

**Senator MARK BISHOP**—Ms Vardon, how many Centrelink access points are there in the Northern Territory? Do we know?

**Ms Vardon**—A lot. That is not a very technical answer.

**Ms Causon**—In the Northern Territory we have one indigenous call centre, 64 honorary information officers, 17 access points, 73 community agents, one remote service delivery centre and 11 customer service centres.

**Senator MARK BISHOP**—Do you have a list of where those 17 access points are?

**Ms Causon**—Not on me, no, I do not.

**Senator MARK BISHOP**—Can you take that on notice and provide it to us?

**Ms Causon**—Yes. Was that just the access points?

**Senator MARK BISHOP**—No. You could provide the locations of each of those points that you just identified, and not just the access points. In terms of the Centrelink access points, how were offers made to communities about providing access points? How did you come to those arrangements?

**Mr Salvage**—Generally this is initiated by the area. The area manager is responsible for their particular patch and they would initiate discussions with a range of communities as to what level of services they required. So we probably need to ask our respective area managers in particular situations how they initiated discussions. They then bring that to us and say, 'This is a recommendation we have, after discussions with the local group.' So it is a bit hard for us to answer it specifically.

**Senator MARK BISHOP**—All right then. Could you do that in respect of each of the 17?

**Mr Salvage**—In respect of each of the 17 points, how those discussions were initiated and came about?

**Senator MARK BISHOP**—Yes, and what the resolution was on the level of service to be provided.

**Ms Causon**—Senator, you are aware that an access point is a self-help facility?

**Senator MARK BISHOP**—Yes.

**Ms Vardon**—Some of those of course have been around for 20 years. They are old. Centrelink inherited them. I am not sure we could answer that question by going back to the beginning. What about if we asked our area managers what they take into account when they are setting up an access point?

**Senator MARK BISHOP**—Yes. We are looking for the features that are utilised by the area managers when a request is made for an access point. What areas do they need to identify?

**Ms Vardon**—We are happy to do that. We will take the broadest definition of access point, because in the Northern Territory an access point is actually a service unit attached to a petrol station on a road to Katherine, where in fact the petrol station owner has this service in the back and you can ring Centrelink. Okay?

**Senator MARK BISHOP**—I am with you.

**Ms Vardon**—But we will take it for all the types of services that we give and tell you what an area manager takes into account.

**Senator MARK BISHOP**—Could you also take into account whether the majority of people in a given community speak English before funding access point self-help facilities is taken into account?

**Ms Vardon**—Yes. We would take it for granted that a lot of the people in those remote communities do not speak English. It may sometimes be the third or fourth language, if they speak it at all.

**Senator MARK BISHOP**—Yes.

**Ms Vardon**—Just while there is a moment, I did say earlier that we would report back to you within the hour on the population breakdowns in rural and remote communities for our indigenous customers. That statistic does not exist, but we can do a particular research run for you. So, if I took it on notice, we could get back to you.

**Senator MARK BISHOP**—That would be appreciated, Ms Vardon. Do you from time to time review the effectiveness of the various access points?

**Ms Vardon**—The area managers do.

**Senator MARK BISHOP**—And do they do that off their own bat, or is there a set of guidelines against which they have to review the effectiveness of the particular service?

**Ms Vardon**—I do not think it is as structured as them having to provide a regular monthly review.

**Mr Salvage**—Up until now, the area managers would have reviewed each of the access points or agents, based on their own views of whether that access point or agent was being effective. We are putting out guidelines at the moment on providing detail on how much activity that particular access point is getting. I think again we are confusing access points and agents. Agents is probably where more of our focus is. They are individuals who are employed on contract by us to carry out these tasks, and an access points is just some machines sitting there for self-help. Other than monitoring telephone and other costs, we do not engage in any specific review of those points.

**Senator MARK BISHOP**—I am talking about access points—because by definition, as I understand it, they are unmanned places where people obtain correspondence and the like. How many communities operating these access points have raised problems with Centrelink about needing to provide direct client assistance with a Centrelink contact?

**Ms Vardon**—There have been from time to time. As you probably know, we are having an issue with one of the communities, at least, in the Northern Territory at this moment. The Local Government Association of the Northern Territory has raised these concerns with us. We are renegotiating now with many of the communities on the nature of their contract.

**Senator MARK BISHOP**—Are you by and large satisfied that the access points are delivering in terms of their purpose? Is it regarded as a satisfactory operation?

**Ms Vardon**—Some agents are very good and some are not as good as they could be, but one of the things that has reinforced the agents has been the call centre. So if an agent does not know an answer they can ring a call centre. Sometimes the agents ring many times in a day. Really, the call centre has become the agent's second best friend, in a way.

**Mr Bashford**—We recognise the need to provide these agents with some more training and, certainly in some instances, with better tools. That is part of the new program that is happening.

**Senator MARK BISHOP**—Do you do evaluation of the effectiveness of the community access points—perhaps, say, every 12 months?

**Ms Vardon**—In a way, they are being evaluated all the time.

**Senator MARK BISHOP**—Yes; but they are being reviewed all the time, aren't they?

**Ms Vardon**—Yes, they are being reviewed all of the time; and agents come and go. They come and go quite regularly, and so our people are always going out there renegotiating. It is, we might say, part of the cultural style of that part of the world.

**Senator MARK BISHOP**—But there is no set formal evaluation program that is done as a matter of routine?

**Mr Salvage**—No, not for access points. There are myriad places where we have access points. The issues that determine whether it is a satisfactory or unsatisfactory arrangement go to the issues between ourselves and the community—and that means rural and remote indigenous communities. Really, there are no firm guidelines on that. I think it would be very difficult to have them.

**Ms Vardon**—I want the record to say that we may not have a formal once-a-year evaluation, but they are constantly being monitored.

**Senator MARK BISHOP**—I gained that impression, Ms Vardon—and the more access is made to the call centres up north, I suspect the more you will get an accurate picture of the work performance of the agents in some of these more remote areas.

**Ms Vardon**—Yes; and, because we do not pick them, we rely on the communities to provide them for us.

**Senator MARK BISHOP**—That is interesting. Thanks. Can we now turn to the provision of the 12 remote service centres in the 2002 budget under the Australians Working Together program, in particular the Maningrida remote service centre pilot. I am advised it has seen growth in the order of 1.5 million benefits paid to local people, more accurate assessment of entitlements, reductions in breaches and demonstrably improved levels of service on a range of fronts. That is the advice I have. When will the evaluation of Maningrida and the other three pilot centres be completed?

**Ms Vardon**—Maningrida is being evaluated now.

**Ms Causon**—We are at the moment trying to finalise the report. The steering committee has recently met and we are expecting the final report to be available very shortly. Currently, the final is in draft form.

**Senator MARK BISHOP**—Can that be made available to the committee when it is finalised?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—Has there been any interim report?

**Ms Causon**—Draft reports have certainly been provided, yes.

**Ms Vardon**—There was evaluation of two sites—Maningrida and Palm Island. It is the lessons that we are learning from those two evaluations that we want to build in to the first three of the 12 new sites.

**Senator MARK BISHOP**—What were the major findings of the interim reports? When I say 'interim reports', you said that the evaluation was almost concluded. Is there anything subsequent to the interim reports you have received?

**Ms Causon**—The evaluation is actually completed. The report is not yet in the final stage. It is in a draft stage. It needs to be finalised and then there needs to be a number of actions taken in terms of consultation back with the two communities involved.

**Senator MARK BISHOP**—We have concluded the evaluation and we are in the process of writing the report, and that is the final. Prior to that process, had there been any interim reports provided?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—Could we just talk about those interim reports for a while? How many of those were provided?

**Ms Causon**—I am not sure. I think two or three.

**Senator MARK BISHOP**—For each of the centres?

**Ms Causon**—The evaluation was a combined evaluation on Maningrida and Palm Island.

**Senator MARK BISHOP**—So there were two or three interim evaluations provided on the two sites. When were they provided?

**Ms Causon**—I am not sure of the dates. They are certainly within the last two months.

**Mr Bashford**—It seems that they are drafts of the same report. They are early drafts of what will be the final report very shortly.

**Senator MARK BISHOP**—We are talking at cross-purposes. So there have not been any separate and distinct interim reports done?

**Ms Causon**—No.

**Ms Vardon**—Maningrida is only about a year old.

**Senator MARK BISHOP**—That is okay. Are the findings and recommendations of those series of reviews to date in the public domain as yet?

**Ms Causon**—No, they are not.

**Senator MARK BISHOP**—So they are still confidential to the agency?

**Ms Causon**—Yes.

**Ms Vardon**—I would say they are probably still confidential to the university whom we contracted to do it. When it is available, it is not going to be secret.

**Senator MARK BISHOP**—So the review body has not yet provided—

**Ms Vardon**—The final draft.

**Senator MARK BISHOP**—Or even any interim drafts to the agency?

**Ms Vardon**—No; we have had some interim drafts. That is why they are interim. We were having a look at what they were finding. I am sure that Pat Turner had a lot to say about how all of these things were put together.

**Senator MARK BISHOP**—What is the planned process for rolling out the other 12 remote service centres provided for in last year's budget?

**Ms Vardon**—We are starting with three, but we do have a plan.

**Ms Causon**—Three are to be rolled out in September this year.

**Senator MARK BISHOP**—Which are they?



**Ms Causon**—Napranum, which is located on the west side of Cape York in Queensland; Laverton, which is on the edge of the Great Victoria Desert in Western Australia; and Halls Creek in the Kimberley region, which is in our Area North Australia Centrelink area.

**Senator MARK BISHOP**—Those three are coming on line in September?

**Ms Causon**—Yes.

**Senator MARK BISHOP**—What about the other nine? What is the process for them?

**Ms Causon**—The measure was for \$9 million over four years, and so the others are to be rolled out over the next three years.

**Senator MARK BISHOP**—Have those other nine been identified as yet?

**Ms Causon**—No, they have not.

**Senator MARK BISHOP**—When will that process commence to identify the next nine?

**Ms Causon**—I am not sure. As the CEO indicated, we are examining the evaluation of Maningrida and Palm Island and hoping to learn from that in terms of the ongoing establishment of the remote area service centres. We have also learnt from this first round, which will go into the development of a process for the next round of identifying the next sites to be rolled out.

**Senator MARK BISHOP**—So the situation is this: we have two that are very close to having a final evaluation done—Maningrida and Palm Islands. We have identified another three—two in the west and one in Queensland—coming online in September. We have ongoing reviews as to the effectiveness, and we have not yet identified the other nine sites.

**Ms Vardon**—The communities are very keen to have them, of course.

**Senator MARK BISHOP**—I bet they are.

**Ms Vardon**—We have to take into account bids from everywhere. I know that we are evaluating them and weighing them up. We have probably got more than nine requests for those nine. We let them roll out and see where they need to go. We have to improve our servicing in other ways to some other communities. We are not doing this as the only strategy. We have talked to you about other parts of Australia that need a lot more help. But they are rolling out, hopefully, in a scattered, reasonable way around Australia.

**Senator MARK BISHOP**—You are learning lessons all the time?

**Ms Vardon**—Yes.

**Senator MARK BISHOP**—Is that \$9 million allocated over the four years in the 2002 budget intended to cover the entire 12 centres?

**Ms Causon**—Yes; that is my understanding.

**Senator MARK BISHOP**—Is it fair to say that the average cost is \$750,000 or thereabouts per centre over a four-year period?

**Ms Causon**—I do not know that we have considered it in terms of an identified cost against each centre, because there will be different circumstances in each centre.

**Senator MARK BISHOP**—Depending on levels of demand, population and the like?

**Ms Vardon**—A fairly heavy technological investment is required to get the mainframe accessed from parts of Australia that have not normally been accessed. Our IT people have done a really clever job with satellites and remote servers. With Telstra, we are being original and

breaking new ground which has not been broken anywhere in the world. It is quite exciting but it also takes a bit of investment.

**Senator MARK BISHOP**—All right then. You said you had had a range of expressions of interest from remote communities. Is there a formal tender process, or is it just a case of your circulating a memo to a range of communities saying, ‘This is an option that we are investigating. Could your community indicate a level of interest?’ What is the process?

**Ms Causon**—We work through our area managers who work with the communities in identifying which ones are interested and which ones might be in the best position to commence with a remote area service centre. A number of factors have to be taken into account in selecting those. That process is quite lengthy and it is done in consultation with the communities.

**Senator MARK BISHOP**—What are the factors you look at?

**Ms Causon**—The remote area service centre model was set up on the idea of a hub and spoke model—that is, that the remote area service centre would be located somewhere central to community agents which are located around it. It would be serviced from the customer service centre, which would be responsible for supervision, training, et cetera, for remote area service centres. There are issues around accommodation, other community infrastructure, community capacity and possible partnerships; and of course technology issues are also taken into account.

**Senator MARK BISHOP**—The major remote existing communities are likely to be the focal points, are they not? I am thinking of places in due course like, say, Warakurna over towards the South Australian border in Western Australia. They are the types of places that you would think would become the access points. Is that a fair comment?

**Ms Causon**—That we would think would become remote area service centres? Yes, we certainly have been looking at the hub and spoke model, where you get a fairly major community surrounded by possibly smaller communities, outstations et cetera.

**Senator MARK BISHOP**—In the allocation of the centres in due course, do you have any regard to social issues, such as whether communities are dry or not and whether they have local prohibitions on solvent abuse and the like?

**Ms Vardon**—I can remember one conversation with Pat Turner when she said it was very important that the first round should be in communities that had the capacity to make sure these things worked. The community had to have a strong sense of contribution. I have heard her speak to the community at Maningrida about their obligation to contribute. She feels very strongly that the community has got to want it and support it. With Maningrida we put on indigenous staff. We take account of extra moneys that we might be able to get from DEWR or other places under New Apprenticeships. We actually make the local indigenous people our Centrelink staff. They have to make sure that they know what it means to come to work every day and so on, and the community is expected to support that. To build our own infrastructure, it is a two-way street.

**Senator MARK BISHOP**—I understand. That concludes the issues I wish to raise with Centrelink. Thank you for your cooperation and that of your officers, Ms Vardon. Senator McLucas has some issues to raise now, as has Senator Denman.

**Senator McLUCAS**—I wanted to raise an issue about Abstudy access on Cape York Peninsula. There might be some things that we can learn that apply Australia-wide. Does

Centrelink do an analysis of how many potential recipients of Abstudy there are, particularly in an area like Cape York Peninsula, prior to the beginning of the school year?

**Ms Fitzgibbon**—I thought you might ask that question. We could get it for you soon, but we do not have that broken down at this stage. We have approximately 35,000 indigenous students who receive Abstudy at any point in time, and about 50,000 over an annual period, but I would need to get that information for you.

**Senator McLUCAS**—The question is not necessarily whether we know how many there are—although I would certainly like that information—but more whether we identify the potential Abstudy recipients prior to the beginning of the school year?

**Ms Fitzgibbon**—In terms of Cape York, I know that in Area North Queensland they start extensive visiting programs in that area in about October before every school year. Of course, it gets a bit more difficult as the wet season comes, but certainly they do have an advanced visiting program that is incorporated as part of getting ready for the new school year. I can give you details for Far North Queensland of how many Abstudy claims have been processed, year to date. There were over 2,300 claims for students in Far North Queensland for the period December to April. That just gives a sense of what those numbers were in that particular area.

**Senator McLUCAS**—Do we separate Cape York out from the Torres Strait?

**Ms Fitzgibbon**—No, that would not be separated out.

**Senator McLUCAS**—Do we have the same program that goes into the Torres Strait communities? You were talking about from October on?

**Ms Fitzgibbon**—Yes, we do, I understand.

**Senator McLUCAS**—Does that operate out of the TI office?

**Ms Fitzgibbon**—It would be a visiting service as well that would go during that period.

**Senator McLUCAS**—I am just trying to work out what we do when we send staff in. What happens?

**Ms Fitzgibbon**—I suppose it is integrated a lot with what the previous discussion was, as part of our integrated services. A lot of the work is not only with communities but also with the schools in the area. Only recently, as a result of the issues that were raised in Cape York, we have had extensive consultation with the school principals, both from Cape York and from the Torres Strait area. Centrelink sees that many of the issues around access to education are ones that are certainly about access to Abstudy and processing of our claims, but are certainly much more systemic in terms of working closely with school principals, educational institutions, et cetera. That is where a lot of our efforts are being focused.

**Senator McLUCAS**—When you provide me with the number of potential Abstudy recipients, can you give me a breakdown by community, both in the Torres Strait and on Cape York? Is that possible or not?

**Ms Fitzgibbon**—I am not sure. I will do my best to see what level of detail we have.

**Ms Vardon**—There are about 15 islands in the Torres Strait. We have our own indigenous team up there, who have to go out and visit them all. We can certainly tell you where they go.

**Senator McLUCAS**—The other data I would like is the number of Abstudy applications we received in January, February and March of this year.

**Ms Fitzgibbon**—And that is for Cape York and the Torres Strait?

**Senator McLUCAS**—Yes.

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—Can you also tell me how many were received prior to 26 January, which was day one of school in Queensland, and how many were received after that date, please.

**Ms Fitzgibbon**—We will certainly do our best to get that information. We do have an Abstudy unit. In the year to date, in the current financial year, 83 per cent of all the claims were processed, so it is certainly one of our most efficient Abstudy units.

**Senator McLUCAS**—Eighty-three per cent of all claims were processed—

**Ms Fitzgibbon**—The Cairns team had achieved an 83 per cent processing standard, year to date in the current financial year. The timeliness standard of the Department of Education, Science and Training, which is the department which contains Abstudy, has been set at 70 per cent. So it is a well-performing Abstudy unit.

**Senator McLUCAS**—I agree. They are very good staff. I am just trying to understand what that 83 per cent means. Does that mean 83 per cent of claims were processed within—

**Ms Fitzgibbon**—Sorry, processed within 21 days.

**Senator McLUCAS**—Which goes to the question of when the applications were received. That is good to know, thank you.

**Ms Fitzgibbon**—And you will appreciate the complexity of some of the claims when we are looking for proof of identity and have to go back to some families. Certainly some of the complexities do result in some timeliness blow-outs.

**Senator McLUCAS**—Yes. Can I go to the issue of the application form for Abstudy? Has Centrelink received complaints about the complexity of that form?

**Ms Fitzgibbon**—Centrelink would acknowledge the complexity of the claim, and we work constantly to refine it and to simplify it. That is still one of the ongoing tasks. It was certainly one of the issues that the school principals raised with us a few weeks ago. We are certainly committed to getting that simpler and more understandable.

**Senator McLUCAS**—I note that you are talking about refining it. Is Centrelink of the view that it is time to start again with that form?

**Ms Fitzgibbon**—It is an issue that we need to work closely with our client department on. Sometimes the forms are complex because the policy is complex. DEST and we ourselves are looking to issues of simplification around policy, which can lead us to get simpler claim forms as well.

**Senator McLUCAS**—And what is the time frame that we are hoping to have that work completed by?

**Ms Fitzgibbon**—We do not have any particular time frame. Really, the discussions have just commenced on this area.

**Senator McLUCAS**—In Ross Cameron's letter to me earlier this year, following up that issue we had in Cape York Peninsula, he identified that there were a range of reasons why children did not get to school. Quite substantial numbers of children could not get to school. They included students not being enrolled in schools. There is this ongoing problem where

children are enrolled in one school—that is, the boarding school—but potentially not in the state school. They have the wrong form. They essentially have to go through four administrative processes to get enrolled at school. For me, I can walk into the state school in my suburb and enrol my child. It is much easier for me to access education than it is for people in remote places who do not speak English as a first language. That is the real obstacle for getting these children to school.

**Ms Fitzgibbon**—They were certainly the issues that we canvassed, and not only with the school principals. We also met with representatives of state education in Queensland and our DEST counterparts there as well. We certainly see, as you say, that the solutions reside in all parties making greater flexibility and, we believe, opportunity for more integration between requirements from state education and ourselves. We are looking at the extent to which policy would allow us to be more flexible with things; for example, with the proof of identity which is given to state education: looking to see whether that in fact can be used to meet our requirements as well. We have certainly opened all those issues and there is a commitment that we will work on those for the next school year.

**Senator McLUCAS**—Did Centrelink identify last year that this was a problem—children not attending day one of school?

**Ms Fitzgibbon**—I believe that, as our service delivery and our push into these remote communities has increased, we are becoming more aware of the issues of access. So I think we are just increasingly understanding what the service delivery issues are. I think we are more responsive to them. Up until recently, of course, there were major changes with Abstudy and just getting people paid, because there was a new system put in place. So our focus has now really turned to the service delivery end, so that we can improve the access. As I said, as we do we are becoming much more in tune with local community needs and where some of these access issues still need addressing.

**Ms Vardon**—It is not something we have just discovered. I can remember two years ago talking to our Victoria Park people in Western Australia. Because of our remoteness support—we have two remote people out in north Western Australia—there was an increase of something like 3,000 young people were now going to school.

**Ms Fitzgibbon**—That was in the Northern Territory.

**Ms Vardon**—Do you have the figures?

**Ms Fitzgibbon**—In the Northern Territory our area office over a three-month period visited six remote communities. That was because of extra funding that they had. They actually enrolled about 2,000 students in Abstudy just over that three-month period. In some cases, whole classrooms were enrolled. I suppose that does indicate the extent to which we can improve our remote servicing. There is obviously a simultaneous increase in the Abstudy take-up rate.

**Senator McLUCAS**—What year was that done?

**Ms Fitzgibbon**—Last year. We have details of that report and the findings that came out of it, which we have presented to our client department as well.

**Senator McLUCAS**—Is that a public report?

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—May I have a copy of that in due course?

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—Have you thought of doing that sort of program in Cape York Peninsula or the Torres Strait?

**Ms Fitzgibbon**—As I said, we do have remote visiting services. If we had the resources to do that much more extensively we could extend them. We are continually looking within our areas to see how we can extend that service, but obviously it is quite an expensive one for to us do. But certainly we are talking, again, with our client department about the extent to which we can do more of this work, because the outcomes are so considerable.

**Senator McLUCAS**—Does Centrelink know how many children there are in Cape York or the Torres Strait who are not attending school in secondary school?

**Ms Fitzgibbon**—I do not have that information.

**Senator McLUCAS**—Does our system provide any way of finding that out?

**Ms Fitzgibbon**—Probably we would have to do that in conjunction with the state education department, I would imagine.

**Senator McLUCAS**—Could I ask that you do that and provide me with those figures.

**Ms Fitzgibbon**—But we can certainly explore with our client department whether they could assist us with that. It is probably more something that is in their area.

**Senator McLUCAS**—And the other figure—and I think it will come through that other question that I put on notice—that I truly want is the number of children who finally ended up as Abstudy recipients somewhere around March or April who did not start school on day one of school this year.

**Ms Fitzgibbon**—I do not know whether this answers your question, but, following the report in Cape York, we did do another very rigorous investigation of the claims, and there certainly still were, as you say, some children not at school. But there were only five cases where we could attribute the primary reason as issues to do with service delivery issues—that is, that claims had not been finalised or people were waiting for other information which had not come. Those claims have since been resolved, but that was the primary reason. As you say, there were other reasons for children not being enrolled in school. There were some where no Abstudy claim had been lodged and there were other issues about children not attending school.

**Senator McLUCAS**—It seems to me that people in Cape York, to get their children to school, have to get through this myriad of administration. I have got to say that the form itself and then the processes of getting it lodged are such an obstacle that my assessment is that we have about 50 children who did not start school on day one of this year who were keen to do so. There are children who are at risk for a whole range of reasons, but if we have children who are keen to go to school, who want to learn, and we put those enormous obstacles in the way of them and their families, it is not a facilitating event; we are putting up obstacles in their way. If we are actually interested in the future of Cape York, we have got to be interested in these children and get them to school. Can I go to the issue of staffing? I understand that most of the applications would come through the Community Agent Program; is that correct?

**Ms Fitzgibbon**—I am not sure if that is the case, because some of them probably come through the schools as well.

**Senator McLUCAS**—How do they come through the schools?

**Ms Fitzgibbon**—I think the schools operate as intermediaries in the process with families. So I am not sure whether it is only through the agents.

**Senator McLUCAS**—Is that on a contractual basis with the school or is it just because the school wants to get the kids to school?

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—To secondary school.

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—So these are the primary schools in each community who are doing this service; is that right?

**Ms Fitzgibbon**—I just know generally with Abstudy that schools are a fairly important intermediary, and also particularly around boarding schools and that—getting applications and assisting families.

**Senator McLUCAS**—So they are the schools that are receiving the children?

**Ms Fitzgibbon**—Yes.

**Senator McLUCAS**—I understand. I understand that there is going to be an increase in the level of training provided to agency staff. Could I get some details of how that is going to be delivered? Have there been any staffing cuts in either the indigenous unit in the Cairns office or the TI office over the last two years? What is the budget allocation to both of those two indigenous units over the last two years as well? Actually, could you make that over the last three years to see if there is any trend?

**Ms Fitzgibbon**—I would have to get that information for you from the area manager.

**Senator McLUCAS**—Certainly. I did not think that you carried it around in your head. Given the problems that were being experienced, is Centrelink looking at any way of increasing the staff component at either the TI or Cairns offices?

**Ms Vardon**—We will take that on notice, too.

**Senator McLUCAS**—And I have one final question. In the letter to me from Mr Cameron he suggested that a case management approach is being developed. Could I have some details of what you intend to do with that case management approach?

**Ms Fitzgibbon**—I think that was certainly very early days of the work that came out of the meeting with the school principals, et cetera. We are really only fleshing that out now, but I think that, as you were mentioning before, it is very much looking at how we work with individual families in a much more case management way rather than seeing ourselves as just processing the Abstudy claims. It is how we work with the communities and the families and with other indigenous organisations in that area. I am happy, when we have developed that more, to give you a sense of what we think that case management might look like. But it is only early days at this stage.

**Senator McLUCAS**—The planning that you are undertaking you would expect to have done by August? September?

**Ms Fitzgibbon**—Yes. Certainly by October, as we start our visiting into the communities—again, something that we could have in place, that we could realistically think we could put together for, the next school year.

**Senator McLUCAS**—Okay. I would appreciate that when it comes. Finally, just back to the form, are you looking at amalgamating the boarding form and the school enrolment form for situations where children are not living at the institution that they are receiving their tuition from?

**Ms Fitzgibbon**—We are certainly looking at a range of changes that we could make to the form. That certainly has been one that has been raised, but at this stage we have not made a decision about that.

**Senator McLUCAS**—Okay. Thank you.

**Senator DENMAN**—I want to deal with breaching rules affecting job seekers. Some of these have been answered indirectly in other ways, but I will still press on. How many interviews can a person miss before the suspension of their entire payment takes effect?

**Ms Gunasekera**—The suspension of payment is an initiative that Minister Vanstone announced in March for implementation this July.

**Senator DENMAN**—But how many interviews? Just the one interview?

**Ms Gunasekera**—Currently the requirements would be that if you missed an interview—we have specific guidelines for staff where someone does not comply with the activity test requirement, and one of those reasons might be where they did not attend an interview. So it would just be the one interview.

**Senator DENMAN**—The acoustics are really bad.

**Ms Gunasekera**—I am sorry.

**Senator DENMAN**—It is difficult for me. Is it true then under this system that the payment is discontinued without any investigation by Centrelink of the reasons for persons missing—

**Ms Gunasekera**—Centrelink does everything it can to contact job seekers to see if they have a reasonable excuse for missing an appointment. But in some circumstances, if we cannot contact the job seeker, then we have certain guidelines that we have introduced for our staff, including our third breach alert procedures. All of our guidelines for determining either an administrative breach or an activity test breach—whether it is a first, second or third breach—specify to our staff that wherever possible they must contact the customer. In our guidelines, ‘must’ is in bold. They must contact the customer and give them an opportunity to explain their reasons for failing to meet their obligations.

**Senator DENMAN**—Is it possible for us to get those guidelines? We get a lot of queries in the office, and obviously if we had the guidelines it would make it easy for the staff to either follow up or say, ‘This is what has happened?’

**Ms Gunasekera**—Certainly.

**Senator DENMAN**—What if those persons who have breached are suffering from a mental illness or are homeless or have an intellectual disability—how do you deal with them?

**Ms Gunasekera**—Those circumstances are covered in the third breach alert. We began it on the basis of work that had already been going on in different parts of our network before then, but in June 2001 Sue Vardon instructed area managers that we were to apply these third breach alert procedures. We have a number of steps which our staff have to go through, including to identify, first, whether it is a third activity test breach being considered. If this is the case, they go to step 2, which is to ensure that initially the job seeker was not exempt from



the activity test, that sufficient notification was provided and the letter was sent to the correct address and that the breach is otherwise appropriate. So they establish first that this breach is appropriate without, at this point, having been able to contact the job seeker.

An important third step that we have introduced now is that they have to investigate the possible risk factors. They have to access the job seeker's record in ISIS and IES. And we have a third breach alert task card, which is very specific in directing our staff to the screens that they should look at and the indicators, such as lack of stable or adequate accommodation, lack of income, some complexity about their circumstances where they might have missed previous appointments, their ongoing medical issues or periods of incapacity, their literacy and/or numeracy problems, including whether or not they are from a non-English speaking background or they are indigenous, whether they have post traumatic stress disorder, particularly for customers who have come from countries with human rights abuses, but also if there is any unreasonable or non-conventional behaviour being exhibited. In addition to those factors, in that task card that I have just outlined, if the job seeker is under 18 with risk factors such as a mental illness, family conflict or lack of family support, substance abuse, unstable accommodation, history of state care, truancy or criminal convictions, then they are considered at risk. For job seekers who are under 18 the key words 'at risk' are added to the doc recording the decision. Shall I go on?

**Senator DENMAN**—No, that is fine. Arising from that, if they have a criminal conviction or a mental health illness, do they have to produce certificates that indicate that? I am asking this because I have recently had someone who does not want a certificate saying they have a mental health illness.

**Ms Gunasekera**—My understanding would be that usually if they are requesting an exemption under the activity test for a medical reason they would require a medical certificate.

**Senator DENMAN**—Does the certificate have to specify exactly what the illness is?

**Ms Gunasekera**—I am sorry, I am not sure.

**Senator DENMAN**—Can you find that out?

**Ms Gunasekera**—Yes.

**Senator DENMAN**—Do these people suffer a financial penalty for breaching?

**Ms Gunasekera**—If they are exempt from the activity test because of a medical condition, they are not within that environment.

**Senator DENMAN**—Someone has probably covered the breaching rules which apply to rural and remote areas. I think that has come in under some other question, so I will not worry about that. Thank you.

**CHAIR**—Are there any further questions of Centrelink?

**Senator MARK BISHOP**—Yes. This is probably for FACS as well. The last time we were here we had a lengthy discussion on the CCB and the FTB. I do not want to revisit the entirety of that discussion. You provided some information at the hearing and you also provided a range of information afterwards on notice—statistical information as to debts outstanding, volumes and so on. I essentially want to get updates of that material that was provided, either at the hearing or on notice. Would it be okay if I provide you with the questions and you take them all on notice?

**Mr Sullivan**—We will have available, when you get to us, updates of all that information up to about the end of April, which is about the most recent. We are well prepared in anticipating that you would want that information when you get to us.

**Senator MARK BISHOP**—We will do that when we get to FACS. I think that concludes the material I had on Centrelink. I want to go now to budget measures and start off with the national reciprocal transport concessions.

**CHAIR**—So there is nothing more for Ms Vardon or any of her colleagues?

**Senator MARK BISHOP**—I do not have any further direct questions of Centrelink. We did have some discussions with the secretary of the committee and gave him a copy of our running sheet where we had allocated the various programs and questions. I understand that they do not relate to Centrelink, so subject to that caveat—

**CHAIR**—All right. Thank you very much, Ms Vardon. We will move now to budget measures, pages 169 to 199. Senator Bishop, would you like to get the ball rolling and then officers pertaining to your questions can come forward?

**Senator MARK BISHOP**—The first issue that I want to address under budget measures is the national reciprocal transport concessions for state seniors card holders, at page 170. In the 2002 budget there was a proposal to extend concessions to holders of the Commonwealth seniors health care card and a commitment was made to open negotiations with the various state and territory governments to determine whether some or all concessions currently available to pensioners and certain allowees could be extended over time to Commonwealth card holders. The measure identifies \$25.5 million to provide reciprocal transport concessions to enable state government seniors card holders to travel at concessional rates on public transport outside their home state. Can you advise us, firstly, Ms Swift, where the negotiations are at with the various states and territories in that context.

**Ms Swift**—I think we have got a bit of a blend there of two measures. We have got the Commonwealth seniors health card, which, as you quite rightly mentioned, was announced in a previous budget. That pertains to people who have the Commonwealth seniors health card. We are currently negotiating with state and territory governments about extending extra core concessions to people who hold those cards.

**Senator MARK BISHOP**—That is the Commonwealth card?

**Ms Swift**—That is the Commonwealth seniors health card.

**Senator MARK BISHOP**—That is what I am talking about.

**Ms Swift**—That is that one. The transport reciprocity is about the seniors card, which is a different card altogether, and I am happy to elaborate on that more fully. With the former one, which is the Commonwealth seniors health card, we are talking to state and territory governments about core concessions around council rates, electricity, water and sewerage and those sorts of things—it varies from state to state. The minister has written to all her state and territory colleagues and we are currently negotiating with them at the moment about that.

**Senator MARK BISHOP**—When did the minister initiate that process?

**Ms Powell**—It was earlier this year—about March, possibly April—when she wrote with a formal offer to the states.

**Senator MARK BISHOP**—Do you have any formal negotiations with the states?

**Ms Swift**—At officer level we have certainly been discussing it with people. As you would appreciate, it is quite a complex area and it involves local government as well as state and territory governments. We certainly have started some informal discussions, not negotiations, because until the states and territories have agreed that they are going to participate that would be premature.

**Senator MARK BISHOP**—So the minister wrote to the various state and territory governments and some local government people back in February or March?

**Ms Swift**—No, she just wrote to the state and territory ministers.

**Senator MARK BISHOP**—She wrote to state and territory people back in March inviting them to participate in negotiations?

**Ms Swift**—Yes.

**Senator MARK BISHOP**—What has been the response?

**Ms Swift**—As far as I can tell from my quick look, we do not have any responses back yet. Many of them are at a stage where we have been informally advised that drafts are with their ministers for consideration, but they are not back with us yet.

**Ms Powell**—I might just elaborate a bit on that. Western Australia has in fact accepted our offer only in principle and we are also close to agreement with South Australia. In fact, officers are out holding discussions with those states today.

**Senator MARK BISHOP**—So Western Australia has formally responded, agreeing to negotiate in principle, and we do not have any formal response from any of the other states or territories?

**Ms Powell**—South Australia responded before the South Australian election and they are currently looking at what their position might be.

**Senator MARK BISHOP**—The new government is reviewing that decision, is it?

**Ms Powell**—Yes.

**Senator MARK BISHOP**—What is the likely total cost of the extension across all jurisdictions?

**Ms Swift**—I think it is about \$65 million.

**Senator MARK BISHOP**—About \$65 million?

**Ms Swift**—But that, as you will appreciate, is an estimate at this stage.

**Senator MARK BISHOP**—Was that the estimate in last year's budget?

**Ms Swift**—Yes, it is what is in the budget.

**Senator MARK BISHOP**—Is that over four years or is that a recurring annual cost?

**Ms Swift**—No, it is per annum.

**Senator MARK BISHOP**—So that is a recurring annual cost?

**Ms Swift**—Yes.

**Senator MARK BISHOP**—If state governments extend various concessions to card holders in different areas, is it part of the negotiations that that will automatically apply?

**Ms Powell**—That will be one of the issues that we will be discussing during those negotiations.

**Senator MARK BISHOP**—Okay. So it was in last year's budget, at an indicative annual recurring cost of \$65 million. The minister wrote to the states and territories in March. Western Australia has responded, formally accepting the offer to negotiate. South Australia is reviewing its decision and the other states or territories have not yet responded.

**Ms Powell**—The ACT has in fact also responded and they have rejected that offer. New South Wales has also responded. We hope to have some more specific discussions with New South Wales about the nature of their response.

**Senator MARK BISHOP**—Are you at liberty to disclose why the ACT has rejected the offer?

**Ms Powell**—I am sorry, I do not have that information.

**Ms Swift**—We can take that on notice if you want.

**Ms Powell**—We will continue negotiating with them, though. It may be a process of some months.

**Senator MARK BISHOP**—What sort of time frame do you think this process is going to take?

**Ms Powell**—I think it will be quicker for some states than others. I would expect that we could get an agreement with Western Australia and hopefully South Australia within the next couple of months, possibly sooner, depending on where they are coming from. With other states it will take longer.

**Senator MARK BISHOP**—Will the provision in the budget meet the transport costs of the group?

**Ms Swift**—No; that is the other card, the seniors transport reciprocity—

**Senator MARK BISHOP**—Okay. I think we have done what we can on the first card, so we will go to the second card now. In that you have indicated funding of \$25½ million over a four-year period. Do you think that provision is going to be adequate for the reciprocal travel costs?

**Ms Swift**—The minister has written to the states and territories—she wrote on 15 May. We are seeking state and territory matching money in that, in order to cover seniors who travel into other states.

**Senator MARK BISHOP**—So she only wrote on 15 May. That is still in the mail.

**Ms Swift**—Hopefully not.

**Senator MARK BISHOP**—So it is conditional upon matching funding. Can that be done on an individual state basis or do all of the states have to be in it to make it a goer?

**Ms Powell**—We would be looking to negotiate with states on a bilateral basis. There is in fact quite a long history of discussions with states around this issue to determine what the costs are likely to be. What we would expect as the outcome is that the states would make a contribution to that. It will take some time to sort through those details again.

**Senator MARK BISHOP**—How did the Commonwealth come to that figure of \$25½ million?

**Ms Powell**—It was broadly based on the expected costs, not 100 per cent of the costs. There was a report done with the Commonwealth and the states a couple of years ago that looked at the costs associated with this measure, and that has broadly informed that figure.

**Senator MARK BISHOP**—Who was that study done by?

**Ms Swift**—This was actually done while it was with the Department of Health and Ageing. I have not got the name of the consultants with me, but we can get that for you.

**Senator MARK BISHOP**—It was a report contracted out to a consultant, was it?

**Ms Powell**—Yes, it was.

**Mr Sullivan**—By the Department of Health and Ageing, so we would have to ask them.

**Senator MARK BISHOP**—Can we take on notice that you ask the Department of Health and Ageing to provide a copy of that report to the committee?

**Mr Sullivan**—They will be here Wednesday and Thursday, if you would like to ask them.

**Senator MARK BISHOP**—But I will not be. Can we get that taken on notice?

**CHAIR**—Yes.

**Senator MARK BISHOP**—Thank you. If we could turn to page 172 of the PBS relating to the extension of the Family and Community Network Initiative, I see in the columns for 2002 and 2003, in outcome 2, that across-the-board there are net savings. That is also the case in the final column. Why is that?

**Ms Powell**—What is actually shown in this table is the variation from the figures that were previously in the forward estimates. In fact, what is happening is there is funding that will be available for 2002-03 of \$1 million. What is reflected in the column on page 172 is the reduction from the figure that was in the forward estimates. For the subsequent years, in fact what you have got is a shift of funds from administrated to departmental, with no net difference.

**Senator MARK BISHOP**—So did the forward estimates show a rough figure of about \$2.6 million and there is a saving of almost \$1.6 million. Is that correct?

**Ms Powell**—That is right. The figure for 2002-03 will be \$1 million for this initiative and approximately \$2.5 million in the out years.

**Senator MARK BISHOP**—Why has there been a reduction of that quantum?

**Ms Powell**—Our estimate of what we will be spending in 2002-03 is in the order of about \$1 million. In the last few years of the program we have been funding programs into their final years. We have very few programs that are continuing that have already been in place, so funds for the 2002-03 year will very much go to new projects and we do not have those on board yet.

**Ms Swift**—And slower developmental time.

**Ms Powell**—Yes, it will be slower.

**Senator MARK BISHOP**—So the old programs are ending and the new programs are starting. But you would have known that when you put together the forward estimates last year, wouldn't you?

**Ms Swift**—We probably did not take it into account as accurately as we could have at that time.

**Senator MARK BISHOP**—So it was just—

**Ms Swift**—It is a reassessment of what we were going to do—you sort of look at the program when you get to the end of it and say, ‘These are all going to wind down,’ and I think it was a realisation that it would take us quite some time to get the momentum back up again.

**Senator MARK BISHOP**—Is the quantum to be expended over the four years the same as in the forward estimates last year?

**Ms Swift**—No.

**Ms Powell**—It is slightly less.

**Senator MARK BISHOP**—So there will be less done?

**Ms Powell**—I am sorry, in the very first year of the program it was in fact approximately \$1 million in the first year as well, so we had the same ramping up effect that is being mirrored in this measure.

**Senator MARK BISHOP**—Thank you for that. I turn to Stronger Families and Communities Strategy revised funding on page 173. You say in the note at the bottom of the table:

The government has decided after a review of the underspending profile of the Stronger Families and Communities Strategy to revise down funding to levels more closely aligned with that currently expended.

Can you tell me about the underspending profiling used to make this decision?

**Ms Swift**—We have not spent the funds this year for the Stronger Families and Communities Strategy as a whole. We have been finding that this is an incredibly innovative program, as I am sure you understand. It has taken us a lot longer to develop up a lot of the community based projects—not so much the ones that come in that are self-initiated. The ones that come in that are self-initiated are often quite well developed. But in working with some of the areas that we had identified as being most disadvantaged, the time to work with a community in order to make it truly bottom up—I hate that phrase, but it is accurate—and to make it relevant to the community that we are working with has been much longer and far more difficult than we ever anticipated.

**Senator MARK BISHOP**—Is that right?

**Ms Swift**—Yes. Often these communities have lots of disparate groups working within them, and those groups very rarely have met. So you hold a community meeting in one of these communities and you will find that you will pull together a dozen community groups who do not even know the others exist in the same area. So what we are doing is a lot of social capital work of our own in terms of bringing the communities together. To get from that stage to a proposal or even an identification of what they think they need in that community, and then to get that up to a stage where it is into a proposal, has been much more labour intensive than we expected. There has been a huge learning curve at all levels for the community, but also for departmental officers working at the local level in our state and territory network.

**Senator MARK BISHOP**—So you are having to do a lot more preparatory work than you anticipated when you put the program together?

**Ms Swift**—Yes.

**Senator MARK BISHOP**—That is having the effect of, what, putting time lines back 12 or 18 months?

**Ms Swift**—At least—in some areas, yes. That is not true of all of the communities. But if you really are trying to work with communities of most disadvantage, who often do not get a chance in these sorts of programs because it is the articulate and the squeaky wheel that usually gets up, then it is taking us that sort of time.

**Senator MARK BISHOP**—Okay. And better that it be done thoroughly than not thoroughly. I do not criticise you for that. Where are the significant time delays more prevalent as a feature? In which particular communities?

**Ms Swift**—I do not know that I could identify which particular communities, except insofar as it is those ones who have the greatest disadvantage and who have not worked in this sort of way before with a government department.

**Senator MARK BISHOP**—That is pretty broad, isn't it?

**Ms Swift**—I am talking now particularly about the five linked initiatives, which are the ones administered at a local level particularly. We have divided that again into two segments. One, we take applications in from people who are able to pull together an application, and they come in this a reasonable number. But, equally, we set aside some money so that we would be able to work directly with communities that we identify as being of high need. The STAG, the state and territory advisory groups, have identified those areas of high need. Then, in various states they are working in different ways with each of those local groups. For example, in Victoria, which I know best, we brought in the local government area and worked with them to do some mapping of services in their area as a first step to even identify what sorts of gaps in services are there. Equally, we are working extensively with the local state government people and local government people to make sure that we are not all tripping over each other in the same local government areas. So there is a lot of work being done to coordinate the work and there is also a lot of work to be done with individuals in the community to make the strategy worth while. This program is a huge learning curve.

**Senator MARK BISHOP**—Is it?

**Ms Swift**—Yes.

**Senator MARK BISHOP**—Which principal local groups are you finding it more difficult than others?

**Ms Swift**—Sorry, I am not sure what your question is.

**Mr Sullivan**—I do not think we can get to a locational definition. I think what is important also in terms of saying that we have difficulty in terms of timing is the magnitude of this program. This is a \$240 million program over four years. We still anticipate spending \$60.7 million next year and \$82.9 million the year after on this particular element so that the great majority of projects which were anticipated to go forward were going forward. In the majority of projects that we do under this initiative we are managing the sorts of difficulties that we have in developing frameworks. We were very hopeful in this initiative—and I think this is where you get to 'Where is the slowness coming?'—that we would see more projects and more initiatives created and initiated at the community level which we have not seen. So if you said, 'Where are the delays?' it may be in areas where the state and territory advisory groups and where our own officers and others have not yet been able to initiate the sorts of projects that we were hoping to see initiated. We are satisfied that we are seeing good projects come forward. We are about half way into this initiative. Our overall spending on the initiatives is about half of the spending. We would like to see more and more come forward. We want the most challenging projects to come forward.

**Senator MARK BISHOP**—Correct me if I am wrong, but at this stage we are about 12 to 18 months behind?

**Mr Sullivan**—No, not 12 to 18 months behind. In some areas of Stronger Families and Communities we are quite well on our time line.

**Senator MARK BISHOP**—No, in those—

**Mr Sullivan**—In those particular areas? 12 to 18 months? No, I think that is probably a bigger lag. We will have an underspend in the program this year which we will rephase, which we will get into. We will then see this reduction of \$10 million and \$6.5 million over the next two years. Our expectation at this moment is still that we will commit more than \$140 million in expenditure on this element of the initiative over the next two years.

**Senator MARK BISHOP**—Say that last sentence again?

**Mr Sullivan**—We will commit over the next two years some \$143 million in terms of initiatives. This review basically challenged us to look at our expenditure profiles, to look at the fact that we were underspending this year, and basically redefined it with these fairly minor reductions over the next two years, with an expectation that by 2004-05 we will be able to ramp back into full commitment. So you see a \$16½ million, in \$240 million, reduction and then an expectation that by 2004-05 we will be back into the program fully. I do not think that correlates to saying, ‘So you are 18 months to two years behind.’ I think by two years we would expect to be 100 per cent back on track, if that is another way of saying what you said.

**Senator MARK BISHOP**—I picked up the 12 to 18 months from Ms Swift. She said that in particular areas larger problems had been identified as we went through the programs than had been anticipated at the outset. The time lags were somewhere in the vein of 12 to 18 months.

**Mr Sullivan**—In those particular areas.

**Senator MARK BISHOP**—Yes, in those particular areas.

**Mr Sullivan**—I think that clarifies it.

**Senator MARK BISHOP**—We are talking about those particular areas. I categorised the savings as \$16½ million. So my question really is: is that \$16½ million identified as savings in 2003 and 2004 permanent savings or has it just been time shifted back to 2005-06?

**Mr Sullivan**—No; those savings of \$10 million and \$6.5 million have been saved.

**Senator MARK BISHOP**—Have been saved?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—So the program will effectively be a \$225 million program, not a \$240 million program?

**Mr Sullivan**—That is right.

**Senator MARK BISHOP**—What is the reason for those savings?

**Mr Sullivan**—The reason is basic. If you look at our funding profile over the period of the program, it was agreed that in the end, in relation to that level of \$10 million next year and \$6.5 million the following year, catching it up would probably be harder than giving it up. The fact is that we are underspent this year. We are catching up there. We will be required to commit to finding \$60.7 million worth of projects in 2002-03 and \$82 million—so we go up some \$20 million again—in 2003-04. We certainly accepted that that task in itself was a



significant challenge. When a decision was then put that that would be a saving, that is something that we could accept.

**Senator MARK BISHOP**—So the program has been reduced from \$240 million to \$225 million. There is a saving of \$16.5 million in 2003-04, but you say the remainder of the program, absent those savings, is on track?

**Mr Sullivan**—We are still buoyed and confident about the nature of this initiative.

**Senator MARK BISHOP**—Where would those moneys have been spent—that \$10 million and the \$6.5 million in the two years? Where has it been saved from?

**Ms Powell**—It has come from the linked initiatives that are part of the community side. Roughly about two-thirds have come from the families related initiatives, which is the Stronger Families Fund and the early intervention parenting and relationships side, and about one-third has come from the community-based programs.

**Senator MARK BISHOP**—So we have got family savings and community savings of \$10 million and \$6 million. Are those savings directly related to the problem that you and Ms Swift identified, the difficulty in getting the programs established on a proper basis?

**Ms Powell**—Yes, the apportioning of the savings across those initiatives directly reflects the places of the underspend and also matches the way the funds were originally allocated.

**Senator MARK BISHOP**—Taking it one step back, that relates to the inability of those local communities to, putting this nicely, meet the standards that would be required for Commonwealth funding.

**Mr Sullivan**—No, I think we would not say that. We are not putting the blame for this on the community. I think what we are saying is that this involved all sorts of places—including ourselves, the communities, the advisory groups put in place and other places—in the identification of the sorts of initiatives that we could fund under this initiative. We would not blame the local communities for not reaching the standard. It is the fact that we have a very, very different way of funding initiatives under the stronger family and communities initiatives. Every part of the chain, from the department administering it through to the advisory groups at the state and local level, is attempting to generate and build up. Unlike others, this is an attempt by us and through our advisers to build applications. It is not an old fashioned ‘You should know what to do and therefore apply, and we will determine whether it is up to scratch.’ It is basically a seeking of ideas and then assistance to a community in building an application through to the point where the advisory group is satisfied that they would put to the minister a recommendation that this initiative should be funded.

**Senator MARK BISHOP**—With all of the best intentions in the world, we have been unable to achieve our purpose in this particular area?

**Mr Sullivan**—Unable 100 per cent. We have done very, very well. As I said, we are talking about major spending on this initiative having been committed.

**Senator MARK BISHOP**—In terms of spending, it is \$16 million out of \$240 million. That is five per cent or 7½ per cent.

**Mr Sullivan**—It is not insignificant.

**Senator MARK BISHOP**—What lessons have been learnt from this process? Was their mission just too great?

**Ms Powell**—One of the important lessons that I have taken away from this is that it does take a long time to work with communities. One of the things, for example, that we look for is that the projects that we fund will be as sustainable as possible. So we look for partnerships between community groups—perhaps the local government, perhaps their local service provider, maybe local businesses. Obviously that mix will vary. But just bringing those groups together is a slow, time consuming process. Relationships sometimes have to be built from scratch. I have spoken to several communities when they have talked about the first time they got together all of the people that they wanted to work on their project, and it was the first time these people had ever met together, even though they worked in the same community and on the same issues with the same client group. So that is one lesson for me.

**Senator MARK BISHOP**—What I am hearing you say, Ms Powell, is that particular problems in particular areas have resulted in an underspend of \$10 million and \$6.5 million. I will ask the question again: where are the local problems? Where are the local areas? Why can you not tell me that?

**Mr Sullivan**—I think we could give you a map showing you where projects have been initiated. I would say that where there are not projects initiated is probably where we have the problem.

**Senator MARK BISHOP**—What, a map of Australia?

**Mr Sullivan**—Yes. It is a fact. You asked what the issues are. To a degree in this process we have imported something that we have not done before, that is, we have imported a share of the responsibility in developing the project and developing the proposal—mostly grant processes—to a community or an organisation. Our job is to assess and analyse what you have put forward, and we will just make a decision. In this one we have said, firstly, that we want to help at the initiation stage. It is not simply an ad in the newspaper saying, ‘If you are interested, please apply.’ There is a large initiation stage. Secondly, inside the process there is a large partnership between executive government, the department and community organisations—that is largely through advisory groups—to identify, encourage and sustain through the project development the local people involved as well as the expertise of the advisory group plus the department, to get to the stage where an initiative is accepted by the advisory group as in a state to come forward to the minister to make a decision to fund or not to fund.

That is a very new process, not only to FACS but probably in terms of it being a fairly innovative and new process within government. If we asked where the problems were, they are probably in just how you do that and how you initiate the projects. In the past, if you said, ‘Where were the problems in X program,’ I would say, ‘There were no problems because we looked at all of those organisations and communities who applied and we made the decisions about which to approve or which not to approve; there are no problems.’ In this one we are actually saying, ‘Go find them; go find where we need to help more.’

I was not being totally flippant in saying we should look at a map. We know there is disadvantage in many parts of Australia—and it does not matter whether they are urban, regional or remote—and there are communities who are suffering from a whole range of dysfunctions, be they a town that has seen major rationalisation and market changes affecting its future or a town which has seen a drift of its youth or its working age people or whatever and which may have lost a leadership or a capacity building mechanism within it. They are the sort of communities that we are hoping would be the major responders to this sort of initiative—and they have been. In underspending I think we are saying that we have not yet

been able to attach ourselves—and, through us, the advisory groups who do the work for us—to all of the sorts of communities that we were hoping to. That is where we have struck a problem. To say locationally where they are is very difficult.

**Senator MARK BISHOP**—Thank you for that explanation. But the answer could really be that a whole range of areas of deprivation or need have not applied for assistance or have not been able to be organised to apply for assistance. That is what you are saying in a different way?

**Mr Sullivan**—Yes, again, but I would say a range. It is the whole range where we are having difficulty. This program is not having difficulty in attracting what at its core it wished to attract. It is significant. I accept your point that five to seven per cent of an underspend is significant. Ninety-four plus per cent of a commitment is also extraordinarily significant in saying that that is what we are achieving in the program. But yes, there is a range of initiatives, which we would like to get ourselves attached to. The advisory groups are doing a very, very good job. They are not letting government, if you like, take the normal easy way out and say, ‘We will just fund whatever we get—whatever.’ The advisory groups and the process of going through advisory groups to say, ‘Is this the sort of initiative that we wish to fund?’ is making sure that we will be put to the test and initiatives funded under this program will be good initiatives. We cannot simply go and say, ‘Look, the money has got to be spent. It does not matter what it is, as long as it has got a connection. Let us go and spend it.’ That is another very, very good test on this program.

**Senator MARK BISHOP**—So in terms of these areas, or communities, or areas of need or deprivation who have not been able to succeed beyond the initiation stage or the partnership stage—the two steps that you identified—what is the process then?

**Mr Sullivan**—It is basically to ensure that the advisory groups and our officers are still out there and initiating projects, ideas and concepts and then building those through the advisory groups into initiatives. For instance, the Institute of Family Studies performs an extraordinarily important role here in being one of the clearing houses to advise community groups who are involved in stronger families and communities initiatives on how to go about delivering initiatives and how to look at evidence based research at a local level, and are providing some communication material to interested applicants as well as those communities who are involved in projects about what sort of things are happening and how they should go about them, bolstering their confidence that you keep going in this process. I think that is starting to see that this initiative is getting a life of its own as it becomes understood by communities who get to a point of saying, ‘We have to do something about our community’—of understanding that this avenue is a very, very appropriate avenue to explore and that, if you do nothing more than explore, you will get a response from the department and from the people who support this program as opposed to some other initiatives which say that you must explore and then you must have the capacity within your community to be able to complete an application and advocate on behalf of that application. This one is really trying to trigger off saying, ‘This is interesting. Can we explore whether we can use it’. I think that the work that is going on gives me a whole lot more confidence that when we sit here next year we will not be talking about the fact that we have underspent our last year’s allocation; it will be about the fact that we have gone a whole lot closer and are a whole lot more satisfied with the way that the initiative is panning out.

**Senator MARK BISHOP**—Those savings of \$10 million and \$6.5 million—can you provide them to us on a state-by-state basis?

**Mr Sullivan**—I do not think that they exist on a state-by-state basis. They are a project component basis. We can give you the five components of the program and where they come from.

**Ms Powell**—Yes.

**Senator MARK BISHOP**—That will be fine. I want to turn now to the implementation of ‘Australians working together’ at page 175 of the PBS and have a bit of a discussion about the working credit Column 1 identifies ‘rescheduling’—the word that you use—a little bit over \$39 million in the 2003 budget. What is the value of savings derived from that rescheduling?

**Mr Kalisch**—This is just the working credit that you wanted?

**Senator MARK BISHOP**—Yes. I cannot see your name.

**Mr Mann**—I was to talk to the working credit component. That was your interest?

**Senator MARK BISHOP**—Yes.

**Mr Mann**—Of the—

**Senator MARK BISHOP**—Sorry, the table on page 175 under the heading ‘Implementation of certain Australians Working Together Measures’. Perhaps you could explain column 1 so that we know what we are talking about.

**Mr Kalisch**—The table refers to all of the changes that are mentioned on page 175.

**Senator MARK BISHOP**—Right.

**Mr Kalisch**—That is rescheduling the working credit, deferring the introduction of the improved information technology measures, deferring new funding for the community business engagement, and changing the timing of the evaluation of the AWT package as it was announced last year as well as some additional funding for consultation on the package.

**Senator MARK BISHOP**—The question is then: what is the value of the savings derived from each of those four measures from the rescheduling from 2003 to 2004?

**Mr Mann**—I will start with working credit; then I can pass to either Cate or David. Of the \$39 million for 2002-03, approximately half is attributable to working credit.

**Senator MARK BISHOP**—Right.

**Mr Mann**—It is about \$20 million, and most of that is in the nature of reduced benefit expenditures so that working credit is a beneficial measure. The very fact that introduction is delayed from September through to April means that for six or seven months there is less assistance paid out, and approximately \$16 million is just in the nature of that sort of expenditure. There is also a few million dollars saved from planned Centrelink expenditure.

**Senator MARK BISHOP**—From?

**Mr Mann**—Expenditure that had originally been budgeted for Centrelink, which, of course, is administering the scheme, and there is \$3 million there. So Centrelink will get less money in 2002-03 for the administration of the scheme.

**Mr Sullivan**—The overall saving is about \$20.9 million. If you look at the reduction in spending in 2002-03 and increases in the other two years, you will get to the savings figure from a range of initiatives.

**Senator MARK BISHOP**—So we are saving \$39 million over three, but ploughing back in about another 19 in 2004, 2005 and 2006; is that right?

**Mr Sullivan**—Yes.

**Mr Mann**—Total.

**Mr Kalisch**—That is right. Just for example, the working credit rather is a saving of \$19.6 million in that first year. There is a net expenditure in 2003-04 of an additional \$13 million and then an additional \$0.7 million in 2004-05. So taken over the three years, there is a much smaller reduction in expenditure on the working credit.

**Senator MARK BISHOP**—To the extent that it was just a distributive payment and you are delaying the implementation by seven months, that is seven months savings.

**Mr Kalisch**—There is also an impact, as Mr Mann explained, on changes in the funding of administration of that payment plus also the costs and savings taken into account—not just the gross program effects but also the net impacts—and that also changes the timing.

**Senator MARK BISHOP**—Okay. I have been told that the working credit seven-month delay is going to save \$20 million plus \$3 million admin costs for Centrelink. What about the deferral of the IT measures?

**Mr Kalisch**—Sorry, can I just clarify that? That \$20 million saving of the working credit includes the Centrelink dimensions. So that is \$20 million all inclusive. In terms of the IT tracking, that will save \$16.4 million in 2002-03.

**Senator MARK BISHOP**—Right.

**Mr Kalisch**—As with the working credit, there was a small additional expenditure in 2003-04 of \$1.5 million.

**Senator MARK BISHOP**—So we are going to save \$16.4 million but have a respend of \$1.5 million?

**Mr Kalisch**—Yes.

**Senator MARK BISHOP**—Community and business engagement?

**Mr Kalisch**—In terms of community and business engagement, there is a saving of \$2.48 million in 2002-03 and then net additional outlays of \$1 million in the subsequent two years.

**Senator MARK BISHOP**—Is there a line for timing of evaluation activities?

**Mr Kalisch**—In terms of the evaluations, there is a saving of \$0.75 million in just that first year.

**Senator MARK BISHOP**—What is the respend?

**Mr Kalisch**—There is no additional respend. There were additional moneys already allocated in last year's budget that were sufficient.

**Senator MARK BISHOP**—We are saving \$39 million in those four subcomponents and we are respending—

**Mr Kalisch**—We are respending \$16.6 million in the next year and then \$1.72 million in the third year.

**Senator MARK BISHOP**—Where is that \$16.6 million that you are respending in 2004?

**Mr Kalisch**—That is predominantly in the working credit. As I explained, it is around \$13 million.

**Senator MARK BISHOP**—When you did your forward estimates for the four years in the 2002 budget, you would have had full-year figures for 2004, wouldn't you? Why is there additional—

**Mr Kalisch**—There are some changes because of the way in which the estimates were originally put together in that it does not assume that from day one the measure will have 100 per cent take-up; there is a nature or an element in which the measure takes some time to build. If you reprofile the start of the measure you also need to reprofile some other elements in which the estimates are put together.

**Senator MARK BISHOP**—But my point is that a seven-month delay does not result in an extra spend in 2004; it just results in a transfer, does it not?

**Mr Kalisch**—Yes. The other aspect is that we also need to look at the changes in the way that the Centrelink funding is going to operate. In 2002-03 we will withdraw some funding from Centrelink, because the measure is being delayed. Then in 2003-04 there are some considerable net increases in funding for Centrelink.

**Senator MARK BISHOP**—Yes, you have given back the \$3 million, I suppose; is that right?

**Mr Kalisch**—We are giving them back a bit more.

**Senator MARK BISHOP**—How much is a 'bit more'?

**Mr Kalisch**—\$12.4 million, according to my numbers here.

**Senator MARK BISHOP**—So you are taking \$3 million away from implementation measures in Centrelink in 2003, but you are giving them \$12 million in 2004. Is that what you are saying?

**Mr Kalisch**—Yes.

**Senator MARK BISHOP**—So you scale it up for the implementation period?

**Mr Kalisch**—There is an element to which the implementation task cannot be scaled back completely. We are just delaying it seven months. They still keep the bulk of their saving, but when the major implementation takes place from April it goes into the next year.

**Senator MARK BISHOP**—When you did the original implementation costs for the working credit, what was the total over the four years?

**Mr Kalisch**—I am not sure that I have that one. In terms of the original estimates on the working credit?

**Senator MARK BISHOP**—Yes.

**Mr Kalisch**—I do not have it with me. I would have to take that on notice. They were quite substantial, though.

**Senator MARK BISHOP**—I do not understand why the delay in implementation of seven months results in a—

**Mr Sullivan**—I think where it is getting a little bit difficult here is that in that \$20 million saving from year one it is not only the fact that we are saving from the measure and the initiative; it is the fact that we are withdrawing significant money which would have been for staff and other resources of Centrelink. The majority of the \$14 million is not the cost of the measure; it is actually the implementation effort, which has been saved and then respent again

in 2003-04. Your point that in the initial budget figures the measure would have been in place for 2003-04 is right.

**Mr Kalisch**—Evan Mann has a little bit more information that might be of help.

**Mr Mann**—There are several factors here, some quite complicated factors, which affect Centrelink's workload. One of them would be that the additional costs in 2002-04 stem from the need for quite a lot of customer interaction. This is a very large measure. One feature of it will be that many people—probably in the order of 100,000—will have to have revised reporting arrangements. They will need to talk to Centrelink in a different way. Because we are delaying the measure, some of the costs that were formally incurred in 2002-03 shift into 2003-04. Another factor is that one of many advantages of working credit is that there will be better information on people's earnings going to Centrelink. That will diminish the amount of effort that Centrelink has to expend on looking into and recovering debts. The fact that we are introducing it later means that Centrelink saves less. That actually is incurred in 2002-03, but when you look at the overall situation there are actually less savings from debt administration than we had originally envisaged. Another factor is in the area of IT. An advantage of the delay is that Centrelink can be surer about the implementation of this very large measure. That will involve some additional IT activity—additional testing and so on. There are a few million dollars there which are extra beyond what we had originally planned. So those three elements I mentioned probably would account for the additional overall administration of this scheme.

**Senator MARK BISHOP**—For working credit, how many people do you think will be affected by the deferral? What do your figures suggest?

**Mr Mann**—Potentially this measure affects pretty well all work force age income support recipients. That is in the order potentially of something like 2.5 million. Of course, not all of them have earnings. This benefits only those with earnings or those who would be hopeful of getting earnings as a consequence of the measure. There you are talking about probably 200,000 or 300,000 people.

**Senator MARK BISHOP**—Two hundred thousand people?

**Mr Mann**—Yes.

**Senator MARK BISHOP**—Is that 200,000 people who will take it up or is 200,000 people the real market?

**Mr Mann**—All of them will take it up in the sense that if they have income less than certain amounts they will accrue a credit. The question you are asking is: how many people will actually use that credit to help them in boosting their income support? Once we are into a full year, 200,000 or 300,000 people will be the sort of figure we are talking about.

**Mr Kalisch**—The other dimension you need to understand about the way in which the working credit is constructed is that it will take people some time to build up their credit. So it would never have been the case that from 20 September this year there would immediately be 200,000 people who could benefit from the working credit, because they would not have a working credit balance at that stage. It becomes a bit more tricky to talk about numbers who would not have benefited from it, because inevitably what will happen is that people will still need to build up their credit from whenever it starts.

**Senator MARK BISHOP**—In some circumstances, people receiving family tax payment benefits and moving in and out of paid work might be at risk of incurring a debt because of the way their credit is designed. Has that been raised with you as an issue?

**Mr Kalisch**—No, not at all. The working credit can certainly assist some people for a few weeks once they leave income support and go into work and might have a slightly higher taxable income. But it certainly would not be very substantial in the total course of their income.

**Senator MARK BISHOP**—Have you done any evaluation on work to date?

**Mr Mann**—In relation to the implementation?

**Senator MARK BISHOP**—Yes.

**Mr Mann**—Formally, no, we have not, but there is a standing steering committee on which both the departments and Centrelink are represented. This meets monthly. We monthly examine the progress of the implementation. The people who work on it in FACS are closely working with people in Centrelink. In that sense, we are closely monitoring what is happening. There is no formal evaluation, though.

**Senator MARK BISHOP**—What drove the deferral? Was it a cost saving or were you simply not able to get all of the systems into place to do it from April?

**Mr Kalisch**—As I have explained, the actual net savings over the forward estimates are not all that substantial, once you take into account the savings from the first year and the net costs in years 2 and 3. It certainly indicates to me that government did not make this decision on a savings basis. There were certainly some advantages in changing the way in which the measure was profiled. It will certainly allow longer lead times for consultation, customer education and systems development, and it will allow also for more testing of the new technologies that are going to be put in place around reporting of earnings, particularly around the Internet and phone service. But that is perhaps something that Centrelink is best placed to talk about.

You raised the issue of debts in the family tax benefit system. Certainly, that is one thing we are looking to avoid. With this measure there will be probably about 100,000 additional people required to report earnings fortnightly, and that is something that we certainly want to get right and need to get right so that there will be a minimum of debts. In fact, we are looking at the working credit measure to actually reduce the number of debts there are on working age income support people. So we really want to make sure that that happens.

**Senator MARK BISHOP**—What scale of debt reduction do you anticipate?

**Mr Kalisch**—It was reasonably substantial. I do not have the numbers with me, but it was certainly something I recall from when the measure was being put together. There is an element in which people report more on a fortnightly earnings cycle, and there will be more reliable income reporting by people to Centrelink rather than the current system, particularly in the pension system. That has a more average and aggregated approach where people do often forget to tell Centrelink.

**Senator MARK BISHOP**—The design features of this program are tax driven, aren't they? It is not social security based.

**Mr Kalisch**—No, it is purely social security based.

**Senator MARK BISHOP**—It is?



**Mr Kalisch**—Yes. It is not on taxable income at all. It is the same gross income that we use for the majority of our income support systems.

**Senator MARK BISHOP**—I understand all those benefits that you have outlined—that is, learning more and working your systems, et cetera—but what was the major driver in the delay and implementation?

**Mr Kalisch**—Essentially, once you look at the constraining time period between now and certainly September there is not much time to provide for legislation to be passed for people to be properly informed and for new systems to be put in place. While, as Mr Mann mentioned, there has been considerable progress in terms of implementation—we have been monitoring that closely—it is certainly of much higher risk if it was to be introduced in September than early next year.

**Senator MARK BISHOP**—But it was in last year's budget, wasn't it?

**Mr Kalisch**—It was announced in last year's budget, but as you would appreciate it takes time for substantial systems changes to take place. As I mentioned, there are new technologies being developed specifically for this measure in the Centrelink system. The scale of the legislative changes is quite large given that it affects every working age income support payment. This is not just a simple change to one payment; this goes right across our working age income support payments.

**Senator MARK BISHOP**—You would have anticipated the scale of the task when it was put in last year's budget?

**Mr Kalisch**—Yes, and it was always very tight to deliver on that commitment to government. That was the earliest we felt was feasible. Certainly, we would have made the judgment that it would still have been possible to put it in operation in September, but it was certainly high risk.

**Mr Sullivan**—We also had problems with September. The next date quickly got out to around where we are talking about, because this would have been a very difficult measure to have introduced over Christmas. I notice that over the holiday periods of Easter and others in terms of reporting arrangements that does prove volatile. There is always a mixture of motives and reasons here. Certainly for us we had a number of systems issues. We had some procedural issues to get through. We had to work through some very strong response that we had from the consultations we did on the working credit. That was about the fact that this was a highly attractive idea but looked complicated.

That is why we took the opportunity to put to government—and it was accepted—that we would like to do some more communication work between the initial implementation date and April in making it very clear to people what this really means. In terms of your discussion with Mr Mann about how many people it impacts on, we know how many people it impacts who are currently earning and claiming benefits. But clearly this initiative is about encouraging more people to earn. That is the target that we are most interested in—that is, how to get the message across that this sort of initiative is an earnings encouragement initiative as much as making sure that we take care of and address the issues of those persons currently earning.

**Senator MARK BISHOP**—Thank you, gentlemen. I now turn to the third Commonwealth State Territory Disability Agreement, starting on page 179 of the PBS. I think it is fair to say that the third Commonwealth State Territory Disability Agreement in effect defines the roles and responsibilities of the Commonwealth and the states and territories in the provision of

certain services to people with disabilities. In the current agreement the Commonwealth administers open employment services and supported employment services. Will this remain the same in the forthcoming agreement?

**Ms J. Wilson**—The current roles and responsibilities as you outlined for the Commonwealth will continue to apply as will the current roles and responsibilities for the states and territories.

**Senator MARK BISHOP**—So the answer to that question was yes.

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—How much has the Commonwealth budgeted to put into the new CSTDA in each of the five years of the agreement?

**Ms J. Wilson**—The net increase between the second agreement and the third agreement will be \$743.3 million.

**Senator MARK BISHOP**—Is that \$743.3 million over the five years?

**Ms J. Wilson**—That is right.

**Mr Sullivan**—Was your question how much extra or how much it is projecting to provide? It is \$2.7 billion over the five-year term.

**Senator MARK BISHOP**—It was the latter, but I was going to come to the former. So it is \$2.7 billion over the five years, an extra 743 over the five years?

**Ms J. Wilson**—Let me just clarify. There are two components to the Commonwealth's contribution to the agreement. One is the contribution it makes to the state and territory governments to deliver in their areas of responsibility, which is accommodation and respite, and the other is the effort it puts into its own area of responsibility, which is employment. So over the course of the next five-year agreement the Commonwealth contribution to the states and territories will increase from about \$1.9 billion to \$2.7 billion. Its effort in its own area of responsibility will increase from about \$1.3 billion to \$2 billion over the same period.

**Senator MARK BISHOP**—So the Commonwealth goes from \$1.3 billion to \$2 billion and the Commonwealth to the states goes from \$1.9 billion to \$2.7 billion? Is that right?

**Ms J. Wilson**—That is right.

**Senator MARK BISHOP**—Are those figures over the five years even increases in each of the five years or are they different?

**Ms J. Wilson**—It is indexed at the relevant rate.

**Senator MARK BISHOP**—And what is the indexation formula?

**Ms J. Wilson**—It is the relevant indexation formula connected to the wage cost to index, which is what the current agreement is connected to.

**Senator MARK BISHOP**—So it is the same indexation formula?

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—So are the increases from 1.3 to 2 and from 2 to 2.7 solely accounted for by indexation increases, or is it additional funding?

**Ms J. Wilson**—You are talking about both parts?

**Senator MARK BISHOP**—Yes.

**Ms J. Wilson**—The 2 to 2.7, which is the Commonwealth's contribution to the states, is increased by \$547.5 million, which is the additional funding of, as you would know, unmet need over the five-year term of the agreement. On top of that it includes indexation and superannuation guarantee charges. The other bit is the \$1.3 billion to \$2 billion. As part of the announcement in the budget there was an increased \$258 million into increased services—some 73,000 for people with disabilities. Of that \$258 million, \$98 million was for disability employment assistance. That is reflected in the significant increase from \$1.3 billion to \$2 billion between the two agreements in respect of employment.

**Senator MARK BISHOP**—Of the 1.3 to 2, how much can be identified as indexation, superannuation and those sorts of charges?

**Ms J. Wilson**—We do not have those figures to hand. I can provide them for you.

**Senator MARK BISHOP**—You said that in the figure of \$1.3 billion to \$2 billion there was \$258 million for employment assistance. Does that mean that all of the other 350-odd is related to indexation?

**Ms J. Wilson**—It also includes the AWT places announced in the last budget. There was a significant increase in employment places announced in the last budget as well over the forward estimates period from the last budget.

**Mr Sullivan**—It would be a simple number for us to get you. After lunch we will provide just what the indexation amounts are on both elements.

**Senator MARK BISHOP**—That is what I want to know. What are the matching requirements expected of the states and territories, including those related to employment services?

**Ms J. Wilson**—The amounts announced in this budget represent, in terms of the Commonwealth's area of responsibility, 10.26 per cent annual growth in employment over each year of the next agreement. If you look at the combined increase in places between the AWT budget measures announced and these budget measures announced, it is a 60 per cent increase in employment places over the two budgets. So employment actually is a significant area of investment over the forward estimates period and over the life of the new agreement.

**Senator MARK BISHOP**—But my question went to the matching commitments from the various states and territories. Is it one for one?

**Ms J. Wilson**—Basically, the Commonwealth's investment has been outlined—that is the 10.26 per cent I referred to—and the ministers have been asked to come back with their ability to match that effort. We are waiting for responses.

**Senator MARK BISHOP**—In terms of the areas that are not new or additional in the Commonwealth-state area, is the matching expectation different in the third program as to the second program?

**Ms J. Wilson**—I am not sure what you mean by the matching expectation.

**Senator MARK BISHOP**—What was the matching expectation in the current program from the states and territories? Is there any?

**Ms J. Wilson**—No.

**Senator MARK BISHOP**—None?

**Ms J. Wilson**—The Commonwealth is responsible for employment and makes a contribution towards accommodation and support, and the states are primarily the funders of accommodation and support services.

**Senator MARK BISHOP**—So the principal difference is the invitation to the states to consider making a matching contribution of one to one for the change in employment services?

**Ms Winzar**—At the moment, as I understand it, the Commonwealth's contribution under the Commonwealth State Territory Disability Agreement represents around 30 per cent of the total funds expended under that agreement. The states and territories provide the balance of 70-odd per cent. So when we are talking about a matching increase, the Commonwealth's view is that we have increased expenditure on our responsibilities by 10.26 per cent and we would seek that the states and territories do whatever they can to have a similar level of increase on their responsibilities. So it is not a one-for-one, dollar-for-dollar exchange.

**Senator MARK BISHOP**—You have invited them to match your increase. When does this have to be signed off by?

**Ms J. Wilson**—The agreement lapses on 30 June.

**Senator MARK BISHOP**—Is there an expectation that negotiations will be concluded by 30 June?

**Ms Winzar**—We have made significant process in our negotiations to date. The next meeting of disability administrators from the Commonwealth and states and territories is in about a week. We are quite hopeful that we can resolve most of the outstanding issues by the time this agreement expires. Of course, there is always the prospect that it could drift a little longer.

**Senator MARK BISHOP**—Has it happened in the past that there has been a drift over?

**Ms J. Wilson**—Yes, with the last agreement. There were actually transition arrangements because of ongoing need to finalise the framework of the multilateral agreement.

**Senator MARK BISHOP**—But in about a fortnight you anticipate us being well and truly on the home stretch?

**Ms J. Wilson**—I think we are well along the way in terms of discussions at officials level. There is a meeting of all ministers on 28 June.

**Senator MARK BISHOP**—And they are the ones who have to kick off on the money, aren't they?

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—Understood. So you have advised them to make a matching contribution and we are going through the negotiation phase? Is that a fair comment?

**Ms Winzar**—That is correct.

**Senator MARK BISHOP**—Does the invitation relate to a purely financial contribution or can it be other in forms?

**Ms J. Wilson**—There has been a range of areas. Obviously, matching the effort in terms of increased funding is one. We have also pushed very strongly for increased transparency and accountability requirements and a better reporting framework, back to all governments and the public in general, through this agreement. I think we have achieved a lot in that area in

terms of discussion at officials level already. We have also asked state jurisdictions to identify what areas we might want to work jointly on in terms of local issues that we can jointly respond to. So we are waiting for all of that information to come back.

**Senator Vanstone**—It might be appropriate to make the point that I did not go to the last community services meeting with very high expectations that the states would agree to higher accountability. I thought I would meet the usual ‘you cannot tell us what to do’ sort of thing, but I was pleasantly surprised. They all agreed that there has to be much greater accountability, not so much in the sense of accountability to the Commonwealth, although that is obviously a key element of it, but so that the disabled community can see where the money is spent. It is not easy for them—or for anybody really—to actually figure out where the money goes. In a discussion to make the claim that we wanted much greater transparency in the accountability we used some COAG information. I think the Productivity Commission does that report each year, which showed I thought quite dramatically different spending per head. A couple of them—I will not say they laughed as if they thought it was a light-hearted issue, but they said, ‘You cannot rely on those. We are not necessarily giving all the right information there.’ I said, ‘How the hell do you expect anybody to enter the debate?’ And they all agree, which is a very pleasing sign.

**Senator MARK BISHOP**—It is. Congratulations to them and congratulations to you.

**Senator Vanstone**—I thought I would mention that they were unanimous in agreeing to this so that you did not think it was something they were pushed into.

**Senator MARK BISHOP**—If you had pushed them into being accountable for the distribution of Commonwealth funds, into either programs or outlays, and not into other areas, you would get no complaint from me.

**Senator Vanstone**—Yes, but it would be an unkind thing to do—to suggest that people who were well motivated and who agreed to that transparency had to be pushed.

**Senator MARK BISHOP**—No, I would not do that. My state colleagues have all come up to the starting line.

**Senator Vanstone**—Not on all other matters, but on that matter, yes.

**Senator MARK BISHOP**—If they are going to be transferable and accountable in the distribution of their funds and Commonwealth funds, that is not a bad start.

**Senator Vanstone**—No.

**Senator MARK BISHOP**—Can you explain for the record the decision taken in July 2000 and announced by Minister Anthony relating to the unmet need component of the CDA? He put out a statement on 25 July headed ‘Extra \$510 million for unmet disability needs’ and it says in the final paragraph:

The meeting resolved to develop a national framework to underpin future funding and administrative arrangements, and agreed to maintain the current base funding levels for disability services under a third Commonwealth-State Disability Agreement.

**Ms J. Wilson**—That statement was part of a communique from the July 2000 disability ministers meeting. My understanding of it—and it is my understanding that it was the understanding of all jurisdictions—was that ministers made a commitment in principle. Given that most jurisdictions do not have forward budget estimates predictions and there was no specific discussion that was signing up governments to forward budget commitments, the Commonwealth and I think Minister Anthony subsequently wrote out and clarified that the

funding for the next agreement would be subject to the discussions within the last year of the current agreement, and those discussions have been proceeding as we have just outlined.

**Senator MARK BISHOP**—That is news to me, Ms Wilson—that that joint communique by the Commonwealth, state and territory governments—we will not worry about the New Zealand government—was a conditional commitment. That is what you are effectively saying, is it not?

**Senator Vanstone**—No, I think she has simply told you that her understanding is that that was an in-principle agreement. This happens a lot at ministerial meetings. You make an in-principle agreement but then, as you rightly identify, some states do not have the same forward estimates arrangements that we do, and they are all subject to getting cabinet approval in the forward estimate planning. That is all she said.

**Senator MARK BISHOP**—Perhaps, Ms Wilson, you can read that again, because I read more into what you said than you are suggesting, Minister. Do you mind reading that out?

**Ms J. Wilson**—I did not read anything specific from my notes; I was just making it up as I went along. Basically, the key words that I know Minister Anthony conveyed in his correspondence post the meeting were that it was an in-principle commitment, and he identified that there were issues for a number of jurisdictions around ability to make commitments over a forward estimates period.

**Senator MARK BISHOP**—When did the minister send off that correspondence?

**Ms J. Wilson**—There was correspondence in the period of October 2000.

**Senator MARK BISHOP**—Addressing the point you just raised?

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—Can we get a copy of that? Is that in order or not?

**Mr Sullivan**—We will take that on notice.

**Senator Vanstone**—I do not think I have closely looked at the letter. I will speak to Mr Anthony. I am sure one of your colleagues will give it to you.

**Senator MARK BISHOP**—I am sure they would, yes.

**Senator Vanstone**—I am not trying to be difficult, but I just think it is another minister's letter. I had better check.

**Senator MARK BISHOP**—That is fine. The request is there. The communique in July and Minister Anthony's correspondence in October indicate that the agreement was subject to the states signing off on the necessary funding. Is that correct? Is that the summary?

**Ms J. Wilson**—I am not sure I understand the question.

**Senator MARK BISHOP**—In relation to the communique of Minister Anthony and the various state ministers on 25 July, and then his correspondence to his state colleagues, which I think you identified was in late October, I called it a conditional commitment. The minister called it something else, but the thrust—

**Senator Vanstone**—'In principle' I think was the word that was used.

**Senator MARK BISHOP**—An in-principle agreement. How does that relate to the fact that there is not new money in the budget for the forthcoming CSDTA? Is it not the same commitment?

**Ms Winzar**—Perhaps I can pick that up. As I understand it, the in-principle commitment to continuing unmet need funds from the Commonwealth was on the proviso that the states could similarly match that money. There is a bit of a technical difficulty there for us there because, as I understand it, Western Australia is the only state to publish its forward estimates in terms of out years in its budget statements. We cannot have, I guess, a very transparent and clear promise from the states that they will match any commitment that the Commonwealth might make. It is one of the reasons why that extra transparency and accountability that we are seeking in this next agreement is so important to us. Having said that, in terms of the additional funds, you say there is no new money. I guess we would say that the continuity, the unmet need funding, was not in the forward estimates until this budget. This budget clearly sets out that that additional funding will continue for next four years.

**Senator MARK BISHOP**—That was not in prior budgets?

**Ms Winzar**—That is correct.

**Senator MARK BISHOP**—So it was not identified in the out years in the prior budgets.

**Ms J. Wilson**—That is right.

**Senator MARK BISHOP**—And you say that you have now identified it in this year's budget and that, whether or not it is an in-principle commitment, it is now identified for the first time.

**Ms Winzar**—That is right.

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—Whether I categorise it as something different or not, you say it is new?

**Ms Winzar**—It is new in the sense that it was not in the government's projections of forward expenditure in public documentation until this budget.

**Senator Vanstone**—In another sense too. It is the same sense, but let me put it to you this way in relation to a number of state ministers—perhaps one from your state. One has, for her own reasons, chosen to almost ad infinitum tell the disability community that the Commonwealth had cut funding to disability, because this money was not in the forward estimates. I think that same minister now says, 'It is not new money.' You cannot have both of those arguments. You can decide on what you call new money and you have to stick with that.

**Senator MARK BISHOP**—I am not familiar with that discussion, so I cannot comment.

**Senator Vanstone**— You cannot say, 'It is a cut because it is not in the forward estimates' and then when it is in the forward estimates say, 'It is not new.' You cannot have both of those. Politically you can, but substantively you cannot.

**CHAIR**—We will adjourn for lunch and be back at about 10 to 2.

**Proceedings suspended from 12.46 p.m. to 1.47 p.m.**

**CHAIR**—Can I ask the officers who were at the table prior to lunch to rejoin us? Thank you very much.

**Senator MARK BISHOP**—We were discussing the funding of the Commonwealth State Territory Disability Agreement and the allocation of funds in the forward estimates by the Commonwealth and not the allocation by the various states, I think the minister advised. Is

not the allocation of funds in the forward budget the same as the commitment referred to by Minister Anthony, just finishing off that conversation?

**Mr Sullivan**—I think that the point that Ms Winzar made is that, until this budget, these amounts in respect of unmet need have not appeared in forward estimates. So to talk about Minister Anthony, in a meeting with his state colleagues, coming to an agreement in principle, which he supported personally, that would be struck, hopefully reflecting those numbers, is a very different matter from the Treasurer announcing a budget in which the forward estimates reflect the fact that the Commonwealth has committed funds to the agreement. There is no question that the funds were not reflected in previous forward estimates.

**Senator MARK BISHOP**—And we are now in the forward estimates, so you say they are there and that is a commitment subject to some other developments. We understand that. What would be the justification for not continuing to fund that identified unmet need?

**Mr Sullivan**—I do not think it is a question of justification; it would be just a decision of government to do it or not to do it. It required a budget decision of government.

**Senator MARK BISHOP**—And similarly, a decision can be made to delete the cut, for whatever reason government chooses.

**Mr Sullivan**—Yes.

**Senator Vanstone**—Just to make it clear, the budget and the appropriations actually give the executive permission to spend.

**Senator MARK BISHOP**—Yes, understood. It is a choice by the executive. Do you acknowledge that the various states and territories have already committed this money to programs that are now on the ground, or about to be on the ground, in delivering services?

**Senator Vanstone**—Before that is answered, I would be interested to see if the states that have been saying over the last two years that there is a cut because the money is not there in the government forward estimates have done as you say. One would assume that would be irresponsible, wouldn't it? If you really believed it when you said to the public that the money is not there from the Commonwealth, why would you plan to spend it?

**Senator MARK BISHOP**—So you say there is no substance to those complaints?

**Senator Vanstone**—No. Senator, we have had this discussion before about paraphrasing what people say. I simply say it would be an extraordinary minister that did that, that tried to say both things—do one and say another. They would get caught out in the end.

**Senator MARK BISHOP**—All right. Tell me this. You have made some public comments—I think it is probably a question for you, Minister—as to what might happen if the Senate should reject the disability services bill when it comes for consideration. Correct me if I am wrong, but my understanding is that, if that event should occur, you have said that the Commonwealth will withdraw the \$100 million-odd per annum that otherwise has been allocated in the forward estimates. Is that a correct summary of your position?

**Senator Vanstone**—No, I do not think it is. What we have said is that the additional funding, which is the additional CSTDA, as we now call it, because the ACT does not like to be left out—the Territory was never so precious but apparently the new ACT government is, and that is fair enough—is conditional. All the additional moneys were conditional; they would be at risk.



**Senator MARK BISHOP**—Has the department started to do any work on quantifying the impact of the withdrawal of that \$100 million?

**Senator Vanstone**—Well, we are not at that point, are we?

**Senator MARK BISHOP**—No.

**Senator Vanstone**—I might add, though, that, in identifying where that money goes, this comes back to this transparency issue. Ms Wilson and Ms Winzar can correct me if I have got the wrong impression here, because I am relying largely on verbal reports from them, but there was a point earlier this year when I said, ‘Look, I would like to have a list of the names and addresses of the providers that are being funded.’ I think there was a communication problem between me and the department, and some people in the department thought I meant only those who would be funded under any of these additional moneys—what the states like to refer to as unmet need moneys. In fact, I meant all who would get any Commonwealth money through the states. I might leave it to them, so you can get it straight from the horse’s mouth as to (a) the degree of willingness by the states to provide the money and (b) the varying capacity of the states to actually articulate where the money went. When you have heard that answer, you might like to consider whether your first question is one that we could answer. Either Ms Wilson or Ms Winzar, whoever made these inquiries, can give an indication of the difficulties the Commonwealth faced in simply being able to say, ‘Can I have the names and addresses of the people to whom you give this money?’

**Ms J. Wilson**—We asked each jurisdiction to provide a list of all service providers they fund under any of the dollars connected to the Commonwealth State Territory Disability Agreement. Many of them have had considerable trouble getting back to us with a definitive list of where the money is being spent, and also issues around how many people have been helped. As we pointed out prior to lunch, we are wary of the view that we should know that information and states should know it and store it themselves. We are pushing very strongly the transparency and accountability line because at the end of the last financial year, which was the financial year where the first \$50 million of the additional money rolled out—we are in the financial year the \$100 million was rolled out—the states were required to report their efforts back to us, and it is fair to say we were in the same position of not having clear identification of how that additional money was spent.

**Senator Vanstone**—Can I just ask Ms Wilson to fill in that answer as to the point in time when she or somebody else thought that what I was seeking was to identify the services that have specifically got money under the additional unmet need. I think there was a point of time when the department thought that is what I wanted. There were at least one or two states that, frankly, said they would not be able to separate that. That was my understanding. Is that right?

**Ms J. Wilson**—That is right. They specifically had to keep better track of the additional money, because it was part of a bilateral agreement that the Commonwealth had with each jurisdiction, but, when it came to the base funds, they were, as the minister indicated, having much greater difficulty in providing us with the list of who got what.

**Senator MARK BISHOP**—Was that all of the states and territories or just some.

**Ms J. Wilson**—Three or four in particular.

**Senator MARK BISHOP**—Which ones in particular?

**Senator Vanstone**—You might need to check the files back in the department.

**Senator DENMAN**—Can we get a list of those state by state? Is that possible?

**Senator Vanstone**—A list of what?

**Senator DENMAN**—The issue you are discussing now, where some states did not provide the necessary information. Is that what you are talking about?

**Senator Vanstone**—When I am certain I have the correct lists, I will have a look at whether it is appropriate to pass them over. What I am trying to highlight is my own amazement, and I would hope the amazement of anyone of any political persuasion, when I go to disability people and say, ‘Could you just tell us who gets this money?’—not the dollars you get, not the conditions you get it under, but just who gets this money.

**Senator DENMAN**—That is what I am asking.

**Senator Vanstone**—And be met with ‘I’m not sure that we can.’ It beggars explanation as to how that could be the case. It certainly highlights this transparency issue. I would have thought, in a standard office, like a senator’s office with three staff, you could keep track of where the money went—the names and addresses where the cheques went. I would have thought, therefore, that each of the state governments would have much better transparency themselves about where they spend it. Forget us for a moment, and, just for a moment, put aside the disability population, which I say are the main ones entitled to transparency. And ask yourself whether, if you were managing that government, you would be happy to find that you had people spending millions of dollars and, when you ask them at the end of the year, ‘Who do you give it to?’ they say, ‘We’re not sure we can tell you.’ It is stultifying.

**Senator MARK BISHOP**—I understand that point you are making on transparency. I said to you earlier that, as far as I am concerned, I do not care about any exactness you extract out of states—do it. But—

**Senator Vanstone**—But you are now potentially making the mistake that you thought I was potentially making. I do not think either of us were making it. I was not seeking to make political capital out of it, and I do not think you were either. I am just trying to highlight the facts here. I am not trying to pick on anyone. I have not asked for the states to be named. You guys asked which ones.

**Senator MARK BISHOP**—I am, because—

**Senator Vanstone**—I am just trying to give an indication of the problems that people who have disabilities have in finding out where the hell the money goes.

**Senator MARK BISHOP**—And I am going down the same path, because you said that the states and territories were unable to respond to your relatively simple request, and I acknowledge it is—

**Senator Vanstone**—Not all of them.

**Senator MARK BISHOP**—I want to find out which are the states and territories at fault. If, for example, it is the Northern Territory, the ACT, Tasmania and, say, South Australia, the four smallest entities in the Commonwealth, we are talking about a relatively minor problem. If you are talking about Victoria, New South Wales and Queensland, you are talking about a big problem. I am trying to get a scale idea.

**Senator Vanstone**—Let me respond in two ways to that. If you are disabled and you want some respite care, your problem is as big as the problem in the next state, irrespective of the fact that there are more people in your position. It is a bit like the unemployment rate. When it goes down, if you say to an unemployed person that the unemployment rate has gone down,

he or she is still 100 per cent unemployed, so they are not terribly impressed with this other figure. That is the first point I make.

The second point I make is the sort of frustration where this may have been a genuine answer. I have not chased the rabbit down the hole. I think there was one state, and it may have been your own—again, the officers can correct me if I am wrong—who initially said, and may have still said, ‘We can’t give you that; it is protected by privacy.’ The guy that builds this chair has the price of the chair, the tender process and everything else subject to parliamentary scrutiny. I did not see why the Commonwealth should be handing over money to people to then be told, ‘I’m sorry, our privacy act means that we can’t tell you who we have given the money to.’ Is that right? Was that the explanation from one state? See if you can put that in a sensible bucket. They argue it stops them telling their own minister, incidentally. I am told that these people—this is how distant they are from accountability; this is not a try on anti the Commonwealth or a political thing—told their minister the same thing.

**Senator MARK BISHOP**—That they could not or would not?

**Senator Vanstone**—I am not sure if it was could not or would not, but it was one or other.

**Senator MARK BISHOP**—Okay. You were already in the process of suggesting that you have made a legitimate request for some information as to where funding has gone. Some of the states and territories have declined to provide that information.

**Senator Vanstone**—Initially declined. Have we still not got all of it?

**Ms J. Wilson**—That is right.

**Senator MARK BISHOP**—Have we got any of it?

**Ms J. Wilson**—We have about two or three states outstanding.

**Senator MARK BISHOP**—Who is outstanding?

**Ms J. Wilson**—It was changing as of Friday, so I would prefer to take that on notice if I can. A couple of states promised delivery on Friday. I have yet to catch up on what was actually forwarded on Friday.

**Senator MARK BISHOP**—So if the states that promised it on Friday deliver in the next week or so, will we have all of the states and territories delivering?

**Ms J. Wilson**—Close to. I cannot be sure until I see what came in on Friday.

**Senator Vanstone**—Why don’t you put the question on notice and you can have a full answer as to the capacity to get the names and addresses out of the states, by state. We will give you the answer. Just let Ms Wilson check the files, that is all. This has been going on for months.

**Senator MARK BISHOP**—You are setting up this response that states have not been either transparent or accountable in terms of accountability of funds. I am trying to find out who is at fault. Ms Wilson says that she thinks that, as of last Friday, nearly all have passed the test. That is fine—

**Senator Vanstone**—It is only the test—

**Senator MARK BISHOP**—How long has this been a problem? We are now entering our third Commonwealth State Territory Disability Agreement. We have had it for 10 years to date. How long has it been a problem?

**Senator Vanstone**—I suspect it has been a problem for a long time. I asked for these earlier this year, because it seemed to me that there were people expressing a view as to what was happening with their funding which had been given to them by the state—what was happening with the Commonwealth funding. Obviously the state ministers or state officials had said, ‘This will happen to you because of what the Commonwealth is doing.’ I thought, ‘Thank you very much. It would be handy for the Commonwealth to be able to communicate with the same people.’ It has taken from about February, I think, when I made the first request, until now, and we are still not there. That was, as I say, to simply get no more than who gets some of the money.

**Senator MARK BISHOP**—How long have you had this portfolio? Three years now?

**Senator Vanstone**—No.

**Senator MARK BISHOP**—How long have you had it?

**Senator Vanstone**—A year and a half—not a year and a half yet. A year and three months.

**Senator MARK BISHOP**—Who was your predecessor?

**Senator Vanstone**—Senator Newman.

**Senator MARK BISHOP**—Senator Newman had it from the time you came to government in 1996, didn’t she?

**Senator Vanstone**—I think so. The junior minister might have had varying responsibilities. I just do not know.

**Senator MARK BISHOP**—Senator Newman was the cabinet person. Did she make similar requests?

**Senator Vanstone**—I do not know.

**Senator MARK BISHOP**—Mr Sullivan, you would not know that, would you?

**Mr Sullivan**—I certainly do not know, no.

**Senator Vanstone**—He is newer than me.

**Senator MARK BISHOP**—Ms Wilson or Ms Winzar?

**Ms Winzar**—Not to my understanding, but I would have to check.

**Senator MARK BISHOP**—Could you take on notice whether ministers have asked for that information from the states in the life of previous Commonwealth state territory disability agreements and the responses that have been given in that 10-year period. In that stage, you have had both Labor and conservative governments in the Commonwealth and all the states have turned around.

**Senator Vanstone**—I suspect you will find they are all of the same ilk—again, that it will not be a Liberal-Labor thing.

**Senator MARK BISHOP**—I want to go back to the question I asked you. The Labor Party has made its position clear that at this stage we are going to oppose the disability bill when it comes to the Senate, and you have made some public responses that that will affect the \$100 million per year. I go back to my question. Have you asked the department to do any preparatory work on where the impact would be?

**Senator Vanstone**—Let me answer you this way. Labor have indicated they have a non-negotiable position. Do I understand that correctly?

**Senator MARK BISHOP**—Yes.

**Senator Vanstone**—I am not sure about the Democrats—whether they have a non-negotiable position. We will put that to the test and we will see what happens. The Commonwealth will then appropriately respond as to whether its position is non-negotiable or otherwise.

**Senator MARK BISHOP**—That is in terms of that bill?

**Senator Vanstone**—Yes.

**Senator MARK BISHOP**—Okay.

**Senator Vanstone**—Which I expect will be in the Senate in the next week. But let me say also that it will probably go off to a committee, so I do not think you will necessarily get your answer.

**Senator MARK BISHOP**—So we can all do it again?

**Senator Vanstone**—We can do it again? There are other things to be discussed here too. There is a long way before we resolve this matter. If I can highlight it, first we have a Senate committee. I remember when we had committees but we did not send bills to them. Senator Knowles might remember—I think it happened before Senator Herron arrived—that we said we would have a one-day committee process. More contentious bills would go off and they would be dealt with in a day. I think we have come to the stage, which my party was a part of when we were in opposition, where the process is the rule rather than the exception almost. As for the one day, that has completely disappeared. We have that process to deal with.

We also have the opposition's response and the Democrat response to what I have indicated will happen, and that is some refinement of the policy with respect to existing DSP recipients. We have made clear the long-term change that we think Australia needs. As you will understand, we have, I think, the most generous disability payment, the highest rate of increase of inflow into it, the lowest rate of work participation of people on it and the second-lowest exit rate from it to other benefits. The more dramatic increases started in 1992, when the previous government was in power and certain changes were made to eligibility for DSP. I am not trying to make a political point; my party may well have agreed with it. I have not checked that. But that is the point in time when it started to take off more dramatically than the otherwise pretty constant but not terribly dramatic increase. That tells us that we got something wrong.

What we say is that we should shift to one of the key assessments, being the number of hours you can work, to be 15 hours, which they use in New Zealand. I think both Ms Wilson and Ms Winzar can give you details of the other international arrangements, which do not necessarily work on the same system but definitely have much harsher entry than we have. That is what we want to shift to. We accept that clearly there would be an adverse effect on the existing population who get reviewed and those of them who we think are more appropriate on the newer system. I have indicated, and the Prime Minister has agreed and indicated, that we are looking at ways to ameliorate and soften that transition. I would hope that, when we present the parliament with those, your party and/or the Democrats are prepared to reconsider.

I think it is very important that, in the long-term interests of Australia, we look at what is happening. I do not wish you back in government in the short term, believe me. I spent 13 years in opposition, and if I get my way you will spend 13 years as well—more if I have my

way. But I accept that it will eventually happen. Australia is not going to be a one-party state. Your party will eventually come back to government and you will have a much worse problem to deal with if we do not deal with this sooner rather than later.

**Senator MARK BISHOP**—So this is for the good of a future Labor government?

**Senator Vanstone**—For the good of Australia, really and during the time—hopefully terribly brief—when Labor is in government. The point I am making is that I would like to see the debate in two parts. Is that a better system, the one we should be moving to? That is one issue. Whether the transitional arrangements are fair enough is another. You might look at the system we have now and look at where we want to go. If you do not like that, it is not even worth talking about transitional arrangements. But if you do agree that that is a better place for Australia in the long term for the disability pension, then we have indicated the policy door is not shut. We have been looking at options. No doubt we would be happy to consider others if other people have got them. That is really therefore where the debate will be. We will either not have one because people will say, ‘We don’t even want to move to a new system’ or people will say, ‘There might be some merit in moving to a new system but we have to look at the transitional arrangements.’

Can I just make one point? In a sense it is political, but it is also partly personal. I feel very strongly about these changes. I think they are a very, very good idea. I used an example the other day and somebody said, ‘Oh, I didn’t know that.’ You know what people are like; they often think they know everything about you, and they don’t. My mother had a stroke about six years before she died—quite a bad one. It is quite an experience dealing with the rehabilitation people. When you first meet them, you think, ‘You tough something or other.’ I will not say the word here because of the presence of Hansard and their polite sensibilities. You really do think that. You are amazed at the harshness when you see a 70-year-old learning to walk and you think, ‘Couldn’t she have a rest? This is a bit rough.’ But you realise that with someone with a disability—an acquired one, which in my experience is different from someone who is born in this position but there would be an element of similarity—you get fed up with trying to learn new things. You really want to rest, and good rehab people do not let you have any more rest than is appropriate, and push you. They say ‘If you don’t use it, you’ll lose it.’

I think, personally, that we do the worst thing possible to disabled people by saying to them, ‘Oh, look, if you can’t work 30 hours or more, we’ll pay you more to stay at home.’ I think that is criminal, absolutely criminal. We should move to a system where we are pushing people to do as much as they can. I have seen that happen. I have seen that it can work. Apart from the national interest issue that I raised earlier, I look at the individual person. I just think to myself, ‘How dare we say to someone, “We’ll pay you more to stay home.”’

**Senator MARK BISHOP**—That is fine. You have made the point in the past in the Senate. It is an argument. I understand it.

**Senator Vanstone**—You might not agree, but—

**Senator MARK BISHOP**—I am not particularly wishing to engage in this debate now. It is a debate for another place.

**Senator Vanstone**—Fair enough.

**Senator MARK BISHOP**—You have made your point. What I am trying to find out is the impact on the withdrawal of the \$100 million subsequent to any Senate rejection of the bill.

**Senator Vanstone**—As I have tried to indicate, we have a long way to go on this yet—I hope we have. I hope that, when we present the parliament with options for dealing with the transitional group—that is, the people who are currently on DSP—it will be reviewed each year. They will not be the severely disabled; they will not be people within five years of retirement.

**Senator MARK BISHOP**—I understand that.

**Senator Vanstone**—They will not be that group. In the end, it works out to be about three per cent per annum of the existing DSP population. You will find the three per cent least disabled—that is one way to put it—and shift them to another benefit. There will be transitional issues there and we will have that debate. Let us wait and see what happens in that debate. No government says at the beginning of the debate, ‘Look, this is our opening position but if you say A our position will be B and if you say it is C our position will be D.’ That is what the process is about—having a debate, having a bit of give and take. If your opposition is in a position of no give at all, if you do not want it, we will have to consider that when we are sure that is the case. But I am not sure that is the case until you have looked at the transitional options.

**Senator MARK BISHOP**—The states have put to us, for example, that, if the bill is rejected and the government chooses to carry out its undertaking or threat, however it is characterised, the effects are going to be something of this order. New South Wales will lost \$34 million, Victoria \$25 million, Queensland \$17 million, South Australia \$8 million, Western Australia almost \$10 million, Tasmania almost \$3 million. In terms of New South Wales, that \$34 million equates to 200 respite supported accommodation and early intervention services; in Victoria the \$25 million equates to 315 home first packages, 1,500 respite episodes, 850 flexible care packages; in Queensland \$17 million equates to 400 adult lifestyle packages, 70 family support program packages, 700 individual and family support packages—and so the list goes on.

**Senator Vanstone**—Do you know what it sounds like to me? It sounds to me as though the state governments are terribly accountable to their Labor Senate colleagues about where the money goes but cannot be accountable to us about even who gets any money. It does surprise me, the degree of specificity that they can give you compared with the degree of specificity that they can give us.

**Senator MARK BISHOP**—Well, that is the information provided; it would have been provided by the Parliamentary Library, too.

**Senator Vanstone**—I am not querying the good faith in which you present those figures, nor the good faith in which the Parliamentary Library gives out material on the basis of information provided to them by the states.

**Senator MARK BISHOP**—Would you concur with those assessments? Do you dispute them?

**Senator Vanstone**—I am not in a position to do so. I would have thought it would be pretty clear to you that if I am having trouble getting the names and addresses of who gets the money—

**Senator MARK BISHOP**—But your department would have a pretty fine idea, I would have thought, with a reasonable degree of specificity, of the costings of the various programs.

**Ms Winzar**—I can confirm that the dollar values that you have read out are quite close, with perhaps the exception of Queensland. The data that I have shows that Queensland received \$18.31 million as the Commonwealth's contribution, rather than the \$17 million that you gave.

**Senator MARK BISHOP**—I said \$17.5 million. You say it is \$18.3 million. Okay.

**Ms Winzar**—In terms of how that translates into specific services, we do not have that information.

**Senator MARK BISHOP**—You do not have it. Are you able to get it?

**Ms Winzar**—That is part of the issue of chasing the number of services and their names and addresses. I have actually seen some of that information in media releases, I think, from at least one state.

**Senator MARK BISHOP**—But I would have thought that irrespective of whether it is entity A or B that delivers service X or Y—and I appreciate the issue raised by the minister that you have been unable to find out who entity A or B is—certainly in the delivery of a whole range of services there is a cost that can be attached to them and that is identified and that the Commonwealth has knowledge of. Are you saying that you do not?

**Senator Vanstone**—I am not sure who is going to answer that, but I have already indicated to you that the Commonwealth government—

**Senator MARK BISHOP**—Otherwise, how would you allocate \$100 million to meet unmet need, as opposed to \$200 million or \$43 million, if you do not know the costs of the services that are going to be delivered by the state agencies to cater to that unmet need?

**Senator Vanstone**—They can come to answer that, but I would just make the point that, as the officers will no doubt confirm, when we were at the community services ministers meeting, as I indicated to you, the states had a sort of mocking disrespect for the COAG figures on what they were spending. So unless we get it from the states, it is not that easy. But the officers may have something to add to that, and I am happy for them to add whatever information they have.

**Ms J. Wilson**—The unmet need money, as it is called—the \$50 million and the \$100 million—was committed to jurisdictions via bilateral agreements with the Commonwealth, and so we have arrangements in place about the areas that states would spend money on—for example, better transition options from school to work for young people, and a whole lot of different areas, such as accommodation. As part of the bilateral agreements with the Commonwealth, they are required to report back to the Commonwealth at the end of the financial year on how the money has been spent. I made the point earlier that we are still in the financial year that is about the \$100 million injection, and so those reports for this year will not come on board for a few more months. For last financial year, we got very patchy reporting and we have had to follow up with most jurisdictions to clarify exactly where the money was spent.

**Senator MARK BISHOP**—Right. So the Commonwealth gives the states a bucket of money pursuant to an agreement, then they either spend or do not spend a major portion of it, and they are supposed to acquit—but their acquittal does not tell you the cost of the services provided.

**Mr Sullivan**—I think the negotiation with the states was an outcomes based discussion, where we agreed where they would focus their attention in achieving outcomes. The sort of level that you are now talking about is for us to know the cost of the services or the inputs to



receiving those outcomes. And no, that was not part of it. It was partly saying that we are going to address certain issues with certain hoped for outcomes, and the accountability measure was that the states would report to the Commonwealth at the end of each financial year on their success in achieving the agreed level of outcomes with the Commonwealth money. We have had one year of reporting for the \$50 million, we are into our first year of reporting for the additional \$100 million, and we have said to the states that their level of reporting of outcomes needs to improve on last year's.

**Senator MARK BISHOP**—I must say, Mr Sullivan, that this discussion intrigues me. I am sure that you and your negotiating parties can identify outcomes. But if I said to the CSIRO 'I want you to grow strawberries on the moon or on Antarctica,' I am sure they could do it, but they might be the most expensive strawberries we had ever heard of. What intrigues me is that you and the states identify the outcomes. You allocate the funds and the states disperse them, but you do not appear to have any hard data on the input cost, the cost of delivering the services. Is that what you are saying?

**Ms Winzar**—Yes, Senator, that is essentially the position. That is why so much of the focus of this next Commonwealth-state disability agreement will be on improving that accountability and putting more reporting information back to government and to customers generally.

**Senator MARK BISHOP**—I will probably get in too much trouble, but can I just say that I find that remark—

**Mr Sullivan**—You have to remember, Senator, that most of the unmet need is in areas which the states had previously assumed responsibility for. A lot of it was not the Commonwealth services; it is on the states' turf. They basically said, 'Look, this work has produced this level of unmet need and, unless you contribute, we won't be able to do it.'

**Senator MARK BISHOP**—And you take that on face value?

**Mr Sullivan**—No, we take that and basically say, 'What are you going to deliver for us?' It is much different from saying—

**Senator Vanstone**—I have to say that I am not even certain they have delivered. That is why I am terribly unhappy with what has been happening, and I am quite determined to see a change. Can I just come back and make another point which relates to the particular change we are looking at making.

Let us just imagine there is a growing bucket of money available for people with disabilities, and we all want to see that. Let us just say that there is an agreed percentage increase—nominate whatever percentage increase you like—forever and a day on disabilities in total and that we all can agree on that. If we could find the percentage, some sort of indexation level, we would all be happy with, we would say, 'That's fine.' The point I make about this long-term change is that, because of the growth in the disability support pension payments since 1992, if we do not slow the growth, that is going to continue to take a larger and larger share of whatever money we agree the Commonwealth could spend on disabilities.

**Senator MARK BISHOP**—Yes.

**Senator Vanstone**—The consequence is that there is therefore less money available to spend on people with high support needs which, in my view, is where most of it should go—not most of it in a percentage sense, because income support is a huge bill—and where we should be focusing our efforts. That is a key motivation behind the change. If you do not slow

that rate of entry down, you destine any future Commonwealth government to be spending more on income support and less on support for people with high support needs. That is the simple position.

**Senator MARK BISHOP**—I think, without committing, that you are 100 per cent right. In any scenario, unrestricted supply—

**Senator Vanstone**—It is not unrestricted but it is definitely—

**Senator MARK BISHOP**—Okay, it is not absolute, but pretty large amounts of supply that are not cost tested necessarily result in cost blow-outs in any field of endeavour. So you say to me in response to that complaint, ‘We’re going to attack the problem. The costs have been blowing out since 1992 under both governments and it is time to address that problem in future.’ In response to you, I say that another way of addressing that problem is, ‘If you are going to be flogging off \$50 million or \$100 million a year, essentially supply driven, to the states to deliver services and we do not have any idea of costings—and we do not know what the efficient price of delivering a service is around Australia for these areas of unmet need—the costs are still going to blow out. You ain’t going to fix the problem.’

**Senator Vanstone**—Ah! But I am not silent on that area either. That is why we made it very clear at the last ministers meeting that the days of just ‘We give you the money; you do what you like; you tell us you did well; we all mean well’ have gone. There has to be more transparency. That is why I was so surprised when they all said, ‘Yes, we agree,’ because this situation has been there for too long.

**Senator MARK BISHOP**—They are responsible Labor governments. It is just the first time you have faced half a dozen responsible Labor governments around the negotiating table—

**Senator Vanstone**—Yeah, yeah!

**Senator MARK BISHOP**—and you should be pleased about that.

**Senator Vanstone**—I am pleased that they have agreed for more transparency, because it is not only transparency to the disabled population, as we agreed—transparency to their own government about where it goes—but it does allow a proper debate about the administration of funds, such as we are having now, and what you get for your dollars. Where I think your comments just before lead is, ‘Oh, well, if you had a better idea of the costings you might be getting a bigger bang for your buck out of that and you would be providing more services.’ And all I would say—

**Senator MARK BISHOP**—Or different services.

**Senator Vanstone**—Yes.

**Senator MARK BISHOP**—Or not cutting as hard in this area.

**Senator Vanstone**—What I would say is: get the bigger bang for the buck for the same amount of money. Whereas what you are saying is, ‘You could save a bit if you knew what they were doing.’ I would say: why save there? Why not get more services there? Believe me, there are carers out there who will want to use more respite.

**Senator MARK BISHOP**—Saving is always a good idea.

**Senator Vanstone**—There are people out there who would like to see a supply of greater services for the same amount of money and who believe it can happen. You only have to sit around at a meeting of carers and ask them how their life goes when a doctor writes out what

will happen four days a week with the person they are caring for and hands it over to the parent as though the parent is someone employed by a hospital and will necessarily be able to do it. It is one thing prescribing, and I do not just mean in a medical sense but in a rehab sense or a medical sense, what has to happen with someone if they are in an institution and the institution can just meet those needs. It is entirely different saying that to a family that is looking after the person, as to whether they can get the person four days a week to one that is 10 suburbs away as opposed to whether they could go three days a week to one that is closer? These people just get ignored. Believe me, they are looking for much better delivery of services at the state level. They would have said that when the South Australian Liberal government was in. As I keep saying, this is an issue about better service delivery from all the states, over time.

**Senator MARK BISHOP**—Yes. They well may be saying that, that there is a whole range of additional services that has to be provided.

**Senator Vanstone**—They are saying it, but I do not think they are drumming it up.

**Senator MARK BISHOP**—They are saying it. The only point I am making is that you are coming at this from a particular angle, that the costs have blown out or the uptake levels have blown out, and that needs to be remedied by the bill that you are going to introduce into the Senate next week.

**Senator Vanstone**—I am coming at it from both angles.

**Senator MARK BISHOP**—I am saying that the other angle would strike me as the first port of call.

**Senator Vanstone**—I see your point.

**Senator MARK BISHOP**—I understand your position and you understand mine. We have done this to death. We are going to do it again in probably three weeks time when we are at a committee hearing.

**Senator Vanstone**—I am sure we will.

**Senator MARK BISHOP**—Can I just move on slightly. What is the expected level of unmet need going to reach in the next five years? Do we have those figures?

**Ms J. Wilson**—The Australian Institute of Health and Welfare is undertaking a study at the moment. Basically the primary focus of the study is to identify how well the last lot of unmet need funding was spent and how many people were helped by it, and we will also look at quantifying some future need. The report is still being finalised by the institute.

**Senator MARK BISHOP**—When is that going to be delivered to the government?

**Ms J. Wilson**—I understand it will be ready in time for the ministers meeting on 28 June.

**Senator MARK BISHOP**—Okay. So they are signing off on it now?

**Ms J. Wilson**—Yes.

**Senator Vanstone**—And no doubt the states will say that any unmet need in their areas of responsibility should be met by the Commonwealth. No doubt they will say that.

**Senator MARK BISHOP**—States always say that.

**Senator Vanstone**—Yes. Irrespective of their political persuasion, they always say, ‘Oh, there is unmet need.’

**Senator MARK BISHOP**—The sky is blue, water is wet, states always say that.

**Senator Vanstone**—Yep, that is right. If only they understood the banality of their remarks.

**Senator MARK BISHOP**—I am sure you will sort them out. Who is doing it—the Institute of Family Studies?

**Ms J. Wilson**—Health and Welfare.

**Senator MARK BISHOP**—They are doing this report, it must be just about concluded and they are going to give you a final report prior to the meeting with the states on 28 June. Has anyone in the department received a briefing as to the level of unmet demand since the 1997 study?

**Ms J. Wilson**—I understand there have been discussions about the data provided, but we have not got a final figure or anything like that yet.

**Senator MARK BISHOP**—Are you able to give us an indicator of the level of unmet demand?

**Mr Sullivan**—No, Senator.

**Senator MARK BISHOP**—You choose not to?

**Mr Sullivan**—I think if you ask an expert group like the Australian Institute of Health and Welfare to determine something with an agreement between the Commonwealth and the states, for a Commonwealth department to be, in advance of their report, suggesting we can give you a number is not professional. When they do it I am sure it will be a released number.

**Senator MARK BISHOP**—All right. Can you provide a copy of that report to the committee when you obtain it?

**Ms Winzar**—Senator, we will have to check on that. It is not a report for the Commonwealth government; it is a report to all Commonwealth and state and territory disability services ministers.

**Senator MARK BISHOP**—Who has ownership of it?

**Ms Winzar**—That is a very good question. I am afraid I do not know the answer to that off the top of my head.

**Senator MARK BISHOP**—Who is funding it?

**Mr Sullivan**—We will take that on notice.

**Senator MARK BISHOP**—I cannot concede that the state governments would object if you provided the committee with a copy. The request is there anyway. Thank you, Madam Chair, that finishes my questions.

**Senator JACINTA COLLINS**—I want to go to the disability support pension questions proper. I want to go back to the process that someone currently goes through to become a disability support pensioner and then look in detail at how it is proposed that process will change. I will tell you in part where I am heading as well to give you context. I suspect that some who have been working in this area, and perhaps from the intergenerational review end, have not fully understood some of the components involved with the disability support pension. So I want to fully understand what the process currently is and how you propose that process will change with these budget measures. Then I will go with Senator Vanstone further into where the gates open and how that area is currently being explored. So can we start with

the first question, which is: what are the current steps someone must go through to qualify for a disability support pension?

**Ms J. Wilson**—There are two parts to the qualification for a disability support pension. One is where there is a certain level of impairment, which is measured by 20 points on an impairment table rating scale. The other is where the person is unable to work or be reskilled for work in the next two years. That is where the 30 hours a week currently comes in, which is the proposed change to the 15 hours. When a person comes in to Centrelink with their form, they bring in a medical certificate from their doctor, which has a commentary around their impairment and usually also has a commentary around their current capacity to work.

Centrelink will have a look at that information and make a decision about whether there is enough information there to make a decision on both of those points or whether they need further information. We currently have access to Health Services Australia to provide expert medical advice. So if there is any doubt about the diagnosis, prognosis or the condition of the person as stated, that customer can be referred to Health Services Australia for further information. Health Services Australia are also asked to make some sort of commentary around the work capacity, so they currently provide the expert advice on both the medical impairment and the work capacity, if further clarification is required. All that information basically comes back to Centrelink, and Centrelink makes a decision around an appropriate income support payment.

**Senator JACINTA COLLINS**—Beyond those two tests, I presume there is an income test.

**Ms J. Wilson**—The normal income and assets test would apply.

**Senator JACINTA COLLINS**—Anything further?

**Ms J. Wilson**—They are the primary criteria. If you are permanently blind, then you have automatic access to DSP.

**Senator JACINTA COLLINS**—What is the definition of ‘permanently blind’?

**Ms Winzar**—To be considered permanently blind, the person must have visual acuity after correction of less than 6/60 in both eyes, which, in English, means they cannot see at a distance of one metre what a person with normal vision can see at a distance of 10 metres, or they have to have tunnel vision, which is defined as ‘a field of vision constricted to 10 degrees of arc around the central fixation point in the better eye’, or they can have a combination of visual defects which result in that similar degree of impairment.

**Senator JACINTA COLLINS**—So you would have disability support pensioners who are visually impaired but not blind, by definition?

**Ms Winzar**—That is correct.

**Ms J. Wilson**—Sorry, Senator, you asked whether there was anything else, so I should just clarify. When considering whether a person over 55 can be retrained for that work capacity element, currently the rules apply that the availability of work in the local labour market can be considered. If it is unlikely that a person over 55 will be able to obtain suitable work in the local labour market after training, they can be accepted as being unable to be retrained for work and meet the criteria.

**Senator JACINTA COLLINS**—They can currently, and that is one of the measures proposed to change, to remove it, isn't it?

**Ms J. Wilson**—That is right.

**Senator JACINTA COLLINS**—That, in one sense, seems to work contrary to the intention—but anyway. Going back to the capacity to work test, it is currently 30 hours work, full stop, isn't it? It is not 30 hours work at an award rate?

**Ms J. Wilson**—It is at award wages.

**Senator JACINTA COLLINS**—Can you read me the precise definition?

**Ms J. Wilson**—I do not think I have the words directly, but I can read the guideline to you:

To be unable to work for the next two years, a person's impairment alone must prevent them from working at least 30 hours a week at award wages in any work that is available in Australia that they are capable of performing without the need for retraining.

**Senator JACINTA COLLINS**—And there are no changes proposed for that criterion about the need for retraining? When we move down to the 15 hours, does that provision in the guidelines about 'without the need for retraining' survive?

**Ms J. Wilson**—Currently Centrelink can take into account mainstream training available which would be of benefit to a person and would improve their circumstance within the next two years. As part of the budget measures we have listed, Centrelink will be able to take into account a number of other services, including rehab, specialist disability employment, Job Network and the personal support program as well as mainstream training.

**Senator JACINTA COLLINS**—We will get to some of that as we go along. Describe for me the process that Health Services Australia goes through with someone, and how that is proposed to change under this measure.

**Ms J. Wilson**—Maybe I can start with the budget measures from last year. In the 'Australians Working Together' package, there was a measure called better assessment and early intervention, for people with disability and people who are incapacitated. I think that signalled basically a strong shift away from a medical focus on assessment to a dual focus of looking at a person's impairment as well as their work capacity. A lot of us had heard for a long time that people with similar impairments and disabilities did not necessarily have the same level of capacity, and that how a disability affected a person's ability to participate was very much individual.

We also had an internal working group happening in the department with the Australian Medical Association, the Royal Australian College of GPs and a few other peak medical bodies. They clearly were saying that they did not believe they were best placed to make a comment on work capacity, that their area of expertise was around the medical, and that they did not have a good knowledge of the labour market and the impact of a person's disability on their ability to participate in the labour market. So the changes announced in last year's budget talked about a shift, to focus on ability and capacity. We announced \$65 million additional investment into assessment, for the purchase of expert work capacity assessment, to help better identify what a person's current barriers were to work, what their aspirations were and what things were stopping them from getting there, and to help provide information so that Centrelink and the person with the disability could develop a better plan for attempting to get to some of the goals that the person had identified.

**Senator JACINTA COLLINS**—Is this the tender out currently for the 100,000 independent assessors?

**Ms J. Wilson**—Yes, it is.

**Senator JACINTA COLLINS**—Sorry. Keep going. So from there, with this measure, we continue on that path: was that the suggestion?

**Ms J. Wilson**—Basically this measure builds on that. The assessment is a cornerstone to the changes. It means that we will have far greater engagement of the person and far better information about the combined effect of the disability on the person's capacity, and both those bits of information can be used to maximise engagement and activation for a person. The current tender, as you know, Senator, is for medical and work capacity assessment: that is out in the field at the moment.

**Senator JACINTA COLLINS**—Yes. Explain what research or theory there is behind the drop from 30 hours to 15 hours.

**Ms J. Wilson**—The shift from 30 hours to 15 hours is a strong signal that DSP is predominantly to be a payment to people who have a very limited capacity. In current labour market trends, about 150,000 jobs are created in the Australian economy each year, and a great percentage of those are part time and casual. I guess that the reduction from 30 hours to 15 hours signals that many people, with the right supports, will be able to participate and engage in casual and part-time employment as a transition into probably longer hours in the future.

**Senator JACINTA COLLINS**—So the concern that some have that this is simply about the government equating disability support with underemployment is fairly accurate—there is no other theoretical or research basis for a shift from 30 to 15?

**Ms Winzar**—That is not quite right. For a couple of years now we have been conducting an assessment and contestability trial that looks at the experience of a group of DSP recipients and a group of Newstart customers. We invited a couple of thousand all up—I can get you the exact numbers if you wish—to come in for an assessment and put them through a similar sort of process which we are envisaging would now apply to disability support pension claimants and recipients. We did find from that that 15 hours was quite a significant point at which you could say that perhaps over half of the participants in the trial had some capacity to work. So looking at that sort of benchmark, the trial itself found, for example, that when we took new DSP claimants who had only recently been granted payment and looked at whether or not they could work 15 hours with or without some intervention of some sort, about 45 per cent of the customers in the trial could have achieved that outcome.

**Senator JACINTA COLLINS**—Could have achieved the 15 hours?

**Ms Winzar**—An outcome of 15 hours or more work a week.

**Senator JACINTA COLLINS**—Presumably some of them already were?

**Ms Winzar**—That is a very good question. I am not sure that I have the answer to that. Ms Corbett, do you know?

**Ms Corbett**—I do have some data here about the findings of that particular trial. I might be led by you in terms of how much detail we go into here.

**Senator JACINTA COLLINS**—For starters, what was the population?

**Ms Corbett**—The population was 2,378 referrals to the FACS assessors for that trial. Of those, 2,022, or 85 per cent, completed the assessment interview in detail and we found a high proportion of those people were willing to progress with the recommended interventions. As Ms Winzar said, a high proportion of the participants, particularly the participants that were currently on DSP, whether they were either new or existing DSP recipients, were assessed as

having a very high capacity to work—quite a high proportion were—and the success rates at the early stage of the report—

**Senator JACINTA COLLINS**—The 45 per cent were reported as having a very high—

**Ms Corbett**—It is actually higher for this group. An overall assessment of the population would come out at about 45 per cent because the DSP participants in this trial were actually opting in on a voluntary basis.

**Senator JACINTA COLLINS**—It was not a random population.

**Ms Corbett**—So we have inferred a rate for the whole population that takes that into account—

**Senator JACINTA COLLINS**—How have you done that?

**Ms Corbett**—It was over 60 per cent.

**Senator JACINTA COLLINS**—No, I am just intrigued about how you would do that—how would you move a figure from a self-selecting population into the broader population? What assumption would that be based on?

**Ms Winzar**—Perhaps I could lead you through that. When we looked at the longer-term DSP customers—and Ms Corbett said that we had quite a high proportion of those who were able to work 15 hours a week with an intervention—the trial result was that 54 per cent fell into that category. We had some separate information which suggested about nine per cent of those would have been able to secure 15 hours work a week without any assistance by way of a program of any sort—a rehab program et cetera. So we discounted for that. We then further discounted by 20 per cent to take account of the voluntary environment of the trial and the fact that we expected that those who had stuck their hands up would have been slightly more motivated.

**Senator JACINTA COLLINS**—You just plucked that 20 per cent out of the air?

**Ms Corbett**—There was a point in the trial where we did compare the performance of people in the trial with a control group. That gave us some indications on which to base that.

**Senator JACINTA COLLINS**—What was the control group?

**Ms Corbett**—The control group was a group of DSP participants or recipients within the community who had entered DSP before this trial commenced. It was a substantial sample.

**Senator JACINTA COLLINS**—And you conducted the same trial on these people as well?

**Ms Corbett**—No, we simply looked at their patterns of participation and their involvement. As a control group we asked them a series of questions—it was a telephone survey—so that we could make comparisons about the behaviour of the group in the trial with that of the control group.

**Senator JACINTA COLLINS**—So you did a smaller survey of a control group?

**Ms Corbett**—That is right.

**Ms Winzar**—To continue, we then further discounted by a further 15 per cent, because older customers—that is, 58 years and over—were under-represented in the trial participants, so that would not properly reflect the age profile.



**Senator JACINTA COLLINS**—Shouldn't your control group have accounted for that factor?

**Ms Winzar**—We have used some very conservative cost assumptions here, so we wanted to make doubly sure that we had not overstated the case. We then further discounted by 15 per cent because we had a number of trial participants who had previously been in a program of some sort. All up, we had our trial results of 54 per cent—overall, I think Ms Corbett mentioned, 60 per cent. Then our collective discount factor there takes that down to about either 24 per cent or 36 per cent, depending on whether we are talking about longer-term existing DSP recipients or some of those that have been more recently granted.

**Senator JACINTA COLLINS**—So we start out at 54 per cent and, after this very interesting process of accounting for a variety of factors, we end up at either 24 per cent or 36 per cent. Is that correct?

**Ms Winzar**—Yes, for those two separate populations.

**Senator JACINTA COLLINS**—Who conducted this trial? It was FACS?

**Ms Corbett**—FACS conducted the trial, that is correct.

**Senator JACINTA COLLINS**—Did you contract someone to do it?

**Ms Corbett**—We have a contract to do the evaluation for it, but we conducted the trial ourselves.

**Senator JACINTA COLLINS**—Who is doing the evaluations?

**Ms Corbett**—The evaluation is being done by KPMG.

**Senator JACINTA COLLINS**—And who designed the questions?

**Ms Corbett**—I assume you are talking about the questions where we make comparisons between the trial group and the control group.

**Senator JACINTA COLLINS**—I am talking about who designed the methodology.

**Ms Corbett**—The methodology for the evaluation was designed by—

**Senator JACINTA COLLINS**—No, no, the methodology for the whole trial.

**Ms Corbett**—The methodology for the trial was ours—FACS.

**Ms Winzar**—Just by way of clarification, FACS included the Commonwealth Rehabilitation Service, and it was officers of the CRS who actually conducted the work capacity assessments of the customers who participated.

**Senator JACINTA COLLINS**—Did this relate to the CRS trial of applying the job seeker classification index as well, or is that a different trial?

**Ms Winzar**—From memory, I think that this trial did also put customers through the Job Seeker Classification Instrument, but just as a way of gathering data more than anything else. The JSCI is quite useful in terms of being able to be standardised back across the population.

**Senator JACINTA COLLINS**—That partly answers my question. The other element of it is whether there is a separate trial where the CRS are applying the JSCI.

**Ms Winzar**—Not to my knowledge. Ms Corbett, do you have any information?

**Ms Corbett**—No, I do not have detail on the application of JSCI in relation to the trial.

**Senator JACINTA COLLINS**—We could probably spend quite a bit of time talking about this trial, but it is probably easier if I ask you for a copy of what documentation you have about it at this stage. Is the assessment currently being conducted or has it been conducted?

**Ms Corbett**—There is an interim report on the evaluation. The final evaluation is to be completed in August—reported to government in August. The interim evaluation is shortly to be released, but that is a decision for the minister to take.

**Senator JACINTA COLLINS**—In the minister's absence, I will ask for a copy of that report. She can deal with that request when she returns.

**Mr Sullivan**—We will take that on notice.

**Senator JACINTA COLLINS**—I would rather you not take it on notice. I would rather it sooner than later if that is possible. We will wait until the minister returns.

**Mr Sullivan**—I think she will take it on notice anyway. It is a matter of looking at the report, looking at the releasable information—what is in it. Then we will get back quickly. We have to get back all questions on notice quickly, which we do.

**Ms Winzar**—We can provide you with some headline results. This publication here—

**Senator JACINTA COLLINS**—I am interested in whatever results you can provide at this stage.

**Ms Winzar**—We will leave that with you today.

**Senator JACINTA COLLINS**—Okay. Can you provide us with any further detail in relation to the methodology—without touching on the evaluation component of the trial?

**Ms Corbett**—Again it would be appropriate to take that on notice, but yes.

**Senator JACINTA COLLINS**—I want to go to the proposed savings. What does FACS say to be the number of people that would be affected by this measure, in terms of both those who, over the five-year transition, would be moved off DSP and also those who will not get access to DSP because of the changes?

**Ms Winzar**—Our estimate is that around 21,300 people who are currently on disability support pension will, as they are reviewed over each of the next five years, be moved on to other payments.

**Senator JACINTA COLLINS**—Is that each year?

**Ms Winzar**—That is each year.

**Senator JACINTA COLLINS**—So that is 21,300 times five?

**Ms Winzar**—Yes. In terms of our estimates of the number of potential claimants for DSP whose claims would not succeed under the new arrangements, it is roughly a third of the current claimants who would not qualify under the new rules and, for example, in 2003-04 we estimate that that number would be about 33,600 people who would not qualify under the new rules.

**Senator JACINTA COLLINS**—That is 2003-04. What about before and after that?

**Ms Winzar**—After that, it climbs very slowly until we get to about—

**Senator JACINTA COLLINS**—Perhaps you could give me each year's figure. Is 2003-04 the first year?

**Ms Winzar**—That is right. It moves to 34,400.

**Senator JACINTA COLLINS**—It goes up?

**Ms Winzar**—Yes, to 35,700 in 2005-06.

**Senator JACINTA COLLINS**—Up again?

**Ms Winzar**—And that number stays pretty static after that.

**Senator JACINTA COLLINS**—How many years are we taking into account in this budget period? Is it the four years?

**Ms Winzar**—Effectively it will be three years in this forward estimates period.

**Senator JACINTA COLLINS**—Okay.

**Ms Winzar**—To give you some indication of where that sits against current statistics, I think this current financial year we are expecting around 130,000 claims for DSP, substantially up from last year. Some of those claims, of course, have not been resolved yet but we would expect somewhere between 80,000 and perhaps 88,000 of those to be granted.

**Senator JACINTA COLLINS**—Okay. So during this forward estimates period we are looking at 210,200 disability support pension applicants?

**Ms Winzar**—I will take it that your mental maths is correct; that looks about right.

**Mr Sullivan**—That being our estimate.

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

**Ms Winzar**—I am sorry, if we are looking at new claimants, it would be—

**Senator JACINTA COLLINS**—I have added new claimants to those that you foreshadow would shift during that period.

**Ms Winzar**—Around 167,000.

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

**Ms Winzar**—Over the forward estimates period. New claimants and current.

**Mr Sullivan**—It will take five years to go through the review of the existing persons on it—the 21,000.

**Senator JACINTA COLLINS**—I see. We have taken five years for the shift. So if I am just looking at the forward estimates period I need to take off—

**Ms Winzar**—So it is about 167,600.

**Senator JACINTA COLLINS**—Over the four years. Is there any reason why you believe that the shift of people to Newstart would be at a flat rate?

**Ms Winzar**—It is a little difficult to do projections much beyond two or three years out, simply because we do not know what might happen to claim rates or other factors that might influence the rate at which people are granted payment.

**Senator JACINTA COLLINS**—What assumption have you made to reach that figure of 21,300?

**Ms Winzar**—Essentially that comes from the assessment and contestability trial.

**Senator JACINTA COLLINS**—Just tell me which figures from that trial you have used to reach those assumptions.

**Ms Winzar**—Essentially it works out to about one in four of those current customers on DSP who, when they are reviewed, will move across to Newstart.

**Senator JACINTA COLLINS**—So 25 per cent of current customers on review will be moved?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—And you are looking at reviewing 80,000-odd each year?

**Ms Winzar**—That is about right, yes.

**Senator JACINTA COLLINS**—If we go back to the earlier figures you were talking about from the contestability trial, that is that 24 per cent you told me earlier?

**Ms Winzar**—That is correct.

**Senator JACINTA COLLINS**—Can you explain to me exactly what that was meant to represent again?

**Ms Winzar**—That is simply customers on DSP who were assessed as being able to work 15 hours or more with or without an intervention at the 15-hour threshold based on the trial data, discounted for some factors, including the fact that people were volunteers in the trial, as opposed to—

**Senator JACINTA COLLINS**—I remember all those discounting factors, but that got you to two different figures, 24 per cent and 36 per cent. I cannot recall the difference between those two.

**Ms Winzar**—One was in relation to those that had been recently granted DSP and the other was in relation to those who had been longer term on DSP.

**Senator JACINTA COLLINS**—So is the 24 per cent the long term or is the 24 per cent the total population?

**Ms J. Wilson**—The 24 per cent is for existing customers. The 36 per cent is for new claimants.

**Senator JACINTA COLLINS**—And this trial evaluation is not concluded yet?

**Ms Winzar**—That is right.

**Senator JACINTA COLLINS**—Was it the intergenerational review that adopted this interim report to work through these figures or is this a FACS project for this budget?

**Ms Winzar**—This is a FACS project, yes. It has been running for two years now.

**Senator JACINTA COLLINS**—I know the contestability trial is a FACS project, but the adoption of this data in interim format to base estimates on for this budget—was that done within FACS or was that done by the intergenerational review team?

**Ms Winzar**—That was done within FACS.

**Senator JACINTA COLLINS**—When this trial was commissioned, what was the purpose of the trial?

**Ms Corbett**—The purpose of the trial was to create greater opportunities for people with disabilities to participate and to identify the aspirations of people with disabilities. And, of course, we were hoping to more effectively match those with interventions and support services. The aim of the trial was to look at the assessment process, to trial some methods for a detailed work capacity assessment, and, at the same time, to look at contestability in the

rehabilitation market. We wanted to try the use of a broader range of rehabilitation providers as a part of the trial as well. There were two components. The main component was to assess the work capacity.

**Senator JACINTA COLLINS**—When you conducted this trial, was income a component?

**Ms Corbett**—Income was a component in the sense that we were looking at a target population that were eligible for DSP, and we then built in a component of people who were eligible for Newstart. In that sense, they were all people who have gone through income testing and been eligible for payments.

**Senator JACINTA COLLINS**—I thought that, for this population, where, for instance, we got to those figures of 24 and 36 per cent, you were talking about current or new DSP pensioners.

**Ms Corbett**—That is true. People who are on DSP have come through an income testing component—

**Senator JACINTA COLLINS**—What was the Newstart component of this trial?

**Ms Corbett**—We did bring in a number of recipients of Newstart to also look at work capacity assessment for people on Newstart. So the population of the trial was not only people on DSP. The vast majority were people on DSP, but there were some on Newstart.

**Senator JACINTA COLLINS**—So those figures you gave me as to the population for this trial were not all DSP people?

**Ms Corbett**—No.

**Senator JACINTA COLLINS**—What proportion of them were Newstart people?

**Ms Winzar**—Perhaps I could clarify it. For our costing assumptions, we only used the data from the trial that related to the DSP recipients.

**Senator JACINTA COLLINS**—I appreciate that, but I want to look at the methodology of this trial. You are telling me that it had a population of 2,378, but all of a sudden I have discovered that there may be a significant portion of those that were actually Newstart people, not DSP.

**Ms Winzar**—The Newstart customers that were included in the trial, as far as I am aware, were those that had a disability—a medium to high level disability—and they were included in the trial, I guess as a point of comparison more than anything else.

**Senator JACINTA COLLINS**—But how many of this population of 2,378 people were Newstart recipients?

**Ms Winzar**—Ms Corbett, do you have that to hand?

**Ms Corbett**—Yes, I do. Of the total population, 474 were in receipt of Newstart allowance or youth allowance, and 543 were in receipt of Newstart allowance incapacitated—in other words, they had an exemption from activity testing because of a medical or other incapacity.

**Senator JACINTA COLLINS**—So almost half of this population that we are basing assumptions on in relation to moving people off DSP are not DSP recipients in the first place?

**Ms Winzar**—No, because to calculate the costing assumptions that we used for the budget initiative we kept the data on the DSP participants separate; we only used that data.

**Senator JACINTA COLLINS**—So from this population of 2,378, I should conduct 543 and 474 to get to what my real DSP population is, which is pretty minuscule.

**Ms Winzar**—Yes, it is 1000-odd. I cannot do that math in my head but, yes, that is the basis on which the trial was conducted.

**Ms Corbett**—That is the correct number, yes.

**Ms J. Wilson**—I guess it is also worth noting that something like 35 per cent of people who move onto DSP come from Newstart, so there is some connection to having both of the groups as part of the trial. Ms Corbett mentioned the Newstart incapacitated group. There is actually a high degree of movement from the Newstart incapacitated group in terms of applying for DSP as well. There is some connection between the groups.

**Senator JACINTA COLLINS**—The DSP population pure is about 650,000, isn't it?

**Ms J. Wilson**—It is 652,000.

**Senator MARK BISHOP**—When you do those deductions that Senator Collins was referring to, in the trial what is the DSP population pure that we are talking about?

**Ms Winzar**—About 1,000.

**Ms Corbett**—I have got that data here. Of the 2,204 customers who have fully participated in the trial, 392 were newly granted disability support pension recipients, 796 were existing or ongoing recipients of DSP. The earliest figure that I gave you was the number referred to the trial, so I am now talking about the breakdown within the 2,204 customers who agreed to participate in the trial and, indeed, did complete the processes.

**Senator MARK BISHOP**—We have got 1,100-odd who are pure DSP recipients out of the 2,300. Can you just break up the other 1,200 for us?

**Mr Sullivan**—You have given 1,198 DSP—

**Ms Corbett**—It is 474 Newstart youth allowance and 543 of the Newstart youth allowance incapacitated group.

**Senator MARK BISHOP**—So we have got 1,200 DSP, 543 Newstart incapacitated and 478 just on Newstart without any—

**Ms Corbett**—That is correct.

**Senator MARK BISHOP**—So that 478 are just unemployed, do not have any disability at all?

**Ms Corbett**—That is correct.

**Senator MARK BISHOP**—The 543 Newstart incapacitated: how serious do you rate their disability?

**Mr Sullivan**—Sufficient to be exempted from the activity test applying to Newstart. In the 543, there is not a disability which would conclude that; that is not to say they are not disabled at all.

**Senator JACINTA COLLINS**—Going back to my question on income, I think in part you missed the point. The question was: was the income of these people a component of the research?

**Ms Corbett**—Their current total income?

**Senator JACINTA COLLINS**—Yes.

**Ms Corbett**—No, not as far as I am aware. I am pretty sure that has not been—

**Senator JACINTA COLLINS**—I would like to know the basis of some income data that is in the PBS because I was quite intrigued by it. In relation to disability support pensions—this is on page 154, in the table there, under the subheading ‘Independence’—you have an estimate that for disability support pensioners 81 per cent have private income. Where would that data come from?

**Ms Winzar**—That data would come from our normal Centrelink administrative data, but it could include \$2.50 bank interest in a year.

**Senator JACINTA COLLINS**—I appreciate that. But this then goes on to say that there is an average amount of private income per fortnight of \$84.

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Significant in that is that, for this 81 per cent of people who have an average income of \$84 per fortnight, their income is above the income threshold for Newstart but below the income threshold for the disability support pension.

**Ms Winzar**—That is correct.

**Senator JACINTA COLLINS**—And this issue was not tested at all in this trial?

**Ms Winzar**—Do you mean did we ask trial participants about the amount of non-earned income that they held when they were in the trial?

**Senator JACINTA COLLINS**—Yes.

**Ms Winzar**—I am not aware of whether that question was asked, no.

**Senator JACINTA COLLINS**—Did you ask the people about their private income?

**Ms Corbett**—As part of the assessment and contestability trial, no, I do not believe that question was asked.

**Senator JACINTA COLLINS**—So one of the most significant components of this measure, which will be the impact of the Newstart income test on people who get moved off the disability support pension, was not tested?

**Mr Sullivan**—But not the most significant factor of the contestability trial. It is not something you need—

**Senator JACINTA COLLINS**—But the contestability trial has been used as the basis for this measure.

**Mr Sullivan**—No.

**Senator JACINTA COLLINS**—The assumptions from it have been.

**Mr Sullivan**—The contestability trial was used as the basis for greater participation of people with disablement in the labour market.

**Senator JACINTA COLLINS**—But it has also been used as the basis for estimating what portion of people can be shifted from DSP to Newstart.

**Mr Sullivan**—But the purpose of the trial was not to do with income levels.

**Senator JACINTA COLLINS**—You are telling me the purpose of the trial was not to gauge the impact of that on people’s lives.

**Mr Sullivan**—The purpose of the trial was not to gauge that.

**Senator JACINTA COLLINS**—Well, it is going to be significant. As Senator Vanstone has already acknowledged, it is going to be quite significant in terms of how people respond to this measure.

**Mr Kalisch**—The basis on which the costings were done in terms of earnings and the impact on earnings was taken from our whole sample of disability support pensioners. It was not taken from this very small sample.

**Senator JACINTA COLLINS**—This figure here?

**Mr Kalisch**—It was taken from our baseline data that we have in our Centrelink system. So that is a much more reliable estimate. I also refer you to the PBS, where we provide information on a whole range of payments. Information on the disability support pensioner customer group does not surprise me at all. In fact, you find that, say, age pensioners, who you do not expect to have any earnings, have much higher rates of reported income.

**Senator JACINTA COLLINS**—People with disabled children put money aside to assist them after the parents have died. They will not like measures such as this, which are likely to have a significant impact on how that income impacts on their lives.

**Mr Kalisch**—You find, certainly with the older age level of the disability support pensioner population, that quite a significant number do have investment income.

**Senator JACINTA COLLINS**—Are you able to give me this data in terms of people at working age?

**Mr Kalisch**—I am pretty sure that data could be obtained across a range of payments.

**Senator JACINTA COLLINS**—No, I am just interested in the disability support one, because it is quite significant. I think it was even higher than the age pension one.

**Mr Kalisch**—It is actually a bit lower on these numbers, I think. In terms of the information, I think we could split it up into employment income and investment income.

**Senator JACINTA COLLINS**—I am interested in that aspect, too—the difference between employment income and other income. I am also interested, when we are looking at employment income, in the issue that Senator Vanstone dealt with earlier with respect to people who are in business services. If you look, for instance, at the budget-in-confidence paper that was leaked, there is an assurance here—and I quote:

These changes will not affect people who are earning less than award wages (such as some people in business services).

Yet my understanding of these measures is that if you are a disability support pensioner working in business services who becomes assessed as being able to, although not necessarily choosing to, work at award rates for more than 15 hours a week, even whatever you are paid in business services will be tested more severely under Newstart. Is that not the case?

**Ms Winzar**—Senator, that is perhaps a misreading. Perhaps the questions and answers in the document to which you refer are not quite clear enough. The reference to people in business services who are not working at award wages was a reference to the change in the criteria that DSP claimants would have to meet—that is, that they will not be able to work 15 hours at award wages within two years. So in that context it is correct to say that those in business services working on less than award wages would not be affected. But it is equally true that there may be some people in business services who are working at full award wages



and in which case their income would be taken into account both for DSP and for Newstart purposes.

**Senator JACINTA COLLINS**—No. I am more concerned about some people, for instance, that I have worked with in the past in business services who choose to remain in business services. They are likely to be assessed as being able to work more than 15 hours a week. At their choice or their family's choice—

**Ms Winzar**—At award wages?

**Senator JACINTA COLLINS**—Explain to me how award wages will be the issue. When you do an income test of somebody, are you going to say to them, 'Is that income from the award or is that income from some other source?' and test it differently when they are on Newstart?

**Ms Winzar**—The threshold question is: are they able to work at full award wages?

**Senator JACINTA COLLINS**—Yes, 'are they able', not 'are they'.

**Ms Winzar**—That determines which payment they would be entitled to.

**Senator JACINTA COLLINS**—Yes.

**Ms Winzar**—If they are unable to work at award wages, then it will not matter if they are working 35 or 40 hours a week.

**Senator JACINTA COLLINS**—That is not the point. I am talking about a particular group of people who work within business services who will be assessed as being capable of working more than 15 hours at award rates. They will choose not to work for 15 hours. They want to remain in business services, perhaps full time. They get an income from business services. The income is not an award income, but it is an income. These people will have been assessed as being able to work more than 15 hours. They will be put on Newstart, and their income from business services will be far more severely income tested than had they been able to remain on DSP.

**Ms Winzar**—Senator, if they are not able to work at award wages, they will not be placed on Newstart.

**Senator JACINTA COLLINS**—That is not the point. The point is that there are a number of people working in business services who want to remain in business services because of their disability, regardless of whether they could work 15 hours or more a week at an award rate.

**Ms Winzar**—Senator, if the point of your question is that there are some people who choose to work in business services for whatever reason, either that their friendship group is there or whatever, and they have got the capacity to work at award wages, then I guess we would certainly like to see a position where they were paid award wages.

**Senator JACINTA COLLINS**—By business services?

**Ms Winzar**—By business services, yes.

**Senator JACINTA COLLINS**—So, what, are we going to incorporate amendments in the bill to achieve that?

**Ms Winzar**—We do already encourage business services to pay people appropriately. If they have got the capacity to work at award wages, then we certainly, as part of our other employment service reforms, do encourage them to do that.

**Senator JACINTA COLLINS**—There is a difference between someone with a disability who has the capacity to work part time at an award rate and someone working in business services full time, for example. Some people with a disability—for instance, an intellectual disability—could cope with 15 hours award work but would prefer to continue to work 38 hours in business services. These people will have their income from business services more severely income tested, and because of this criterion they will be moved down to Newstart.

**Ms Winzar**—That is correct, Senator. If they are assessed as being able to work at award wages within two years at above 15 hours, they will be moved to Newstart, yes.

**Senator Vanstone**—Saving and except for the point I made to Senator Bishop earlier, which I have made in the Senate—

**Senator JACINTA COLLINS**—This is a slightly different issue, Senator. This is a bit different from the gate open issue.

**Senator Vanstone**—It is slightly, but it is a transitional aspect. Since you have raised it, I will have a look at it. I do not imagine there are terribly many in that position, but I understand the point you make and I will have a look at it.

**Senator JACINTA COLLINS**—The point I make—and it applies to that other group where you have indicated the gate is open as well—is that there seems to be a misconstruing of the income test compared with the 20-point table, the impairment test. There seems to have been, certainly in this budget-in-confidence statement and in some other areas, a misunderstanding of how those two tests apply. Assurances have been given to some people that they will not be affected when, from my understanding about how these payments work, there is no way of avoiding that they would. The same applies to the other people that I have already raised with you, who are currently working but are on part pensions.

What concerns me is that in your general data you keep income data that enables you to be as specific as you have in this PBS, but on a measure as significant as this—and likely to have a significant impact on a fairly large portion of disability support pensioners—contestability trial, you did not take it into account. In part that may be because at the start of this project this measure was not contemplated. I do not know the answer to that. Perhaps you can answer that question. When this trial was framed, was this measure contemplated?

**Mr Sullivan**—Measures to address disability were contemplated from the time of the welfare reform report. Patrick McClure's work group contemplated measures to deal with disability support.

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—Certainly this trial, as much as anything, was to test issues of participation in labour markets. As Mr Kalisch said, our measures are fully costed in respect of the income results. With your example I think you have got down to, if I understand your measure—

**Senator JACINTA COLLINS**—I will give you better examples. Don't try to write just that one off, mate.

**Mr Sullivan**—To get to the example, I think we are talking about a sample of just how many of them would be. I think with your measure you are describing a person who would be currently assessed as not being capable of working a 30-hour award week—

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—but who would be assessed as being capable of working over 15 hours a week and choosing not to work at award wages but to stay in a business service. That is not many people.

**Senator JACINTA COLLINS**—How do you know that?

**Mr Sullivan**—I know.

**Senator JACINTA COLLINS**—How do you know that?

**Ms Corbett**—We do have analysis in our disability census of the wages earned by people in business services, and it is a very small portion that earn award wages.

**Senator JACINTA COLLINS**—No, that is a different issue too. We are talking about income. You are doing exactly what I indicated a moment ago. The point is that a work test is applied to these people and that will impact on their income regardless of how they achieve that income.

**Ms Corbett**—I understand the point you are making about income, Senator. I guess what is important is that the assessment and contestability trial was looking at processes around assessing work capacity and how we could improve on that. The trial actually commenced in August or early September 2000, so it was some time before even the McClure report was with us. Its purpose was quite different. As Mr Kalisch said, we do have stronger data on income earned by people on DSP in the whole population.

**Senator JACINTA COLLINS**—Yes, and as I said to you, when I saw this I found it astounding that this affected 81 per cent of disability support pensioners. If you were able to translate that figure over to the people we are talking about shifting, the figures that Mr Swan has been using downplay the financial impact on these people, because the impact of the differential income test compounds how much money these people lose. They do not just lose the \$52 a fortnight. In some cases they lose far more.

So when Senator Vanstone was saying to me earlier that only this proportion of the disability support pension population who are working earn award wages, that is not the question. The question is: what proportion of disability support pensioners who are likely to be moved on to Newstart have income, regardless of how it is earned? It does not matter whether it is earned through an award or in some other way. If they have income and they qualify for the 'is capable of working 15 hours or more per week', then they get moved to Newstart and their income is far more severely income tested, whether it comes from an award or from a trust fund set up for them by their parents—regardless of where it comes from. So I would like to know this: with this 81 per cent figure from your more general data, how does that translate to the population that you are talking about moving onto Newstart?

**Mr Kalisch**—We can take that on notice. Senator, I am sure we would be able to try to deconstruct that a little bit, take that on notice and give you some more information. But as I understand it, the group you are specifically talking about, those who have the capacity to work at award wages who are now in business services, the other dimension that you—

**Senator JACINTA COLLINS**—No, I am talking about broader than business services now.

**Mr Kalisch**—Yes, but the aspect that you need to take into account in that example was not just the income test impact. If they were to move across to award wages, they would have higher income from earnings.

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—So you would have to look at the total impact on disposable income, not just the income test impact—

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

**Mr Kalisch**—which may actually even out in some cases.

**Senator JACINTA COLLINS**—It may. But let me tell you from experience that families and disabled people do those calculations and they do know and they do choose to stay in business services.

**Mr Kalisch**—Some of them choose to stay for family and other reasons, other than just the income reasons, even though the income may be more from award wages.

**Senator JACINTA COLLINS**—Or they choose to stay because the impact of their disability beyond the fact that they could work 15 hours per week or more and the impact of that on their total lifestyle means that their total lifestyle is best suited to stay in business services.

**Mr Kalisch**—There is a certain safety with staying in business services that people like. Often their best longer-term interests are actually through taking more of a risk.

**Senator JACINTA COLLINS**—If you go back to the question that I asked Senator Vanstone in question time some time back, Senator Vanstone's answer was related to the number of people on disability support working at award rates. With respect, what I say back to FACS is that that is not the issue; the issue is the proportion of people who have income that is likely to be affected by a move to Newstart. Regardless of whether it is achieved through award rates or anything else, if they satisfy the work test they will suffer from the income test.

**Senator Vanstone**—Just so long as one point is clear. I have thought in most of what you have said that it is, but there have been a couple of times where you have paraphrased something in another way that leads me to make sure it is clear. If what you are saying is that if someone is on Newstart then their income, from whatever source, is affected at a different taper rate, then there has never been any debate about that and I do not think we need to chase that rabbit down the hole. That is clearly understood by everybody, and if that is the point you are making I thought that was common knowledge. But sometimes what you have said is if they pass the 15-hour test and someone said they were at award rates, and then you have gone on and said, 'Oh, but it doesn't matter where it comes from.' It does, in the sense that they will not shift to Newstart unless they are capable of 15 hours at award rates. As long as that is understood.

**Senator JACINTA COLLINS**—Senator, the issue is if they are capable, not if they are actually in that position.

**Senator Vanstone**—Yes, that is right. The simple point I think you want to make—correct me if I am wrong—is that if someone who is assessed as being capable of working 15 hours or more at award rates shifts onto Newstart, then their income from whatever sources, whether it is those award rates or other income, is affected. As things stand at the moment, that is right.

**Senator JACINTA COLLINS**—Yes. You say 'as things stand at the moment'. Is this part of the open gate or not?

**Senator Vanstone**—If Labor is prepared to come to the table about the longer-term change, I tell you the door is open because I think in the long-term interests of Australia it is the key thing that needs to be done.

**Senator JACINTA COLLINS**—But I understood this door to be open, from your comments in question time, regardless of whether Labor was coming to the table.

**Senator Vanstone**—That is right, but the point I am making is that there is not much point in us having a conversation with ourselves. You know what I mean?

**Senator JACINTA COLLINS**—The difference is if the legislation that you are going to proceed with in the Senate the week after next is going to be amended to take into account this factor or not.

**Senator Vanstone**—We will, as I said, have a package of things to ameliorate the transition for people already on DSP. You will either be interested in looking at that or you won't. If you are not interested and you are going to vote no anyway, there is not much point in having a conversation with you about it. I do not mean with you now; I mean you the Labor Party as a whole. But, as I take it from Senator Bishop, Labor has decided to say no in any event.

**Senator JACINTA COLLINS**—I am sorry but, regardless of what Labor's position was on this issue, I thought that you had given the disability sector a commitment that this was an issue that the government was addressing.

**Senator Vanstone**—Yes, that is right.

**Senator JACINTA COLLINS**—I am now asking questions of you, regardless of what position the Labor Party takes, on what the government is doing in this area.

**Senator Vanstone**—Senator, I am trying to be helpful here. I am just trying to indicate to you that we will have some proposals for transition for people already on DSP, and we will have that in any event. I am simply making the additional point that I discussed with Senator Bishop earlier, that if your party's view is that you are going to vote no in any event, it is going to be a very short discussion about those issues.

**Senator JACINTA COLLINS**—Well, this is estimates and we are not here to have that debate.

**Senator Vanstone**—That is all the point I am making.

**Senator JACINTA COLLINS**—Relevant to this transition issue, what savings have been calculated on the basis of people who will no longer be eligible for Newstart once they get moved off DSP?

**Ms Winzar**—Is your question what savings have been calculated from people who will no longer be eligible for Newstart?

**Senator JACINTA COLLINS**—I was going to ask you this in a moment but, because it is relevant to this transition issue, I will ask it here. What savings have been calculated in relation to people who are currently eligible for DSP but who, because they have private income, will no longer be eligible once they move to Newstart?

**Ms Winzar**—I would have to take that on notice. I do not have details of that customer group.

**Senator JACINTA COLLINS**—Was that customer group built in to the savings?

**Ms Winzar**—Yes they are, but I have not got the savings disaggregated down to that fine level of detail.

**Senator JACINTA COLLINS**—Can you tell me what you do have the savings disaggregated down to?

**Ms Winzar**—I can tell you that over the four years of the forward estimates, the net savings of moving people off DSP and onto other payments comes to \$751.4 million.

**Senator JACINTA COLLINS**—Yes. Keep going; I presume that you have got them disaggregated more than that.

**Ms Winzar**—I am not actually sure that I do.

**Senator JACINTA COLLINS**—Who did the aggregation? Was it FACS, or was it the intergenerational review people?

**Ms Winzar**—FACS did the calculations.

**Senator JACINTA COLLINS**—The calculations of savings. Can you explain to me how?

**Ms Winzar**—I can explain to you in general terms that we looked at the expected customer impacts and that we have some complex models which enable us to project who would be eligible for other payments. For example, looking at the proportion of DSP customers who are sole parents with dependent children, a proportion of those who are moved off that payment will become eligible for 'parenting payment single'. A group of older people might end up being eligible for partner allowance, for example. I do not think that I can give you the level of detail that you really need. I can perhaps give you some indication of which payments we expect people to move onto, once they moved off DSP.

**Senator JACINTA COLLINS**—I would like you at this stage to disaggregate that \$751.4 million figure as far as you can, and then we will deal with questions beyond that.

**Ms Winzar**—Looking at those 63,900 people who would be moved off DSP because of the new rules, we estimate that about 45,300 would go onto Newstart; about 4,800, onto carer payment—bearing in mind that this is a total across the forward estimates—about 4,200, onto parenting payment single; about 2,250, onto sickness allowance; about 2,550, onto parenting payment partnered; and about 1,410, onto other payments not specified because the numbers are a bit small. About 3,390 would not get income support payments at all.

**Senator JACINTA COLLINS**—Then you do have that group.

**Ms Winzar**—They may be in that group for a number of reasons, including partner income, their own personal income, assets or a whole range of reasons—perhaps direct deduction of workers compensation payments, et cetera.

**Senator JACINTA COLLINS**—Yes. But usually, though, they are related to income and assets tests and the differential between what used to be classed as a benefit, as opposed to what is still classed as a pension.

**Ms Winzar**—That is correct.

**Senator JACINTA COLLINS**—Okay. So those 3,390 are people that we are moving.

**Ms Winzar**—Yes. Bear in mind that these are estimates based on the current characteristics of the disability pension population and that it will very much depend on the work capacity assessment that these people go through. For example, we have made best guesses on the data available to us but we do not know if people on DSP who have dependent

children are less likely or more likely to be able to work 15 hours a week at award wages within the next two years than are another group of customers.

**Senator JACINTA COLLINS**—Those are people who will miss out on payments completely. Have you done any work on people who will suffer loss of payments beyond just the \$52 per fortnight, and what savings go to the Commonwealth from those people?

**Ms Winzar**—I am not sure that I have that information with me. That would have constituted part of the calculations as to who would have had a rate reduction just because of the difference of rates in pension allowance, and who would have had a difference because of their earnings or other income. I do not think I have that with me.

**Senator JACINTA COLLINS**—So you cannot tell me the ballpark of however many million is to be achieved by applying a different income test to these people?

**Ms Winzar**—No, I cannot. I can take that on notice.

**Senator JACINTA COLLINS**—I am wondering if you could take it on notice sooner rather than later. If FACS did these calculations, I would not have thought we needed to wait weeks to get the answer. Perhaps later tonight or tomorrow, if we are looking at continuing into this area tomorrow?

**Mr Sullivan**—Senator, we will make a commitment to try to do that.

**Senator JACINTA COLLINS**—I am assuming that if it was part of the calculations of savings then those figures are readily accessible somewhere within FACS.

**Mr Sullivan**—I have just said that we will make the effort and, if they are available, we will have them for you. Otherwise, it will take longer.

**Senator JACINTA COLLINS**—So we know that these 3,300 people, at worst, end up losing part pensioner or beneficiary status and that, at best, they lose \$52 per fortnight. For potentially as many as 81 per cent, the truth lies somewhere between. Would that be a fair estimate?

**Ms Winzar**—That is a very broad description, but it is probably, very broadly speaking, correct.

**Senator JACINTA COLLINS**—I did one calculation for one constituent who contacted me, and it had them losing over \$200 per fortnight by going from one income test to the other.

**Mr Sullivan**—They had self-assessed that they were capable of working 15 per week at award wages?

**Senator JACINTA COLLINS**—They were already working at award wages.

**Mr Sullivan**—They were working at award wages, somewhere between 15 and 30 hours?

**Senator JACINTA COLLINS**—Yes. In fact, one of these particular people was working at over-award wages but was in receipt of DSP. In that case, I think the person loses \$150 per fortnight but is not capable of working more than, in this particular individual's case, the 20 hours that they had been working. These people are working at their peak capacity. They will be moved to Newstart and they have been advised by Centrelink that they will lose \$150 per fortnight by this measure.

**Ms Winzar**—That is quite possible, Senator; and I think that is that group that Minister Vanstone has indicated that she is intending to have a look at.

**Senator JACINTA COLLINS**—Have you done any work on how large that group appears to be?

**Ms Winzar**—I am not aware of any data that we have which quantifies by income range the number of people who get a different rate of payment.

**Senator JACINTA COLLINS**—Do you know what proportion of disability support pensioners are part pensioners?

**Ms Winzar**—From memory, about 82 per cent are maximum rate pensioners.

**Senator JACINTA COLLINS**—This is not completely helpful, because you have got people perhaps earning, from employment and income, up to \$112 per week.

**Ms Winzar**—That is correct.

**Senator JACINTA COLLINS**—And the income test cuts in for Newstart at about half that.

**Ms Winzar**—That is about right, yes.

**Senator JACINTA COLLINS**—Then 18 per cent of people are part pensioners. If 82 per cent are on the full pension, then presumably 18 per cent are part pensioners.

**Ms Winzar**—Yes. There are some other reasons why people might be getting a reduced rate, but we will just double-check that figure for you. We will see if we can find it, through the course of the afternoon.

**Senator JACINTA COLLINS**—While you are checking that figure, I would be curious to know what proportion of that 18 per cent, yet to be confirmed, have income from employment.

**Ms Winzar**—We do know what proportion have income from employment. About nine per cent of the DSP population has income from paid employment.

**Senator JACINTA COLLINS**—How do we know that?

**Ms Winzar**—We collect that data as part of the administrative record.

**Senator JACINTA COLLINS**—So when a disability support pensioner fills out their application or when they are assessed or when they fill out their income test—

**Ms Winzar**—Or subsequently notify us.

**Senator JACINTA COLLINS**—When does this information come?

**Ms Winzar**—Whenever they notify Centrelink. So sometimes it would be a claim, sometimes it would be uncovered at a review of their DSP entitlement, sometimes they will contact Centrelink direct and tell them that they have started work or their hours of work have changed.

**Senator JACINTA COLLINS**—So when you do the income test, you ascertain the source of income?

**Ms Winzar**—Yes, within some broad parameters.

**Senator JACINTA COLLINS**—So you should be able to tell me for the broader population, that 81 per cent, what their source of private income is?

**Ms Winzar**—Whether it is earned or non-earned? Yes, we probably can do that.



**Senator JACINTA COLLINS**—I think Senator Vanstone indicated earlier that there was a view that those earning income from award rates who are current disability support pensioners probably equate to about two per cent.

**Ms Winzar**—Our best estimate is about 2.9 per cent.

**Senator JACINTA COLLINS**—What is that estimate based on?

**Ms Winzar**—That is based on those in the disability support pensioner population who have declared earnings. We have simply looked at those that have declared earnings of more than \$170 a week, because that roughly equates to 15 hours at award wages.

**Senator JACINTA COLLINS**—So you could be somebody working for a progressive business services company who is earning \$170 per week.

**Ms Winzar**—Yes, you could quite easily. If you were earning around \$170 a week you would probably only be doing about 15 or 16 hours though.

**Senator JACINTA COLLINS**—Why would you say that?

**Ms Winzar**—If you were being paid at award wages.

**Senator JACINTA COLLINS**—No, I am saying that you could be somebody working in business services who is working a 38-hour week, taking home an income of \$170, and you would have fallen into that assumption of yours. I am not saying that is likely to be a large group, mind you; I am just exploring the limitations of the assumptions you have made.

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—So 2.9 per cent of disability support pensioners declare an income from earnings of \$170 or more per week?

**Ms Winzar**—That is correct.

**Senator JACINTA COLLINS**—When you get me that data about savings, could you disaggregate that on a yearly basis as well?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Do the savings take into account the reduction in the issue of the telephone allowance?

**Ms Winzar**—Yes, they do.

**Senator JACINTA COLLINS**—As part of the \$751.4 million figure?

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

**Senator JACINTA COLLINS**—Could you provide that on the basis that I had asked for the earlier information as well?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Pharmaceutical allowance also?

**Ms Winzar**—In terms of loss of pharmaceutical allowance, of the 21,300 DSP customers who are reviewed and moved off DSP, we expect 18,200 would lose their pharmaceutical allowance.

**Senator JACINTA COLLINS**—What savings does that amount to?

**Ms Winzar**—I do not have an individual savings item for that.

**Senator JACINTA COLLINS**—Could you provide that as well. In those figures I would like a forecast for the period of those that would have become eligible for the disability support pension, the telephone allowance and these additional allowances or benefits. So in that break-up you gave me earlier of people in those three years who would previously have become eligible, could you cost for me or indicate to me what savings you accounted in relation to those people as well, if you did. Can you tell me that you did?

**Ms Winzar**—Yes, we did.

**Senator JACINTA COLLINS**—Did you make any assumptions in relation to savings regarding the pensioner concession card?

**Ms Winzar**—Yes, we did. Of the current DSP customers, the 21,300 who will lose eligibility for DSP, we believe 300 would lose their pensioner education supplement.

**Senator JACINTA COLLINS**—No, I am on the concession card or is that all the—

**Ms Winzar**—Sorry, my apologies. With the pensioner concession card, around 18,200 would lose the concession cards.

**Senator JACINTA COLLINS**—What savings have we attributed to that factor?

**Ms Winzar**—From memory, the net saving, including both new and existing customers, was about \$5.1 million to Health and Ageing over the forward estimates period.

**Senator JACINTA COLLINS**—So that figure takes into account the people who will not be eligible for the pension?

**Ms Winzar**—That is correct—new and existing customers.

**Senator JACINTA COLLINS**—Is that the shorthand I should use—‘new and existing’?

**Ms Winzar**—That is easy, yes.

**Senator JACINTA COLLINS**—Okay. What about for new and existing customers on the pensioner education supplement? Have you got my script?

**Ms Winzar**—Three hundred of those who are moved off DSP on review will lose their pensioner education supplement. Of those who would have qualified for DSP but for the real changes, about 500 would not qualify for a pensioner education supplement.

**Senator JACINTA COLLINS**—For those areas that you have not been able to give me those figures for, please do so for both the new and existing customers and on a year-to-year basis when you disaggregate. What other savings have been calculated for any other government benefits? What about, for example, free hearing aids for new and existing customers?

**Ms Winzar**—That is included in the savings to Health and Ageing.

**Senator JACINTA COLLINS**—Okay. What were they again?

**Ms Winzar**—It will be \$5.1 million over the forward estimates period.

**Senator JACINTA COLLINS**—Can you disaggregate that component for me?

**Ms Winzar**—Yes, I think we probably can, although we may not be able to provide that to you tomorrow.

**Senator JACINTA COLLINS**—Just as a side issue and out of curiosity, I read in one of the budget documents that people with a need for hearing aids, if they are in a rehabilitation

program with the Commonwealth Rehabilitation Service, would still be eligible. Why is that? What is the program that that is provided under?

**Ms J. Wilson**—I think the rationale behind that is that, if the person needs a hearing aid, it would be a need of theirs in terms of an employment or training outcome as well. So CRS links in with the Australian Hearing Service to provide that hearing aid.

**Senator JACINTA COLLINS**—So if somebody who is in the new regime has a similar rehabilitation program being coordinated within Job Network, they will not be eligible?

**Ms Winzar**—Senator, it would be up to the Job Network member to decide whether or not they want to spend the money on a hearing aid for that person.

**Senator JACINTA COLLINS**—Yes, it would not come from the other program? It is not possible that it could?

**Ms Winzar**—That is correct. The Job Network member may well decide that the person is best served by referral on to the Commonwealth Rehabilitation Service.

**Senator JACINTA COLLINS**—Yes, that is an issue I want to get to a bit later because I am curious that, for the first time, I have seen rehabilitation described as one of the services that would fall within Job Network. I am curious about how many, if any, of the government's new rehabilitation places are envisaged to be provided within the Job Network rather than CRS.

**Ms Winzar**—Senator, we have provided some additional funds for Job Network places but not for rehabilitation within Job Network.

**Senator JACINTA COLLINS**—Right. Can you explain to me the rationale for CRS being moved into Health?

**Ms Winzar**—It was a decision of the government.

**Senator Vanstone**—I do not think that was Ms Winzar's decision.

**Mr Sullivan**—It was purely an administrative arrangement to order of government on taking over government.

**Senator JACINTA COLLINS**—I asked out of curiosity. When the government announced the additional disability services including rehab, at that stage rehabilitation was described as a service—and I will have to go back and find it—within a group of services falling within the scope of the Job Network, and it was the first time that I had ever seen such. I was curious as to whether a move for CRS over to Health demonstrated a move towards avocational rehab with CRS, and a future focus on vocational rehab envisaged to fall within the Job Network. Am I just being paranoid here?

**Ms Winzar**—I am not aware of that reference, Senator.

**Ms Corbett**—It is certainly not part of what has been announced. But it is the case, as I have mentioned, that in the contestability trial we have been interested in looking at private rehabilitation. My understanding is that the Job Network may well have capacity also to buy rehabilitation services in that way.

**Senator JACINTA COLLINS**—Yes, it would have that capability; but given the success rate in areas such as intensive assistance and how that compares with CRS, I would have some level of concern about that.

**Ms Corbett**—We are in a very active discussion with DEWR about how the two services can best meet the needs of the group of people with disabilities coming into the respective streams.

**Senator JACINTA COLLINS**—I notice, for instance, in the PBS that the performance figures for CRS are slightly above—what is the modern terminology for a performance indicator?—at about 63 per cent, which is well above the more intensive assistance under Job Network, in my understanding.

**Mr Kalisch**—The only reference that you may have seen which put Job Network and rehabilitation in the same column or row was in terms of the additional services that would be funded through this initiative—

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

**Mr Kalisch**—in terms of substantial extra investment in the Job Network, in disability employment services, in rehabilitation and in education and training, and also some additional places in the personal support program.

**Senator JACINTA COLLINS**—That is why I am asking about the rehab component: it is the first time, to my knowledge, that rehabilitation services have been provided within the Job Network.

**Mr Kalisch**—No. I can clarify that they are all separate services, all with separate funding appropriations. That listing demonstrates the range of additional places that will be funded across that range of different services. So in the Job Network there are about 30,000 additional places; there are also additional places in rehabilitation, quite separate from the Job Network. Then there are additional places in education and training, and in the personal support program and in our specialist disability employment services. So they should be read as quite separate places.

**Senator JACINTA COLLINS**—Okay. But you are suggesting that maybe the way in which it was framed could have triggered my suspicions.

**Mr Kalisch**—I do not think so, because they were separate dot points, from what I recall of the way it was presented.

**Senator JACINTA COLLINS**—What difference does this budget measure make to the growth trajectory estimated for DSP? How was that calculated—on what assumptions, et cetera?

**Ms Winzar**—In terms of customers numbers or expenditure?

**Senator JACINTA COLLINS**—Both.

**Ms Winzar**—Perhaps if we start with expenditure. The current estimates are roughly that we will spend \$6.44 billion in 2001-02, going up to \$6.933 billion in 2002-03. In 2003-04, DSP expenditure is projected to be \$7.13 billion. Those are the numbers that include the impact of the measure. If we look at what would have happened in the absence of these budget changes, we would have been looking at \$6.43 billion for 2001-02, \$6.93 billion for 2002-03 and \$7.44 billion for 2003-04.

I will give you the figures for 2004-05. With this new budget measure taken into account, DSP expenditure for 2004-05 will be \$6.95 billion; excluding the measure, it would have been \$7.87 billion. So by the time we get to 2004-05 it is starting to make a fair bit of impact on DSP numbers.

**Senator JACINTA COLLINS**—The Intergenerational Report provides a profile with the budget measures assumed. Have you done one with them not assumed?

**Ms Winzar**—I have just given you expenditure numbers, both with them included and with them excluded.

**Senator JACINTA COLLINS**—I am just asking you if you can save me the hassle of plotting a graph and drawing it if you have already done it.

**Ms Winzar**—I have not done a graph.

**Ms J. Wilson**—Without it, the numbers are expected to reach about 870,000 by the year 2010 if the current criteria remain. That is reflected in the Intergenerational Report as well. It is probably also worth noting that we have just done a quick calculation of what the DSP growth rate for this financial year is likely to be, based on numbers in and predictions. Last financial year the average rate was about 3½ per cent. This financial year it looks like being closer to six per cent.

**Senator JACINTA COLLINS**—Has there been any correlation in any of that work with the unemployment rate?

**Ms Winzar**—As I understand it, factors such as the unemployment rate are basically taken into account in the customer number forward projections.

**Mr Kalisch**—Perhaps I can add one thing on that question as well in terms of the focus we have had in looking at DSP numbers over the last 20 to 25 years. It was quite apparent in the seventies and eighties that disability numbers did increase around the time and just after any recession. With the recession in the mid-seventies and the early eighties, and again in the early nineties, there were certainly distinct blips up in the disability support pension, or invalid pension numbers at that time. What we subsequently saw in later years after those recessions was that the numbers moderated and in fact slightly reduced at different times. By contrast, what we have seen in the nineties has been a continued acceleration in the number on disability support pension. Despite the labour market performance which has been quite good over recent years we have not seen that reduction or slowing down in disability numbers, as just explained by Ms Wilson; they have continued to accelerate.

**Senator JACINTA COLLINS**—Has there been any work done on how that correlates with the availability of low skilled or semiskilled employment?

**Mr Kalisch**—The other thing that I am aware of is some recent research which has been published within the last six months about labour market changes. What that has demonstrated is that there has been a considerable growth in high skilled, high paid jobs but also a considerable growth in low paid, low skilled jobs. What we are seeing is a reduction in the middle type of jobs in the labour market. There has actually been considerable growth in those low skilled, low paid jobs which you would have thought would be the primary jobs that people on income support would perhaps access on their exit from income support or that would be alternatives to income support. So that is one feature of our labour market that we have seen, and it is probably a bit surprising. The other dimension is that we have seen considerable growth in the service sector over the last decade, and not all those jobs are in the high skilled professional areas.

**Senator JACINTA COLLINS**—No, but for a variety of types of disability they are very difficult jobs to place people in.

**Mr Kalisch**—I am not sure that I would drawn that negative comparison.

**Senator JACINTA COLLINS**—I can think of a number of low skilled occupations that, given a variety of types of disability, it would be extremely difficult to place people in.

**Senator Vanstone**—If you want to make the simple point that the disability population is a very varied population, both in the range of disabilities and, for most of the disabilities, within them—that there is quite an extraordinary range of individual impact—that is right. If what you are saying is that, within that, we would be able to go to the harder cases of any disability and find real difficulty for that person getting a job, especially one at award wages, no-one disagrees with that.

**Senator JACINTA COLLINS**—That is not what I am exploring. What I am exploring with Mr Kalisch is the changes to the labour market, and he has suggested that one factor that may be a positive is a growth in service industry, low skilled jobs, particularly part-time jobs. What I am suggesting, which I think is also reflected in the nature, historically, of business services, is that the nature and character of jobs and tasks in manufacturing are often better suited to a large class of people with disabilities, and that that flexibility does not necessarily exist in a large scope of service sector jobs.

**Mr Kalisch**—It really is hard to make broad sweeping comparisons across the entire disability sector, because there certainly are some jobs, such as in call centres and other contact areas, where people with certain disabilities would be well placed to do those sorts of jobs, whereas other jobs certainly would not be in that category.

**Senator Vanstone**—Using the call centre example, there would be some people with disabilities that would be perfectly placed for that sort of job. You could argue they would do it so well it could be above award rates. But there would be others for whom that job would be entirely unsatisfactory. It comes back to the example I raised before about Centrelink. You cannot—well, you can, but I would hope one does not—take the individual example where something goes wrong as typical of Centrelink service. Equally, I do not think you can take any one individual disabled person and take that as typical of either the whole DSP population or, for that matter, the whole population with that disability.

**Senator JACINTA COLLINS**—I do not think I have a history of doing that.

**Senator Vanstone**—I was not suggesting you had; I was just making the point that you have to be very careful about running the risk of doing it. That is all.

**Senator JACINTA COLLINS**—The point Mr Kalisch made in part was an obvious one to most people looking at the labour market—that the disabled find it very difficult in periods of recession to get access to employment. We found, from some of the reviews of the Job Network, that disabled job seekers were those that were finding difficulty getting benefits from the reformed Job Network system. I am curious about what work has been done evaluating the performance of Job Network services to date with respect to this class of people—current disability support pensioners who are then likely to be on Newstart.

**Mr Kalisch**—As far as I am aware, I am not sure that they would necessarily distinguish between people with a disability on disability support pension as opposed to those with a disability on Newstart. I had thought that they were doing some work as part of phase 3 of the Job Network evaluation that would look at the characteristics of different groups and how they were performing and receiving services from the Job Network, but that is not yet available.

**Senator JACINTA COLLINS**—They did not do anything in phase 1 or 2?

**Mr Kalisch**—Not that I am aware of. Certainly phase 3 was where they were looking at most of the net impact stuff for particular groups.

**Senator JACINTA COLLINS**—So the earlier data we had about the negative impact on long-term unemployed—and I thought there were some earlier disability data—you are not aware of at this point?

**Mr Kalisch**—I am not aware of that. But, if I can draw another comparison, referring to something the minister mentioned earlier, the people on disability support pension have a very low rate of work participation. Only nine per cent or so are reporting earnings, whereas the other data we have seen from comparable OECD countries suggest that 20 to 30 per cent of their disability pensioners are reporting earnings. There is an extraordinary difference. Amongst the countries for which they had data, Australia was far and away the lowest, which is of considerable concern to anybody.

**Senator JACINTA COLLINS**—Yes, and a component of that concern may well be the way in which our employment services sector is meeting the needs of the disabled.

**Mr Kalisch**—I think probably a broader issue that we have not canvassed here today was actually the attitude of employers—

**Senator JACINTA COLLINS**—Yes, that is a significant area too.

**Mr Kalisch**—And some of the restrictions that they may almost self-impose on employment of people with disabilities.

**Senator JACINTA COLLINS**—Now that you raise that issue, that raises another issue I should have covered earlier in relation to income. People who are on an award wage for a disability—I have forgotten the name of it.

**Ms J. Wilson**—Supported?

**Senator JACINTA COLLINS**—A supported wage, yes. That is an award wage. It is calculated at a lower rate to take into account the fact that somebody has a disability, but those people could well be working 30 hours.

**Ms J. Wilson**—Under the criteria it would be 15 hours a week at award wages, which would not include productivity based or pro rata wages.

**Senator JACINTA COLLINS**—Yes, but if somebody is on an award rate which is a supported wage, that still counts as an award rate, does it not?

**Ms Winzar**—My understanding is that the legislation currently specifically refers to people who are on a supported wage as being not covered by these measures, and it will in the future.

**Ms J. Wilson**—That is right.

**Senator JACINTA COLLINS**—Where does that occur?

**Ms Winzar**—In the existing legislation, as part of the definition of ‘award’.

**Senator JACINTA COLLINS**—In relation to the current 30 per cent work test?

**Ms Winzar**—Yes.

**Senator JACINTA COLLINS**—Can I suggest to you that, within Centrelink, there is some confusion on that point. We have inquired on this issue at one Centrelink office and got the answer back that it would count.

**Ms Winzar**—Thank you.

**Senator JACINTA COLLINS**—It might be something you need to clear up. I would hate to see 15 hours at an award rate being calculated on a supported wage. I want to go back, look before the previous budget measures, see what was in place in relation to disability employment assistance programs and then build onto that what was added with the last budget and ‘Australians working together’—that program—and then build again onto what is being proposed in this budget. Can you provide figures, funding and places for the following programs for the last 10 years—I am being more ambitious than I mentioned—and the eligibility criteria during that period? The first group is disability employment services under the third Commonwealth state disability agreement. I will go through the total list so others can look if need be. The next group is Job Network. The next group is specialist employment services. The next group is the supported wage scheme. The next one is the workplace modification scheme. The next is CRS. The next is the community support program. The next is the language, literacy and numeracy program. The next category is access to Centrelink personal advisers for guidance and access to support services. Further to that is mainstream vocational education and training places provided by the states and territories. Lastly, there is any other program related to employment or training of people with disabilities. I am trying to cover the full ballpark of services for this group of clientele and what the history has been over the last 10 years.

**Mr Kalisch**—We can give you some of the information for the last two budgets. Ms Corbett has most of that information. I would also perhaps like to preface this by some understanding that we cannot give you exactly the number of places in education and training, because that is still to be negotiated with the states and territories. There is a block of funding that is available there. The other aspect that has changed is that, while there were some numbers for Job Network, and we can give you some numbers, with the changes announced for the employment services 3 contract, they have essentially become uncapped now. So there is in effect no limit on the number of places that can be provided to people that are eligible for those services. That will change from July 2003.

**Senator MARK BISHOP**—Which program was that?

**Mr Kalisch**—That is Job Network. But Ms Corbett can certainly provide you with the information from AWT measures announced in the last budget and also the changes announced in this budget. As to going back to the previous 10 years, we would need to take that on notice.

**Senator JACINTA COLLINS**—I understand that, and I am only asking that you disaggregate that to the extent that you can relatively easily.

**Mr Kalisch**—That will be difficult for a few of those programs, but certainly where there are specialist programs for people with disabilities we should be able to get a fair bit of that information.

**Senator JACINTA COLLINS**—You can only do part of that period on notice. How long do you think it will take to cover the last budget and this one?

**Mr Kalisch**—The numbers are right here.

**Ms Corbett**—Straightaway.

**Senator JACINTA COLLINS**—If you can provide us with a copy of what you are going to refer to, we do not need to talk about—



**Ms Corbett**—What I have here is the place numbers. I can certainly hand that page up if that is more helpful than reading them out.

**Mr Kalisch**—Just to give you an example, in the AWT measures there were 28,500 additional places and in this last budget an additional 73,000 and more, so in total well over 100,000 places. To give you a sense of the scale of the increase, in the AWT package announced in last year's budget there were 28,500 additional places funded through that package. Through this measure there would be over 73,000 places funded.

**Senator JACINTA COLLINS**—Additional on these—

**Mr Kalisch**—Additional on top of the AWT.

**Senator JACINTA COLLINS**—Additional on these measures going through?

**Mr Kalisch**—It is part of the entire change. If the DSP changes are not made, there is little point.

**Senator JACINTA COLLINS**—So 73,000—

**Mr Kalisch**—Over 73,000 in this budget and 28,500. So you are looking at well over 100,000 additional places funded.

**Senator JACINTA COLLINS**—For that 73,000, what is the cost?

**Mr Kalisch**—The cost was about \$258 million over three years.

**Senator JACINTA COLLINS**—You ask what is the point if these other measures in relation to shifting people off the DSP onto Newstart do not occur. I suppose that for a number of disabled people the point is that they would like to be able to move into employment without suffering severe impact on their current income test.

**Mr Kalisch**—The one dimension is that those services were predicated on the entitlement dimensions changing, and certainly the assessment of people's capability to work. As part of this measure, we are also providing funding for those assessments to take place.

**Senator JACINTA COLLINS**—Certainly not in the way in which McClure cast it.

**Mr Kalisch**—It was certainly quite close to what McClure would cast, I would suggest.

**Senator JACINTA COLLINS**—Oh, what, and a participation payment is going to come somewhere out of the blue, is it?

**Mr Kalisch**—No.

**Senator JACINTA COLLINS**—That is the gate that is opening, is it?

**Mr Kalisch**—No. That is something different. Work is well under way.

**Senator JACINTA COLLINS**—Ms Corbett, would you like to pass over the piece of paper. We can get a copy of that and return it to you now.

**Mr Kalisch**—Thank you.

**Senator JACINTA COLLINS**—In relation to that full list of programs that I went to, are you aware of any evaluations? If so, what are the findings?

**Ms Corbett**—There would be a number of evaluations across the whole gamut. Certainly there was one of CSP, which is DEWR's responsibility rather than ours. In a sense the trial and evaluation that we are doing on our funding model does put forward a case about the

history of the funding and the effectiveness of the funding for the disability employment services. There was an evaluation of the—

**Senator JACINTA COLLINS**—Which was that one? This is an evaluation—

**Ms Corbett**—Our case based funding trial, of which we have now done an evaluation, has thrown up a lot of evidence about the history of the funding model and what its inadequacies are.

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

**Ms Corbett**—The interim report from that trial has been released, and we can certainly make a copy available to you. The final report is due in August this year—the same timing as the assessment and contestability trial.

**Mr Kalisch**—Perhaps it is worth saying at this stage that the results that are coming out of that interim report are very encouraging. They are showing very good results—very good outcomes for people with disabilities.

**Senator JACINTA COLLINS**—When you say ‘good outcomes’, are they far greater than what the CRS currently achieves?

**Ms Corbett**—They are not very easily comparable with CRS in particular because the nature of the task is quite different, but very good outcomes in comparison to parts of the Job Network and very good comparisons when we look at what happens under our new funding model. In comparison to the old block grant model we find improved performance as well. So there is quite a bit of interesting data there about getting the outcomes we are after.

Other evaluations include an evaluation of business services effectiveness—the business services review. We are now well into a process of implementing the recommendations from that.

**Senator JACINTA COLLINS**—Did that include recommendations on award rates?

**Ms Corbett**—It does indeed. As you would be aware, our quality system that has now been introduced is moving its services forward towards award wage structures. There was a review of the supported wage system, and we are working on the recommendations from that. I have probably overlooked one or two that in your long list of service types will come to mind, so we should perhaps check whether there are any other evaluations that relate to those service types.

**Mr Kalisch**—The only one I could add is in relation to mainstream education and training: an ANTA report that was released a couple of years ago called *Bridging pathways*, which talked about the very low rates of participation of people with disabilities in the state based vocational education and training services. That was one of the things that we tried to address, particularly with the Australians Working Together package, to try and build up their participation rates in vocational education and training as well as higher education.

**Senator JACINTA COLLINS**—Could you take on notice drawing together all of those reports and the sources that you have referred to, and incorporating in that as well the ones you have indicated are interim reports and when the final reports are due?

**Ms Corbett**—Certainly.

**Senator JACINTA COLLINS**—When you do that and you look at areas where recommendations have already been made, could you also indicate what changes have been made to programs to improve their effectiveness as a result of previous evaluations?

**Ms Corbett**—Yes, we can do that, for our programs certainly.

**Senator JACINTA COLLINS**—Well, it may well be related to other programs but that you are aware of what changes occurred. It would be senseless for me to go to all the other departments and ask exactly the same questions in this area.

**Mr Sullivan**—As long as it is not too much work on us to go and find out what other departments are doing, I am happy to approach them about their reports. Otherwise that is your job to go to the others.

**Senator JACINTA COLLINS**—I am just asking to the extent that you are aware of the impact in terms of your charter on providing these services to current disability support pensioners and the overall welfare reform process.

In relation to the additional places, can you provide the start dates for when those places are due to become available?

**Ms Corbett**—Yes, in most cases I can do that. With the places under the Australians Working Together package, the disability employment places are commencing from September 2002; the rehabilitation places, at the same point. The places announced in the current budget will be streaming out from March 2004. And for the Job Network—

**Mr Kalisch**—That is July 2003.

**Ms Corbett**—Thank you.

**Mr Kalisch**—The personal support program is also July 2003. The reason the additional places in disability employment and rehabilitation are starting from March 2004 is that there needs to be a sensible progression and phasing of the places, and because there were substantial increases announced in AWT that are starting from this year but also still flowing out into next year, we could not start those extra extra places any earlier than March 2004.

**Senator JACINTA COLLINS**—Do you have a framework that actually builds in last budget and this budget's measures on overall numbers?

**Mr Kalisch**—In terms of overall numbers, you just add those together, as I think the chart does.

**Senator JACINTA COLLINS**—Okay. But earlier, prior to Australians Working Together, there were places in these programs. I am interested in the total number of places.

**Mr Kalisch**—Perhaps if it might help we could give you a sense of the total number of places that existed in the base funding prior to the AWT announcement.

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—We may well have some of those numbers, particularly for disability employment and rehabilitation. Then the Personal Support Program, which is taking over from the Community Support Program, currently has 15,000 places.

**Senator JACINTA COLLINS**—I am looking at that task I have sent you away for—figures for the last 10 years and forward for five years. Is it possible to do a table that provides a snapshot of funding and places for all programs, including the Personal Support Program replacing the Community Support Program? Is it possible to do that? Is that too difficult a task?

**Mr Kalisch**—If I can just try to understand your question, are you looking for a snapshot for each year of the preceding 10 years as well as for the next four years?

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—We will try our best to do what we can.

**Ms Corbett**—The total number of places existing in our disability employment services is just over 60,000. So it is 60,000 with those additional places—29,500 in total—will bring that up to very close to 90,000 places.

**Senator JACINTA COLLINS**—When I get that, the end point that I want to look at is how much, in both dollar and place terms, is this package dependent on the passage of the work test changes in this budget? What proportion of the total package of disability services in this area is linked to this reform?

**Ms Corbett**—Yes, I understand.

**Mr Kalisch**—Certainly it is fair to say, Senator, that this is really stretching the capacity of the sector to provide places. We are really pushing them. As Ms Corbett just explained, we are looking at probably a 50 per cent increase on top of existing places and trying to do it in a managed and as staged a process as possible. So it is something that we are certainly mindful of that we need to do in an orderly fashion while people do get good services.

**Senator JACINTA COLLINS**—I think Senator Bishop has already asked this question: can you provide a revised indication of what places and funding would be going forward, assuming the disability reform bill were not passed? He did ask that question earlier, didn't he?

**Senator Vanstone**—Yes, I think I was here then.

**Senator JACINTA COLLINS**—Now that Senator Vanstone is back it is perhaps the time to ask about the process that the government is going through in looking at what options might exist to soften the transition for disability support pensioners who move over to Newstart. I appreciate, Minister, that some of those issues might be cabinet in confidence, but could you describe the process that you are going through with this open gateway?

**Senator Vanstone**—Look I have—

**Senator JACINTA COLLINS**—You would rather not comment at all.

**Senator Vanstone**—Yes. I think you will make your comments and I will make mine. We can say what we are thinking of doing but—

**Senator JACINTA COLLINS**—I suppose it is just that you said, 'Come dance with me,' but you will not tell me what the dance is.

**Senator Vanstone**—The dance is anything. If you want to dance, you nominate the dance and I will tell you whether we will be at the party. We would be very happy if Labor wanted to come forward and say—

**Senator MARK BISHOP**—We are happy being wallflowers at the moment.

**Senator Vanstone**—that they are potentially interested in the long-term issue, but there would be certain conditions. We will happily sit down and say, 'Well, you tell us what they are, and we will see if we can meet them.'

**Senator JACINTA COLLINS**—I think one of them is obvious, which is the extremely significant income loss that many people will suffer through these measures.

**Senator Vanstone**—Do you mean by that quarantining the whole existing DSP population or do you mean quarantining those people who are now working?

**Senator JACINTA COLLINS**—I am talking about, for example, those people who are now working, yes. I find it very difficult to imagine how the government can find a solution to that problem in the current welfare payment structure.

**Senator Vanstone**—The structures are complicated, I agree, but I am confident we can find a way. I am not sure we can find a way that you will be satisfied with, but I am confident we can find a way that I think is reasonable. Within any group of people, whether it is in my party or in yours or in the street, there will be differences of opinion about what is reasonable. Some will say they want more; some will say you could offer less. I think what we will offer will be a reasonable offer. The main issue is this long-term issue.

**Senator JACINTA COLLINS**—Yes, but in this particular group you are looking at people who are already participating. For this particular group, if it is 2.9 per cent, I suspect we are looking at closer to 20,000 rather than the original 13,000 figure that was canvassed. We are looking at 20,000 people who are already meeting the policy objective of these measures—that is, they are participating in the labour force probably close to what their capacity is. If they were capable of participating, the likelihood is that if they were working more than 15 hours a week now, they probably would be in terms of managing their disability. We are looking for those people who will suffer a loss of income of between \$52 a fortnight and more than \$200 a fortnight. I cannot imagine, without stepping away from this initiative—unless you go down the path of McClure and look at something akin to a participation payment—how you can do that. I know I have not had a bright idea in my life—to quote you, Senator Vanstone—but maybe you have.

**Senator Vanstone**—Have what?

**Senator JACINTA COLLINS**—Maybe you will come up with a bright idea to solve this conundrum that I cannot think of an easy solution to.

**Senator Vanstone**—I had a bad headache that day, so I said that you had never had a bright idea in your life. People have said things to me that are not justifiable in the long term either. I will take it back; mea culpa. You know what happens when you have a headache and you do not have a panadol there. Somebody makes some smarmy remark, so you give them a whack back. Later you think, 'That was not very nice. She is not a bad person.' So I am sorry, okay.

**Senator JACINTA COLLINS**—The only reason I go back to that particular comment is that the broader context in my comment of 'Oh, yeah,' at the time was 'I cannot see an easy way in which this conundrum can be resolved.'

**Senator Vanstone**—Nothing is easy in this area, believe me. Welfare completely is not easy, not because in itself it is rocket science but because of the variety of payments and the complexity of making one change. I would like to find another way to describe it other than 'it is not rocket science', because that implies a pejorative about the policy area that I do not mean, but it is not. There is a wide range of payments; it is complex.

I cannot say any more to you other than: I am confident we can come up with something that is reasonable in the context of accepting that in the longer term we would be changing the definition of 'disability'. We would be going to a New Zealand type assessment, where the hours at award rates that could be worked were 15. So we are not talking about something for that group who have not yet got a right because they have not applied, but for those who are already there now. I think if we believe as strongly as we do that it is in the long-term interests of Australia to get there and in the long-term interests of individuals to be treated in that way,

we will have to find the best way possible to make the move as attractive as possible. We understand that.

**Senator MARK BISHOP**—You are talking about grandfathering existing recipients to something that—

**Senator Vanstone**—I am not talking about anything specific at this point with you, Senator, nor with Senator Collins. The fact that you both might later find yourselves on the same dance floor is another matter. We'll see, hey?

**Senator MARK BISHOP**—We'll see.

**Senator JACINTA COLLINS**—I suppose we have the luxury of it not being in our specific area of responsibility, so we can dance fairly generally at this stage.

**Senator Vanstone**—You can sashay from one dance to another.

**Senator JACINTA COLLINS**—As you raise the New Zealand system, with their disability support, is there no difference between welfare payments for someone who is disabled but able to work 15 hours and someone who is underemployed?

**Ms Winzar**—I do not have any information on that at hand. We might take that on notice and get back to you.

**Senator JACINTA COLLINS**—The reason I asked the question in that way was that there is a group of people in the disability sector who are taking some degree of offence at the suggestion that there should be no difference between the disabled person who is able to work 15 hours a week and someone who is underemployed. Someone who is underemployed is capable of working more whereas someone who has got permanent disability has a permanent disability which should be acknowledged by society with perhaps more generous income support. We are continuing that trend as far as blind people go, but we are not prepared to do that in relation to other disabilities if someone is able to work 15 hours at award rates. The only argument that seems to be presented along that line is that there have been changes in the labour market. What those changes in the labour market have produced is a large pool of underemployed people and I still do not see the connection between that class of people and disabled people who can work 15 hours at award rates.

**Mr Kalisch**—The only comparison I can give you is that the existing rules at 30 hours do not make any broad distinction between people who can and people who choose not to. Everyone who is found to be capable of working for award rates for 30 hours is caught within that net. In the same way, the same equal and comparative treatment would be provided to those who cannot meet the new 15-hour standard.

**Senator JACINTA COLLINS**—If you said to me that the new 15-hour rule applies in most other OECD countries that point might have some merit to it. But arguing that we are changing our approach to disabled people on the basis of current labour market trends and the fact that unfortunately we have a large pool of underemployed people that we are now going to compare you to does not really make policy sense.

**Mr Kalisch**—I do not know if I share your view of a large number of underemployed people in terms of people working part time who are wanting more hours.

**Senator JACINTA COLLINS**—The ABS statistics still show a large number of underemployed.

**Mr Kalisch**—There is certainly a large number of the people who are looking for some work and cannot get any work.

**Senator JACINTA COLLINS**—I am talking about the large number of people are working part time and looking for more work.

**Mr Kalisch**—From my understanding of the data most people who are working part time are quite satisfied to work part time.

**Senator JACINTA COLLINS**—I have not looked at it closely but I had better go and have a better look if that is what you are telling me.

**Mr Kalisch**—There are a large number of people working full time who want more work. That is where there are some people who are working 45 hours or more, which is quite extraordinary. The other distinction which perhaps needs to be made it is that it is hard to draw exact comparisons across OECD countries in that their disability pensions have some slight differences in terms of the extent to which they are a medically based or a work capacity based model. It is hard to draw comparisons exactly. The New Zealand system is probably the one that is closest to the Australian system in terms of not being an insurance based system and being based mainly around our cultural norms.

**Senator JACINTA COLLINS**—And minimum income support rather than more generous income support. But even with insurance systems I would be curious to know what work capacity benchmark they look at.

**Mr Kalisch**—I am not aware of examples to give you but it is probably fair to say the policy that most are trying to move towards is to get their disability pensions on a closer basis to their unemployment payments systems and to not have such a gulf between those two systems. They are trying to move more onto requirements and expectations of people on disability pensions in much the same way as they impose requirements on people on unemployment benefits.

**Senator JACINTA COLLINS**—But the old rationale for the difference between pensioner rates and income tests and beneficiary rates and income tests was that pensioners were either aged, and therefore at that stage in their life cycle could not be expected to have changed circumstances and go back to work, or they were disabled and because of their disability they could not be expected to have changed circumstances and go back to work. So you are looking at levels and payments struck to reflect the fact that we are talking about long-term non-participants in the labour market.

**Mr Kalisch**—It is certainly that short-term, long-term distinction that was behind much of the way in which the pensions versus allowances were struck—and a lot of those distinctions were struck 50 years ago now.

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—And a lot of those norms around the short term versus long term have actually changed. It is now no longer the case that a person on an allowance will be only on for a short period of time. And it is not necessarily the case that some of the people on pensions will be on for a long period of time, particularly a parenting payment single. So you cannot necessarily draw that sort of short versus long distinction in all cases. I suppose the rates reflect an historical setting that has not been changed for 50 years and the rates are now no longer as appropriate as they were when they were struck 50 years ago.

**Senator JACINTA COLLINS**—But then we now have a larger pool of long-term unemployed, for instance, and because of that we should not be as generous as we have been historically to those people who have a permanent disability. Is that the view?

**Mr Kalisch**—I suppose it is fair to say that there is a certain grey area across the boundaries of disability support pension and Newstart allowance where some people get in one payment and not in another.

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—And there are a group who you could equally say could go across either way of the divide, yet by fate they have ended up on one payment rather than another.

**Senator JACINTA COLLINS**—And yet we have not chosen to go down this path with blind pensioners.

**Mr Kalisch**—That is certainly a decision of government.

**Senator JACINTA COLLINS**—Yes, they are a very powerful lobby group, aren't they?

**Mr Kalisch**—But perhaps I can draw your attention to something in our portfolio budget statement that does talk about government's commitment to building a simpler, fairer income support system—it is on page 14, the second complete paragraph.

**Senator JACINTA COLLINS**—Yes, again you are referring to McClure, and McClure's principal point has been, 'You have adopted some of my recommendations without building in a participation payment.'

**Mr Kalisch**—As that indicates, there is work afoot to take that forward. But the other dimension that I also remember Patrick McClure saying was that he thought it would take up to 10 years to fulfil all of the mandate of his recommendations. It is now a couple of years after his final report and I think the score card is actually quite good.

**Senator JACINTA COLLINS**—Except I think it is pretty obvious from his public comments that he did not envisage it being commenced in quite this way.

**Mr Kalisch**—That may not have been the case, but I certainly cannot speak for him.

**Senator JACINTA COLLINS**—No, he has been speaking for himself and—

**Mr Kalisch**—I am well aware of that.

**Senator JACINTA COLLINS**—you would not characterise my paraphrasing of those points as being inaccurate, would you?

**Mr Kalisch**—Not inaccurate compared to his comments, but I would also say that his report did talk about some of the things that we have mentioned and pursued in this budget, particularly around looking at the 30-hour rule, at better building the capacity of people with disabilities, and at building on the trials and pilots that he mentions in his report quite explicitly.

**Senator JACINTA COLLINS**—Yes.

**Mr Kalisch**—So there was an expectation that government would come to look at reforms for people with disabilities.

**Senator JACINTA COLLINS**—Yes, but that they would do that without cutting their income.

**Mr Kalisch**—Well, he was not that explicit in his report, if I remember.



**Senator MARK BISHOP**—I just want to shift the discussion now to some labour market issues. Just by way of background, Mr Kalisch, the *Bills Digest* that came out last week attached to the bill identified that the majority of DSP recipients are older workers rejected by the labour market. Can you confirm in that context that, in 2001, of the 77,000 new customers of DSP, 37 per cent were from Newstart and that 45 per cent were not on another benefit?

**Mr Kalisch**—It sounds right—Ms Wilson would probably have those figures.

**Senator MARK BISHOP**—They were taken from the *Bills Digest*.

**Ms J. Wilson**—I have got data at March 2002, which tells me that 44 per cent of people coming onto DSP are new clients and 35 per cent of people coming on to DSP come from Newstart. In relation to new claims, 46 per cent of new customers granted are over 50 years old.

**Senator MARK BISHOP**—Yes. So the figures are pretty well the same for 2001 and then March 2002. So is it fair to assume that that 45 per cent or 46 per cent that were not on another benefit came out of the work force?

**Ms J. Wilson**—Many people who come onto the disability support pension come not only from another payment but also from a range of other payments. As I mentioned earlier, some of them come off things like Newstart incapacitated. They have tried a number of other payments and cannot meet the requirements or are better suited to this payment and end up—

**Senator MARK BISHOP**—Let me ask the question a different way. Of that 45 per cent that came onto Newstart last year and were not on another benefit, how many of them came straight off the work force?

**Ms J. Wilson**—Forty-six per cent of the over 50-year olds?

**Senator MARK BISHOP**—Yes.

**Ms J. Wilson**—I do not have that breakdown.

**Senator MARK BISHOP**—You do not have that breakdown. You do not know where they came from or how they were existing prior to going onto DSP?

**Ms Winzar**—They would come from a range of places. Many of them we could assume would have come from work. Some may have come off a compensation preclusion period, for example where they have received a large lump sum payment and are then required to support themselves—the payment has run out or the time has run out and they have come on. With some of them, their partner could have been supporting them and their partner has died. They may have separated from a partner and have newly claimed or been out of the work force—there would be a whole range of places.

**Senator MARK BISHOP**—Of that figure of 45 per cent to 46 per cent, is it possible for you to tell us how many came straight out of the work force—90 per cent, 95 per cent?

**Ms Winzar**—I do not think we would have that information. If we did we would not have very up-to-date information on it.

**Senator MARK BISHOP**—You might have it in a negative sense in that, if you are able to identify people who were receiving income support from a partner or were in receipt of some sort of other payment or were in a preclusion period from a lump sum compensation, and if you aggregated all of those, that would then tell you how many came from, for example—

**Ms Winzar**—We will see if we can find something for you, Senator.

**Senator MARK BISHOP**—Perhaps you could take that on notice and provide it. I suspect that the overwhelming majority of the 45 per cent or 46 per cent who went straight onto DSP and were not in receipt of another pension—they were essentially new customers—were going to be people coming out of the work force for whatever reason. And that then raises the issue of the success of Newstart and other labour market programs in these areas in placing people into employment. And if you have got large numbers, tens of thousands of people, new people, every year primarily over the age of 50 going onto DSP, or the bulk of them going onto DSP, does that raise questions in your mind as to the utility of Newstart and other labour market programs?

**Ms Winzar**—Newstart is really just about income support—it is not about employment placement. But you may be interested that we did a pilot study with a group of very long-term unemployed customers who had been on income support for five years or more, and it was a concern to me that about a quarter of those people indicated that they were intending to test their eligibility for DSP.

But there are probably quite a few factors at work there. One is that if people are living on a low income for a long time probably their health deteriorates; certainly depressive illnesses would rise as well as frustration at not being able to get a job. That is one of the reasons why last year's AWT measures looked at some of the early intervention strategies we could adopt for people while they were on Newstart, well before they got to the DSP claim point. So as soon as someone fronts up with a medical certificate on Newstart, on the dole, we need to be checking them to make sure that it just is a temporary illness and that there is nothing that we can do constructively to refer that person perhaps to a PSP or a rehab program that might help them well before their disability gets to a point where they would qualify for DSP.

**Senator MARK BISHOP**—What programs are dedicated towards that end?

**Ms Winzar**—We would be principally looking at the Commonwealth Rehabilitation Service, but we would also be looking at the disability employment services. There is a group who are also of concern to me who are young people under the age of 25 who might suffer from psych disabilities, drug or substance abuse related conditions or accidents.

**Senator MARK BISHOP**—I acknowledge that group, but they are not numerically as large as some of the other subgroups in this area.

**Ms Winzar**—Numerically they are not large, that is true, but they potentially face a very long time on DSP if granted. For us, they are quite a high risk group. We need to make sure that we have the appropriate early interventions in there.

**Senator MARK BISHOP**—Perhaps we could come back to them and talk about this other group for a while. How many places have been allocated in the totality of the other labour market programs to address these people who might otherwise go over to DSP? We are talking of many tens of thousands a year.

**Ms Winzar**—As Mr Kalisch indicated before, between this budget and last year's AWT measure, there were over 100,000 additional places for people with disabilities across a range of services. That is additional to those existing services that could operate to provide the assistance that these people need.

**Mr Kalisch**—If I could add something more to that, when people get on to DSP their road into employment is basically closed off. Despite the very generous income test, very few actually then take the next step into employment. At least in the active regime of Newstart

allowance, there is a much greater success rate of people moving into employment even at older ages. What we see—

**Senator MARK BISHOP**—From Newstart?

**Mr Kalisch**—From Newstart.

**Senator MARK BISHOP**—Than from DSP?

**Mr Kalisch**—Than from DSP. Essentially what we see if people get onto disability support pension is that the two main exit routes are into the age pension or death, as we said to you last time.

**Senator MARK BISHOP**—I saw that.

**Mr Kalisch**—The other dimension that we are aware of, as well, is that DEWR are also looking at ways in which the Job Network can become more focused on providing specialist services to the mature aged. It is something that they are focusing on, and we are also focusing on how we can better integrate our own disability employment services and the services of the Job Network to provide better services to mature age people with a disability, looking at the respective benefits and specialisations in the two markets and which ones are better served to serve which types of customers.

**Senator MARK BISHOP**—Ms Winzar referred to 100,000 places additional from AWT last year and you are now talking about the mature age job market. In the *Bills Digest*, it was identified that 60 per cent of people go from DSP to age pension, 20 per cent go into employment and 20 per cent pass on. So there is certainly some truth in the assertion that entry to DSP is entry to government payments for the rest of your life.

**Mr Kalisch**—Essentially, long-term income support is something that really does concern us. It is not just the immediate period on income support while you are of working age; it really is the case that those people then, if they do not get into any employment, are not building up any retirement savings: whatever retirement savings they have also got are being dissipated before they get to retirement and they end up probably on a full rate age pension with very little private income. The other dimension that is also worth noting is that, as reflected in the McClure report, not everyone who is unemployed necessarily needs a specialist or costly service. Certainly it is the case that a lot of people will need just some job matching and some limited assistance. Others will, of course, need more detailed services, and that is where it is being funded in these places.

**Senator MARK BISHOP**—What research is currently being done to assess the success or failure of current labour market programs?

**Mr Kalisch**—I think that is something that you should ask DEWR but I am aware that they are in the process of finalising the third phase of their Job Network evaluation. They have got other evaluations of some of their initiatives. We are aware of the international research on the relative success of different labour market interventions as well.

**Senator MARK BISHOP**—The reason I ask is, as you have just said, large numbers are going onto DSP and then using that as entry and closure in terms of other sources of income for the remainder of their working life post the age of 50, which has significant long-term issues associated with it. One of the things people have tried to concentrate on is the utility of various labour market programs to assist those people into work. But even the figure of an extra 100,000, the AWT, if the lot of them went there it is only going to have marginal impact, isn't it?

**Mr Kalisch**—I think it is fair to say that we are not overly ambitious in terms of the likely impact from labour market interventions per se. The international experience is quite sanguine about that.

**Senator MARK BISHOP**—Do you think large scale intervention in terms of labour market programs does not have the long-term benefits we might desire?

**Mr Kalisch**—The research probably shows that you need to be fairly heavily targeted and very specific in the program designed to get the best results.

**Senator MARK BISHOP**—Do our labour market programs fit those design features?

**Mr Kalisch**—To a large extent, yes.

**Senator MARK BISHOP**—So by definition, being so targeted can only have minor beneficial results.

**Mr Kalisch**—I think what is shown is that you need a whole mix of different types of interventions, including good incentives, to work.

**Senator MARK BISHOP**—And shifting from DSP to Newstart is a good incentive to work?

**Mr Kalisch**—It is part of the regime of getting people into an active labour market regime rather than staying on DSP for the rest of their life.

**Senator MARK BISHOP**—So the limited utility of current labour market programs and their limited utility in the future really does drive the need to introduce the changed rules, doesn't it?

**Mr Kalisch**—It demonstrates that you need a comprehensive approach. That was talked about in the Australians Working Together package of having a mix of assistance, incentives and requirements. The three working together get you the best results—you do not just focus on one element of that.

**Senator MARK BISHOP**—Say that the Senate in its wisdom does choose to pass Senator Vanstone's bill and we do shift from the 30 hours to the 15 hours, what evidence can you tell me is there to support that move that justifies that result?

**Mr Kalisch**—We are drawing upon the evidence that is coming out of the assessment and contestability trial around the number of people that could benefit. One of the aspects that is part of this whole package is the provision of that additional assistance and the understanding that people's earnings capacity would grow as a result of them getting access to those appropriate services over time. So instead of people, as you recognise, being left on DSP essentially for the term of their working life, they would then move into active participation in the labour force, increase their earnings, increase their retirement incomes, and have a better outcome for the remainder of their life.

**Senator MARK BISHOP**—They are all beneficial results—I don't argue about that. My question is not what might be the beneficial results; my question is what evidence is there that we will get those sorts of results by shifting from 30 hours to 15 hours?

**Mr Kalisch**—I suppose the detailed assessments that have been taking place as a result of the assessment and contestability trial give us the data on which those estimates are drawn in terms of people going into work, people taking up services and benefiting from those services. We are tracking through those people for further time periods to see how those results are realised over the longer term.

**Senator MARK BISHOP**—Okay. Apart from the assessment and contestability trial, which we had a lengthy discussion on earlier, does the government have any other evidence to support its argument, or is that the sole basis of the changes?

**Mr Kalisch**—That is to a large extent the evidence base for the changes, but as we have recognised, the counterfactual is that they remain on DSP, or increasing numbers get into DSP, with the result that they stay there and they do not earn anything. So that is beneficial.

**Senator MARK BISHOP**—I understand that but—

**Mr Kalisch**—That is the counterfactual, that is evidence itself.

**Senator MARK BISHOP**—These are the sorts of questions we would ask in a bill committee. I am just simply asking—

**Ms Winzar**—Senator, there are two things that are probably relevant here. The first is that one could argue that there are very strong work incentives on DSP because of the more generous income test and so on, but that is not matched at the moment by the number of DSP recipients pursuing work on a voluntary basis. And so Mr Kalisch's comments about moving people into a more active participation arrangement such as Newstart I think is quite important.

The other thing is that in the assessment and contestability trial only 30 per cent of those who were offered participation in the trial took up that opportunity. That is one of a number of pieces of evidence that suggests that often those who are most disadvantaged, and particularly those whose self-esteem has been a bit battered, do not tend to take up those opportunities on a voluntary basis at all, but do respond quite well when required to do things.

**Senator MARK BISHOP**—They do respond when it is de facto mandatory?

**Ms Winzar**—Well, even with some of the earlier evaluations of Work for the Dole, even the participants who did not want to join Work for the Dole found it to be a beneficial experience.

**Mr Kalisch**—I suppose the other dimension is that, as Ms Winzar pointed out, despite the very generous income and asset test, it is not necessarily the way in which people on disability support pension view it. They fear that, if they were to work, their whole eligibility would be called into question, and therefore, despite the supposed financial inducements to work, they are scared of working, at least at any sort of moderate level.

**Senator MARK BISHOP**—Has FACS done any research on the labour market that would indicate that there is capacity to absorb those displaced from DSP to Newstart as a result of the reduction in hours?

**Ms Winzar**—We have not done any specific research on that but, going back to the McClure report, one of the objectives there was to get a fairer share of jobs around, particularly in households where no adult has a job, to try and improve the work prospects of that particular group of people. So, when you talk about the capacity of the labour force to absorb the extra people coming off DSP looking for work, what we would be seeking is that people with disabilities get more of their share of the available jobs, rather than going to households that already have someone in work.

**Senator MARK BISHOP**—For the sake of this discussion, I am prepared to accept that is your purpose. My question is not what is your purpose or your desire, but about what work you have done to show that your purpose or your desire can be accommodated by the labour market?

**Mr Kalisch**—I can give you a little information on that, Senator. One of the dimensions that we often look at, in terms of the capacity of people to get jobs, is actually the number of jobs that turn over—the number of jobs that are filled within any 12-month period. And certainly the data that is available from the ABS suggest that it is somewhere between 1½ million and two million jobs that are filled over any 12-month period. So, if you are looking at the capacity for 20,000 to 50,000 people to get a job, against the broader labour market context of 1½ million to two million jobs being filled in any one year, we are looking at what is quite an achievable dimension.

**Senator MARK BISHOP**—But that 1½ million plus churn in the labour market is across all industries, all occupations, all of Australia.

**Mr Kalisch**—Yes, certainly.

**Senator MARK BISHOP**—We are talking about somewhere between 30,000 and 70,000 individuals who are, by and large, aged 50 plus, male, and have a history of being in blue collar/factory employment. So, yes, there might be a huge churn for PhDs or Its, but there are not too many coming out of Simsmetal yard that fit those jobs. That is the point that I am making.

**Mr Kalisch**—I think you would find the churn is across all occupation categories and skill mixes. The other dimension is that I would not necessarily categorise the people that are going to be affected as just the male ex-blue-collar workers who are older. Again, there is a bit of an age mix and a gender mix as well.

**Senator MARK BISHOP**—There is a bit of a gender mix and there is a bit of an age mix, but I am relying on the *Bills Digest* report on this bill, which identified that there was a huge predominance of males and a huge predominance of persons over the age of 50.

**Mr Kalisch**—Certainly over 50 is the case. If my memory serves me correctly, the inflow is about half male, half female.

**Senator MARK BISHOP**—The point I am making—let us assume that is right—is this. You say there is currently a high turnover in the labour market and that adding another 30,000 to 70,000 into the supply is not going to drive it to extinction. That is more of a wish than anything else, isn't it?

**Mr Kalisch**—No, it is supported by any objective look at the numbers.

**Senator MARK BISHOP**—How can you say that when we still have unemployment over six per cent.

**Mr Kalisch**—Just over six per cent.

**Senator MARK BISHOP**—There is ongoing unemployment in a number of areas in Australia.

**Mr Kalisch**—Yes.

**Senator MARK BISHOP**—In some areas, it is down to one, two or three per cent, but in other areas it is eight, nine, 10 or 12 per cent. In a lot of areas the labour market does not have demand, does it?

**Mr Kalisch**—In other areas there is certainly a limited supply of jobs, and that is something that a number of different government policies are trying to address. Perhaps one other aspect that also needs to be drawn out here is that, as you recognise, a number of these people that we are trying to stop going onto disability support pension are already on

Newstart. They are already active job seekers. There is a proportion of this group that we are not adding to the stock of job seekers. We are actually stopping them falling off the group of active job seekers. The numbers are probably even less than I indicated.

**Senator MARK BISHOP**—Can you identify the fields where you have been able to identify shortages of unskilled or semiskilled people of the type already discarded by the market?

**Mr Kalisch**—That is something you would need to ask the employment department. We do not get into that level of detail.

**Senator MARK BISHOP**—And you cannot identify such areas?

**Mr Kalisch**—I could not give you an informed judgment at this stage.

**Senator MARK BISHOP**—And you have not sought that information from the relevant agencies.

**Mr Kalisch**—No, because it is not something that we would necessarily get into in that level of detail. It is something that we essentially let the labour market determine as well as the impact of programs such as the Job Network.

**Senator MARK BISHOP**—Let us shift to part 2 of the government's proposed changes. What is the rationale for removing the geographic work availability requirement for those over the age of 55?

**Ms Winzar**—It is essentially that people should have their eligibility for DSP assessed on the basis of their capacity to work, not how old they are or where they live.

**Senator MARK BISHOP**—But until now part 2 of the test, if you like, has been a local labour market requirement, hasn't it?

**Ms Winzar**—You have put your finger on the problem. It has evolved as part 2 of the test for DSP. It was only really intended as a residual protection for those older workers who might be in very high unemployment areas. But you can see from the numbers on payment that it is very quickly turning into an early retirement option for people.

**Senator MARK BISHOP**—You say that the original purpose of that part 2 has altered over time?

**Ms Winzar**—I think it has emerged into a sort of two-part test. Can you get onto DSP? Well, you can get on a lot more easily if you happen to be over 55 and in an area of high unemployment.

**Senator MARK BISHOP**—Does this mean, for example, then, that, say, I am in this age of 50-plus and I live—

**Senator Vanstone**—Careful, I am nearly 50. I remember when I was 20 or something my mother remarried when she was 50 and I thought, 'Oh, why bother? She's 50.' I have certainly picked up something in the last 30 years. Life is not over when you are 50, and I do not imagine it is over when you are 55 either.

**Senator MARK BISHOP**—No, it is not over.

**Senator Vanstone**—And we should not be encouraging people to think that they can just—

**Senator MARK BISHOP**—I am not encouraging them; what I am trying to explore is this shift from the localised labour market aspect of the test to essentially Australia-wide. The

obvious question is this. Suppose I am 50-plus or whatever, a family man, living anywhere you like on the east coast and engaged in a range of semiskilled or unskilled occupations. Does it now logically follow that, if they have a shortage of work in Western Australia, South Australia or the Northern Territory—wherever—

**Senator DENMAN**—Tasmania.

**Senator MARK BISHOP**—Tasmania. Is that considered in the test?

**Ms Winzar**—Under the new rules, I guess, DSP eligibility is restricted to those who have got very limited capacity for work. The appropriate payment for those who are unemployed is Newstart allowance. That is essentially what we are talking about here. We are trying to keep older people in a more active regime, and that includes those who are currently on non-activity-tested payments, such as partner allowance and the mature age allowance. We want to encourage those back onto Newstart as well so that they do not withdraw from the labour force completely.

**Senator MARK BISHOP**—All I am trying to do is to explore the consequences of the government's decision. It seems to me that we are going to a new two-part test—15 hours plus an Australia-wide labour market test. But doesn't that mean that, if there is a shortage of labour in this area anywhere in Australia, a person could fail part 2 of the test?

**Ms Winzar**—I guess that is my point. It will not be a two-part test. It will simply be an assessment of your capacity to work 15 hours over the next two years at award wages. If you are unemployed, if the labour market in your area is strong or weak, that is irrelevant. The assessment for DSP is about your capacity for work.

**Senator MARK BISHOP**—Shifting to the general test effectively negates the two-part test.

**Ms J. Wilson**—That is right.

**Mr Kalisch**—It essentially also means that whatever the labour market is in other regions also does not count. It is not taken into account at all. It is really just on your capability for work.

**Senator MARK BISHOP**—So the test now is whether you are capable of working 15 hours.

**Mr Kalisch**—Yes. Full stop.

**Senator MARK BISHOP**—That is clear.

**Mr Kalisch**—I suppose it is fair to say that, around this age group of 55-plus, as was mentioned by the minister, it is all part of a recognition by governments across the OECD that we all need to do more to try to engage, and keep active, people who are in the mature age group in the work force, where that is possible, rather than to continue the trend of the late 1980s and early 1990s of trying to move people off unemployment benefits and giving them an easier time in early retirement. There is now the realisation, as we talked about earlier, that that is not in their long-term interests.

**Senator MARK BISHOP**—Behind these changes, is there an assumption that the Newstart activity testing and the mutual obligation requirements are going to provide more pressure and hence be more effective in getting people to search for work more actively? Is that an assumption or a hope?



**Ms Winzar**—There are a couple of points to make. There are no requirements on anyone on DSP at the moment, so even any modest increase in requirements, once customers move to Newstart, will certainly occur. What they might be is a moot point. Certainly the work capacity assessment will be very important to us, because we need to get a very clear idea of what the person's capacity for work is; not only in terms of hours per week but also in terms of things like not being able to do more than five hours at a time or not being able to do work that involves long periods of sitting, so that we make sure that they are not asked to look for jobs that are going to aggravate their disability or to do other activities that would aggravate their disability.

**Senator MARK BISHOP**—Have you done any evaluation of the effectiveness of the Job Network in placing people with disabilities?

**Mr Kalisch**—I think that is a question that I answered before. I think Senator Collins asked me about any evidence on the Job Network's evaluation on people with disabilities. As far as I am aware, it is something that they are covering in their third phase of the Job Network evaluation, and it is not out yet.

**Senator MARK BISHOP**—Sorry; you did say that.

**Mr Kalisch**—That is fine.

**Ms J. Wilson**—It is also worth noting that there are some specialist disability Job Network providers who, I understand from Job Network, are achieving really good outcomes in terms of the star rating scale. Most of the specialist disability ones have got five stars, and that is an indicator of outcomes from the people going through.

**Senator MARK BISHOP**—Has the Commonwealth had any consultations with the states with respect to the Commonwealth state territory disability agreement in terms of this issue of funding and employment?

**Ms J. Wilson**—Sorry, Senator. I need a bit more clarification, I think.

**Senator MARK BISHOP**—I am interested in how effective the various states have been in placing people under the various programs under the CSTDA?

**Ms Winzar**—Do you mean in terms of the programs that the states run themselves and the impact of the changes on their programs?

**Senator MARK BISHOP**—Yes, I do.

**Ms Winzar**—We have not had any specific discussions with the states as yet about what the likely demand is going to be on their programs or, indeed, how the extra investment in employment services the Commonwealth is making might positively impact on their programs either. The only issue we have flagged with them to date is that we see some opportunities to share, particularly the work capacity assessments—for example, that group of young people who are moving from school to work, who are state government, might want to assess for eligibility for a day care service but we will be assessing for a disability support pension. If we can come together and share the information, we only have to send the person to one assessment which will be productive for us, and a great relief for the young person and their family.

**Mr Kalisch**—The Commonwealth, of course, has the major responsibility for employment services. It is not largely something that the states take into account. The other dimension is that we have started some ongoing discussions with the states and territories are around some of the welfare reform measures, particularly as announced in the AWT package, with a view

to greater cooperation across levels of government. So that is certainly another forum that we would seek to exploit with a view to getting much better outcomes for people with disabilities.

**Senator MARK BISHOP**—How many people have been reviewed in each of the last five years on the DSP and with what outcomes? Do we have those figures?

**Ms Winzar**—I am sure I have that data with me but perhaps, if there is another question you would like to go on to, I can dig it out and come back to it.

**Senator MARK BISHOP**—Do you think you have that information?

**Ms Winzar**—I do.

**Senator MARK BISHOP**—To what level will those reviews increase and over what time frame? What is the ramping up process, in other words?

**Ms Winzar**—We are not planning to ramp up the number of reviews. We are simply using the current review schedule for disability support pensioners, either two years or five years, whichever cycle they are on, and applying the new rules as the person comes up for review.

**Senator MARK BISHOP**—So the rate of review is anticipated to be the same as it has been in the last five years?

**Ms Winzar**—Yes, it is pretty much.

**Senator MARK BISHOP**—But the outcome is expected to be different because of the new work rules?

**Ms Winzar**—That is quite right. I have found that information for you. I have it back as far as 1996-97, if that is sufficient. We do essentially two types of review: one is medical reviews and the other are nonmedical reviews. I will give you the non-medical reviews first. In 1996-97, there were about 63,000 reviews completed and in the following year there were 56,500 completed. In 1998-99, there were about 49,000 completed. In 1999-2000, almost 67,000 and in 2000-01 the figure I have in front of me—and it seems a little high so I am a bit suspicious about the data—is about 115,000.

**Senator MARK BISHOP**—And the medical reviews?

**Ms Winzar**—Medical reviews for 1996-97 were 29,500; 1997-98 were 97,500; 1998-99 were 70,700; 1999-2000, 30,200 and 2000-2001 were 60,500. You asked for some detail about outcomes. If we are talking about the medical reviews, I must say they are spectacularly unsuccessful. The number of cancellations, as a result of those medical reviews in order of the years that I have mentioned, was 152—that was out of the 29,000. The following year 919—

**Ms J. Wilson**—Less than 1 per cent in all years.

**Ms Winzar**—In the next year there were 800 cancellations, the next year had 100 cancellations and the next year 234 cancellations. It is true that at that medical review there is also an updating of the person's circumstances so there was some upward and downward variations in people's rates. From the summary data there was between one and two per cent, generally, of customers who had a downward variation as a result of that medical review and between 2 ½ per cent and six per cent of customers had an upward variation.

**Senator MARK BISHOP**—Okay. Overall, they are small figures, aren't they?

**Senator DENMAN**—Do you have that breakdown state by state?

**Ms Winzar**—No, I do not have that.

**Mr Kalisch**—The other aspect is that those very high medical review figures, around 1997-98, were a specific measure to reassess the medical conditions of those who had been granted invalid pension pre-1991. So a large proportion of those people had been on payment for a very long time.

**Senator MARK BISHOP**—Is it fair to conclude then that, for those who received their benefit originally under medical review—on medical grounds—when the review was done some years later it re-established the veracity of the original decision?

**Ms Winzar**—I think that might be an overreading of the situation. People know when they are coming up for a medical review. It is like the motivation behind compensation payments—you do not get better until after the case is settled. I suspect that it might be that people feel better after their medical review is completed and their disability pension continues.

**Senator MARK BISHOP**—What is interesting is the startling numbers of people who have had their benefits cancelled upon medical review.

**Ms Winzar**—That it is startlingly low?

**Senator MARK BISHOP**—Yes. The conclusion I draw is that the original decision was probably correct then?

**Ms Winzar**—That is one conclusion that you could draw. The other is that doctors doing a medical review are nonetheless reluctant to challenge another doctor's assessment.

**Senator MARK BISHOP**—Are the medical reviews chosen by the patient or is it done by the Commonwealth officer?

**Ms J. Wilson**—It can done by providing additional medical information from your own GP or you could get referred to Health Services Australia.

**Senator MARK BISHOP**—Do the bulk of them go to their own GP?

**Ms J. Wilson**—Yes. This goes back to the discussion we had earlier. Doctors do not always feel best placed to make a comment about the impact of a medical impairment on a person's ability to participate. If their original call was that a person had very little capacity to work, it seems unlikely unless there is a huge change in condition that they would make a different call down the track.

**Senator DENMAN**—Are there people who are not reviewed medically for those sorts of reasons that just go on year by year without having a review?

**Ms J. Wilson**—There are people who are not reviewed because the nature of their condition means it is unlikely to ever change.

**Ms Winzar**—I need to correct the record: I did say before that I did not think the number of reviews would increase much and that it would be around the same. In fact, on the basis of this data it looks like they will go from 60-something thousand a year to around about 90,000 a year.

**Senator MARK BISHOP**—Okay, that is a 50 per cent increase. I would like to go back now to the non-medical reviews when you gave us figures on a year by year basis. How many cancellations were derived from each of those years? Do you have that?

**Ms Winzar**—The net cancellation of figures were quite consistent at around 2½ per cent through that time. The actual numbers are about 1,500 in 1996-97, for the subsequent year it was 1,400, in 1998-99 it was 1,450, 2,600 in 1999-2000 and 2,900 in 2000-01.

**Senator MARK BISHOP**—What does the non-medical review involve?

**Ms Winzar**—Essentially, it is a review of customer circumstances, partner details, rent details, assets, income—anything like that.

**Senator MARK BISHOP**—Okay.

**Ms Winzar**—Are you interested in the details of upward and downward variations in customer rates?

**Senator MARK BISHOP**—Yes.

**Ms Winzar**—It did vary a little through that time. Between 15 and 20 per cent had a downward variation and between five and 11 per cent had an upward variation.

**Senator MARK BISHOP**—Do you have the figures for the number of DSP payees in each decile of permanent incapacity—20 per cent through to 100 per cent?

**Ms Winzar**—No, I do not.

**Senator MARK BISHOP**—Could you take that on notice.

**Ms Winzar**—Yes.

**Senator MARK BISHOP**—Could you also take on notice for the record which groups are exempt and what number is in each group.

**Ms Winzar**—Exempt from review?

**Senator MARK BISHOP**—Yes. The review process for the 15-hour rule is going to be the same as the old review process, you said, so there will not be any changes there?

**Ms Winzar**—It is the same in the sense that people are on a rolling cycle of reviews, but now, instead of having a medical review which is pretty much relying on the treating doctor, their normal GP's report, they could get a work capacity assessment or they could get a medical assessment through the tender process that we are under at the moment.

**Senator MARK BISHOP**—Will there be any hardship provisions?

**Ms Winzar**—Hardship in the sense of?

**Senator MARK BISHOP**—For those persons who are going to suffer a reduction in income.

**Ms Winzar**—That will not make any difference in terms of the review strategy, but in terms of any subsequent decision about what happens to it then that is really covered by Minister Vanstone's comments before about what sort of transitional mechanisms would be looked at.

**Senator MARK BISHOP**—That is right, but at the moment there are not hardship provisions?

**Ms Winzar**—No.

**Senator MARK BISHOP**—No I want to turn to something that is close to my own area of interest, which affects veterans in receipt of payments from Centrelink. The other week in the Senate we asked—

**Senator Vanstone**—You used different terminology to describe the payment than the one which was in my brief. I am just trying to remember what it was. Veterans' affairs is not my

area. I looked and thought ‘No, I’m not going to chance it that that is the right answer, with different terminology.’ But I think the officers can help.

**Senator MARK BISHOP**—It was resolved afterwards, as I understand it.

**Senator Vanstone**—The group you asked about is a very small group—extremely small, 12 or something.

**Senator MARK BISHOP**—The Prime Minister had announced the day before that persons in receipt of TPI would be exempt from the changes. They were excluded. I asked a question about intermediate raters. My question now is this. How many people in receipt of a disability pension from DVA are in receipt of DSP from Centrelink by the three categories: firstly, TPI; secondly, the intermediate raters; and, thirdly, general rate recipients?

**Ms J. Wilson**—There are something like 1,270 veterans receiving DVA pensions who also receive DSP. Out of those, there are 239 who receive special rate TPI. They will not be subject to the changes. There are also 12 who receive an intermediate rate disability support pension, and they also will not be subject to the changes. There are also 12 who receive an intermediate rate disability support pension, and they also will not be subject. And there are another 1,019 who are not in those groups but are still on DVA pension and receive some DSP.

**Senator MARK BISHOP**—What level of DSP do they receive?

**Ms J. Wilson**—What rate payment?

**Senator MARK BISHOP**—Yes.

**Ms J. Wilson**—I do not have that information with me, but it is worth noting that there are also around 500 DVA pensioners on NSA at the moment.

**Senator MARK BISHOP**—What is NSA?

**Ms J. Wilson**—Newstart allowance.

**Senator MARK BISHOP**—How many general raters receive their DSP from Centrelink?

**Ms Winzar**—That is basically the group of 1,000.

**Senator MARK BISHOP**—That is 1,019.

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—Minister, can you confirm for the record that TPI ex-service people have been exempted from the review? Was that the intent of the Prime Minister’s announcement?

**Senator Vanstone**—I do not have the announcement in front of them. The officers at the table might have the detail.

**Ms Winzar**—That is my understanding, yes.

**Senator MARK BISHOP**—And that is following the Prime Minister’s answer to a question in the House?

**Ms Winzar**—I am not sure of the timing but certainly a decision has been made not to review TPI pensioners. They can only work eight hours a week or less.

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—And are those 12 people in receipt of the intermediate rate similarly excluded from the review?

**Ms J. Wilson**—Yes.

**Senator MARK BISHOP**—If there are any ex-service persons who do move from DSP to Newstart—and that is obviously going to be some or all of those 1,019—can you confirm that as a result of the different means test they lose about double their current loss due to the treatment of veterans' disability compensation as income?

**Ms Winzar**—It depends entirely on how much of the general rate pension they happen to be getting. But certainly, if someone had no other income at all and was getting a general rate pension which took them above the Newstart free area of \$62 or roundabouts, it would be withdrawn at 50c in the dollar if it was up to \$140 a fortnight and 70c beyond that, compared to the withdrawal rate of a disability support pensioner, whose general rate DVA disability pension would be only taken into account if it was over, I think, about \$102 a fortnight and then only withdrawn at a 40 per cent rate.

**Senator MARK BISHOP**—That was my understanding of the situation. So that is on the record. Has the department calculated the average impact on an ex-service person who has moved to Newstart?

**Ms Winzar**—No, Senator, we haven't because we do not know until we review them whether they will move to Newstart. We have not necessarily correlated their percentage of general rate disability pension with an indication of those who are working and on DSP at the moment or who are not working or who have some capacity to work. So it would be very hard for us to make that calculation at this stage.

**Senator MARK BISHOP**—If I asked you to break up that 1,019 into the 10 per cent categories in receipt of the DP, could you do that?

**Ms Winzar**—We will see if we can get the data. I am not sure that we would be able to drill down to that level of detail, but we will see what we can do.

**Ms J. Wilson**—It is fair to say that these people will be involved in the work capacity assessments we talked about earlier. Our discussions with the Department of Veterans' Affairs indicate that the 1,019 would have a broad range of capacity as well.

**Senator MARK BISHOP**—Yes. So that 1,019 in receipt of the general rate are all going to be subject to review?

**Ms J. Wilson**—Yes. Unless they meet any of the 'terminally ill within five years of age pension age and in a nursing home' and all those other criteria.

**Senator MARK BISHOP**—The standard exclusions, yes. Thank you for your contributions on the disability payments. Can we now turn to the compliance package and the PBS, page 184. I refer you to the heading 'Compliance package prevention'.

**Senator Vanstone**—Sorry to interrupt, but do you have any idea where we are going to get to tonight?

**Senator MARK BISHOP**—I should be able to do most of the non-budget measures prior to dinner.

**Senator DENMAN**—I have some questions which I will put on notice.

**Senator MARK BISHOP**—I want to do the compliance package, departmental resources, non-budget measures, the waiver provision, better monitoring of PFWA, reduced penalties, gifting changes, indexation of child care and the compliance campaign.

**Mr Sullivan**—The disability people probably have a leave pass now.

**Senator MARK BISHOP**—Before they go, in the discussion with Ms Vardon this morning, we discussed Centrelink agent contracts in the Northern Territory and I indicated that I do not require details of those contracts. I change that position and request that the committee be provided with details of the provisions contained in the contracts. I presume they are standard form contracts.

**Mr Sullivan**—I will pass that on to Ms Vardon. We will take it on notice.

**Senator MARK BISHOP**—If they are standard form contracts, please provide a copy of the contract. If they are different contracts for each agent, please provide the details of each contract. Turning to page 184, you have identified five dot points, additional strategies for minimising fraud and incorrect payment of benefits. Would you go through them one by one and outline, in a detailed manner, each of the submeasures contained there.

**Mr Sullivan**—The first dot point relates to the Centrelink customer account whereby, through Centrelink and their systems, we will know more and update customer records across payment types a lot more easily.

**Senator MARK BISHOP**—Is that a reconciliation?

**Mr Sullivan**—No, it is a compliance measure. By having a customer account, one, we will be able to do more sampling of a customer across payment types and, two, we will be able to ensure that when customer information is available, it is applied against benefit types more quickly. We see it as a major systems development for Centrelink whose greatest impact will be, one, to raise our capacity to look at compliance measures more easily and, two, to ensure that the result of a lot of our compliance action will be no result in that measures that customers have alerted Centrelink to will be applied across all of their benefit types.

The second issue is rent assistance payment reviews. This issue is basically coming out of the sampling. As people change their address—and this is a fairly illogical thing—it often results in changes to rent assistance payable. It may be a youth allowee returning home or someone changing their living arrangements and their rent assistance changes. A lot of these payments result in downward payments; some result in upward payments as they are eligible for more. It is an area which we feel needs to be looked at and targeted very specifically.

**Senator MARK BISHOP**—Have you done any pilot work in that area?

**Ms Raymond**—We have done pilot work in this area. It provides quite a lot of useful information. It often tells us whether two people are living together or not, and so it might even affect the primary payment and not just rent assistance that they are eligible for. I can give you more results if you would like them.

**Senator MARK BISHOP**—I would be interested in when the pilot program started, where it was done, what was sought to be achieved, what the preliminary indications are—those sorts of issues.

**Ms Raymond**—Okay, Senator. I can provide that for you.

**Senator MARK BISHOP**—You do not want to do it now?

**Ms Raymond**—No. I have not got the information with me at the moment. I will take that on notice and provide it for you.

**Senator MARK BISHOP**—Okay, then, would you take it on notice.

**Mr Sullivan**—I come now to the third issue, and Ms Raymond again can probably expand on this. The sampling that Centrelink uses for its reviews and its compliance reviews looks at certain criteria. This is basically a pilot. While an additional 43,000 reviews have resulted, that is a fairly marginal increase in review numbers. We think that by expanding the criteria slightly in terms of our sampling methodology we will produce a better result in respect of identifying where payments have not been accurately made, getting that fixed and recovering any overpayments.

**Senator MARK BISHOP**—Do you mind providing me with the detail of the existing and also the proposed criteria, the reasons for the change and what the outcome is expected to be.

**Ms Raymond**—Yes, I will.

**Mr Sullivan**—We will certainly do that as much as we can, Senator. Again we do not necessarily put on the public record our criteria for the sampling of compliance. We would like to think that no-one who may be receiving an incorrect payment believes, 'Well, they don't look at me.' I think what you are asking is almost like where a speed camera is placed. The radio stations tell you, but not the police. But I think we can still do some work for you, in respect of some information which I think will give you what you are after.

**Senator MARK BISHOP**—I want to know what the difference is and what is driving it.

**Ms Raymond**—Just a broad indication, that is fine.

**Mr Sullivan**—We can tell you the rationale behind that, and what it is seeking. We have, as an agency and particularly through Centrelink, been involved with a number of departments, particularly the Department of Immigration and Multicultural and Indigenous Affairs, the Australian Taxation Office, the Australian Federal Police and state services, in the whole of government approach to targeting the cash economy. Those trials have been encouraging. They have based largely in Victoria and Queensland, and this measure is to extend those trials to target people in the cash economy, in the realisation that often there are linkages between lawful residence, tax and, particularly, earnings reported to Centrelink by people who are in receipt of our payments.

**Senator MARK BISHOP**—Every few months Senator Vanstone and, prior to that, Senator Newman have wandered into the Senate at question time to get a dorothy dixer from their own side, upon which both of them have made announcements about hundreds of millions of dollars being saved in fraud prevention, reductions in payments and all this nonsense. Is that the area we are talking about?

**Mr Sullivan**—Some of those issues would be strictly Centrelink-FACS type compliance operations, but certainly there have been a number of successful operations from 2001 onwards which are the result of this sort of work by what are called interagency cash economy field investigation teams. An operation took place in Werribee in August, for instance, when Centrelink received information of a number of people being picked up in buses and taken to farms. As well as results for Immigration, the Federal Police and Tax, that saw us erase debts which resulted in savings of about \$700,000 just from that single operation.



There have been a number of operations, some of which have not been as spectacular, in terms of results of \$50,000 or \$60,000, but there have been several where several hundreds of thousands of dollars has been recovered. The costs in mounting such large-scale operations, when spread across a multidisciplinary agency, certainly makes it worth while for us. That measure is basically to extend on that.

**Senator MARK BISHOP**—All right. So you have been doing it in Victoria and Queensland since 2001, and you are now extending it to the rest of the country?

**Mr Sullivan**—We are hoping it will be extended to the rest of the country. It requires basically the cooperation of the relevant Commonwealth agencies, and that is in place, and the relevant state or territory police forces. I think Centrelink and others are talking to them about the results, and I anticipate that we will be doing it across all states and territories.

**Senator MARK BISHOP**—Who is the lead agency in this?

**Mr Sullivan**—The lead agency can vary. I think we look to the AFP as much as anyone.

**Ms Raymond**—I think the ATO are probably driving it, because of their concern with the cash economy, as well as Centrelink—

**Mr Sullivan**—Yes, they have a priority in that area at the moment.

**Ms Raymond**—They have set up an interagency cash economy steering committee, and DIMIA, FACS and the AFP are all part of that particular steering committee.

**Mr Sullivan**—We have to be careful: each of the agencies must go in under their own power. You cannot be shielded by someone else's power and then incidentally do something. So we each have to go in there under own power, but I think Ms Raymond is right in saying that Tax is probably at the forefront.

**Senator MARK BISHOP**—Does this get into the area of bikie gangs and the like?

**Mr Sullivan**—I do not think we are as involved in the bikie gang side of it.

**Senator MARK BISHOP**—The ATO and the AFP certainly are.

**Mr Sullivan**—Clearly, in respect of ourselves and Immigration, we are a group of clerks, not law enforcement officers, and we must be aware what we are sending people into. While we may at times be called in in respect of some law enforcement activity to assess whether or not there may be overpayment or even offences under the Social Security Act, we would very aware of what we are sending our officers into. The last measure is basically a continuation with data-matching exercises, which particularly is linking Youth Allowance records.

**Senator MARK BISHOP**—Why is that data matching important? So you can establish a relationship between parents and siblings?

**Ms Rushton**—This measure will link young people who have parents or siblings who are also on social security benefits, so that if there is any change it shows up on the youth allowance's record as well. This means that they do not inadvertently get a debt.

**Senator MARK BISHOP**—Because Youth Allowance is means tested?

**Ms Rushton**—Youth Allowance is means tested and it takes into account the family means test. So it helps the young person to not incur a debt.

**Senator MARK BISHOP**—Or be overpaid.

**Ms Rushton**—Yes, which would mean that they would incur debt. They are large sums of money. For outcome 1, we have spending \$31 million, saving \$8 million; outcome 3, spending \$54 million, saving \$19 million. The net cost over the four years is \$73 million? Is that right?

**Mr Sullivan**—It is a savings of \$73 million.

**Senator MARK BISHOP**—Is that over the four years?

**Mr Sullivan**—No, that is in year 4; it is \$260-something million over the forward estimates.

**Senator MARK BISHOP**—The first dot point, the third dot point and the fifth dot point broadly look like data matching and reconciliation processes. Is that where the bulk of the savings is going to come from?

**Mr Sullivan**—No. The bulk of the savings will probably come out of the review measures and the cash economy measure. I would say that the first measure, while it delivers some savings, is more an investment in our future compliance strategy. We think it will actually produce a lot more potential for us. It has been costed and implemented against this measure, but we think its benefits will carry on and expand probably more than the others. But the bulk of the savings will come from the cash economy in the datum and the review measure. The rent assistance measure will have a particularly strong review, as will the cash economy measure.

**Senator MARK BISHOP**—Are dot points 2 and 4 the main savers?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—To what factor—80 per cent? Can you break up the savings?

**Mr Sullivan**—Yes, we can break them up, but only to a level. I would not claim it to be as accurate as our costing of the whole level there, but we will do as well as we can.

**Senator MARK BISHOP**—If you would break them up, to the extent you can, via each dot point and each of the years, that would be appreciated.

**Mr Sullivan**—All right.

**Senator MARK BISHOP**—I turn now to reprioritisation of departmental resources. It is stated at page 187 of the PBS:

The government will make a one-off reduction in the 2002-03 operating costs of the Department of Family and Community Services. The reduction will be achieved through reducing or deferring work on discretionary activities.

What is that about?

**Mr Sullivan**—The government and the budget have decided that FACS departmentally could reduce its expenditure for one year by \$5 million. That is a decision which is made. It is my job now to manage it through.

**Senator MARK BISHOP**—So some jobs are going to be put off?

**Mr Sullivan**—I do not think it will necessarily affect staffing numbers.

**Senator MARK BISHOP**—I meant some tasks.

**Mr Sullivan**—Some tasks will not be done. In accruals accounting you really cannot put off and defer jobs. It is basically making decisions about what is highest priority and what is not a priority.

**Senator MARK BISHOP**—But some tasks at the lower end of the chain will not be done?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—Have you decided which ones they are?

**Mr Sullivan**—No. We go through our internal budget development processes, which are certainly well and truly on their way. Decisions have not been made yet as to where this will fall.

**Senator MARK BISHOP**—Off the top of your head, do you have any idea of the administration cost of FACS?

**Mr Sullivan**—Tim Youngberry is my Chief Financial Officer, who knows all these numbers without even referring to documents.

**Mr Youngberry**—FACS core in 2002-03 will have an appropriation of about \$200 million to \$205 million, the Child Support Agency is about \$223 million, payments to Centrelink are of the order of \$1.7 billion and payments to other service providers such as CRS, ATO and HIC make up the balance. Off the top of my head I cannot do the sums on that.

**Senator MARK BISHOP**—What figure does that \$5 million which the department is pulling come out of? Is it the \$220 million?

**Mr Sullivan**—Theoretically it could come out of any part of that. I think there would be a presumption by some that it will come out of the \$220 million.

**Senator MARK BISHOP**—You are yet to have those negotiations?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—On page 188 we find a heading 'Extension of waiver provision for Newstart recipients'. At the bottom it is stated:

There will be 700 waivers granted for entering a program of rehabilitation or specified vocational training during 2002-03.

Does this mean there is a cap on the number of waivers to be granted, or is the cap the limit of places available in the relevant programs?

**Ms Davies**—It does not mean there is a cap—it is just an estimate. The extension of the waiver covers the Commonwealth Rehabilitation Service and some specific vocational training courses that are specified in the legislation. It is estimated that about that number of people would take up the opportunity to have their activity test breach waived in addition to the existing ones.

**Senator MARK BISHOP**—So there is no cap on the number of places that could be conferred in the relevant programs?

**Ms Davies**—No, Senator.

**Senator MARK BISHOP**—What is the background to this measure?

**Mr Sullivan**—With respect to the waiver, in its largest way it was dealt with in terms of the Work for the Dole, where if you were subject to a breach you could wash that breach away by agreeing to participating in a Work for the Dole program. Often some of the excuses given

are that things could be addressed through rehabilitation or training. This is saying, 'If you go and do the rehabilitation and training, we can wash away the breach.' It is an extension of that concept.

**Senator MARK BISHOP**—Do you have a profile of the customers affected?

**Ms Davies**—Of the new ones, the 700?

**Senator MARK BISHOP**—You probably wouldn't have for the new ones, but of past ones who have applied for and been granted the waiver.

**Ms Davies**—I do not have that on me. I could take it on notice.

**Senator MARK BISHOP**—Does one exist?

**Ms Davies**—I know that I know the number of waivers. I would have to check.

**Senator MARK BISHOP**—I am not asking you the number of waivers granted in past years; I am asking whether there is a profile of persons who take advantage of applying for a waiver.

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

**Mr Sullivan**—I doubt we would have the profile. We will look.

**Senator MARK BISHOP**—If you have, fine—if you don't, you don't. Also, could you check whether there are any particular locations where this is a factor more so than others and, if so, provide the detail? So this aspect derives from the Work for the Dole program.

**Mr Sullivan**—It comes from our experience with providing what we regard as a positive alternative to a breach penalty in getting someone into an activity such as Work for the Dole, which is where the current waivers are. This just extends that philosophy of saying that if a person accepts an alternative to a breach penalty, such as activity in a rehabilitation program or a specific training program, we think that is a much better achievement of our aims and gives the individual the motivation to proceed because if they do not proceed to their training, then they are in bigger trouble.

**Senator MARK BISHOP**—And it would be cheaper for the department, I presume.

**Mr Sullivan**—It is more an outcomes based thing. It is a measure that will cost us money in terms of the dollar flow but in terms of outcome it is a very good measure for us.

**Senator MARK BISHOP**—You have not provided the details of forward estimates for expenditure areas under output group 1.2. Why is that?

**Ms Davies**—Which measure, Senator? Does that relate to waivers?

**Mr Dolan**—Could you clarify which element of the forward estimates you are referring to?

**Senator MARK BISHOP**—I am talking about output group 1.2. My brief says that all that is provided in the PBS is the 2002-03 financial year.

**Mr Dolan**—Are you referring to functions transferred from the former Department of Employment, Training and Youth Affairs?

**Senator MARK BISHOP**—Sorry, I got a little mixed up there. I go to page 189 of the PBS, better monitoring of preparing for work activity agreements. In the measures there, you have savings of \$27 million in 2003, \$67 million in 2004, \$53 million in 2005 and \$55

million in 2006—in the order of \$203 million over four years. Can you explain how you seek to achieve the savings in those areas?

**Ms Davies**—The preparing for work agreements were introduced in July 2000. They have been in for a couple of years and have never been formally reviewed. The idea is that, when people exit from their activity—mutual obligation, for example—we would check up on how they are going. We would see whether their activity agreement is still appropriate, whether their circumstances have changed and what it would take to assist them to seek an employment outcome. Those figures on page 189 relate to relatively modest estimates of what we think will happen regarding whether people achieve a full-time or part-time employment outcome, and a very small number of people who were not complying for some reason—for example, they already had work and had not declared it.

**Senator MARK BISHOP**—Can you take me through how you came to those figures in each of the outcomes?

**Ms Davies**—I do not have the figures with me. The estimates were based on a calculation of the existing characteristics of the Newstart population—people who have an activity agreement, which is everybody who has not got an exemption—and looking at an estimate of what sort of intervention might cause a modest increase in employment outcomes.

**Senator MARK BISHOP**—When you say ‘a modest increase in employment outcomes,’ does that mean marginally more employment in the target areas?

**Ms Davies**—Yes. For example, if you have been on Newstart for a year and you have just finished a 26-week stint on, say, Work for the Dole, you check on your preparing for work agreement and you are given the opportunity to take up Job Search training or to actively seek work. It is just a touch and base to remind people that there are other activities or Job Search particularly that you might undertake.

**Senator MARK BISHOP**—I would categorise the savings as fairly significant—a bit over \$200 million over four years.

**Ms Davies**—I think it is a \$5 billion outlay for that program, so it is quite small in terms of total spending.

**Senator MARK BISHOP**—I had this discussion before. That is about four per cent. It is not to be sneezed at. The government thinks it is worthwhile. If I were a minister, I would think \$200 million savings is a serious amount of money. Do you have any specific data on how you will achieve those savings?

**Ms Davies**—As I said, it is based on a calculation of people who would get employment outcomes. For example, it might be that we encourage a customer to have an employment contact certificate regime so that they actively seek jobs. It was based on calculating how many of the population that we thought could achieve job outcomes.

**Senator MARK BISHOP**—How did you arrive at that figure?

**Ms Davies**—Of the 500,000 people who would be on Newstart, we looked at the numbers who would be finishing particular activities and at the review regime as it currently exists and, with a very modest proportion, estimated a number who might find an employment outcome.

**Senator MARK BISHOP**—I understand that. You have taken the total population—you say it is 500,00—and you are looking for marginal improvement and you think that can be achieved. I want to know what new tasks the relevant officers would be doing to achieve that outcome that they are not doing at the moment.

**Ms Davies**—At the moment, if you have got a preparing for work agreement and you finish your exit and activity, you are not called in and your agreement is not reviewed to see whether it is still appropriate. After a year, we thought that we could expect that, for some people having gone through a regime of, for example, mutual obligations, it might be worthwhile testing whether it might be time for them to resume Job Search, for example.

**Senator MARK BISHOP**—Have you done any pilot work in this area?

**Ms Davies**—No, we have not.

**Senator MARK BISHOP**—You are changing the system. How many people will you be calling in to undergo this review?

**Ms Davies**—Everybody who does not have an exemption on Newstart has a preparing for work agreement. As they exit from a particular activity, they will be called in to look at whether they need to change the agreement or whether they need to take up, say, Job Search or whatever is appropriate.

**Senator MARK BISHOP**—How many people do you think that is?

**Ms Davies**—There would be a maximum of 500,000 approximately who could be called in.

**Senator MARK BISHOP**—But you will not be calling in 500,000?

**Ms Davies**—No.

**Senator MARK BISHOP**—How many do you think you will be calling in?

**Ms Davies**—I do not have those figures to hand. It would be a reasonably high proportion, but I will have to get back to you on that one.

**Senator MARK BISHOP**—When you say ‘a reasonably high proportion,’ are you talking 150,000 or 300,000 people?

**Ms Davies**—The proportion of people, say, just on mutual obligations would be around 30 per cent, from memory. If they finish that activity, they would have their preparing for work agreement reviewed.

**Senator MARK BISHOP**—And the other groups?

**Ms Davies**—They would be people who would have finished Job Search training. They might have been doing some other program like literacy/numeracy—the whole range of activities for Newstart.

**Mrs BRONWYN BISHOP**—When they come to the end of their period, what process is in place? They will be advised by the department that they will have to come in for an interview or they will have to do that of their own volition or what?

**Ms Davies**—No. Once we know that they have exited an activity, we would notify them.

**Senator MARK BISHOP**—Once you know they have exited an activity?

**Ms Davies**—We would notify the customer that we would review their preparing for work agreement.

**Senator MARK BISHOP**—So you would write them a letter saying, ‘Come and see us,’ or whatever.

**Ms Davies**—Yes.

**Senator MARK BISHOP**—What happens if they do not take advantage of your invitation?

**Mr Sullivan**—If they do not have a preparation for work activity completed, they could potentially lose their payment. This is part of a range of measures announced in March—not in the budget—to get better at the things we need job seekers to do and, at the same time, the things which job seekers cannot manage to do not for which a more reasonable attitude should be taken. On one hand, we reviewed the attitude to breaching, where a person did not attend an interview. The minister concluded that there we had to take an approach which looked for, one, a reasonable excuse and, two, whether we could do a lot more things administratively and change that regime—for instance, a person saying, ‘I won’t go to rehab,’ and as a result of the breach you are able to say, ‘But if you do go to rehab, we can wipe the slate clean of this breach.’ This measure was basically for those people who had agreed to go on an activity—and Work for the Dole is one of those activities—or seek other things that they were doing. When they finished Work for the Dole, there was not a very positive follow through of saying, ‘Right, you’ve done that. What’s next in your preparation for work?’ reinforcing with them that this payment is based on activity. We can now say, ‘If you have worked for the dole, if you now do this training or you get to this Job Network provider, you should be doing fine,’ rather than them saying, ‘I’ve done work for the dole. I won’t be back for a long time, maybe,’ and going through that. This is very much about more interaction of a positive kind between Centrelink and the job seeker as they continue on their path to finding work.

**Senator MARK BISHOP**—Concerning the current penalty regime—first, second and third penalties—does any part of this package change those penalties?

**Mr Sullivan**—This is a series of measures announced in March, not in the budget, which incorporate changes to the breaching regime, which is the next measure on page 190. It changed the way we dealt with breaching and penalties.

**Senator MARK BISHOP**—When do these changes come into place?

**Mr Sullivan**—Most of them come into place from 1 July 2002; they were announced in March 2002.

**Senator MARK BISHOP**—Are they subject to legislative change?

**Mr Sullivan**—No.

**Senator MARK BISHOP**—They can be done administratively. What will be the first, second and third penalties from July this year?

**Ms Davies**—The penalty regimes do not change. Failure to attend an interview will now attract an administrative test penalty which is roughly half what it would have been. It reduces the penalty for failure to attend an interview, in effect.

**Senator MARK BISHOP**—Do you mean it increases the penalty for failure to attend?

**Ms Davies**—It reduces it by about half.

**Mr Sullivan**—The regime changes. If you fail to attend an interview, your benefit is suspended. A letter is written saying, ‘Come and talk to us about why you didn’t go to the interview.’ A client comes to Centrelink and, if the client has a reasonable excuse as to why they did not go to the interview, nothing occurs; they will not be breached. If the client fails to give a reasonable excuse, then the breach will be an administrative breach rather than an activity test breach. That means the duration and quantum of a reduction will be less because

the quantum and duration of some of the penalties which are imposed administratively are less than penalties which are imposed as a result of an activity test breach.

**Senator MARK BISHOP**—In the current regime, the first penalty is 18 per cent in payment reduction for 26 weeks; the second penalty is 24 per cent reduction in payment for 26 weeks; and, the third and following penalties are no payment for eight weeks. That is going to change.

**Mr Sullivan**—Yes. I will get the details. With respect to the first penalty, I think it goes from 18 per cent to 16 per cent for half the time, for 13 weeks.

**Senator MARK BISHOP**—What is the thinking behind lesser penalties?

**Mr Sullivan**—I think it was a response to those who were saying that the penalty regime for such an offence failed or, in its design, could not account for what, in some instances, were very reasonable reasons why a person failed to attend an interview—it had already happened, therefore undoing it was hard—and that, even for those persons had failed and had no reasonable excuse, the penalty was harsh in the impact on their capacity to receive their income. The minister, through the government, responded to that in the March announcements by declaring that by using administrative reviews it could respond to the fact that the person did have a reasonable excuse, and it was not a breach—it was a suspension which could be restored immediately. In the instance of no reasonable excuse being offered, what, in effect, was agreed was that the penalty would be a reduced penalty compared to the activity breach regime.

**Senator MARK BISHOP**—If the minister has that flexibility in her decision making, does that also mean she would have sufficient flexibility to increase the penalties?

**Ms Winzar**—I want to clear up what might be an element of confusion. The minister's discretion in this instance was not to alter the size of the penalties, so the activity breach test penalties will stay at the percentage points that you outlined before. The minister has decided that not turning up to an interview or an appointment will now be regarded as an administrative breach rather than an activity test breach. Instead of an 18 per cent rate reduction, the penalty is, I think, a 16 per cent rate reduction over a 13-week period instead of a 26-week period. That is the extent of the flexibility.

**Senator MARK BISHOP**—I understand now. That probably takes us to page 190, reduced penalties for non-attendance at interviews. Is this a continuation of the previous discussion?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—How is it different from page 189?

**Ms Davies**—Page 190 is that discussion of the change in the penalties that we were just having.

**Senator MARK BISHOP**—Those changes are going to cost the government over \$120 million over a four-year period?

**Ms Davies**—That is right.

**Senator MARK BISHOP**—Which is partially offset by the savings in the work activity agreements. Can we turn to page 192 of the PBS, tightening gifting rules and changes to previous budget measure. Last time we met, we were promised some data from DVA



indicating the level of serial gifting. I am not aware that we have received that information. Could someone bring me up-to-date with that?

**Mr Kennedy**—I have not received any data from DVA at this time but I can certainly follow it up.

**Senator MARK BISHOP**—So you haven't received it? The request went off?

**Mr Kennedy**—I believe so. That would have been in February at the last estimates. I was not present at the time.

**Senator MARK BISHOP**—That is my memory.

**Mr Sullivan**—We will confirm that the request went off and we will prompt DVA to give an answer. If the request did not go off, we will do it now, but we will also alert you to the fact that we did not.

**Senator MARK BISHOP**—I have got DVA tomorrow night.

**Mr Sullivan**—We will let you know before tomorrow night whether we are the culprits.

**Senator MARK BISHOP**—That is fair enough. Why has the current ceiling of \$10,000 on gifting been left static and not adjusted for increases in the cost of living?

**Mr Kennedy**—The current rules were introduced in 1989-1990. The previous gifting rules were considered reasonably complex and, in an effort to simplify the rules, there was a trade-off between staggering the reduction in deprivation over a 10-year period, which the previous rules had, and introducing a fixed five-year period to maintain deprivation. The trade-off was to increase the allowable amount. It became obvious from conversations with Veterans' Affairs that there was some evidence that possibly several thousand of our customers, and several hundred of their customers, were using the new rules, the \$10,000 per annum limit, to actually increase their pensions.

**Senator MARK BISHOP**—By gifting serially \$10,000 per annum to family members?

**Mr Kennedy**—Indeed. If a person's assets are tested, then giving away \$10,000 a year increases their pension by \$780 a year, which is a 7.8 return, in today's climate that is reasonably good. It is tax free.

**Senator MARK BISHOP**—So the figure is set and the decision, obviously, has been taken by successive governments not to alter the figure. Are there any reviews currently going on by the government to change that figure?

**Mr Kennedy**—Obviously, there measure is in the parliament at the moment. Until last year, Centrelink did not have the capacity to record gifts, if they were advised of them. The computer system only had the capacity to maintain excess gifts or deprived assets. That was rectified last year but it would be fairly early, at this stage, to come up with any figures on how many people are doing that. Given today's climate of encouraging people to use their own resources before calling on the taxpayer for additional income support, it would not seem unreasonable to have a look at the gifting rules as they are and emphasise a person's responsibility to the taxpayer.

**Senator MARK BISHOP**—That switch from \$10,000 a year per year to \$25,000 over five years, if passed by both houses, is going to save something in the order of \$3.4 million over a four-year period?

**Mr Kennedy**—After operating for several years.

**Senator MARK BISHOP**—With that figure—about \$8.5 million over the four-year period—do you know how much will come from DVA customers, as opposed to FACS customers?

**Mr Kennedy**—None of it is from DVA. It is from Centrelink customers. We estimate that between 3,000 and 4,000 Centrelink customers will alter their behaviour.

**Senator MARK BISHOP**—Let me rephrase the question. How many of those 3,000 or 4,000 Centrelink customers are ex-service people?

**Mr Kennedy**—We would not be able to tell that. There may be some age pensioners with a disability pension, but at this stage we would have no idea. I imagine that it would be a very small percentage.

**Senator MARK BISHOP**—Is it possible to get that out of your system?

**Mr Kennedy**—I do not think so; not at this stage.

**Senator MARK BISHOP**—In view of the time should we break now?

**CHAIR**—Before we break, the minister has some words of wisdom.

**Senator Vanstone**—I do not know about words of wisdom. If the committee wants an hour and a half break that is fine but I seek the committee's indulgence not to be back at 8 o'clock as I have an interview to do at 8.05. The promise is always only 10 minutes but sometimes they have someone else on the line or whatever. I would not expect to be much later but I wonder: is the committee happy to start back at 8 o'clock knowing that I will not be here until 8.15 or 8.20?

**Senator MARK BISHOP**—Yes.

**Proceedings suspended from 6.26 p.m. to 8.03 p.m.**

**CHAIR**—I call the meeting back to order and I call on Senator Collins.

**Senator JACINTA COLLINS**—Could you provide me with the details of the forward estimates for all expenditure areas under output group 1.4. I am at page 52 of the PBS. We have the years 2002-03. Do you have the full forward estimates?

**Mr Sullivan**—You described this as a non-budget measure, did you, Senator?

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—Where is the non-budget measure covering that?

**Senator JACINTA COLLINS**—Page 194.

**Ms Casey**—The one non-budget measure is a zero cost to the budget. It was purely a measure that was designed to bring payments for childcare services into line with the indexation of the childcare benefit. Previously they had been indexed under the old childcare assistance program, where they were indexed on 1 April. This measure purely brought them into line with the indexation of childcare benefit.

**Senator JACINTA COLLINS**—At zero cost?

**Ms Casey**—At zero cost. Under the old system, if a measure had not gone into place, Child Care Services would have received on 1 April a 2.9 per cent increase which covered the indexation and the super guarantee charge, and then on 1 April 2003 they would have received a further indexation. What we have done is actually brought into line that on 1 July they will receive a 3.6 per cent increase, so it zeroes out under accrual budgeting.

**Senator JACINTA COLLINS**—But it is across two financial years?

**Ms Casey**—Across two financial years, yes.

**Senator JACINTA COLLINS**—Further, in relation to changes to indexation provisions for the Commonwealth support of the childcare sector, when was the decision actually made and what sort of notice period was given to the sector?

**Ms Casey**—It was a budget measure and all services were notified of the change. They were also notified that if they were going to incur any financial difficulty they could contact our state or territory office and we would arrange for earlier payments.

**Senator JACINTA COLLINS**—And what contacts occurred?

**Ms Casey**—We had no contacts that I am aware of.

**Senator JACINTA COLLINS**—And what was the nature of the advice provided?

**Ms Casey**—A letter was sent to them, which identified that they were able to contact us if they had any difficulty with the change that was being made.

**Senator JACINTA COLLINS**—Is there any cost saving in relation to this?

**Ms Casey**—No, it was purely a balancing out. The objective of the measure was purely to bring consistency to services so that they were not receiving indexation for childcare benefit on one date and the childcare support on another date.

**Senator JACINTA COLLINS**—The PBS has a performance indicator of full acceptance of the changed arrangements by the sectors affected. Are you taking that to be the fact that you did not hear from anyone about problems?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—The next area is ‘compliance campaign’, page 196. Could we have a copy of all the advertising materials developed.

**Mr Sullivan**—No problem, Senator. We have not got that with us but we can certainly provide copies of the materials, including the video, output.

**Senator JACINTA COLLINS**—Thank you. Was there any research or market testing that accompanied the development of the campaign?

**Ms Raymond**—Yes, Senator, there was quite a lot of developmental research that was undertaken prior to the actual campaign. There was concept testing and interviewing of a number of customers to gauge their reaction to the concepts.

**Senator JACINTA COLLINS**—And are there reports of that research and market testing?

**Ms Raymond**—There are reports, yes.

**Senator JACINTA COLLINS**—Could we be provided with those?

**Ms Raymond**—I do not see any problems with providing those reports.

**Senator JACINTA COLLINS**—Thank you. Can we also have the details of placements of ads and the repetition rates.

**Ms Raymond**—Yes.

**Senator JACINTA COLLINS**—Can this all be provided in the context of today and tomorrow or are we talking about taking this on notice?

**Ms Raymond**—By the time we amalgamate all the information available, it would be sensible to take it on notice, I think, Senator. We can supply as much as possible tomorrow. I could get a copy of the placement of the ads for tomorrow, yes.

**Senator JACINTA COLLINS**—Thank you. Can you provide the calculations for the savings involved with this measure?

**Ms Raymond**—The calculations were part of a submission that went to cabinet. It was the budget before last, I think, 2000-01.

**Senator JACINTA COLLINS**—I am not asking for cabinet-in-confidence.

**Ms Raymond**—No, but the basis of the calculations was that about 8,500 customers would actually be affected by a change of circumstances, and that was going to be a combination of customers either reporting a change of their circumstances or through perhaps increased tip-offs as a result of the campaign.

**Senator JACINTA COLLINS**—Sorry, increases to?

**Ms Raymond**—Tip-offs to other members of the public.

**Senator JACINTA COLLINS**—And so what assumptions were used in calculating the cost impact of those 8,500 people being affected?

**Ms Raymond**—Six thousand customers were estimated to have payments cancelled or reduced as a result of reporting their change of circumstances, and 2,200 customers were estimated to incur a debt as a result of increased tip-offs, so they were quite conservative estimates.

**Senator JACINTA COLLINS**—And what was the basis of those estimates? What assumptions did you use?

**Ms Raymond**—The basis of the estimates, as I said, was very conservative. They were based on some research that we had undertaken ourselves in terms of customers' behaviour and reasons for people not notifying changes of circumstances to Centrelink, and they were also based on some results from advertising campaigns that were done in New Zealand and the UK. We had some information about what happened in those countries, plus some research that we had undertaken ourselves, and on that basis it really was just a conservative estimate.

**Senator JACINTA COLLINS**—Are the results of that research available?

**Ms Raymond**—Yes.

**Senator JACINTA COLLINS**—Can I be provided with that, please.

**Ms Raymond**—Yes.

**Senator JACINTA COLLINS**—And also the information on the New Zealand and the UK programs.

**Ms Raymond**—Yes. I will provide you with as much as I can, yes.

**Senator JACINTA COLLINS**—This might be similar to the earlier exercise we went through about how one reaches conservative estimates. Did you have a process of taking into account other factors and lopping off 10 per cent or 20 per cent here and there?

**Ms Raymond**—No.

**Senator JACINTA COLLINS**—Or how did you do it?

**Ms Raymond**—It was really looking at the proportion of each different payment type and we were targeting the campaign towards people of work force age, so the campaign is targeted towards Newstart, parenting payments, youth allowance. They were the three major payment groups and we looked at a small proportion of each of those particular payment types.

**Senator JACINTA COLLINS**—I appreciate that but what I am asking is whether the research suggested that a particular figure would be affected and then—

**Ms Raymond**—No. It was really based on people who have worked in these particular areas suggesting what the change of behaviour might be. It was a joint estimate between Centrelink staff and FACS staff on the basis of their experience, so there really was not any scientific evidence to come up with that figure.

**Senator JACINTA COLLINS**—Was it a ballpark figure? What percentage was it to come to this figure of 8,500?

**Ms Raymond**—In terms of the population in those particular payment categories, in terms of Newstart, there are about 600,000 customers at any point in time. For parenting payment single, probably around about 400,000. So 8,000 out of one million.

**Senator JACINTA COLLINS**—What is 8,000 out of one million? One per cent.

**Ms Raymond**—Yes, about one per cent.

**Senator JACINTA COLLINS**—That takes us off non-budget measures. We now come to some cross-portfolio issues.

**CHAIR**—You ask the question and we will find the people!

**Senator JACINTA COLLINS**—Under the strategic objectives for welfare reform in the PBS on page 13, you state:

Structural reform is required to arrest growth in welfare dependency, to increase economic and social participation and to ensure the income support system can be sustained.

Under 'Strategic objectives' on page 15, you state:

... the next CSHA will explore ways of ensuring the new agreement better reinforces welfare reform objectives by placing greater attention on work incentives for public housing tenants of workforce age and ways of promoting greater private sector involvement in affordable housing.

In the context of these comments on welfare reform and housing policy, I would like to explore whether the department is doing any research or development on some of the ideas that are being used in welfare and housing overseas. With regard to welfare policy, has the department done any feasibility studies, costings or other research on, for instance, the establishment of matched savings accounts, as per the American system, or asset based welfare more broadly? What is the theoretical basis for welfare reform proposals to date?

**Mr Kalisch**—The theoretical basis is really just appreciating what other problems we are dealing with in welfare reform. The three dimensions that were focused on in the McClure report were essentially the high incidence of jobless families, the high rates of welfare dependency amongst the working age population and also issues relating to regional disparities and locational disadvantage, and that that itself precludes the number of opportunities for people to get jobs. So it is some of the issues that we were talking about earlier today, Senator.

**Senator JACINTA COLLINS**—Before you go on, I missed the second one.

**Mr Kalisch**—The high incidence of welfare dependency or welfare reliance amongst the working age population. It is reasonable to say that that has increased quite markedly even against the background of considerable growth in the economy and growth in jobs.

**Senator JACINTA COLLINS**—When you are looking at welfare reliance, are you incorporating family payments?

**Mr Kalisch**—No, that is just the income support payments. We do not include family payment receipt within that category. The other thing that we have done, certainly within the welfare reform context, is look at what other countries have been doing, what directions they have been taking and what the basis is for their changes. I have to say there is a fair bit of commonality in terms of the broader directions in which countries are going in relation to reforming their welfare systems. Even though their systems have different structures and different components, they are all moving in relatively similar directions, mainly because they are all grappling with fairly similar issues.

**Senator JACINTA COLLINS**—What do you suggest those directions are?

**Mr Kalisch**—Those directions are trying to increase the employment rates amongst people of working age, improve opportunities and incentives to get into work and build local and community capacity. They are just a number of the dimensions that are being focused on, as well as looking to better use the capabilities within the broader community. It is a matter of government not just investing in their own programs, but also looking to better utilise the capabilities of other people in the community.

**Senator JACINTA COLLINS**—You would describe the Work for the Dole program as fitting into that increasing community capacity framework, would you?

**Mr Kalisch**—That is certainly one aspect of that program, in the same way as there are other programs overseas that look at building community and work experience opportunities in local communities.

**Senator JACINTA COLLINS**—In respect of the two particular areas I raised, focusing on savings, have you done any work?

**Mr Kalisch**—Sorry, Senator, if you could just explain that question again?

**Senator JACINTA COLLINS**—I mentioned the establishment of matched savings accounts, as per the American experience. Has there been any policy work in that area?

**Mr Kalisch**—I am not aware of any work that we have been doing. There may have been some work in the Treasury portfolio in relation to savings.

**Senator JACINTA COLLINS**—What about assets based welfare more broadly?

**Mr Kalisch**—I am not aware of that, except for perhaps the community capacity-building dimension that I spoke about, but that is somewhat different to the asset based dimensions you have been talking about.

**Senator JACINTA COLLINS**—More community assets, yes.

**Mr Jackson**—I think it would be true to say that the emphasis has been very much on economic participation, as Mr Kalisch has been explaining, to ensure that people can (a) develop their capacity, as we were discussing earlier today, and (b) utilise that capacity and the opportunities that provides for them to not only generate income but also accumulate assets, if you wish, over the life course, recognising that welfare dependency is something that a lot of people experience over a more prolonged period perhaps than we realised until

recently. In that sense, the focus on economic participation is quite closely related to the capacity of people to develop assets over the life course but, in terms of the way you asked the question, perhaps not as specifically as you might have had in mind beyond that.

**Senator JACINTA COLLINS**—When you look at economic participation, you are also looking at issues associated with employment generation in communities. What has occurred there?

**Mr Kalisch**—Yes, in terms of perhaps some of the community research. Perhaps Ms Swift or Ms Flanagan are best placed to talk about that.

**Ms Flanagan**—It might be worth while giving you a bit of an overview of the research and evidence base that we build up and how we actually do that. At the moment, we spend about \$16 million a year of our departmental expenditure on research and other evidence based gathering. That is done at the program area, which is why many of us approached the table when you starting asking your questions. Also we have, in the recent past, funded a number of longitudinal studies, which start to show the dynamics of people moving onto income support and out of income support. We fund, through the portfolio, the Institute of Family Studies. We also fund the Australian Housing and Urban Research Institute to conduct housing research for us. There are a range of ways in which we collect information. You were talking earlier about assets. We are interested not just in economic assets and the wellbeing of people in terms of income and the actual capital that they have, but also in family assets, I suppose, and community assets. It is a relatively new area of work for us. That is why the portfolio was put together back in 1998.

**Senator JACINTA COLLINS**—Family assets surely is not a new area for you.

**Ms Flanagan**—In terms of really focusing on family breakdown and what that means, when I describe a family asset I talk about keeping a family asset going and together.

**Senator JACINTA COLLINS**—It is probably more a change of language than a new—

**Ms Flanagan**—It possibly is more of a change of language, Senator, yes.

**Senator JACINTA COLLINS**—Does \$16 million per annum includes the funding that goes to the Institute of Family Studies?

**Ms Flanagan**—No, it does not include the money that goes to the Institute of Family Studies. I think that is about \$3½ million a year.

**Senator JACINTA COLLINS**—Were you participating in that contestability study that we were discussing earlier today?

**Ms Flanagan**—One of the program managers would have been able to give you more detail on that.

**Mr Kalisch**—Is this the assessment and contestability trial that you are talking about?

**Senator JACINTA COLLINS**—Yes. You were participating at this level in that?

**Mr Kalisch**—It was done with the disability programs area.

**Senator JACINTA COLLINS**—It was the programs area that you were referring to?

**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Can you tell me why the sample was as it was?

**Ms Corbett**—The sample for the assessment and contestability trial was based on the flow that we could gather over a period of time from referrals from Centrelink, and in our assessment it was a useful size of sample for us to draw some findings on work capacity assessment.

**Senator JACINTA COLLINS**—What was the period that it was conducted over?

**Ms Corbett**—As I mentioned earlier, the trial started in August 2000. The last referrals were in December last year, so it was from August 2000 through until 31 December 2001.

**Senator JACINTA COLLINS**—Self selections for a period of 16 months achieved roughly 1,000 disability support pensioners?

**Ms Corbett**—2,200 participants altogether. Yes, we worked out earlier slightly over 1,000 DSP.

**Senator JACINTA COLLINS**—Were you concerned early on in the stage that you were getting so few people coming through in this process?

**Ms Corbett**—The sample has certainly been adequate for us to find quite a few useful patterns. We have not been overly concerned about the size of the sample.

**Senator JACINTA COLLINS**—Have you been able to corroborate any of those patterns?

**Ms Corbett**—I am not sure that I understand the question, Senator. Corroborate with whom?

**Senator JACINTA COLLINS**—Other research.

**Ms Corbett**—With other research on disability support pensions in Australia or with international research?

**Senator JACINTA COLLINS**—Either.

**Ms Corbett**—No, I do not think I could say that we had corroborated this evidence against other similar research. I am not aware of anyone else who has undertaken a trial of this kind, focusing on work capacity assessments and the shift from medical assessment to work capacity assessment.

**Senator JACINTA COLLINS**—We are still waiting to KPMG to evaluate this research?

**Ms Corbett**—KPMG's evaluation is well progressed but, yes, it does not complete until later this year.

**Senator JACINTA COLLINS**—Why was KPMG chosen?

**Ms Corbett**—It was an open tender for that process and KPMG were the successful tenderer.

**Senator JACINTA COLLINS**—Can you provide me with the request for tender?

**Ms Corbett**—Yes, that documentation would be available. I do not have it with me.

**Senator JACINTA COLLINS**—Does KPMG have a social research unit?

**Mr Kalisch**—Senator, KPMG has done other research for us that I am aware of in the disability area previously.

**Senator JACINTA COLLINS**—Yes, but I am asking whether they have a social research unit.

**Mr Sullivan**—They have social welfare capability.



**Mr Kalisch**—Yes.

**Senator JACINTA COLLINS**—Can you provide me with some details of that?

**Mr Sullivan**—No, that is theirs. They respond to the tender. I think we will give you the tender documentation. We will not give you the tender responses. It will assure you that the selected tenderer met the criteria of the tender documentation.

**Senator JACINTA COLLINS**—To me a methodology that involves self-selection over a period of 16 months to get a population of 1,000 people in itself sounds a bit dodgy.

**Mr Sullivan**—Well, that can be your opinion, Senator. We stand by our thing and we have gone to the open market to give us an assessment and a validation of our research methodology and we expect that we will get that outcome.

**Senator JACINTA COLLINS**—I am not sure the open market necessarily achieves the best result in this area.

**Mr Sullivan**—I beg your pardon?

**Senator JACINTA COLLINS**—I am not sure the open market necessarily achieves the best result in this area.

**Ms Corbett**—Perhaps I should clarify here that the methodology for the trial was not determined by KPMG. They have responsibility for the methodology for the evaluation.

**Senator JACINTA COLLINS**—Yes, and I understand that.

**Ms Corbett**—The trial was something that we have designed and so we have responsibility with our various partners, including CRS and Centrelink for designing this methodology.

**Senator JACINTA COLLINS**—What was CRS's role?

**Ms Corbett**—CRS have given us considerable and valuable advice about work capacity assessments because they—

**Senator JACINTA COLLINS**—I am sure they did.

**Ms Corbett**—employ specialists with the appropriate base of knowledge and expertise, and so we have worked pretty closely with them throughout the trial, and indeed it was CRS employees who were the assessors for FACS in this trial process.

**Senator JACINTA COLLINS**—But they were not the designers of the questions or the process?

**Ms Corbett**—No, we accept that the design and methodology was our responsibility absolutely.

**Senator JACINTA COLLINS**—What is the nature of the evaluation that KPMG is now going to add skills to?

**Ms Corbett**—When their final report is delivered, the methodology will be elaborated in that in some detail. We could provide you some further documentation about the methodology from their proposal but it would be, I think, the right thing to do to talk to them first about what we provided, in that that was a part of their bid in the competitive tendering process. We can certainly provide you some description of that methodology.

**Senator JACINTA COLLINS**—When you do that, if you have material which indicates that KPMG is active in other areas of social research I would be interested. It is the first time I

have stumbled across them but I have not explored these fields in recent times. It sounds a bit whacky to me, a group of accountants—

**Mr Sullivan**—KPMG is not a group of accountants and you should not describe them as that, Senator.

**Senator JACINTA COLLINS**—I am being colloquial, yes. Let me move on, then, in relation to housing policy. Has the department done any feasibility studies or costings or other research on other ideas, for example, innovative home ownership models, especially for low income earners, such as part-equity models and the establishment of new forms of community ownership, particularly in public housing estates and other disadvantaged neighbourhoods?

**Ms Swift**—We are currently working with states and territories to develop the negotiating position for the new Commonwealth-state housing agreement and within that context we are exploring a number of options and pulling together the research that is available around those sorts of areas. I cannot give you specific examples of those things that we have done at the moment but we are certainly working on it right now.

**Senator JACINTA COLLINS**—When might you be in the position to produce some results of the work that you are doing?

**Ms Swift**—Senator, we are developing the negotiating position with a view to going back for government decision in August, but the negotiations with the states and territories will occur between now and next June, so we will be doing ongoing work in this area and pulling together a number of options at the moment. The minister addressed the housing ministers in April and said that we should explore, without commitment, some alternative funding arrangements that looked at the feasibility of recurrent funding, looked at encouraging private sector involvement and looked at the welfare reform and making sure that we were reducing work force disincentives for people in public housing. That is the work we are doing at the moment.

**Senator JACINTA COLLINS**—When we are talking about in the welfare reform process the issue of work incentives for public housing tenants, what are the current trends for people once they become fully engaged in the work force in relation to their public housing status?

**Ms Swift**—I do not know that I can answer that specific question, Senator, but the sorts of areas we have been working on with the states have been around their rent setting policy which, at the moment in public housing, is set at a percentage of income which can be quite a disincentive for a person. They can earn a dollar in income and end up spending \$1.50 extra in their rent through a whole lot of permutations and combinations. We are looking at alternative ways of rent setting policies. The other aspect that always comes to the fore in terms of public housing is the location, which is often not near where employment is likely to be. We are trying to explore some options with them around that at the moment.

**Senator Vanstone**—You asked earlier about low income housing. We were not necessarily talking about tenants there. The key things for those people to get access are low interest rates and some sort of capital injection to start with. There are low interest rates—I think they are at the lowest for 30 years—which is a great opportunity and there is the provision of the First Home Owners Scheme. If you are looking at getting a unit for around \$90,000, then \$7,000—if you are a first time owner but it is not a new unit—is a decent start along the way to getting that.

Having said that, the other thing I want to comment on is what has just been said about the placement of public housing in relation to jobs. I think there was a reasonable amount of

agreement—and you can ask your own state ministers whether they agree—that we have not got it right in terms of public housing stocks. There have been improvements. Let us not go into how long because that will look like a political argument. There have been improvements. Let us just leave it at that. I think there can be more, especially in relation to your question about what happens if you move into the work force and whether the way rents are now structured are a disincentive, especially in relation to placement of public housing, in it being so far from where most of the work opportunities are.

That leads me to the point where I personally believe none of the states are doing as well as they should be in urban transport. Whether you are a mum at home on your own, like a sole parent with three kids and you need to get to the doctor, or the hospital or whatever, or you want to get to job applications, or just wanting to get around, then urban transport, for which the states are responsible—of all political persuasions—is going to be one of the key factors to all sorts of social participation. I do not know if you can nominate a capital city you think is as good as it should be, but I certainly cannot. The people who can afford a Mercedes or a Commodore or whatever will get by. They will complain about high parking costs, but they will get by. But people who cannot afford a car, or have one car between two of them and there are kids, have to use public transport. It even affects social participation, like kids going to sport. It is not safe to put your kids on the train to come back—in Sydney, for example, in the winter from playing football—home on their own in the dark on a train. I am pleased that the state ministers seem to agree that we need much more flexibility on all sides in how we handle our public housing funding and stocks.

**Senator JACINTA COLLINS**—What my question was leading to, though, is that the other side—from what I understand of the situation—to a disincentive to work, is that once people are working there is a move away from public housing. I am curious about to what extent that occurs.

**Ms Swift**—I do not know the answer to that, Senator. I can check and see if we have any research on that and get it to you, but off the top of my head I don't know.

**Senator JACINTA COLLINS**—I am curious about what the exit process from public housing is.

**Ms Swift**—At the moment public housing is quite significantly targeted. A large percentage of people in public housing are either on age pensions or disability pensions and so there is not a lot of throughput at the moment and so there is not a lot of exit right now.

**Senator JACINTA COLLINS**—But there are sectors of public housing where there is also a change in circumstances of those occupying public housing that does not necessarily lead to exit either.

**Ms Swift**—That is where we were talking about the effective marginal tax rate and that is because the rent setting policy is based on percentage of income, to a large extent, and I think that also works as a disincentive to throughput. What we are trying to explore in this next agreement are ways of addressing that. The states and territories are very responsive to that at the moment.

**Senator JACINTA COLLINS**—Do you have any data on what proportion of people are long-term pensioners, as opposed to people whose life circumstances are likely to change?

**Ms Swift**—I can get accurate data for you but, from memory, the percentage of people who are on age pensions or disability pensions and are therefore usually fairly long-term pensioners, is about 60 per cent. I will get you that accurate data; we do have it.

**Senator JACINTA COLLINS**—Yes. The data on throughput as well would be interesting, if you have that at the Commonwealth level.

**Ms Swift**—Certainly. We will see what we can find.

**Senator JACINTA COLLINS**—Earlier, when I was talking about equity models I wanted to know if you were specifically looking at part equity models for low income people to get a stake in ownership of public or community housing. Is that one of the options being explored?

**Ms Swift**—We are not specifically exploring that right now because we are at such an early stage of the process. The minister has taken nothing off the agenda in terms of what we can explore and has agreed with the state and territory housing ministers for officials to go away and ‘be creative’. There is an opportunity at the moment to explore those sorts of things. We are operating through a state and territory working group of officials and an interdepartmental committee at Commonwealth level, trying to look at all the options we can possibly put on the table at the moment.

**Senator JACINTA COLLINS**—In relation to policies to encourage the accumulation of assets for low income earners I think I heard earlier the comment that was more likely to have occurred within Treasury, or is there some work that FACS is doing in that area?

**Ms Swift**—Not to my knowledge.

**Mr Kalisch**—Certainly the past work on proposals to build up savings or assets have been historically done within the Treasury portfolio.

**Senator JACINTA COLLINS**—So I am right, this is not an area that you have done work on?

**Mr Kalisch**—No.

**Ms Flanagan**—Again, our main focus in relation to savings is the focus on economic participation, because if you can get people back to work then, of course, they have the capacity to save. But in terms of actual savings vehicles there is no current work being done on that within the portfolio.

**Senator JACINTA COLLINS**—All right. Minister Minchin made some recent comments expressing a view that states should be responsible for poverty programs, which I found interesting particularly in the light of comments made recently in the sort of programming work you do within FACS. The Commonwealth has a responsibility for income support programs, for instance, and employment services—for that matter, unemployment as a whole. Does the department have any proposals before it to look at shifting those types of responsibilities to the state level?

**Senator Vanstone**—No, unless you know something I do not know.

**Mr Jackson**—Senator, I am not aware of the comments that were made but, as Minister Vanstone mentioned a moment ago, income support, provision of services, provision of housing, provision of transport are all interrelated with people’s ability to develop their capacity and to access opportunities. To that extent, through welfare reform, we are progressing discussions with the states about how we can work together more effectively to integrate each of our areas of responsibility in a way that comes together better for people on the ground. We certainly recognise that, while the Commonwealth continues to have responsibility for income support and so on, there are areas of state responsibility which are also important for people’s futures and what opportunities they have to participate economically and socially.

**Senator JACINTA COLLINS**—Yes, but as you have described it, it is a joint venture, not solely an area of state responsibility.

**Mr Sullivan**—Exactly.

**Senator JACINTA COLLINS**—Are you aware, for instance, that the minister for finance, Senator Minchin, said on television recently, ‘I think the states are going to have to take more responsibility for looking after poorer Australians’? Are you aware of those comments and what he might be alluding to?

**Senator Vanstone**—No, I am not, but if it meant putting in a decent urban transport system so that especially poor people could get around to health services, get around to social activities, get around to job applications, I would completely agree. There are a few other areas that I might discuss later—not now, because we do not want to distract ourselves and they are not pertinent to these estimates—that make the point that the states could do a better job. I have not seen Senator Minchin’s remarks that you are referring to.

**Senator JACINTA COLLINS**—*Meet the Press* on 19 May.

**Senator Vanstone**—I do not even know where I was on 19 May.

**Senator JACINTA COLLINS**—Neither do I!

**Senator Vanstone**—I am sure my diary will tell me; it just does not immediately jump out as a date I had to keep. But I can assure you that if he meant, in the context of what he said, that the states have to do a better job in all respects of looking after poor people, I would wholeheartedly agree with him.

**Senator JACINTA COLLINS**—You are suggesting that what he might have meant is that the states should perform their responsibilities more effectively?

**Senator Vanstone**—I cannot say, because I have not seen what he has said. I am simply indicating to you that, if that is the gist of his remarks, then I wholeheartedly agree.

**Senator JACINTA COLLINS**—What he is saying is that the states should take on more responsibility. What you are alluding to is a concern that they are not necessarily meeting their responsibilities effectively.

**Senator Vanstone**—I am pretty certain they are not.

**Senator JACINTA COLLINS**—But you are not suggesting that there should be other areas of responsibility in relation to the alleviation of poverty?

**Senator Vanstone**—There might be new areas where people need assistance. When I first joined this parliament, if you had said to someone, ‘The Berlin Wall is going to come down,’ they would have suggested a padded cell, and a few years later it happened. If you had said to people who first used the drum roll fax—you might be too young to know about it; it was a drum that you put one page on and rolled around by hand, and that was a fax machine—

**Senator JACINTA COLLINS**—No, I have used those.

**Senator Vanstone**—Have you? You’re disguising it reasonably well, then! If you had said to those people, ‘Look, one day you’ll be able to sit down at a typewriter and just call up someone and your message will be there,’ they would think you had rocks in your head or a few screws loose. Who knows what opportunities there are for the states to do more? Within the constitutional division of things, they should do it. There may be new things they should be doing. Yes, I agree.

**Senator JACINTA COLLINS**—But there are none in your mind at the moment that are new areas of responsibility that the states should be responsible for?

**Senator Vanstone**—My particular interest at the moment is that they do the job they have got properly, because I do not think they do, yet.

**Senator JACINTA COLLINS**—There are probably areas that they would like to reflect that the Commonwealth could perform better at, too.

**Senator Vanstone**—It does not usually stop them, I have noticed, Senator.

**Senator JACINTA COLLINS**—No.

**Senator Vanstone**—In fact, the easiest way for an incompetent state minister, of whatever political persuasion, to deflect attention from their incapacity is to draw attention to something they do not think the Commonwealth is doing well. There has been a history of state ministers of all persuasions doing that. I think you would agree with that, Senator Knowles. The quickest way to stop yourself being looked at is to point your finger at someone else, and they do it extremely well, which is why of course—no, please don't let me go down that track. I could say some career-limiting things!

[8.49 p.m.]

**Senator JACINTA COLLINS**—Let us go to output group 1.1, Family support. You might be able to help me. I have not marked this in the PBS, but I do recall the component dealing with prevention of child abuse, which I was interested to see in light of the discussion that we had earlier in terms of the federal-state responsibilities. It is often more significantly focused on at state level. Can you tell me again where I would find that in the PBS?

**Mr Nott**—You will find the funding for child abuse prevention listed on page 51 and you will find the first mention of the child abuse prevention grants and other components of that under 'Family support services' on page 61.

**Senator JACINTA COLLINS**—It might have been page 61 that I was thinking of. Yes, that is it.

**Senator Vanstone**—I doubt, Senator, that you would say that this was an area where you thought the states had discharged their responsibilities as effectively as they could.

**Senator JACINTA COLLINS**—I think I would say, Senator Vanstone, that in this area I cannot think of anyone who has discharged their—

**Senator Vanstone**—It is primarily a state responsibility, though.

**Senator JACINTA COLLINS**—That is also an issue that is open to debate and change over time.

**Senator Vanstone**—It may; I do not disagree with that. But it is a state responsibility and none of them have done as well as they should have.

**Senator JACINTA COLLINS**—And, as you know, worse though in areas where the state takes on particular responsibility for the care of children.

**Senator Vanstone**—Which is why, of course, we have TILA, the transition to independent living allowance. It is a \$1,000 payment to people who move out of the care and control of the state to being independent. They can use it for a bond on accommodation, or perhaps for some training, or new clothes. Arguably, the Commonwealth should not need to do that, but if you want to look at the consequences of the states collectively not doing an appropriate job, you

just need to consider the higher proportion of those children who end up being our customers, on welfare, compared to other kids.

**Senator JACINTA COLLINS**—When did that payment first come in?

**Senator Vanstone**—It was in the last budget. I am not sure if it has been implemented yet. Has it?

**Ms Rushton**—No.

**Senator Vanstone**—It is your baby, isn't it?

**Ms Rushton**—Yes.

**Senator Vanstone**—I have been given the impression it is your baby. This is the policy proposal Ms Rush has worked on.

**Ms Rushton**—The money begins to flow in March next year.

**Senator JACINTA COLLINS**—Could you provide for me the details of all the Commonwealth funded prevention, early intervention and crisis programs in the area of child abuse.

**Mr Nott**—Yes, we will provide that.

**Senator JACINTA COLLINS**—Can you give me a rough overview now?

**Mr Nott**—Sure. There are a number of different activities that are funded within the child abuse prevention funding.

**Senator JACINTA COLLINS**—This is why I hate accrual accounting, by the way, because all of this program-specific detail that used to live in PBS statements no longer resides there.

**Senator Vanstone**—I think this is the third or fourth change, isn't it, Senator Knowles, that we have seen in estimates presentation?

**CHAIR**—It certainly is.

**Senator Vanstone**—I think there is a section in Finance that has nothing to do but change the estimates presentation to keep everybody busy.

**Senator JACINTA COLLINS**—It keeps them in a job!

**CHAIR**—It is just to give us something else to do.

**Senator Vanstone**—It keeps all of us busy, and it will keep going until the dreadful day that you eventually win government back, which I hope will be long after I have gone.

**Senator JACINTA COLLINS**—Sorry, Mr Nott.

**Mr Nott**—That is all right. Under this heading, the Commonwealth is funding 41 different projects around Australia. The tenders were called in 2000 for these projects. A number of tender responses were received and we chose 41 projects which seemed to represent good projects. They include things like home visiting, parenting programs, a number of promotional activities—around positive parenting messages for the most part—and also some anti child abuse messaging. The Commonwealth also funds the child protection clearing house, which is run by the Australian Institute of Family Studies and provides information about child abuse and studies around child abuse. The Commonwealth also funds the Australian Council for Children and Parenting, which is advising the Minister for Children and Youth Affairs on issues around early childhood and prevention of child abuse.

**Senator HERRON**—Was one of those the positive parenting program—Professor Matt Sanders, Queensland University.

**Mr Nott**—The positive parenting program has been adopted by a number of the programs that we do fund but we do not fund the PPP itself.

**Senator DENMAN**—Can you provide a breakdown of what projects are being funded by the \$4 million in the 2002-03 budget.

**Mr Nott**—Yes. There are 41 separate programs so it is probably better I supply that in a table separately.

**Senator DENMAN**—And are those programs across states as well?

**Mr Nott**—Yes, it is Australia-wide.

**Senator DENMAN**—Does that mean a program being funded in New South Wales is the same program being funded in Tasmania, or does that vary on the needs of the state?

**Mr Nott**—What we tried to do was across a number of different headings fund some programs that demonstrated some good ways of working around positive parenting messages or prevention of child abuse. There are a number of quite innovative programs in there. Some of them use fairly established programs like Mofflyn NEWPIN or PPP. We also funded within that bucket NAPCAN to produce Child Protection Week for the past two years, so there is a range of different programs within that bucket. There is also some work with a couple of indigenous organisations. It was a whole range of different activities.

**Senator JACINTA COLLINS**—What was the process for establishing those projects?

**Mr Nott**—We received 400 tender responses.

**Senator JACINTA COLLINS**—So it was a request for tender?

**Mr Nott**—Yes.

**Senator JACINTA COLLINS**—Can you provide us with a copy of the scope of that request for tender?

**Mr Nott**—Yes. And then, using our state and territory offices and a number of people, we allocated points for the tenders and chose the ones that seemed to represent best value.

**Senator JACINTA COLLINS**—Was that a clear points system that you developed to deal with them on a project by project basis, in terms of what your criteria were or what you were placing emphasis on?

**Mr Nott**—There were rough points awarded, and each state developed basically a priority listing. We also divided it across a number of different subject areas. For instance we separated out communications activity from parenting programs so we would have a mix across a number of different headings. We looked separately for a number of innovative indigenous approaches. We looked for the best communication activities that we could find within the 400 responses.

**Senator JACINTA COLLINS**—There were 400 responses, from which 41 projects were selected?

**Mr Nott**—That is right.

**Senator JACINTA COLLINS**—And with a grant total of \$4 million, that is not a huge amount of money you are spreading across projects, is it?



**Mr Nott**—No. The Commonwealth's aim in this area is to provide leadership, not answer all the questions or swell the demand.

**Senator JACINTA COLLINS**—They are bit like pilot projects to try a few ideas and see how effectively they work?

**Mr Nott**—Yes. For a number of years the Commonwealth has been trying to provide a leadership role in this area.

**Senator JACINTA COLLINS**—How many years?

**Mr Nott**—Since 1994.

**Senator JACINTA COLLINS**—And how has the funding grown in this area since 1994? You might need to take that on notice.

**Mr Nott**—Yes. In the early years it was around \$1 million to \$2 million and it has grown to \$4 million in recent years. If you need more accurate figures than that, I can get it for you.

**Senator JACINTA COLLINS**—Yes, if you could. Is it being too ambitious to ask that this other material you will provide in relation to the 41 projects be provided overnight rather than on notice?

**Mr Nott**—I will get that for you. I will need to check.

**Senator JACINTA COLLINS**—The reward in all of this process is that we may get through everything tonight, in which case tomorrow sometime would be an acceptable time for it to be provided to the secretariat. We will be off on Health.

**Mr Nott**—Certainly.

**Senator JACINTA COLLINS**—Although I understand FACS has a much better record at getting answers to questions on notice even than say Treasury. What is the role of the Institute of Family Studies in providing policy advice and research services to the government through the national clearing house and research program? Has the government for instance made any formal response to recent reports?

**Mr Nott**—Within the area of child abuse prevention the Commonwealth has a contract with AIFS to provide the clearing house activities; as part of that there is also a preferred researcher, or equivalent status, and an allowance for a small amount of research and participation in policy development built into that contract. The main purpose of the contract and the majority of the \$250,000 funding that goes to AIFS are for the provision of the clearing house activities themselves, though.

**Senator DENMAN**—Is it correct that in 1995 the National Strategy for the Prevention of Child Abuse was not implemented or replaced by the government?

**Mr Nott**—A report was received from the National Council for the Prevention of Child Abuse on that topic, and a number of other papers were presented to government by that council.

**Senator DENMAN**—What happened?

**Mr Nott**—I would need to take that on notice, Senator. In the policy development process there are always papers that are presented from time to time. They are all fed into the development of thinking.

**Senator JACINTA COLLINS**—I suppose that partly goes back to my earlier question, which you had not fully answered, which is: has the government made any formal response to

reports through the clearing house on child prevention? I am trying to understand the process. What does the clearing house do?

**Mr Nott**—No, the government does not respond formally through the clearing house or to reports produced by the clearing house.

**Ms McKay**—The main purpose of the clearing house is actually to put together best practice from a range of different projects and promulgate them into the community. It is not a service to government as such. It is really a means of putting together research and promulgating it to the community.

**Senator JACINTA COLLINS**—Yes, but I gathered that the government is part of that community and, to the extent that you might adopt best practice in budgets, that would be a formal response to what is being indicated to you through the clearing house process as best practice in a particular area, so I am asking whether that has been the finale of the clearing house process in any particular area?

**Ms McKay**—There would be no finale to a clearing house process; the clearing house identifies projects that are worth while, and that feeds into the decision making in government when you go to tender for another raft of projects.

**Senator JACINTA COLLINS**—So it potentially feeds into the selection process for the next round of this current \$4 million?

**Ms McKay**—Yes, it should.

**Senator JACINTA COLLINS**—But can you say that that has been the case so far? I mean, I am curious about the nature of the selection process, too.

**Mr Nott**—The most recent research project that the clearing house has undertaken separate from the clearing house activities themselves has been a stocktake of parenting programs and child abuse prevention programs Australia-wide, and the results of that research report have been promulgated through the clearing house on the web site and through their newsletter, and made accessible to a wide range of practitioners. It is a useful stocktake for us to use and it helps in the development of policy.

**Senator JACINTA COLLINS**—Yes. This is what I am trying to understand. If the clearing house says to you, ‘An area of fertile research is X,’ and ‘We have since undertaken to fund a project to do that’ is the government response—

**Mr Nott**—I see what you mean. The clearing house tends not to make recommendations like that. Most of it is more research oriented.

However, there is generally a representative from the Australian Institute of Family Studies attending the meetings of the Australian Council for Children and Parenting and they participate in the discussions of that group. The group often makes recommendations to the Minister for Children and Youth Affairs about activities that the government should consider undertaking.

**Senator JACINTA COLLINS**—That leads me to my next question which is what is the role of the Australian Council for Children and Parenting in providing policy advice to the minister and/or the department and what policy projects or issues are they currently working on?

**Mr Nott**—The terms of reference are the ones that I talked to you about before. They are quite short, but in general they ask the council to report to the minister on issues around prevention of child abuse and early childhood.

**Senator JACINTA COLLINS**—Who is on the council?

**Mr Nott**—There are around 12 members of the council. The chair of the council is Rosemary Sinclair. I could go through a list which might leave out a few members now or take that on notice.

**Senator JACINTA COLLINS**—When was the council first established?

**Ms McKay**—It was established with its new terms of reference in March of 2001.

**Senator JACINTA COLLINS**—So that there is no annual report yet; I cannot say, ‘No, don’t worry about it. I’ll go and look at the annual report’?

**Ms McKay**—It provides ongoing advice to the Minister for Children and Youth Affairs. It is not as though it goes away and thinks forever and then produces a report. The chair writes to the minister after every meeting or two, giving a progress report on issues that they have been asked to look at.

**Senator DENMAN**—Are all states represented on that? Is there a cross—section?

**Ms McKay**—The membership is a mixture of community members; people who have been selected from the community for their expertise. It has a Commonwealth representative, who is me, and three state representatives who are selected by the Community Services Ministers’ Advisory Council. The states that provide members on the current council are Tasmania, the ACT and New South Wales. That rotates amongst the states every couple of years. However, CSMAC actually chooses the members from the states.

**Senator JACINTA COLLINS**—What are the projects or issues that they are currently working on?

**Ms McKay**—There are several, Senator. I will check my briefing to see if I have a list of them that I can give you now, otherwise we can give it to you tomorrow.

**Mr Nott**—We will have to supply that tomorrow.

**Senator JACINTA COLLINS**—Could you add to that your earlier comment about the membership and the background to the particular members. This is, in a sense, a testing question in relation to the process with this body. Is it like a COAG style meeting where there is a formal communique after meetings or is it all closed, private information to the minister? What is the status of reports from the meetings?

**Mr Nott**—Fundamentally, the council reports to the minister. However, the council does produce a newsletter which is sent out after each meeting. The newsletter is sent to currently around 400 people on an address list. It is an open address list, and the council tries to ensure that it is accessible to people in the community and the things that the council is working on are reasonably widely available. There is also a web site that we maintain on behalf of the council, which is [www.accap-aus.org](http://www.accap-aus.org).

**Senator JACINTA COLLINS**—If I looked at that web site, would it save me asking you for a copy of all of their newsletters so far?

**Mr Nott**—And it would have a list of the members as well. Yes, Senator.

**Senator JACINTA COLLINS**—All right. I will save you that problem as well then.

**Mr Nott**—Thank you, Senator.

**Senator JACINTA COLLINS**—That was essentially my question: was there a report of this agency that I could refer to separately. Are things like the minutes available?

**Mr Nott**—I do not think the minutes are generally available on the web site. They generally just represent the internal workings of the council.

**Senator JACINTA COLLINS**—Could they be made available to us?

**Mr Nott**—I do not see why not. I would like to check with the chair of the council, Rosemary Sinclair, to make sure that is fine with her.

**Senator JACINTA COLLINS**—Fine.

**Senator DENMAN**—Can you provide an overview of the interaction between the department and the National Child Protection Clearinghouse? What involvement does the department have in determining a research agenda of the AIFS or the Clearinghouse in this policy area?

**Mr Nott**—Almost all of the funding for the Australian Institute of Family Studies that is provided under the contract for the Clearinghouse goes to the Clearinghouse for basically the capacity to be at the other end of the telephone if we want some advice around child abuse issues or what the academic literature is telling us about child abuse. If there is a specific issue that we want to follow up the contract does allow us to talk to AIFS about what they could do as a preferred tenderer initially, rather than go to a separate tender process for each piece of research. That was developed as part of the initial select tender for the Clearinghouse operations.

**Senator DENMAN**—Thank you.

**Senator JACINTA COLLINS**—Does the Clearinghouse itself handle complaints?

**Mr Nott**—No, Senator.

**Senator JACINTA COLLINS**—They do not handle complaints of how other agencies have addressed child prevention matters?

**Mr Nott**—No, Senator, that is not its role.

**Senator JACINTA COLLINS**—So it is solely a policy research clearing house type role?

**Mr Nott**—Yes, that is right.

**Senator JACINTA COLLINS**—Is there anything else, as part of its role, beyond that? I said ‘solely’. I am just checking that.

**Mr Nott**—No, I do not think so. I think that is a full list.

**Senator JACINTA COLLINS**—The men and family relationships program is the next area. How many services and programs are currently funded in this area?

**Mr Nott**—There were 52 projects that were funded under the men and family relationships initiative. The budget measure extends those projects for a further year.

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

**Mr Nott**—Basically because the projects are doing well. We have an independent evaluation that is due in September. The feedback that we are getting from the evaluators is that this program is doing some really good work. The basic problem, as you are probably

aware, is that men experiencing a range of relationship problems traditionally do not tend to seek help through the traditional counselling.

**Senator JACINTA COLLINS**—Were there delays in implementing the original program? I am trying to find out the reasons for the extension.

**Mr Nott**—The program was originally in two tranches. There were some initial delays, but those were three or four years ago. The programs were extended for a short period last year to line up the two separate tranches. This year's funding provides for the services to continue for another year.

**Senator JACINTA COLLINS**—What is the intention beyond one further year?

**Mr Nott**—The intention will allow us to get the final evaluation results and for the government to then make a decision about the future of the program beyond that.

**Senator DENMAN**—Can you give us an evaluation of the project up to date, or will that happen later? Do you have any evaluations?

**Mr Nott**—We have received some interim evaluation results and I am happy to try and supply those. The answer is that the evaluation results are showing that the programs are quite effective—that 95 per cent of the men who are going through the programs seem to be making some progress with the issues that they are trying to deal with—and that is quite a high figure in comparison to most of the other projects we have been dealing with.

**Senator DENMAN**—Is it funded for another 12 months? Is that right?

**Mr Nott**—Yes.

**Senator DENMAN**—According to the budget. At the end of that 12 months you will evaluate whether the program is worth continuing. Is that the idea?

**Mr Nott**—The evaluation report in September?

**Senator DENMAN**—Yes.

**Mr Nott**—The government will make a decision about whether to extend beyond next June.

**Senator JACINTA COLLINS**—Have any services been de-funded?

**Mr Nott**—As part of the initial project, we did pilot less of a project and more of a product. There is a product called MENDS. It is basically a structured group process that organisations can take men through and it includes a component of psychometric testing. As part of the processes, MENDS was piloted in a number of different areas. We were interested in whether the psychometric testing would actually add any value to the processes.

**Senator JACINTA COLLINS**—Can you give me a lay explanation of what psychometric testing is?

**Mr Nott**—I am struggling with that myself, so probably not.

**Senator JACINTA COLLINS**—Do the best you can and it will help me move from a base of nil.

**Mr Nott**—It is basically an assessment to tell where people are at psychologically—positive, negative, able to deal with their issues, depressive, suicidal—getting into the therapeutic end of a person's state of mind.

**Senator JACINTA COLLINS**—Psychological testing?

**Mr Nott**—Essentially. The feedback that we have had through the evaluators has been that the psychometric testing itself does not add anything to the understanding that the practitioners have anyway of the men that they are dealing with. Good practitioners are quite aware of whether the men that they are dealing with are suicidal or have severe depressive problems, but the psychometric testing itself tends to add another degree of strain and reduces the appeal of the process to the men who are going through it, because it tends to label the men as having problems.

**Senator JACINTA COLLINS**—It is a deterrent to participation.

**Mr Nott**—Yes. The structured processes developed as part of MENDS are very good, but there are other products around that do similar things and, as a result of that, we have not continued the MENDS projects across Australia.

**Senator JACINTA COLLINS**—Are they the only ones? MENDS?

**Mr Nott**—There is a project from the south of WA that was run by the Bunbury Migrant Resource Centre, which experienced some problems about early to middle of last year. After some negotiations, the Bunbury Migrant Resource Centre told us that they were not interested in continuing under the funding of the program and we have been in the process of choosing some alternative suppliers. We had been in that process prior to the last election, then we went into the caretaker period and since then we have been waiting for a decision on the future of the program before continuing any further with that process.

**Senator JACINTA COLLINS**—You have been waiting for decisions in this area since the election?

**Mr Nott**—No, we went into the caretaker period before a decision was made and since then it has not been worth making a decision, because we wanted to explore the future funding for the program before any further organisations were funded.

**Senator JACINTA COLLINS**—You have been waiting for the next budget announcement in terms of allocation of funds for the future?

**Mr Nott**—That is right.

**Senator JACINTA COLLINS**—It has been pending rather than waiting for a decision on that particular program?

**Mr Nott**—That is right.

**Senator DENMAN**—You have partly answered this next question. We have heard from some services that they believe their funding may only be extended for another 12 months. Is that correct?

**Mr Nott**—At this stage, it is only extended for 12 months.

**Senator DENMAN**—What are the plans for this program over the period of the forward estimates and can you provide us with those figures?

**Mr Nott**—There is no funding provided for these services beyond June next year in the forward estimates.

**Senator JACINTA COLLINS**—You indicated earlier that this area has been funded for three or four years so far.

**Mr Nott**—Four years now.

**Senator JACINTA COLLINS**—What has been the funding to date for that?

**Mr Nott**—\$18 million.

**Senator JACINTA COLLINS**—Over four years?

**Mr Nott**—Yes.

**Senator JACINTA COLLINS**—With the extension as part of that \$18 million?

**Mr Nott**—No, that will add \$4 million to that.

**Senator JACINTA COLLINS**—Under this group—the men and family relationships program—are there any domestic violence or child abuse protection programs funded?

**Mr Nott**—No, Senator, not under that component. Under the family relationships services program, we have recently funded eight organisations around Australia to operate specialised domestic violence services, but they are not specifically aimed at perpetrators or victims. It is intended to have a family focus.

**Senator JACINTA COLLINS**—In that particular area, the emphasis is not on issues relevant to men and family relationships?

**Mr Nott**—Domestic violence will come up in those circumstances, I am sure, but those services are not specifically funded to deal with domestic violence issues as part of the men and family relationships initiative.

**Senator DENMAN**—Can you provide details of the proposed breakdown of expenditure of the \$7.9 million for services for families with children?

**Mr Nott**—I would need to take the details of that on notice, but I can tell you more or less what is funded within that. A large element is for Aboriginal and Islander child care agencies—AICCAs—which are essentially Aboriginal fostering associations. I think that is around \$3½ million per annum. Also funded within that group are playgroups. The state playgroups associations in each state are funded to provide general services to playgroups within their states.

**Senator JACINTA COLLINS**—When did this historically come into the federal area? How long has the Commonwealth played a role in this area?

**Mr Nott**—I could not give you an accurate answer on the AICCAs. From memory, it is at least 10 or 15 years and it could well be longer, Senator. It is a substantial time in relation to the AICCAs and it comes from a time when the state governments themselves were not adhering to or were not yet aware of the idea that Aboriginal children should generally be fostered into Aboriginal families and part of the reason the Commonwealth stepped in in this area again was to provide a leadership role in pushing that concept.

**Senator DENMAN**—How is this funding allocated and distributed?

**Mr Nott**—Most of the funding has been there through historical processes. There is another component to the funding which I did not mention. There are a number of essentially family services that are also funded within that funding component and they take a range of forms, including funding parts of salaries of family support workers in some parts of Australia. In other areas, they are funding activities that really bear some relationship to what have now become the local solutions to local problems components of the Australian families and communities strategies—some small pieces of funding which make a difference in local areas around family issues. There is funding for a bus that collects school children in some isolated areas and brings them to the local school and a wide range of different activities within that bucket. As far as the funding allocation mechanisms are concerned, the Aboriginal

and islander child care associations have been funded for a number of years and the turnover in that area is not generally generated at the Commonwealth end. It tends to be turnover at the organisational end. The family services that are funded within that component have also been funded for a number of years. There is essentially only one playgroup association per state. Playgroups themselves are voluntary organisations. They are voluntary at the local level and the playgroup associations at the state level are a really good way of actually getting those networks happening on the ground, so there has been no need to look at tendering or changing the funding basis in that area.

**Senator JACINTA COLLINS**—Did we ask you to provide a list of all the programs funded here?

**Mr Nott**—You have not, but we will be happy to do that.

[9.24 p.m.]

**Senator JACINTA COLLINS**—Thank you. We now move to output 1.2, youth and student support with training allowance. Can the department explain why, according to the *Income Support Customers—A Statistical Overview* publication, there were 30,674 youth training allowance recipients in 1998, but only 16,186 Youth Allowance recipients other, non-students aged up to 17, being the same payment as the youth training allowance in 2000?

**Ms Rushton**—Youth training allowance is not a term I am familiar with. We have Youth Allowance and we have mostly Youth Allowance students. Then there is a small group, about 17 per cent I think, who are Youth Allowance other, who are young people not engaged in study but are actually looking for work.

**Mr Sullivan**—The numbers keep going up.

**Senator JACINTA COLLINS**—We are going back to 1998. I do not have the publication here. Are you familiar with the publication called the *Income Support Customers—A Statistical Overview*?

**Mr Sullivan**—Can we have a look at it?

**Senator JACINTA COLLINS**—No? All right. Perhaps that question can wait until I get my hands on the publication.

**Mr Sullivan**—If they are our numbers, we can talk about them, but it does not even sound like our product.

**Senator JACINTA COLLINS**—We will have to wait and see.

**Senator DENMAN**—We will put this next lot of questions on notice.

**Mr Sullivan**—Looking at the list, most of the rest of that makes sense to me. You may want to quickly go through it in terms of this youth training allowance.

**Senator JACINTA COLLINS**—I am looking at the background material we have. As we understand it, as at June 1998 there were just over 30,000 youth training allowance recipients, being income support for unemployed job seekers aged 16 to 17.

**Ms Rushton**—That was just before Youth Allowance was introduced.

**Senator JACINTA COLLINS**—I am talking about June 1998.

**Ms Rushton**—Yes.



**Senator JACINTA COLLINS**—As at June 2000 there were 16,186 Youth Allowance recipients other, non-students aged up to 17, being the same payment as the youth training allowance. I am asking about the discrepancy between the two numbers. What has happened in the transition?

**Ms Rushton**—I do not have those numbers in front of me. I think you are telling me that those numbers have gone down from 1998 to 2000. Is that right?

**Senator JACINTA COLLINS**—They seem to have halved. Can you explain why that has occurred?

**Ms Rushton**—We would hope that would occur with a measure such as Youth Allowance because Youth Allowance was aimed at encouraging young people under 18 to remain in education and not be job seekers.

**Senator JACINTA COLLINS**—So you are suggesting that has occurred because this targeted group has chosen to stay in Youth Allowance rather than going into that 'other' category.

**Ms Rushton**—The only support for people under 18, except for very specific groups such as young carers, is Youth Allowance. They would either be students or receiving what we call Youth Allowance other, which would be job seekers, but under 18 they would have to have a very good reason for not being engaged in education to receive Youth Allowance. The Youth Allowance measure was aimed at encouraging young people to stay in education because that is how they get the best chance of becoming independent.

**Senator JACINTA COLLINS**—Do we know whether that has actually occurred with these people, the differential between the 1998 figure of just over 30,000 and the current figure of 16,000?

**Mr Sullivan**—We will give you a copy of the Youth Allowance evaluation. It certainly does cover the fact that retention rates and other things have gone up.

**Ms Rushton**—Yes.

**Mr Sullivan**—Again, we would need to see this publication to put against our numbers. The Youth Allowance evaluation is probably the best document we can give you in terms of outcomes since the implementation of Youth Allowance. That was released only six or seven weeks ago.

**Senator JACINTA COLLINS**—I am curious, whether, as part of this, there is a group of people who are now essentially income support free because they cannot meet the new criteria and they are not engaged elsewhere.

**Senator DENMAN**—There will be students who do not have the capacity to go on with their education, too. Where do they fall in all this?

**Ms Rushton**—A very small number of young people who are unable, for some reason, to engage in education can have an agreement with Centrelink, where they can do other activities, but it is a very small group.

**Senator DENMAN**—Do you have those percentages?

**Ms Rushton**—I do not have them in front of me, no, sorry. We do have the Youth Allowance evaluation where it will be very clearly set out in detail.

**Senator JACINTA COLLINS**—What I am trying to understand, though, is that there can be a presumption that there are over 15,000 young Australians who are not receiving the

Youth Allowance who were receiving the youth training allowance. What other payments has the department introduced since 1996 to provide for the needs of these people, or where have they gone, or what are they now doing?

**Ms Rushton**—I am not sure how you work out that they have disappeared off payment. I think there are increasing numbers of young people on Youth Allowance payment.

**Senator JACINTA COLLINS**—So they have moved from what in the past would have put them in the ‘other non-students’ category into the more general Youth Allowance category?

**Ms Rushton**—Yes, I believe so.

**Senator JACINTA COLLINS**—Can you provide me with the data indicating the growth in Youth Allowance?

**Ms Rushton**—Yes.

**Senator JACINTA COLLINS**—Thank you.

**Ms Rushton**—And anything in the evaluation. I am sorry I do not have it on the tip of my tongue.

**Senator DENMAN**—Can you provide the information on the estimated number of young people who would have been eligible for the YTA in 2002 if this program still existed?

**Ms Rushton**—I think that would be a very difficult analysis. I will see what we can provide.

**Senator DENMAN**—Thank you.

**Senator JACINTA COLLINS**—You could go back to 1998 and look at what the growth forecasts were.

**Ms Rushton**—Yes. I need to get my head around that, Senator.

**Senator DENMAN**—Yes, take it on notice.

**Ms Winzar**—Senator, although we can make some projections about the number of people who may have been eligible for youth training allowance who would not be eligible for Youth Allowance, I am not sure that there would be any great science in that. Partly the motivation for introducing Youth Allowance was to stop young people, as Ms Rushton said, dropping out of school and becoming unemployed. If they have now left school and are finding an alternative source of income—and in most cases that would be paid employment—the likelihood is that they would not be eligible for Youth Allowance on the basis that they were earning.

**Mr Sullivan**—We will get you this Youth Allowance evaluation form.

**Senator JACINTA COLLINS**—I can take you to the document now. I understand that the document titled *Income Support Customers—A Statistical Overview* is a FACS publication from 1999.

**Mr Sullivan**—All right, but I think the key—in terms of this projection and the impact of particularly young people who used to only have certain access to allowance schemes and now have a much broader range—is very well covered in the evaluation report. I might even get someone to go around to Minister Anthony’s office and get some copies.

**Senator DENMAN**—I am concerned that there might be some young people falling through the net.

**Mr Sullivan**—When you look at that evaluation and you see the number of young people and the growth of young people on Youth Allowance across the board and the fact that the number of young people being paid this allowance has increased by a very significant factor, the chances of people slipping through, particularly compared with the previous scheme—which had a lot of people slipping through—is quite remote. If we give you this evaluation, that would probably satisfy most of the concerns.

**Senator DENMAN**—Thank you.

**Senator JACINTA COLLINS**—We are now on to Youth Pathways. What new initiatives have been announced as a result of the Youth Pathways *Footprints to the Future* report in the 2002 budget?

**Ms Rushton**—None, Senator.

**Senator JACINTA COLLINS**—None, okay.

**Senator DENMAN**—Has the department been instructed to investigate the introduction of any other new programs as a result of this report?

**Ms Rushton**—No, Senator.

**Senator JACINTA COLLINS**—What then was the comprehensive response to the Youth Pathways report as promised in the coalition's 2001 election material?

**Ms Rushton**—I would summarise the response as an ongoing response. The thrust of the Youth Pathways report *Footprints to the Future* was to do a range of things dealing with what young people needed. There has been work in another portfolio, in DEST with state ministers, looking at the huge range of activities going on since *Footprints to the Future* came out. It shows what the Commonwealth and states are doing to address the issues. As well as that, the thrust of the report was about not just throwing money at young people but joining up our efforts more effectively, part of the response of Youth Bureau. Those programs came over in joint FACS. That is part of the joining up.

**Senator JACINTA COLLINS**—When did that happen?

**Ms Rushton**—After the last election.

**Mr Sullivan**—After the last election there was a Ministry for Youth Affairs which created a minister given responsibility for children and youth affairs. Our portfolio FACS was given the responsibility for youth affairs and administrative orders which saw the Youth Bureau move from the then Department of Employment, Training and Youth Affairs to FACS.

**Senator JACINTA COLLINS**—But all of these changes are pre this budget context, is what you are saying?

**Mr Sullivan**—No, previous budget—

**Senator JACINTA COLLINS**—There were no dollars fixed to the initiatives.

**Mr Sullivan**—They were administrative orders changes after the last election.

**Senator JACINTA COLLINS**—Any further changes?

**Ms Rushton**—No.

**Senator DENMAN**—Can we move to the Transition to Independent Living Allowances now, please. Some of these questions we asked earlier in the year and the information was not available. When are consultations regarding the Transition to Independent Living Allowances likely to conclude?

**Ms Rushton**—They are under way now. The payment itself may be flowing March next year. We are working with the states. It is not a payment under the Social Security Act. It will be administered by the states under a memorandum of understanding process with the Commonwealth.

**Senator DENMAN**—So you are consulting with the states now.

**Ms Rushton**—Yes.

**Senator DENMAN**—Do we have agreement across the states?

**Ms Rushton**—No, that process is under way.

**Senator DENMAN**—So it has not finished. Thank you.

**Senator JACINTA COLLINS**—At this stage, is it possible to determine whether the TILA will be in the form of direct payment to individuals, leaving state supporter care, or to the service providers that they use in a voucher type of system?

**Ms Rushton**—That is still in discussion with the states. From the early discussions there may be different processes with different states, depending on needs.

**Senator DENMAN**—Are there going to be any consultations with the National Youth Roundtable, or any of its members?

**Ms Rushton**—On TILA?

**Senator DENMAN**—Yes, on TILA.

**Ms Rushton**—That has not been specifically planned at this stage but the roundtable members have a process where they are facilitated to comment on a whole range of things and they may well want to comment on that.

**Senator DENMAN**—Yes.

**Senator JACINTA COLLINS**—Now dealing with the Youth Roundtable, can the department provide the total amount spent by the Commonwealth on the Youth Roundtable for 2001?

**Mr Davies**—I think in the answer to the question on notice 24 from the February meeting we have provided the figure for the 2000-01 year of \$542,142.

**Senator JACINTA COLLINS**—Can you break that expenditure down?

**Mr Davies**—I can. I do not have the breakdown here with me now, but I can give that to you.

**Senator JACINTA COLLINS**—Perhaps with what has been provided over the next day or so you could add that.

**Senator DENMAN**—Do you have an estimate of what the Youth Roundtable will cost in 2002?

**Mr Davies**—\$520,000 is our current estimate.

**Senator JACINTA COLLINS**—Is that what was allocated?

**Mr Davies**—Yes, within YAGAP—the Youth Affairs Grants and Publicity Program—we had a \$520,000 estimate.

**Senator DENMAN**—Has the department met with the members and representatives from the newly formed Australian Youth Affairs Coalition?

**Mr Davies**—Yes, I have attended the public annual general meeting, the first annual general meeting of the coalition, recently in Canberra, and also met with one of their officers briefly after that.

**Senator DENMAN**—Have they requested any funding?

**Mr Davies**—No, they have not, that I am aware of, not to the department. I am not sure if they have to the minister's office directly.

**Senator JACINTA COLLINS**—Has the department considered supplying seeding funding for this group?

**Mr Davies**—We have not received any requests for any assistance.

**Senator JACINTA COLLINS**—And you have not initiated any?

**Mr Davies**—No.

**Senator JACINTA COLLINS**—Has the department been issued with any specific instruction regarding this group from government?

**Mr Davies**—No.

**Senator DENMAN**—Can we go on to the Rural Youth Information Service, please.

**Ms Rushton**—I have a figure for you from the first question which might help. An analysis of the July 1998 to June 1999 data suggests that YA influenced between 10,000 and 11,000 young people aged 16 to 17 to return to full-time schooling or attend vocational education and training, so you can see young people moving back into education. There are other figures.

**Senator JACINTA COLLINS**—Sorry, how many moved over?

**Ms Rushton**—Between 10,000 and 11,000 young people in that year.

**Senator JACINTA COLLINS**—So there are still about 5,000 not accounted for?

**Ms Rushton**—In this particular bit of the data but, as Mr Sullivan said, there is a whole range of data that you can look at in youth allowance evaluation, which puts together a picture of young people returning to education and identifying youth allowance as a reason or part of their reason.

**Senator DENMAN**—Is the department aware of any proposed changes to the Rural Youth Information Service and, if so, could you outline them, please?

**Ms Rushton**—Twenty-two contracts have been extended to the end of this calendar year.

**Senator DENMAN**—Do you have details of those contracts?

**Ms Rushton**—I can tell you that they get \$36,000 each. There is matched funding, either in funding or kind, of about \$30,000 for each service. There are five in New South Wales, there are five in Western Australia; there is one in Jabiru in the Northern Territory, four in Queensland, four in Victoria and one in Tasmania and five in South Australia.

**Senator JACINTA COLLINS**—Can we now move to output group 1.4, child care support. In the additional estimates in February, we dealt with the issue of child care debt, but there were still some estimation problems associated with finalisation of the 2001-02 financial year. Can you update the committee on the quantum of the child care benefit debts for that financial year.

**Mr Popple**—Are you talking about child-care benefit payments to families?

**Senator JACINTA COLLINS**—Yes, overpayments.

**Mr Popple**—We have now reconciled about 522,000 families. 47 per cent of them have a nil adjustment, 24 per cent have received a top-up payment and 29 per cent have received an overpayment. Of those who had an overpayment, about 95 per cent of that has been waived by the \$1,000 tolerance that the government introduced late last year. About 7,000 families have some money to pay back as a result of that out of the 522,000 we have reconciled so far.

**Senator DENMAN**—Have you or Centrelink put any plans into place for dealing with the overpayments in the present financial year, apart from the advertising campaign?

**Mr Popple**—Centrelink was undertaking a number of activities during the financial year which were outlined at the last Senate estimates to help families with their estimated family income for the year.

**Senator JACINTA COLLINS**—Can you give us a broad update on what was covered at the last round of estimates in terms of what has developed since then.

**Mr Popple**—This is done in conjunction with family tax benefit and there is a range of things like publicity material which has been provided. Contact initially is by Centrelink. When families contact them during the year about their payments, they ask if they want to update their family income-letters, for particular families in certain income ranges, suggesting that they might like to review their income estimate during the year.

**Senator JACINTA COLLINS**—I am curious about the efficacy of some of those letters. I know I received one which was somewhat bizarre, asking me to provide new circumstances on my income when I am a non-means-tested beneficiary of the family tax initiatives. I rang the hotline and after eventually getting through to it I was advised that I should just ignore this letter asking me to consider whether I wanted to re-advise on my circumstances. I was curious about the level of targeting that was applied in relation to the Centrelink communications on this matter.

**Mr Popple**—I guess there is a range of different targeting. Did you receive that letter recently, in the last month or so?

**Senator JACINTA COLLINS**—No, longer, more like about three months ago.

**Mr Popple**—It was probably seeking your income estimate for the next financial year.

**Senator JACINTA COLLINS**—Yes, but I do not provide an estimate because it is not relevant to my circumstances, which was why I was curious that I got the letter in the first place. I am non-means-tested. It comes to the broader question of administration within Centrelink of some of these payments. As I said, I was astounded to receive correspondence where I have quite clearly indicated that I do not qualify for means-tested payments, that my income is irrelevant to my circumstances, but I am being asked to furnish details on any adjustments that might have occurred in my income. In fact, I think I was described as having assessed my income as nil in the letter. That was the more bizarre component of it. It obviously concerned me because I do not want to be defrauding the Commonwealth with the

suggestion that I have nil income and when I contacted the call centre I was advised to just ignore that characterisation of my circumstances and was told, yes, unfortunately the targeting had not been appropriate in this case. I am curious about how often that occurs in terms of the administration of these payments.

**Senator Vanstone**—So am I.

**Senator DENMAN**—I have had a complaint, too, in the office about this.

**Senator Vanstone**—As I said earlier, Centrelink do a great job, but there will be mistakes. I am always interested to find out how one happened because you do not want to keep repeating them.

**Ms Babbage**—We would be very interested to have a look into that to see what was happening in that particular instance. I am not aware that there was some mistargeting but, given the number of letters that we are sending out, sometimes things do happen. But I could look into that for you.

**Senator JACINTA COLLINS**—I was curious whether my particular circumstances were an example where everybody was sent a letter about their income assessment when indeed you should at least have two groups, those that are income tested and those that are not.

**Ms Babbage**—The intention would have been that you did, but something may have gone wrong, obviously, and we would need to investigate that.

**Senator Vanstone**—I will get back to you personally, Senator, with what went wrong with your own matter.

**Senator JACINTA COLLINS**—It is not a significant issue.

**Senator Vanstone**—No, it not a big deal but it might be a bigger deal if we find there are a lot of people like you.

**Senator JACINTA COLLINS**—I will give you another recent example in this area from personal experience. I sought to deal with my family tax B application in my tax return this year, and I was advised by my accountant that they still had problems with the MYOB software, that they could not put in my claim for family tax B at the same time as my tax return because of this software problem.

When I eventually tracked through putting in a separate application, the advice I had was that it went to tax. Then I had separate advice saying it should go to Centrelink. I furnished my form to an address for tax. I received my cheque back very quickly—it was faster than the tax office repayment arrangements—but I received it from Centrelink. It is very unclear about what the administration of these payments is and where claims and things are submitted. If it is difficult for me to work these things out, one ponders how difficult it is for the average person.

**Senator Vanstone**—We will chase down what happened here.

**Senator DENMAN**—Based on administrative data collected to date and any other analysis the department or Centrelink has undertaken, what are the projected numbers of families who will be affected by overpayments in this financial year?

**Mr Popple**—Senator, we have not done any analysis of that. As I said, we have the figures for last financial year. We would imagine that Centrelink's efforts this year would make some impact on that, but we have no estimates for this year. It is particularly difficult for the child-

care benefit because we have to get the usage data as well as the income data. There is a bit of a lag factor for us in looking at that.

**Senator JACINTA COLLINS**—How many people are currently on repayment plans to pay back the overpayments over and above the \$1,000 waiver?

**Mr Popple**—Are we talking about child-care benefit, Senator?

**Senator JACINTA COLLINS**—Yes.

**Mr Popple**—There are 7,000 families who have some debt to pay back on CCB. I assume all of those families are in some way paying that back.

**Senator JACINTA COLLINS**—Doesn't the waiver apply to them?

**Mr Popple**—They have had \$1,000 taken out of their debt and they have a residual amount to pay after that.

**Senator JACINTA COLLINS**—How many people did the waiver satisfy? Do you then have 7,000 on top of that?

**Mr Popple**—About 150,000 customers had their debts waived and there about 7,000 who still have something to pay back. But they had the benefit of the \$1,000 as well.

**Senator JACINTA COLLINS**—Yes, but beyond that they still have these outstanding amounts.

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—I have some other child-care benefit issues. There are approximately 26,500 families eligible for child-care benefit lump sum payments through the tax system for the 2000-01 year. The cut-off date for claiming these is 18 June 2002. How many claims have been processed to date?

**Mr Popple**—Almost 17,000 claims for lump sum have been received so far. I am not certain where you got the figure of 26,500 from, but these are basically people who are outside the system, in that we are not currently paying them a benefit, so it is a little bit of an estimate of how many more there are to go.

**Senator JACINTA COLLINS**—What is your estimate?

**Mr Popple**—Given that some of those families might only be very casual users of child care—so they might only have a small amount—I think we probably only have another 1,000 to 2,000 to go.

**Senator DENMAN**—What is the average amount claimed through this process?

**Mr Popple**—The average is \$480.

**Senator DENMAN**—How many claims does the department think will be made by 28 June?

**Mr Popple**—I imagine it would be in the order of about 20,000 at the most. As you probably realise, we have gone to a lot of effort to inform these people about the closing date. We have run some ads over the last couple of weekends and we are putting posters up in child-care centres, as well as ongoing communications over the past two years.

**Senator DENMAN**—Can you give us an update on the planning and outcomes of the current advertising campaign for families to apply for lump sum payments?



**Mr Popple**—I think it is the same answer, Senator. We would probably hope to get another couple of thousand.

**Senator JACINTA COLLINS**—In part the question asks whether some of the current 17,000 are in response to the advertising.

**Mr Popple**—No.

**Senator JACINTA COLLINS**—Has there been an increase in more recent months?

**Mr Popple**—No. It is slightly under 17,000. It was a figure before we started the advertising campaign.

**Senator JACINTA COLLINS**—The allowable absences rule: I must admit this is one that intrigues me. I do not understand it, but it keeps popping up on some of the paperwork in my circumstances. In order to qualify for the child-care benefit a child may only be absent from child care for 30 days each year. If a child misses more days than this, stiff financial penalties apply. This cap of 30 days per year affects many parents, particularly schoolteachers who want to have their children home with them during school holiday times. Is this the intention of the regulation?

**Mr Popple**—The government provides CCB funding for families to use child care. The idea of that funding is to assist them when they use child care, not when there is an absence from child care. The 30 days is what they are allowed to take in leave. Under the old rules we would have said, 'Okay, if you're not actually using child care, we're not going to pay a benefit for those days.' However, we recognise that some child-care centres have a system in place where, if you take two weeks leave, they will charge you to keep that place open over those two weeks.

**Senator JACINTA COLLINS**—Some, did you say? Almost all, I would have thought.

**Mr Popple**—It is a matter for the centres, not a matter for us. We allow up to 30 days for that sort of absence to cover families.

**Senator DENMAN**—Have you looked at a way of making the regulations fairer for working parents who have holidays of more than 30 days?

**Mr Popple**—Most families only have holidays of 30 days, so I think it is reasonably fair for most working families.

**Senator DENMAN**—Teachers do not.

**Mr Popple**—Teachers do not, no. They are lucky enough to have six weeks leave. Not all child-care centres charge for those six weeks. It is really a matter for each of the centres. With teachers' leave, it is known well in advance. Centres are able to offer those places to other families, if they want to. Therefore, they do not charge the teachers for that use.

**Senator JACINTA COLLINS**—Looking at the child-care assistance debts recovery, how much has been recovered as an update, broken down by state and territory?

**Mr Popple**—I do not have a breakdown by state and territory, Senator. We undertook at the last Senate estimates to provide a final figure when we completed the reconciliation process. We are still finalising that. We are about 90 per cent through. At this stage we have identified overpayments of about \$35 million and we have paid back to centres since July 2000 about \$11 million or \$12 million. There is about \$35 million which is owed to us over the Commonwealth.

**Senator JACINTA COLLINS**—Has the Commonwealth had debts to services as well?

**Mr Popple**—Yes. Most of those were paid back before December 2000. We paid back the ones we owed very quickly and we have taken a longer process for recovering the money which is owed to the Commonwealth. But we have paid back about \$1 million in the last four months.

**Senator JACINTA COLLINS**—Can you give a state-by-state breakdown on notice, or is that something you cannot do until you fully reconcile?

**Mr Popple**—I think we can probably do that. It might be better to wait for another month and we will have the data for the full process. But I can provide some figures tomorrow if you want on what we have done so far.

**Senator JACINTA COLLINS**—Yes, if it is not too difficult.

**Mr Popple**—Sure.

**Senator JACINTA COLLINS**—If it is far too difficult, we will wait a month.

**Mr Sullivan**—I think we are in the time frames that we set at the last estimates—that the reconciliation we thought would finish by about 30 June—and that seemed to be acceptable then and that when we finished the reconciliation we should declare the outcome. It will probably divert people from doing that work to get interim answers. Do you want that?

**Senator JACINTA COLLINS**—This is what I am trying to ascertain—what hassle was involved—but I am not getting a clear message.

**Mr Popple**—It would take some work to do it.

**Senator JACINTA COLLINS**—We will wait and see.

**Mr Sullivan**—Thank you very much.

**Senator DENMAN**—How many services have paid lump sums compared to repayment schedules?

**Mr Popple**—I do not have that data. Initially we were handling that in Family and Community Services and now the recovery of the overpayments has been taken over by Centrelink. It has been part of their debt recovery system. However, when we did the first state, which was Victoria, about a third of the services actually paid back a lump sum and I assume that sort of ratio would have continued.

**Senator DENMAN**—What guidelines are the department using to determine the length of these repayment periods and how long are repayment periods?

**Mr Popple**—There is no length of period which is set. Basically we leave it up to the services. If they wish, they can repay it as a lump sum. If they do not want to, we will recover it at a rate of 25 per cent of their next CCB advance, for as long as that takes. If they find 25 per cent is too onerous, they are able to negotiate that down to a lesser percentage until we can find a percentage which suits them within which they can make the repayments. How long that then takes would depend upon individual cases.

**Senator JACINTA COLLINS**—Have all centres with a debt now been notified?

**Mr Popple**—No, we will notify all centres by 30 June. As I said, the vast majority of all states have been notified, with the exception of New South Wales and the ACT, and we have probably got a further two-thirds of New South Wales and the ACT to go.

**Senator JACINTA COLLINS**—It is going to take a bit longer than a month, isn't it? I think I will have to go back to my earlier comment and ask that I have a state-by-state breakdown—

**Mr Popple**—No, we will have the results before the end of the month and we will have the letters to the services by the end of June.

**Senator JACINTA COLLINS**—What percentage level were you at when you dealt with this last estimates?

**Mr Popple**—We had only really done Victoria at that stage. We have now done all the other states with the exception, as I said, of New South Wales and the ACT.

**Senator JACINTA COLLINS**—I am sorry, I am going to have to take back my earlier generosity and ask for the state-by-state breakdown at this stage.

**Mr Popple**—Yes.

**Senator JACINTA COLLINS**—Which states and territories are still to be notified?

**Mr Popple**—As I said, Senator, New South Wales and the ACT. We have notified 1,000 services in those two areas. We still have approximately 2,000 to go and we are in the process of doing that now. The letters are going out.

**Senator JACINTA COLLINS**—Do you know how much money is yet to be recovered?

**Mr Popple**—No.

**Senator DENMAN**—What is the total amount of this debt nationally?

**Mr Popple**—As I said before, Senator, at the moment it is about \$35 million. We have still got some to finalise.

**Senator JACINTA COLLINS**—Going back to those earlier figures, \$35 million has to date been paid back.

**Mr Popple**—No. In the reconciliation process, we have identified that there is \$35 million which is owed—\$35 million worth of overadvances to services.

**Senator JACINTA COLLINS**—How much has been collected since the election?

**Mr Popple**—We did not actually start notifying services until January and, as I said, I do not have a figure on how much has actually been recovered, because it is broken down. Some of them are repaid as lump sums and some are actually in the process of repaying through quarterly reductions of their CCB. I do not have a figure for how much has actually been repaid so far.

**Senator JACINTA COLLINS**—Have you got a rough estimate?

**Mr Popple**—As I said, about a third of the Victorian services repaid theirs as a lump sum. If you applied that ratio to the \$35 million, approximately \$10 million has been repaid, probably a little more.

**Senator JACINTA COLLINS**—Those that did not repay by lump sum, over what sort of period are they repaying it?

**Mr Popple**—As I said, they can take as long as the arrangements for each service indicate. It is 25 per cent of their quarterly advance. If they find 25 per cent too onerous, they can reduce that to a lower percentage. Some services who might have a CCB overadvance repay that first and then the CA advance kicks in after that, so some of them might not even start

repaying their CA for another couple of quarters. It is not as if it is all happening at the moment.

**Senator JACINTA COLLINS**—What is the incentive to pay by lump sum? Why wouldn't they invest it for several months?

**Mr Popple**—They know they owe us the money and some of them have had it sitting there and are quite able to pay it back and sort out their affairs that way.

**Senator JACINTA COLLINS**—If I was on my child-care centre committee of management and I knew it was possible to invest that money for six months, I would be saying, 'Do that.' There is nothing in the system about how you are structuring these repayments to force people to pay the lump sum immediately.

**Mr Popple**—No.

**Senator JACINTA COLLINS**—There is no disincentive to people to take those funds and invest them for a period.

**Mr Popple**—No, Senator.

**Mr Sullivan**—I think it is a very difficult area. A number of centres are telling us that to force the repayment quickly could threaten their viability.

**Senator JACINTA COLLINS**—Yes.

**Mr Sullivan**—And could do all sorts of things.

**Senator JACINTA COLLINS**—No, all I am asking is, if you are a viable centre and you have known you have had this debt and you have kept this money aside, what is there to stop you investing those funds, because of the allowances you have made for the less viable centres, rather than immediately pay them back to the Commonwealth? I think you are suggesting to me nothing, in terms of how you have structured this payment system.

**Mr Sullivan**—There is no differentiation between a viable centre and a centre which may be put at risk by pushing the debt to be recovered.

**Senator JACINTA COLLINS**—No.

**Mr Sullivan**—I think we are relying on the centres to avoid the temptation of investment income.

**Senator JACINTA COLLINS**—You are asking them not to be economically rational?

**Mr Sullivan**—Perhaps we are asking them to look at triple bottom lines and things like that.

[10.07 p.m.]

**Senator DENMAN**—Can you confirm that even if the outside school hours care service has extra capacity, it cannot take extra children?

**Ms Casey**—At the moment they would be able to take on children, but they would not be entitled to child-care benefit allowance.

**Senator DENMAN**—They can take the children, but they do not get the allowance?

**Ms Casey**—That would depend on the state government licensing regulations. Many do not have regulations at the moment but, if they were in place, they would be required to meet the licensing requirements.

**Senator JACINTA COLLINS**—They do not get the child-care benefit allowance for places beyond the number of places they had at a particular point in time?

**Ms Casey**—Outside school hours care services are awarded a number of places, depending on the need, and then they can fill that quota. After that, they are no longer entitled to child-care benefit.

**Senator DENMAN**—Even if they had the capacity to take extra children, they still cannot get the allowance. Is that right?

**Ms Casey**—That is right.

**Mr Popple**—In relation to most of the centres, the places they sought would be about what they are capable of taking.

**Senator DENMAN**—From what I understand, there has been quite a demand in recent years for extra places. Is that right?

**Ms Casey**—Yes, Senator. There has been a significant increase in demand in the outside school hours sector. In 1996, we had 72,000 places. As at 30 June, we have 230,000 places that have been made available for child care services. The number of services has increased from 3,055 to 5,408 in the same period. That is a net increase of 2,353 services in that period. There is an unprecedented demand. The introduction of child-care benefit has made child care a lot more affordable and attractive for parents and therefore has increased the demand.

**Senator DENMAN**—How many requests for further places has the department received, from both services and parents?

**Ms Casey**—Our state and territory government planning and advisory committees monitor the demand and the need for child care and each state and territory office has its own committee. They pull together information around particular local government areas and communities of need, so it varies, depending particularly on which local government area you are talking about.

**Senator DENMAN**—How can you justify the fact that the system is not expanding the numbers when there is a demand for it?

**Ms Casey**—As I said before, the numbers have expanded significantly. There has been a 221 per cent increase in the number of outside school hours care places made available since 1996. The issue is keeping up with the demand at the moment. We have also been working with family day-care and long day care centres. They are able to take on outside school hours care children. Many parents or families are able to become registered carers and receive minimum rate child-care benefit as well.

**Senator JACINTA COLLINS**—Even though you have outside school hours care centres which have a capacity to take additional places, you are creating additional places in family day care?

**Ms Casey**—A family day-care centre would be awarded a number of places for the scheme and they are able to use those places for outside school hours care if they so choose.

**Senator JACINTA COLLINS**—I see. You are encroaching on the full day care places instead of just using outside—

**Ms Casey**—Or part-time day-care places.

**Senator JACINTA COLLINS**—Yes.

**Ms Casey**—In a family day-care scheme. There is no limit on the number of places that attract child-care benefit in long day care centres.

**Senator JACINTA COLLINS**—Why do you have that distinction? Why do you have a limit in outside school hours care but not in relation to full or part day care?

**Ms Casey**—The cap was lifted on the number of places, or the monitoring of places, in long day care centres recently. The idea is that we can monitor and target the need and the demand for those services and ensure that they are viable so that, particularly in the outside school hours care sector, centres can come and go and parents are not left stranded, so we monitor that we set up services in areas where the greatest need is and that the services are able to be viable in that area.

**Senator JACINTA COLLINS**—Let me follow through this policy a bit further. I occupy, from what I can gather, a limited outside school hours care child-care place. I receive minimal means-tested assistance. Am I occupying a place that alternatively could go to somebody who receives a greater level of assistance from the child-care benefit?

**Ms Casey**—Yes, you are.

**Senator JACINTA COLLINS**—And they cannot get access because I am occupying a place and receiving the minimal child-care benefit?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—So you are suggesting to me I should free up my place so that someone else can get it?

**Ms Casey**—No, Senator, I am not suggesting that.

**Senator JACINTA COLLINS**—It is suggesting that, to me. The only reason I claim this benefit is that I want to understand what the experience is like with Centrelink; the amount that I receive is really insignificant. But I have only just now learnt that I am occupying a place that could go to somebody who does get a more significant benefit but cannot do so because I am occupying that place.

**Ms Casey**—That is correct.

**Mr Popple**—Senator, it may be correct. Obviously, we do not know the individual circumstances of your centre. There are a number of centres around Australia that are not full to the brim, they still have spare places, so we would not want you to be rushing out abandoning your place on that basis. As I said, it depends upon the centre. Each centre has a different experience.

**Senator JACINTA COLLINS**—What I would like to now ask you is what proportion of these capped or limited places are occupied by people like me who are getting some minimal amount in comparison to those who might need far more significant child-care benefit payments. You would have to describe to me the demographics of people occupying current places. It would be very concerning to hear that, in relation to outside school hours care, for instance, in some regions you have 90 per cent of the population, people like myself who receive that minimal amount that is not means tested, and you have a pool of unmet need of a significant group of people who would be eligible for far more significant assistance who cannot get it because there are no places.

**Ms Casey**—That, as you say, depends on the demographics of each area and the demand in that area.

**Senator JACINTA COLLINS**—But if that is how this cap is working, that could be quite concerning.

**Ms Casey**—The cap is on the overall number of places that are available, and we allocate places according to need.

**Senator JACINTA COLLINS**—You do allocate places according to need?

**Ms Casey**—The state and territory planning committees determine the areas of greatest need, the number of places and the types of places that are required, and then they advise the government on that and we award places on their advice.

**Senator JACINTA COLLINS**—I think we need to see a breakdown of where the current places are, what the level of unmet need is on a regional basis and what the proportion of non-means-tested beneficiaries is in comparison to those that are means tested, and perhaps compare that to the sociodemographic stats of the regions.

**Ms Casey**—Senator, I am able to provide you with the information on the break-up. Are you able to do that?

**Mr Popple**—Senator, I think in some ways it is a question about whether the minimum rate is needed. Many families who receive minimum rate CCB feel as though they need it and that they are entitled to it.

**Senator JACINTA COLLINS**—Yes, but what they do not know is that they are blocking someone else getting access.

**Ms Casey**—They may not be.

**Mr Popple**—They may not care, Senator.

**Senator JACINTA COLLINS**—They may, too.

**Mr Popple**—Only 12 per cent of our customers receive minimum rate. About 40 per cent receive maximum rate and the remainder receive some sort of broken rate.

**Senator JACINTA COLLINS**—Let us talk per cent overall. What is the percentage in some of these areas where unmet need exists?

**Mr Popple**—We do not have a breakdown by area of what the rates are.

**Senator Vanstone**—As has already been pointed out, your centre may not be one that has people wanting to get in.

**Senator JACINTA COLLINS**—I appreciate that. That is obviously going to be my next line of questioning when I go back to my centre.

**Senator Vanstone**—Yes. Like a lot of centres, your centre might be one of the centres that have obtained enormous value out of the 30-something per cent real increase in family and child care in the last four years of this government compared to the last four years of the previous government. What is it? Thirty-eight per cent?

**Mr Popple**—Yes, I think so.

**Senator Vanstone**—I should be saying ‘towards 40’, shouldn’t I? It is not a bad effort, Senator. I appreciate the point you make. There is a real issue here; I do not deny that. I am not trying to diminish the point you make at all. I will be following that up.

**Senator JACINTA COLLINS**—What concerns me, though, in this discussion is the extent to which you can get the information to satisfy that issue. It seems limited.

**Senator Vanstone**—We might not run minimum rate by postcode; we cannot run on everything. With six million clients, if you ran every variation you could, you would have a computer bigger than you could afford to pay for. What is that percentage?

**Mr Popple**—Thirty-six per cent, Minister.

**Senator Vanstone**—We are still allowed to round it up towards 40, I think!

**Senator JACINTA COLLINS**—Can we go back to my question: the extent to which we can get data to answer that concern that assistance for people in genuine need may be being blocked by the capping.

**Mr Popple**—You mean ‘more genuine need’.

**Senator JACINTA COLLINS**—I take on board your issue that, ‘We are allocating new places on the basis of need,’ but is that reflected in the demographics of those that currently receive payments?

**Ms Casey**—In order to do their analysis and advise us, the planning and advisory committees look at the demographics of the area. They look at the types of families, the number of children. They take into account the number of services already in the area and the idiosyncrasies of each local government area. Then they bring all that qualitative and quantitative information together to make decisions about the needs of each local government area or community.

**Senator JACINTA COLLINS**—Is one of the factors, apart from just simply the number of people seeking access, the income support needs of those people seeking access?

**Ms Casey**—That would come in for that local government area. Each planning and advisory committee would look at those issues.

**Senator DENMAN**—So there will be some areas that are more affluent than others.

**Ms Casey**—Absolutely.

**Senator DENMAN**—And that will come into the demographics.

**Ms Casey**—And that would be taken into the demographics. But I think to pull that information out would be very difficult for each individual local government area and each individual claiming benefit.

**Senator DENMAN**—How many extra out of school places were sought through the planning advisory committee in the last year?

**Ms Casey**—In the last budget there were 5,000 additional places awarded for outside school hours care. Those have all now been allocated out in the previous budget, the 2001-02 budget.

**Senator DENMAN**—What are the future plans for allowing greater flexibility and increasing places in this program?

**Ms Casey**—We are working very closely with the outside school hours sector at the moment. There are a number of unutilised places out there in the sector. As we said, we award places to a service and in some cases they do not pick up those places and they are not able to meet the demand, or the demand is not there, so we are actually working with the sector at the moment to bring back the unutilised places and award them where there are areas of greatest need.



**Senator JACINTA COLLINS**—There was one issue related to the earlier questions about this cap on places. Is that a cap on places per week or per day?

**Ms Casey**—A centre is awarded a place and it is worked out—for outside school hours care—and awarded on a year-round care basis. There is a formula they use to look at what the year-round care would be to maximise the use of that place.

**Senator JACINTA COLLINS**—What I am trying to understand is that if my son might attend one week for one day a week, and another week he might attend three days a week, and another time he might attend five days a week, is that one place?

**Ms Casey**—It would utilise one place.

**Senator JACINTA COLLINS**—So even though, for a whole year, he might attend one day a week and I get a child-care benefit of \$2.11, he is occupying a place that could otherwise be occupied by a child five days a week receiving maximum child-care benefit?

**Ms Casey**—Yes.

**CHAIR**—Now, there is an idea for you, isn't there?

**Senator JACINTA COLLINS**—I could start trading, do you think? I will remove my child if you pay me the difference.

**CHAIR**—That is right.

**Senator JACINTA COLLINS**—This is an incredible policy. That would have to be illegal, wouldn't it?

**Ms Casey**—Yes.

**Senator JACINTA COLLINS**—One hopes so.

**Ms Casey**—It is.

**Senator JACINTA COLLINS**—Can the department confirm that even where these families are prepared to pay full fees, the regulations prohibit these services from increasing their number of places? I thought you addressed that before. They can still provide the places, they cannot claim child-care benefit for them. Is there any flexibility for the centres or the services to restructure who they are actually claiming the child-care benefit on behalf of? What if my centre administrator said, 'Look, if you didn't receive \$2.11, this other family could get far more significant assistance, so maybe if we formally withdraw you from the child-care benefit we can have these other people on'?

**Ms Casey**—I think you would have an issue if people were given a place in a centre and then they were asked to take it off and give up their place.

**Senator JACINTA COLLINS**—Yes. I am asking if that is possible within the system.

**Ms Casey**—It is possible.

**Mr Sullivan**—It would take the parent and the centre to both concur.

**Ms Casey**—To agree to it, yes.

**Senator JACINTA COLLINS**—Yes, that is right. So that is legitimate and possible within the system as it is working.

**Mr Sullivan**—If the parent and the centre could give up a place.

**Senator JACINTA COLLINS**—Yes.

**CHAIR**—Expect a tap on the shoulder next week, I would say.

**Senator Vanstone**—No, she could go and tap them on the shoulder and say, ‘Hey, I’m giving up my spot.’

**Senator JACINTA COLLINS**—Then I will not have all this fertile ground for understanding how Centrelink is operating and how long it takes you to actually get through on the phone.

**Senator Vanstone**—Senator, you are the only person who has ever claimed that you are only getting a benefit so you understand how the system works. I am going to treasure that response.

**Senator JACINTA COLLINS**—Senator Vanstone, you have to understand that I am not sure how many senators have children that they would be attracting \$2.11 for per week.

**Senator DENMAN**—Are there any plans to redistribute from areas of lower demand to areas of higher demand?

**Ms Casey**—Yes, as I said before, Senator, we are currently working with the sector to look at areas where places have been awarded and they are not able to be utilised and asking the sector to hand those back so we can award them out to areas where there is greatest demand. That has worked very effectively with the family day care sector.

**Senator MARK BISHOP**—Is that done on a state-by-state basis?

**Ms Casey**—It is on a national basis.

**Senator MARK BISHOP**—So you could surrender places in Victoria for demand in Queensland.

**Ms Casey**—And in fact that is exactly what we have done in Victoria with family day care services. We have been able to hand back a significant number of the family day care places in Victoria that have been underutilised and award them to Queensland, where there is a high demand.

**Senator DENMAN**—Are there any further places to be allocated in the next 12 months? When is that likely to occur?

**Ms Casey**—In outside school hours care the places available at the moment would be the ones that are underutilised. As I said, we are working to more effectively maximise the use of them.

**Senator JACINTA COLLINS**—Were there any new places announced in the last budget?

**Ms Casey**—No, Senator.

**Senator Vanstone**—A 36 per cent real increase in spending—real increase in spending—and still you want more.

**Senator JACINTA COLLINS**—I will always want more, Senator Vanstone; not for myself, though.

**Senator Vanstone**—No.

**Senator JACINTA COLLINS**—I do have to reflect on this point, which is from my own perspective, that the administration involved in paying me somewhere between \$2.11 and \$6.66 per week, both in terms of the Commonwealth time and my own time, I find incredible in terms of how the system operates.

**Senator Vanstone**—I do not dispute that and I have looked at it and I am still looking at it. But just consider if you say, ‘Okay, that is family income,’ and where you assume there is one breadwinner on \$100,000 it is pretty easy to say that taper should come down to zero. But if I then said, ‘Hold on, still I think, relative to average male total weekly earnings, it is a good income but he is on \$60,000 and she is on \$40,000.’ The impact of less availability of child care, even though it is a small amount—and I agree it is a small amount—is felt more by the woman who is earning say \$35,000 or \$40,000. Every bit of help we can give her she will say she needs, whereas the family where there is one breadwinner on \$100,000—they might not be good examples, but do you see the point I am trying to make? When there are two putting it together what I am concerned about is the disincentive for the female, who generally has the lower income.

**Senator JACINTA COLLINS**—The opportunity of the family income support arrangements is to lump sums and that makes sense for a lot of these families, family tax B, et cetera. It is not worth my family administration time to be bothered to try to organise regular payments of family tax support. But I think the same applies in relation to this child-care assistance.

**Senator Vanstone**—Yes, I understand the point.

**Senator JACINTA COLLINS**—I am not saying people should not be eligible. I am saying that administration wise it would probably save the Commonwealth—to make such people a centralised arrangement.

**Senator Vanstone**—Sure. I am just making the point generally. I can see the fairness and the logic and the equity of treating families on the same income the same way. In fact, we all can. Same family, same number of kids, treat them the same way. But if you start then to talk about family friendly workplaces and family friendly policy, then it is reasonable to say that we do need to understand that some families have a different structure, both parents are working and policy is going to impact on them quite differentially. I do not know when I will come to a resolution of this, but I am aware of the problem you are referring to.

**Senator JACINTA COLLINS**—Yes.

**Senator DENMAN**—Family day care places: have we looked at those? They are capped in the same way.

**Senator JACINTA COLLINS**—It just seems that we are getting inconsistent advice in relation to the ability to provide extra places. This example is of the Oakleigh primary school, where they want to provide 10 extra places and are not allowed to because of the caps. Is that because either they are advising or they are receiving inappropriate advice or they do not want to go down the path of having people who get assistance and people who do not.

**Ms Casey**—It could be licensing requirements, too.

**Senator JACINTA COLLINS**—In Victoria? My understanding was Victoria was unlimited.

**Ms Casey**—No, it would not be then.

**Senator JACINTA COLLINS**—So it is poor advice?

**Ms Casey**—I am not saying it is poor advice. You might need to give me the circumstances and I can look into that.

**Senator JACINTA COLLINS**—Yes. As I said, this is the Oakleigh primary school in Melbourne where they have 30 places and they want to provide 10 more for working parents.

**Ms Casey**—It is probably the issue about not being able to get child-care benefit.

**Senator JACINTA COLLINS**—Yes, and I suppose in another sense some centres might decide that they do not want to go down the path of having some who do and some who do not. I could imagine some unsettling problems within centres if they have that arrangement in place. I would be curious to find out whether some centres have gone down that path of providing non-assisted places. Do you know if that is the case?

**Ms Casey**—No, I do not. Our state and territory offices would probably know more.

**Senator JACINTA COLLINS**—You could take that on notice. Are there places currently being provided for outside school hours care because of this cap on non-assisted places and, if so, how many?

**Mr Sullivan**—That we are aware of. We could look.

**Senator JACINTA COLLINS**—I am curious about how many places are being provided.

**Mr Sullivan**—But if we say no, it does not mean that they are not assisted, because they may not say to us.

**Mr Popple**—Senator, when we looked at this issue across Australia, we looked at the number of places we were paying for and the number of places which were allocated to centres. The data did not indicate that we were paying over and above what the allocation was, so there is no data evidence to suggest that this is occurring on any wide or significant scale. The money we are paying is consistent with the number of places which are out there.

**Senator JACINTA COLLINS**—No, I am not suggesting that you are paying more places than you should under the cap. I am suggesting that some centres are providing places beyond what they can claim assistance for, and I am interested in how large that problem is.

**Ms Casey**—Our information would be on centres that are claiming child-care benefit, so we would only have the information—

**Senator JACINTA COLLINS**—This is what Mr Sullivan is suggesting. We may not know, but you may know. If you do know and you can tell us—

**Mr Sullivan**—We will come back either with anecdotal, objective or no information.

**Senator JACINTA COLLINS**—Thank you. Do you know any information about families that are being referred into part or full day care as an alternative?

**Ms Casey**—I am not sure of the issue there.

**Senator JACINTA COLLINS**—You said earlier that people who cannot access outside school hours care can alternatively access family day care, so I am curious the extent to which you have data on how often that is occurring.

**Ms Casey**—It would be hard to pull that information out, but we do have families who access a range of flexible options around child care. We have families who may put their children in family day care for one day and occasional care for another, depending on their circumstances, but it would be very hard to pull out the demographics, and also why they were using it. The whole idea about child care is being able to give parents flexibility and options in their choice of child care. Some families might put their children with their

grandparents for a day or two because it is beneficial or they enjoy that, and have two days in child care.

**Senator JACINTA COLLINS**—I will look at what you can provide on notice in this area and talk about it further next time.

**Senator DENMAN**—As we know, family day care places are capped, too. Are there any further places to be allocated in the next 12 months and, if so, when is it likely to occur?

**Ms Casey**—We have identified that there has been a 17 per cent increase in the number of family day care places provided. That has risen from 60,100 to 70,840 in 2001. We recently did a survey which indicated that there was only a 74 per cent utilisation rate of the number of places that are already out there, so over the last 12 months we have worked really closely with the Family Day Care Association and the sector to reactivate places that have been unutilised. To date we have revalidated 1,500 places and there are still more out there that we are working to revalidate. We estimate that with the cooperation of the sector we may be able to meet demand in that area.

**Senator DENMAN**—Is there a demographic for the underutilised places? Is it urban, rural?

**Ms Casey**—I would have to pull that information out, but it comes from our planning and advisory committees and we know where we have awarded places. The take-up hasn't been there, but another issue with family day care is that there is a shortage of child-care workers for family day care, so often they have the places but they are unable to get carers.

**Senator DENMAN**—Is there any reason for that shortage, do you know?

**Ms Casey**—I think it is an issue across Australia.

**Senator DENMAN**—Do carers have to be accredited?

**Ms Casey**—The family day care system is going through accreditation at the moment. It is rolling out now. We have 330 schemes that have registered for accreditation and part of that accreditation is that the scheme is accredited and carers need to meet the guidelines that are around the principles for quality accreditation.

**Senator DENMAN**—The other questions are ones you have answered, anyway. The establishment of grants for new services: can you provide in writing what is the range of grants that is available and the amounts on offer.

**Ms Casey**—Is that for all services or particularly for long day care?

**Senator DENMAN**—Just new services.

**Ms Casey**—Any new service in family day care, outside school hours care and long day care.

**Senator DENMAN**—How many private operators have applied for and how many have received these grants? These are grants for setting up new centres.

**Ms Casey**—Senator, you want me to take this on notice, do you?

**Senator DENMAN**—Yes, please.

**Ms Casey**—We do provide a private provider incentive which is an incentive provided to private operators to set up in rural and remote areas. Is that the assistance that you are referring to?

**Senator DENMAN**—Yes, please.

**Ms Casey**—That is only available to private centres in rural and remote areas who meet the guidelines, so I can provide that information.

**Senator DENMAN**—Can you give me the value of those grants as well?

**Ms Casey**—For a private provider?

**Senator DENMAN**—Yes.

**Ms Casey**—Yes.

**Senator DENMAN**—Can you explain why there are restrictions against community based providers applying for some of these grants and how these restrictions fit in with the competition policy guidelines?

**Ms Casey**—I have to be clear about what the restrictions are. Community based services are entitled to a range of grants and support in setting up services, as are private operators setting up services—if you can be specific about what the areas are.

**Senator DENMAN**—Sorry, I cannot hear you.

**Ms Casey**—There are different establishment and set-up grants available for different types of services. The one I talked about previously was the private provider incentive which was a specific payment to private operators to set up in rural and remote Australia. A community service setting up in rural and remote Australia is entitled to a disadvantaged area subsidy, which is a similar grant and a significant contribution to assisting those services to become viable in rural and remote Australia, so I am not sure what disadvantages a community service would experience over a private operator.

**Senator DENMAN**—I will read you the background to the question. There is very little clear information about the range of grants available for setting up new centres and what the various regulations and restrictions are. Mostly the guidelines just refer to prospective applicants and tell them to ring the departmental officer about what is available.

**Ms Casey**—We have a handbook that is available for all services setting up and establishing a new service across Australia.

**Senator DENMAN**—That information is available in the handbook?

**Ms Casey**—It is available in all of the handbooks.

**Senator DENMAN**—Thank you.

**Senator MARK BISHOP**—The child-care planning advisory committees—the PACs—we had a discussion about them last time. Do they keep minutes of their meetings? How often do the state committees meet?

**Ms Casey**—They meet regularly but when the need is there. We have one that is meeting at the moment, and they will be doing some further work in September on outside school hours care. I would have to make inquiries about minutes.

**Senator MARK BISHOP**—When you say there is one meeting at the moment, is that a national or state committee?

**Ms Casey**—They meet by state and territory.

**Senator MARK BISHOP**—Yes.

**Ms Casey**—Each state and territory office of FACS has a planning and advisory committee.

**Senator MARK BISHOP**—They meet on a needs basis. Is that right?

**Ms Casey**—Yes, that is right.

**Senator MARK BISHOP**—Do they keep minutes?

**Ms Casey**—I assume they would.

**Senator MARK BISHOP**—Can we get copies of the minutes of the PAC meetings? Is that for you, Mr Sullivan?

**Mr Sullivan**—We will take that on notice. It is an advisory committee to a minister and we will look at that and get back to you. I doubt it.

**Senator MARK BISHOP**—Why do you doubt it?

**Mr Sullivan**—It will be something for the minister. We will have to ask Minister Anthony.

**Senator MARK BISHOP**—I thought that the role of PACs was to set the numbers in the states in the various categories of child care. Is that not right?

**Ms Casey**—They provide advice to the minister or to the government on the areas of need and the demand.

**Senator MARK BISHOP**—They do not set, for example, X number of places in a particular geographical area?

**Ms Casey**—They would advise the types of services that are required—family day care, long day care, outside school hours care—and an estimate of the number of places required. It would be by local government area. That would come back into our national system and would provide advice to the minister for allocation of those places.

**Senator MARK BISHOP**—Is their purpose to advise the government of the day?

**Ms Casey**—That is right.

**Senator MARK BISHOP**—That is their purpose. I understand that. You will look at that?

**Mr Sullivan**—We will look at it.

**Senator MARK BISHOP**—Are there seven PACs around Australia?

**Ms Casey**—Yes, Senator.

**Senator MARK BISHOP**—Can you provide us with the details of current sitting members on each of the committees and guidelines that are available for their deliberations?

**Mr Sullivan**—Yes.

**Senator MARK BISHOP**—I can ask you if you receive copies of any of their recommendations for addressing demand in the child-care sector, but you have discretion, don't you—whether you will pass that on?

**Mr Sullivan**—We will look at it to see what we can do.

**Senator MARK BISHOP**—Fair enough.

**Senator DENMAN**—How often do these committees meet?

**Mr Sullivan**—At various times.

**Senator DENMAN**—Going on to the Commonwealth Child Care Advisory Council, when will the government formally respond to the *Child care: beyond 2001* report?

**Ms MACKAY**—The short answer to that, Senator, is that the Child Care Advisory Council reported to the government in September last year. Its report is wide ranging and covers a number of recommendations where other bodies are also advising the government. All of that has been put into a melting pot and Minister Anthony will be considering the results of all of those pieces of work in the next few months.

**Senator DENMAN**—Then we will get a response. Okay.

**Senator MARK BISHOP**—What was the answer?

**Mr Sullivan**—As soon as possible.

**Ms MACKAY**—There is no time limit on it.

**Senator MARK BISHOP**—There is no urgency about the minister giving a response. Is that what you said?

**Ms MACKAY**—No, I would not say there is no urgency. I said that the government will respond when it is ready, when Minister Anthony has considered the full range of advice that is available.

**Mr Sullivan**—I think the advisory committee understands the range of things that the minister is looking at in respect of this and understands that the response will come.

**Senator DENMAN**—What other work is the advisory committee currently involved in?

**Ms MACKAY**—There is none at present. That report, which was delivered in September last year, also went out for further consultation and the advisory council provided the results of that to Minister Anthony in March.

**Senator MARK BISHOP**—We have a few issues outstanding going to quality assurance and accreditation, special needs subsidy scheme, the review of special targeted mobile service funding, child-care branch publications, the UN Children's Summit, and a range of issues related to housing, which we will put on notice. I will give you these questions and if you can take them on notice—they were to Centrelink but I forgot to ask them. They relate to the efficiency dividend on page 246 of the PBS. Question 1 is: can you describe the nature of each of the efficiency dividends itemised in table 2.3 on page 246? Secondly: have the anticipated efficiency dividend savings been realised? If so, what have been the main contributors to the savings? Thirdly: in what way has the efficiency dividend impacted on client services? Has it led to any reduction in services or elements of services to customers?

In terms of the budget statement on page 252 of the PBS, can you provide a description for employee expenses—that is, a breakdown of salary, superannuation and redundancy? What is the current Centrelink staffing number, including a breakdown of full-time, part-time and full-time equivalent; estimated staffing for each year of the forward estimates to the year 2005-06; and, have these estimates changed due to the latest budget measures? Can staff ratios for each broad customer group be provided for each Centrelink region, the extent of any outstanding loans made to Centrelink—how much and what for?—and, finally, at what rate are those loans being repaid? The remainder of our stuff we will provide to the secretary on notice. It has been a long day. I thank the minister and the officers from the department and the agency for attending and being of assistance.



**CHAIR**—I would like to do the same. Thank you, Minister, Mr Sullivan, and all the officers.

**Senator Vanstone**—We thank the committee and we thank Hansard.

**CHAIR**—And the secretariat. Thank you very much.

**Committee adjourned at 10.50 p.m.**