



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Estimates

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Friday, 27 February 2015

Members in attendance: Senators Bilyk, Hanson-Young, Lines, Moore, Reynolds, Seselja, Smith.

SOCIAL SERVICES PORTFOLIO

In Attendance

Senator Fifield, Assistant Minister for Social Services

Department of Social Services

Executive

Mr Finn Pratt, Secretary

Ms Barbara Bennett, Deputy Secretary

Ms Felicity Hand, Deputy Secretary

Mr Michael Lye, Acting Deputy Secretary and Chief Operating Officer

Ms Carolyn Smith, Acting Deputy Secretary

Ms Jackie Wilson, Deputy Secretary

Ms Serena Wilson, Deputy Secretary

Cross Outcomes

Mr Philip Brown, Acting Group Manager, Families

Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services

Mr Sean Innis, Group Manager, Policy Office

Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property

Ms Margaret McKinnon, Group Manager, Corporate Support

Mr Peter Qui, Chief Information Officer and Group Manager, Information Management and Technology

Dr Tim Reddel, Group Manager, Programme Office

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance

Mr Iain Scott, Group Manager, Delivery Strategy and Operations

Ms Sharon Bailey, Branch Manager, Ministerial, Parliamentary and Executive Support

Ms Tracey Bell, Branch Manager, Communications and Media

Mr Watson Blaikie, Branch Manager, Application Services

Ms Helen Board, Branch Manager, Programme Performance

Mr Peter Broadhead, Branch Manager, Property, Environment, Procurement and Security

Ms Christine Bruce, Branch Manager, Civil Society and Programme Delivery Policy

Ms Tracey Carroll, Acting Branch Manager, Budget Development

Mr David Dennis, Branch Manager, Policy Evidence

Ms Helen Duke, Branch Manager, IT Operations

Ms Allyson Essex, Branch Manager, Policy Strategy

Mr Alan Grinsell-Jones, Branch Manager, Schools, Youth, Child Care and Corporate Legal

Mr Leo Kennedy, Branch Manager, Support and Selections

Ms Kathryn Mandla, Branch Manager, Policy Systems

Ms Shona Moloney, Branch Manager, People

Mr Tristan Reed, Acting Branch Manager, Project and Deregulation Office

Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law

Ms Chantelle Stratford, Branch Manager, Programme Systems and Strategy

Outcome 1

Mr Philip Brown, Acting Group Manager, Families

Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services

Ms Cath Halbert, Group Manager, Payments Policy

Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property

Mr Paul McBride, Group Manager, Social Security Policy

Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Tracey Bell, Branch Manager, Communications and Media
Ms Tracey Carroll, Acting Branch Manager, Budget Development
Mr Ty Emerson, Branch Manager, Labour Market Payments Policy
Ms Alanna Foster, Branch Manager, Eligibility and Participation Policy
Mr Murray Kimber, Branch Manager, Social Security Performance and Analysis
Mr Sidesh Naikar, Acting Branch Manager, Family and Students Payments Policy
Ms Michalina Stawyskyj, Branch Manager, Age, Disability and Carer Payments Policy
Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law
Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy

Outcome 2

Mr Philip Brown, Acting Group Manager, Families
Mr Damian Coburn, Acting Group Manager, Housing Homelessness and Gambling
Mr David De Silva, Group Manager, Early Childhood Strategy
Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services
Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property
Mr Michael Maynard, Group Manager, Delivery Strategies and Early Childhood State Network
Ms Cate McKenzie, Group Manager, Multicultural, Settlement Services and Communities
Ms Gillian Mitchell, Group Manager, Early Childhood Initiatives
Mr Bryan Palmer, Group Manager, Housing, Homelessness and Gambling
Ms Margaret Pearce, Group Manager, Early Childhood Care Support
Dr Tim Reddel, Group Manager, Programme Office
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Tracey Bell, Branch Manager, Communications and Media
Ms Helen Board, Branch Manager, Programme Performance
Ms Christine Bruce, Branch Manager, Civil Society and Programme Delivery Policy
Ms Kris Cala, Branch Manager, Settlement
Ms Flora Carapellucci, Branch Manager, Birth, Adoption and Care
Ms Tracey Carroll, Acting Branch Manager, Budget Development
Ms Tracy Creech, Acting Branch Manager, Families and Children
Mr Alan Grinsell-Jones, Branch Manager, Schools, Youth, Child Care and Corporate Legal
Mr Matthew Hardy, Branch Manager, Early Childhood Analysis
Mr Matthew Johnston, Acting Branch Manager, Welfare Conditionality Reform
Mr Leo Kennedy, Branch Manager, Support and Selections
Ms Amy Laffan, Acting Branch Manager, Family Safety
Ms Jill Mills, Director, Housing and Homelessness Branch
Mr Warren Pearson, Branch Manager, Multicultural and Communities
Ms Lara Purdy, Acting Branch Manager, Financial Capability and Children's Policy
Mr John Riley, Branch Manager, Disability Employment Taskforce
Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law
Ms Chantelle Stratford, Acting Branch Manager, Programme Systems and Strategy

Outcome 3

Ms Rachel Balmanno, Acting Group Manager, Aged Care Policy and Reform
Ms Fiona Buffinton, Group Manager, Access Reform
Mr James Christian, Group Manager, Aged Care Quality and Compliance

Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services
Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property
Ms Donna Moody, Group Manager, Ageing and Aged Care Services
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Tracey Bell, Branch Manager, Communications and Media
Ms Tracey Carroll, Acting Branch Manager, Budget Development
Mr Michael Culhane, Branch Manager, Quality and Regulatory Policy
Mr Russell de Burgh, Branch Manager, Policy
Mr Craig Harris, Branch Manager, Access Reform
Mr David Laffan, Acting Branch Manager, Aged Care Complaints
Ms Shona McQueen, Branch Manager, Aged Care Programmes
Mr Nigel Murray, Branch Manager, Finance and Funding
Ms Louise O'Neill, Acting Branch Manager, Ageing and Sector Support
Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law
Mr Ben Vincent, Branch Manager, Home Support Implementation
Ms Bernadette Walker, Acting Branch Manager, Prudential and Approved Provider Regulation
Ms Kerrie Westcott, Acting Branch Manager, Reform Support and Engagement

Outcome 4

Mr Damian Coburn, Acting Group Manager, Housing Homelessness and Gambling
Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services
Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property
Mr Bryan Palmer, Group Manager, Housing, Homelessness and Gambling
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Tracey Bell, Branch Manager, Communications and Media
Ms Tracey Carroll, Acting Branch Manager, Budget Development
Ms Jill Mills, Director, Housing and Homelessness Branch
Mr John Riley, Branch Manager, National Rental Affordability Scheme and Gambling
Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law
Mr Stuart Thomas, Branch Manager, Housing and Homelessness

Outcome 5

Ms Fiona Buffinton, Group Manager, Business Services Wage Assessment Tool
Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services
Dr Nick Hartland, Group Manager, National Disability Insurance Scheme
Mr Steve Jennaway, Group Manager, Deregulation, Assurance and Property
Mr Evan Lewis, Group Manager, Disability, Employment and Carers
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Laura Angus, Branch Manager, Business Services Wage Assessment Tool Employment Response Team
Ms Tracey Bell, Branch Manager, Communications and Media
Ms Tracey Carroll, Acting Branch Manager, Budget Development
Mr Mitchell Cole, Acting Branch Manager, National Disability Insurance Scheme Transition and Disability Service
Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Programme
Ms Jillian Moses, Branch Manager, Financial Policy and Performance
Ms Lyn Murphy, Branch Manager, Disability Employment Services Compliance
Ms Karen Pickering, Branch Manager, Mental Health
Mr Matthew Roper, Branch Manager, Commercial and Aged Care Law

Ms Sharon Stuart, Branch Manager, Disability Employment Services Policy

Ms Karen Wilson, Branch Manager, Disability and Carers Policy

National Disability Insurance Agency

Mr David Bowen, Chief Executive Officer

Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services

Ms Louise Glanville, Deputy Chief Executive Officer

Ms Liz Cairns, General Manager

Mr David Fintan, Acting General Manager, Governance

Ms Esther Kerr-Smith, General Manager, Market and Sector

Mr Stephen Payne, Chief Financial Officer

Ms Anne Skordis, General Manager, Scheme Design

Social Security Appeals Tribunal

Ms Jane Macdonnell, Principal Member

Ms Louise Anderson, Registrar

Mr Scott Dilley, Chief Finance Officer and Acting Group Manager, Finance and Services

Australian Aged Care Quality Agency

Mr Ross Bushrod, Acting Chief Executive Officer

Ms Ann Wunsch, General Manager, Operations

Mr Chris Falvey, General Manager, Corporate Affairs

Committee met at 09:03

CHAIR (Senator Seselja): I declare open this meeting of the Community Affairs Legislation Committee. The committee's proceedings today will continue with this examination of Social Services outcome 2, Families and Communities. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate by resolution in 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanation from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth should 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. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Department of Social Services

[09:06]

CHAIR: I welcome Senator the Hon. Mitch Fifield, the Assistant Minister for Social Services, representing the Minister for Social Services, the departmental secretary, Mr Finn Pratt, and officers of the Department of Social Services. Minister, would you like to make an opening statement?

Senator Fifield: No thank you.

CHAIR: We will move straight to questions, Senator Lines.

Senator LINES: I am assured that your whole early childhood department has moved and that you are able to answer both current and retrospective questions.

Mr Pratt: Yes. I saw Ms Paul's evidence form a few days ago and that is correct. We have the entire early childhood development stream here. Ms Wilson, of course, heads up that stream.

Senator LINES: Regarding your web page, I refer in particular to the *Child Care and Early Learning in Summary* report which is prepared by the department. Why hasn't the government released the *Child Care and Early Learning in Summary* reports for quarters since December 2013?

Ms J Wilson: The March quarter 2014 data is actually up there, so it is not the December—

Senator LINES: Is it?

Ms J Wilson: That is right. I think we have talked previously at Senate estimates about the process that goes into putting this data together to get it in its final form to put up on the web and publish the report. It takes about three months for the data to be settled and extracted. The data is extracted from numerous sources, including Human Services, and it is also combined with ABS data. To get all of the data for the same period and for the

same sets of families actually takes a bit of time and a bit of juggling. The data extraction and verification actually takes three to four months. On top of that we had a machinery of government change and a change in the department's ministers towards the end of last year when the product was close to ready—hence we wanted to take the opportunity to draw it to our new minister's attention before putting it up on the web.

Senator LINES: What is up there now on the web page?

Ms J Wilson: The March quarter 2014.

Senator LINES: When did that go up on the web page?

Ms J Wilson: I can just get that for you.

Senator LINES: It has not taken as long previously to put the data up there. Does the government not want to publish the data?

Ms J Wilson: I do not think that is an accurate reflection. I know this sounds extraordinary and we are working on improving the time lines, but it is usually released about 250 to 300 days after the end of the quarter because of all the processes I have talked about. We have done some analysis of the timing of these reports. There has not been significant variation over the last couple of years. That is just the amount of time it normally takes to put up. As I said, we also wanted to take the opportunity to show the publication to a new minister, which happened just before Christmas.

Senator LINES: I am not sure what web page you are looking at, but I have got the webpage in front of me and the March quarter is not up there.

Mr De Silva: It was actually published on 5 February 2015.

Senator LINES: Can you get one of your department people to look at the website? It is not up there.

Mr De Silva: It is on the MyChild website.

Senator LINES: I am looking at the *Child Care and Early Learning in Summary*—

Mr De Silva: Which website?

Ms J Wilson: Which website—MyChild?

Senator LINES: No. What is up there is the *Child Care and Early Learning in Summary* December quarter report. So you are now saying that you have changed where you are putting it? Where is it?

Ms J Wilson: Because of the machinery of government, the changes in departments—

Senator LINES: Don't you think you should have something on this web page to say that if you want these reports now please go to blah?

Mr Pratt: Senator, I think that is a very good suggestion and we will see if we can have a link.

Senator LINES: So it is on the MyChild website, is it?

Ms J Wilson: That is right.

Senator LINES: Is that where it is going to continue to be published?

Ms J Wilson: That is right.

Senator LINES: But you have only got the March quarter up there at the moment?

Ms J Wilson: The current quarter; that is right.

Senator LINES: Can you provide us those reports?

Ms J Wilson: We have actually got copies here if you want a hard copy.

CHAIR: Would you like to table those?

Ms J Wilson: I am happy to.

Senator LINES: The March data which is on the MyChild website—was that provided to the new minister?

Ms J Wilson: That is right.

Senator LINES: Was it provided to the previous minister or just the new minister?

Ms J Wilson: I will have to check. I will have to take that on notice.

Senator LINES: When was that provided?

Ms J Wilson: We will take that on notice.

Senator LINES: Are out-of-pocket expenses higher now than they were a year ago, on average? Let us look at a family on an income of a \$75,000 and a family on a \$95,000.

Ms J Wilson: Page 12 of the booklet gives you a comparison of out-of-pockets based on the March quarter data and across various family incomes.

Senator LINES: Take us to the one on an income of, say, \$75,000.

Ms J Wilson: According to figure 6, after government subsidies, it is 9.7 per cent.

Senator LINES: How does that compare to a year ago? Is it higher?

Ms J Wilson: Over the last couple of years they have ranged from nine to about 11 per cent. We would have to get you the information for the last year. Across the income range it has been about nine to 11 per cent.

Mr De Silva: We will take that on notice.

Senator LINES: Increase?

Mr De Silva: No. The out-of-pocket is nine to 11, based on the family income.

Senator LINES: An increase in the out-of-pocket—

Mr De Silva: No, not an increase. It is the actual out-of-pocket.

Senator LINES: If I look at the March 2013 quarter, for someone on an income of \$35,000—have you got the March 2013 quarter here?

Mr De Silva: I do not have March 2013 here.

Senator LINES: Can you get it?

Ms J Wilson: We can certainly try.

Senator LINES: Trust me; I have got it here. It says that on \$35,000 the before and after subsidy figure is 39.9 per cent, down to 9.1 per cent.

CHAIR: Senator Lines, you are quoting from a document there and asking witnesses to respond. Is it possible for you to table that?

Senator LINES: May I finish my question?

CHAIR: You have already quoted from the document so I just might ask that you have the courtesy—

Senator LINES: It is their document.

CHAIR: Sure, but if you can table it, given they do not have it in front of them?

Senator LINES: I have writing on it so I am not happy to table it. My question is about the 2014 figures which they do have in front of them.

CHAIR: If it is just about the 2014 figures.

Senator LINES: I intend to refer back to the 20014—

CHAIR: We just have a general practice that if there is going to be a particular document—

Senator LINES: They have iPads there so they could get it up on their iPads.

Senator LINES: If I look at the 2014 quarter, the data you have just given me, for that same \$35,000 I have got a figure of 42.6 per cent and then, after subsidy, of 10.4 per cent. What are those figures telling me?

Ms J Wilson: We will try and get the table so we can actually have a discussion based on having the information in front of us.

Senator LINES: Can somebody just get it on an iPad? It is not difficult. It is a publicly available figure.

CHAIR: Senator Lines, there are a lot of figures.

Senator LINES: I can assure you, Chair, that Ms Wilson is an expert in this.

CHAIR: That is fine, but departmental officials do not have every figure for every quarter in front of them at any given time. That is why I am asking that if there is a document that you can point to that might make it a bit easier.

Senator LINES: I have pointed to the March 2013 figures.

CHAIR: Sure, but if people do not have that in front of them. Perhaps you could make that available? It might make it simpler.

Ms J Wilson: Someone is getting the table, Chair.

Senator LINES: I will move on and I will come back to that figure. Can you provide the hourly fees for each type of care for the most recent available quarter and for each quarter since 2013?

Ms J Wilson: That information is available in these reports on the website, historically.

Senator LINES: So it is in this report that you have tabled?

Ms J Wilson: That is right.

Senator LINES: Can you take us to that page?

Ms J Wilson: It is page 11, table 14. It has comparisons back to March 2013 as well.

Senator LINES: What is happening to the hourly fees in terms of increases or decreases between the figures you have quoted on the table?

Mr De Silva: In terms of the changes?

Ms J Wilson: Clearly from March 2013 to March 2014 there has been a slight increase across the quarters. There is variability in the quarters in the movement.

Senator LINES: Looking at that, the average fee has gone up in all cases.

Ms J Wilson: That is right.

Senator LINES: What does that mean for users of services?

Ms J Wilson: It is showing the average hourly rate across service times is increasing slightly over the period.

Senator LINES: But what does it mean to their costs?

Ms J Wilson: That is a hard question to answer. The costs are going up but so is the government assistance they receive currently through things like the childcare rebate, because they get 50 per cent of the cost of care back.

Senator LINES: But that is a capped rebate.

Ms J Wilson: Only a small percentage of families hit the cap. It also depends on the mix and type of services, as well as the age of their children. It is not a straight forward question to answer.

Senator LINES: Nevertheless, in long day care, family day care, in-home care, occasional care and out of school care there are consistent increases. There is not one figure that goes down; they all go up. Is that a yes or a no, Ms Wilson?

Ms J Wilson: Yes, Senator.

Senator LINES: We will get that table and come back to that. I presume you have the Productivity Commission's report on child care and early childhood learning?

Ms J Wilson: Yes.

Senator LINES: The report was provided to government on 31 October 2014; is that correct?

Ms J Wilson: That is correct.

Senator LINES: On what date was the minister first briefed on the report?

Ms J Wilson: I will have to take that on notice. The Productivity Commission actually had various briefings when it released the report, so I am not sure of the exact first date. Certainly it was very close to the timing of the report being given to government.

Senator LINES: So you have not got an exact date. But you are saying almost as it was released it was given to the minister?

Ms J Wilson: That is right. It is normal practice for the Productivity Commission to brief relevant ministers at the time of the release of the report.

Senator LINES: Did the minister ask the department for any advice on the report?

Ms J Wilson: Certainly it is normal practise for us to go through the report and provide advice to relevant—

Senator LINES: Were you specifically asked to provide information on this report to the minister? I am not asking you for the information; I am just asking—

Ms J Wilson: Yes.

Senator LINES: Can you give us the dates on which you were asked for that advice?

Ms J Wilson: I am happy to take that on notice. I just want to be clear. It was an iterative process. I am not sure there was a specific request for advice on the report but rather an expectation that we would get through the 1,000 pages and start having some thoughts about it.

Senator LINES: Can you get that to us today?

Mr De Silva: We can try.

Ms J Wilson: It would involve some of us actually looking at our own diaries and while we are at the table that would be a bit difficult.

Senator LINES: The report was not tabled until Friday, the 20th. Do you know why there was a delay?

Ms J Wilson: It is a comprehensive report. As I said, it is over 1,000 pages. It is actually very complicated. We needed time to absorb what was in the report and what the PC was recommending. The PC also shifted in its thinking from its draft to its final in some areas, and I am sure you are aware of that. Having an understanding about what was new and different was also important.

Senator LINES: So you cannot explain that time lag? A thousand pages from the Productivity Commission is not—I think the aged-care report was bigger than that.

Senator Fifield: It is probably also important to note that there was a changeover in the responsible minister during that time as well. That also had an effect.

Senator LINES: But you were very fortunate that you had your expert staff transferred so you did not have to bring new people up to speed.

Senator Fifield: Clearly when Minister Ley was the responsible minister and then Minister Morrison—

Mr Pratt: Senator, I am a little bit new to this, but I am not sure I would characterise the period as a delay. The final report was received right at the end of October. We had a change of minister over November and December, followed by Christmas. The report was released well within the tabling period that is required for Productivity Commission reports to be tabled.

Senator LINES: There was no suggestion that there was anything untoward there. Was there any correspondence between either minister's offices, or ministers' offices and/or the Prime Minister's office—or the Treasury office and the department—regarding the timing of the release of the report?

Ms J Wilson: I would not be able to comment on correspondence between offices. I will have to take it on notice, but I do not recall any correspondence.

Senator LINES: So you do not recall correspondence. If there is correspondence, can that be provided on notice?

Ms J Wilson: I will take that on notice.

Senator LINES: Thank you. What modelling has the department done into the impacts that the implementation of the report would have on Australian families?

Ms J Wilson: As the minister said in his Press Club address, we have done some work on the PC settings—how they are different to the current settings—and we are looking at a range of different options in providing advice to government.

Senator LINES: What particularly do you mean about the PC settings? What, in particular, have you done work on or are doing work on?

Ms J Wilson: The PC shifted from families with income over \$250,000 to actually drop to 20 per cent rather than 30 per cent in the draft report. We are looking at: they have changed the settings; why would they have changed the settings; what are the outcomes of changing those settings?

Senator LINES: Have you looked at the impact on families of changing of those settings?

Ms J Wilson: That is right.

Senator LINES: What is that telling you?

Ms J Wilson: That is subject of advice to government, so I do not think I am in a position to say.

Senator LINES: What other settings are you looking at?

Ms J Wilson: Again, that is subject of advice to government.

Senator LINES: You said that you have looked at the impact of changing the settings and the impact on families and so on. So what other settings are you looking at?

Mr Pratt: Perhaps I can answer that very generally.

Senator LINES: I am after specifics, thanks, Mr Pratt.

Mr Pratt: I know but, as Ms Wilson has pointed out, this is the subject of deliberative advice which is going to government right now. Virtually every element covered by the PC in its report is being looked at and modelled and variations on those things. An enormous amount of work has gone into that over the last few months.

Senator LINES: Have you looked at the impact of a single payment?

Ms J Wilson: That is right.

Senator LINES: You have looked at the impact of shifting those parameters for benefits?

Ms J Wilson: That is right.

Senator LINES: Have you modelled the cost of nannies?

Ms J Wilson: We have not done any specific modelling on the cost of nannies. The PC made some recommendations in the report, and I know there had been some press on it, but we have not specifically looked at the cost of nannies.

Senator LINES: Can any of the modelling be provided to the committee?

Ms J Wilson: As the secretary said, it is of a deliberative nature, it is quite extensive and it is forming our advice to government.

Senator LINES: I have now been given the December 2013 figures off the website. Chair, can I table the 2013 figures I referred to before?

CHAIR: Without your scribbles?

Senator LINES: Yes, it is fresh off the website.

CHAIR: Yes, that can be tabled. There is no objection from the committee.

Senator LINES: Going back to the 2013 table, which you have now got, and the 2014 table in the document you tabled—that is on which page, Ms Wilson?

Ms J Wilson: Page 12.

Senator LINES: Looking at the two tables, in relation to the figure of \$35,000 in the March 2013 report we have got before and after subsidy figures of 39.9 per cent and 9.1 per cent. Looking at the figure of \$35,000 in the 2014 figures, which you tabled, we have got 42.6 per cent and 10.4 per cent. Can you tell me what those figures mean, why there is that difference?

Ms J Wilson: I think the figures in both tables represent out-of-pocket costs for families with one child in long day care without government subsidies, which is the blue bar, and with government subsidies, which is the green bar.

Senator LINES: But why is there a difference in those figures over a year?

Ms J Wilson: Clearly at the time the snapshot was taken and the data was collected there was a shift in out-of-pocket costs.

Senator LINES: A shift which way—up or down?

Ms J Wilson: The numbers are showing an increase.

Senator LINES: An increase in out-of-pocket expenses for parents in that income bar?

Ms J Wilson: That is right.

Senator LINES: Let us have a look at the next income bar of \$55,000. The 2013 figure shows, against the blue bar, 33.1 per cent and, after subsidy, 8.8 per cent. The 2014 figures, which you provided, show 35.9 per cent and 9.9 per cent. What is that table showing us?

Ms J Wilson: It is showing a slight increase.

Senator LINES: So that means an increase to parents in costs?

Ms J Wilson: I am sorry, Senator?

Senator LINES: That means an increase to users in out-of-pocket costs?

Ms J Wilson: That is right. There is actually quite a bit of movement in the affordability and the cost of care over time and over different periods in the financial year. There is a graph on page 11—

Senator LINES: We can go to that shortly. I am still interested in sticking on this graph. If I look at the figure for \$75,000, \$95,000, \$115,000, \$135,000 and \$150,000—the March 2013 table compared to the March 2014 table—isn't it telling me that out-of-pocket costs for all income groups have gone up?

Ms J Wilson: Yes.

Senator LINES: Are you able to give us figures for each quarter after March 2014?

Mr De Silva: Not at this stage.

Senator LINES: Where are those figures?

Mr De Silva: As Ms Wilson said, there is a process to go through and verify the data. It takes about seven to eight months. It will get published in the near future. It takes about 250 to 300 days from the time the quarter concludes to the time the report can be published.

Senator LINES: But that is seven to eight months. It is nearly 12 months because we are nearly at March 2015 and we do not have any figures.

Mr De Silva: March 2014 has been published.

Senator LINES: Yes, but you said it takes seven to eight months to compile the figures.

Mr De Silva: For June 2014, again, it will probably take seven to eight months before that can be published.

Ms J Wilson: The June quarter data should be available shortly because we are close to the end of that process.

Senator LINES: You are saying you do not have any information on tables for June, September and December 2014?

Ms J Wilson: Not to this level of detail and not that has been cross-checked with DHS data, ABS data and all the rest.

Senator LINES: So what level of detail do you have?

Ms J Wilson: If you could explain to me exactly what you are after, we can take it on notice.

Senator LINES: What I am seeing here is a trend. If I compare the March 2013 quarter with the March 2014 quarter, in every single income group costs have gone up. I think it is quite extraordinary that here we are almost a year later and we do not have any sense of what is happening to childcare fees. Can you give the committee some top line figures of what is happening with out-of-pocket expenses for parents? It is pretty extraordinary that we are working a year behind in published data.

Ms J Wilson: I will have to take that on notice. As I mentioned before, this is extensively quality assured to bring family income and government payments together. I do not know what other information we have and of what quality it is to be able to answer that question for you.

Senator LINES: What I am after is this—

CHAIR: This will be the last question before I move on to other senators.

Senator LINES: Thanks, Chair. I want you to find out what the out-of-pocket costs are, and have fees increased.

Ms J Wilson: I am happy to take that on notice.

Senator LINES: Are you able to find that out this morning?

Ms J Wilson: I am not sure that I can.

Senator LINES: But you will take the question on notice?

Ms J Wilson: Yes.

Senator LINES: Thank you. I have further questions, obviously, Chair.

CHAIR: I will certainly come back to you, Senator Lines. I wanted to go back to the table in the March quarter 2014 report that was tabled. It is on page 11. I am new to this area in terms of some areas of this policy. Ms Wilson or someone else, are you able to take us through this chart on page 11? It is an interesting one. It is obviously tracking the percentage increase for each year and then it has an average line which is around seven per cent, as I read it. Are you able to take us through, for those who do not have the table in front of them, what has led to some of those major spikes? It shows the average increase in long day care hourly fees over a decade, averaging out at about seven per cent, but of course it shows a pretty massive increase in 2008-09. Are you able to talk us through that? That is a 14 per cent increase in one of those years.

Mr De Silva: Between March 2005 and March 2014, you are correct that, on average, the fee increase has been about seven per cent. But there was a spike in 2008-09 which got to about 14 per cent. That coincided with the increase in CCR from 30 per cent to 50 per cent.

CHAIR: So we saw the subsidy go up and then we saw a pretty massive spike where it almost doubled the average increase in that year?

It seems to me—not being an expert on this—that suddenly the providers are pocketing a lot more as a result of that subsidy. It is not necessarily bringing people's out-of-pocket costs down. The subsidy goes up and the costs go up far more than they have gone up in the years before or the years after.

Mr De Silva: We can say that in that year fees did double. In terms of average increase, they went from seven per cent, on average, to just above 14 per cent in that year.

CHAIR: It is interesting to look, as this policy goes forward, at what works and what does not. We all want to see child care being as accessible and as affordable as possible. The previous government and this government put a lot of money into child care, and that is fine, but we also do not want the policy settings to lead to increased fees which are then partially rebated through the various government subsidies. Is there anything we learn going forward when we see that kind of spike? If you were to turn around tomorrow and say, 'Instead of 50 per cent, it is going to be 70 per cent,' presumably you would expect to see a similar sort of spike in fees?

Ms J Wilson: I think your analysis is exactly right. At the time the rebate went from 30 to 50 there was no noticeable increase in workforce participation. A lot of money went in, the cost of care went up, it became more costly to parents, and it did not drive more people back into the workforce. Certainly we need to learn those lessons for policy development going forward.

CHAIR: I know it is not directly comparable, but we have seen in other areas of policy, such as first home buyer subsidies, where the Commonwealth has been pulling levers and the states and territories still have a significant degree of control. If states and territory governments do not respond with supply then you can see inflationary aspects—likewise here. You need a pretty comprehensive framework to make sure you are getting the workforce that you need and the land that is needed for these centres, as well as what levers need to be pulled by the Commonwealth in terms of subsidies. It is not always as simple as throwing more money at the issue, is it? It does not always lead to better outcomes for Australians.

Ms J Wilson: I think it is a very complicated system, as the PC found, and all of these things are connected. In designing a new system the government will need to think about the interaction effects. It is clearly focused on making a system more affordable to encourage workforce participation. They need to be the goals we aim for.

CHAIR: Hopefully we can learn from some of those previous mistakes. Senator Reynolds has some questions around costs.

Senator REYNOLDS: I want to walk through some of your lessons and observations on this issue. Are you able to go back 10 years and tell me what the trends have been in the costs of child care?

Mr De Silva: We have got some information. Broadly speaking, in terms of expenditure, in 2003-04 the government was investing about \$1.5 billion. As at 2014-15, it is up to 7.8. Into the forward estimates it is getting close to \$10 billion per year. So between 2003-04 and the last financial year the funding going in has probably quadrupled. The other thing to note would be that in terms of fees—again going back to March 2003—fees for long day care, for example, have gone from about \$3.75, and that is not exact, to roughly \$7.80 in March 2014. That is very broad, but it does show the general increase in fees and the general increase in Commonwealth expenditure for that same period.

Senator REYNOLDS: Do you know how many children in that 2003-04 year would have been in child care? I just want to get some idea of not only the total cost but also how much more per child we have been spending. Has there been an exponential growth in the number of children in child care?

Ms J Wilson: I do not believe we have that level of detail with us, but it is fair to say that when some of the major changes have happened—for example, when the childcare rebate went from 30 per cent to 50 per cent—there was a movement of children from informal to formal care to be covered by the childcare benefit and childcare rebate. There have been different policy decisions that have caused a shift of numbers, so we could give you a correlation between expenditure and the children in care as a question on notice.

Senator REYNOLDS: Are you talking about a shift from one program to another—not the total number of children in some form of care—from different types of care?

Ms J Wilson: No, the bulk of care provided is not subsidised by the government. In the age of zero to 12 only 29 per cent of children in that age cohort—according to the ABS population—are getting the childcare benefit and childcare rebate. The other 71 per cent is through parents, partners, friends and private arrangements, which the government is not participating in. Some of the reforms, like the 30 to 50 per cent, increase the shift from people informal care to formal care.

Senator REYNOLDS: Could do that over 10 years and provide the ratios of those who are in subsidised care—the 29/71 per cent ratio—how that had changed over the decade as well?

Ms J Wilson: Certainly.

Senator REYNOLDS: That would be very informative; thank you. The number of children receiving subsidised care and the per-child cost of how that has gone up as well would be interesting to see. With your

analysis, what are the main factors over the last decade, since that big increase? What are the main drivers of the cost increases? Have you categorised them?

Ms J Wilson: If you are talking about the actual hourly rate cost of care to a family, 60 to 80 per cent of the cost of care is wages. It is a key part of the cost of care.

Senator REYNOLDS: Have you got figures about the increase in wages over the past 10 years?

Mr De Silva: We could take that on notice and probably get that from other colleagues.

Senator REYNOLDS: Have the cost of wages spiked particularly or has it been a gradual increase over the 10 years?

Mr De Silva: With the figures that we have seen, wage increases would not have increased at the same rate that childcare fees have.

Senator REYNOLDS: So the fees have gone up over and above the increase in wages. Is that what you are saying?

Mr De Silva: Yes.

Ms J Wilson: I think that is a fair statement to make.

Senator REYNOLDS: If wages are 60 to 80 per cent of the costs, what are the other factors that have pushed up the fees?

Ms J Wilson: We could probably make some statements about what we think they are, but the government does not set the price of fees in the market; we provide a subsidy for families and providers set their own costs.

Senator REYNOLDS: When the government is looking at subsidising, the causes of the increases is also important in order to have some sort of understanding.

Ms J Wilson: This is put together in the PC report; providers are providing different levels of care. By that, I do not mean that anyone is providing unsafe care; I mean that some care has got more bells and whistles. Some people provide nappies, meals, dance classes and other things whereas other providers do not. There is a mix of what you are buying when you pay for care, and parents make that choice.

Senator REYNOLDS: They make that choice about what they want. What are the general levers and options available to manage some of the increase in childcare costs?

Ms J Wilson: I think the PC has recommended quite a few. The benchmark price they have suggested is about keeping a downward price pressure on costs to determine a rate at which the government would subsidise, and that should reflect the cost of care. Then it would be on parents to consider whether they are willing to pay above that rate for extra services.

Senator REYNOLDS: For things like extra nappies and other sorts of support. What options do you think there are to increase accessibility to child care? At the moment, what are the options available?

Ms J Wilson: I guess, going back to the PC report, they are talking about taking some of the regulation off childcare facilities, so we do not specify the hours in which they are open, the days of the week that they are open, and we take the caps off things like occasional-care places. They are talking about introducing things like nannies as an option of flexibility for families, so there are a range of things that have been proposed.

Senator REYNOLDS: How much of the scope of options sits with the Commonwealth and how much sits with the states?

Ms J Wilson: All of the things that I just mentioned; the Commonwealth has a key role in potentially delivering on them or considering them.

Senator REYNOLDS: I was very interested to hear you say that with the increases it has not had a discernible impact on female participation in the workforce. Can you expand on that a bit further, in terms of your observations or findings on that?

Senator LINES: Excuse me, Chair, I am not sure what Senator Reynolds is referring to when she says increases?

Senator REYNOLDS: I may have misunderstood, but I thought—

CHAIR: We will let Senator Reynolds ask the questions and the witnesses can answer. You can ask questions after.

Senator REYNOLDS: I am sure I wrote it down when you said it—that while the costs and the increased subsidies for child care had increased there had not been a similar correlation in the increase in female participation in the workforce. I may have misunderstood.

Ms J Wilson: That is all right, Senator, I am just seeing if I can find it.

Senator REYNOLDS: It was in relation to your comment on the 30 to 50 percent increase. You said there had been no increase in participation associated with that.

Mr Pratt: Yes, we are just trying to see if we can find a chart that shows the participation rates over that period. We might attempt to find the table and come back to that, if we can.

Senator REYNOLDS: If you could, and if you find it we could come back to that this morning, because to me that seems to be one of the most critical factors that we have addressed so far. We are spending and investing an enormous amount of taxpayers' money and—as you said—one of the reasons is to increase the options and availability and women's participation in the workforce. If we are spending all this money and it is not having that result, it is something we should be looking at further. If you could come back to that, when you find the tables, and give us the figures, that would be good; thank you.

Senator HANSON-YOUNG: Ms Wilson I have a stack of figures and stats that I need. I want to ascertain what the real impact of a number of the proposed changes of the Productivity Commission report mean. I am hoping you have some figures in front of you. If you do not, please indicate whether you think you have them and are able to take them on notice or whether I have to ask them in a different way in order to get the figures I am looking for. Firstly, I would like to know how many children are currently accessing long-day-care services. You have that one, I imagine.

Ms J Wilson: Yes, we do. For the March quarter, children accessing long day care: 641,740.

Senator HANSON-YOUNG: When you say March quarter, you are referring to the report that you have just tabled.

Ms J Wilson: That is correct.

Senator HANSON-YOUNG: I understand you have not crunched all the figures in order to put the next quarterly report out, but I would imagine that if that top line had changed of how many children are currently accessing, over the last 12 months, you would know that?

Mr De Silva: Between March quarter 2014 and March quarter 2013 there was an increase in total number of children using approved care of 8.2 per cent.

Senator HANSON-YOUNG: Do you know between March 2014 and January 2015?

Mr De Silva: The data is still going through the analysis and verification process.

Ms J Wilson: I guess a good proxy might be that from March 2013 to March 2014 there was a 20,000 increase in long day care—that is, 20,000 out of 600,000 was the extent of the movement. The other thing that is important to note is that the March quarter tends to be high, because it is the start of the year and everyone is back into their places. If you trail it over the quarters, it fluctuates, but the March quarter tends to be high usage. Everyone has started the year and everyone has taken up their place. It depends on where you cut it as well, the exact movement.

Senator HANSON-YOUNG: What about the predictions for the number of children accessing long day care, for the forward estimates? You would have had to model those figures, at least.

Ms J Wilson: The modelling—we have talked about this at estimates before—we do with Finance is not on a service-by-service type; it is more about the movement of children from informal to formal on a whole—

Senator HANSON-YOUNG: Across the divisions.

Ms J Wilson: not on an individual service level or individual service type level.

Senator HANSON-YOUNG: Therefore, the number of families accessing each of the current subsidies as opposed to the type of care they are in.

Ms J Wilson: That is right.

Senator HANSON-YOUNG: Could you to take on notice the current numbers you are using for that then?

Ms J Wilson: Sure, Senator.

Senator HANSON-YOUNG: And whether there has been any movement—I can weigh that up against last year's budget papers, I guess. How many children are currently accessing family day-care service. You are saying you do not have any different figures than what is in—

Ms J Wilson: That is right; page 3 of the report.

Senator HANSON-YOUNG: That would be the same for preschool services, or is that separate?

Mr De Silva: This deals with approved care. There is some preschool that is delivered in long day care but a large proportion of preschool is delivered through preschools, in school systems and community preschools, so we do not have a subset of that for long day care.

Ms J Wilson: It is not in the report, but I think we have a number we can give you. In terms of children in the year before school, which is not in our report—but Mr De Silva indicated we have a number—there are 288,000 children who attend preschool. A mixture are in long day care and in state-run stand-alone preschools or other preschools that they run.

Senator LINES: You are talking about four-year-olds.

Ms J Wilson: Yes.

Senator HANSON-YOUNG: You are saying the figures you have do not break down those types of—

Ms J Wilson: I can break it down for you.

Senator HANSON-YOUNG: That would be great, if you could.

Ms J Wilson: Long day care is about 120,000 out of the 288,000. The preschools, kindergarten, stand alone, is about 158,000.

Senator HANSON-YOUNG: Could you tell me how many parents are currently accessing the CCB?

Ms J Wilson: We have about 776,000 families accessing the range of service types.

Senator HANSON-YOUNG: That is everything together.

Ms J Wilson: Yes, that is long day care, family day care, casual care and outside-school-hours care.

Senator HANSON-YOUNG: How about the number of families accessing CCR?

Mr De Silva: For the financial year 2012-13, the number of childcare rebate was 850,774.

Senator HANSON-YOUNG: You do not have the figures for 2013-14?

Mr De Silva: No, because we have not completed the June quarter.

Ms J Wilson: With the June quarter data in, we will be able to provide you with an update.

Senator HANSON-YOUNG: Could you remind me of the predicted number of families accessing CCR?

Ms J Wilson: Do you mean within our forward estimates model?

Senator HANSON-YOUNG: Planning and forward estimates, yes.

Ms J Wilson: I think we might have that in the PBS.

Mr De Silva: For 2014-15, I can tell you the number of families receiving both CCB and CCR was predicted to be 750,000.

Senator HANSON-YOUNG: That is people getting both of them?

Mr De Silva: Yes.

Ms J Wilson: If we take that back a bit, the number of families only receiving CCB for 2014-15 is 97,000 and the number of families receiving both CCB and CCR is 750,000.

Senator HANSON-YOUNG: Thank you. What about how many parents are accessing the JET program?

Ms J Wilson: My memory is around 39,000 but I will just check that for you. No, my memory was not very good on that one. There were 12,790 as at the March quarter, but that is at a point in time. There are movements in and movements out, so that is a point-in-time number.

Senator HANSON-YOUNG: Is access for the JET program similar to what you were referring to as a trend generally when we speak about accessing CCB, where the March quarter is a bit of a spike because it is the beginning of the year?

Ms J Wilson: That is right. There would be more people starting, especially study, and that is a key group we support through JET.

Senator HANSON-YOUNG: As opposed to the October to December quarter, I imagine.

Ms J Wilson: That is right. Just to clarify, that is a point in time. Over a whole year there are about 40,000 parents, so that is where I got my number from.

Senator HANSON-YOUNG: That is interesting. So somebody accessing it in the March quarter might not be accessing it in the June quarter?

Ms J Wilson: That is right. It is support for work, study and training, as you know, so it depends on what sorts of courses they are doing, what their pattern of study is and also job search.

Senator HANSON-YOUNG: And overall the actual number at any point during the year is around 40,000.

Ms J Wilson: Yes.

Senator HANSON-YOUNG: Thank you for that. I assume you will have to take this one on notice. When we look at the number of children accessing the various different services—long day care, family day care and preschool services—I would like to know how many children there are in each of those three services and a breakdown by states, major cities and capital cities.

Ms J Wilson: I think we have that.

Mr De Silva: By each service type?

Senator HANSON-YOUNG: Yes.

Mr De Silva: We can do it for long day care, family day care, occasional care and outside school hours care.

Ms J Wilson: That is on page 6 of that summary. Do you want to have a look at that and see if it meets your needs?

Senator HANSON-YOUNG: Thank you. Yes, so that is states but I need capital cities, if you could.

Ms J Wilson: Okay.

Senator HANSON-YOUNG: I would like to go to this issue of average cost. In this March quarterly report, at page 11, you talk about average cost, the average hourly fee by service type. Do you have an understanding as to why the Productivity Commission went with median cost?

Ms J Wilson: I think that in their draft report they talked about a deemed cost. I think they thought there was a lot of research about the cost of care—

Senator LINES: You surprise me!

Ms J Wilson: and they did a lot of work to understand what affected the cost of care. Certainly in discussions we had with them over the period that is what they were hunting for—what do you add to get into a true cost of care? I think their view—and I probably should not be speaking for them; you are better asking them than my saying it—was that median was a reflection that there was not the research done on a piece of work that says, 'This is the cost of care.' So this is an indicator that sort of points away, instead of taking two years to do some research to identify what might be the cost of care, which probably does not land in a very exact way.

Senator HANSON-YOUNG: Okay. You can see perhaps where I am going with this. I am going to find it difficult to ascertain what the real impact of the PC recommendations will mean in terms of actual costs for families when the figures that we have about accessing services and how much we are budgeting from your department are based on average cost versus their recommendations around median cost. I feel like we are talking apples and oranges and I am worried about how, without having all of the current data, we really know whether families are going to be better off, particularly those that will now be impacted—or may be, of course, if the government takes up the recommendations—in relation to the change of subsidies. It is easy to spin a story of goodwill if you are talking about a different set of figures.

Ms J Wilson: I understand what you are saying, and certainly what they are proposing is very different. A single means-tested subsidy is very different to the current system. I guess it is anyone's guess how the market might react to that. The Productivity Commission certainly assume that their model will have downward pressure on the cost of care. That is why they have chosen that model. I agree with you: it is very complicated.

Senator HANSON-YOUNG: To that point, I want some more figures. When you take away the question on notice about how many children are accessing the various services in each capital city, could you get for me what the department believes the average cost of care is in each state and each capital city? I assume some of that is already done in this report.

Ms J Wilson: Yes, but I think you are asking for it by capital city rather than state, which is what we have got.

Senator HANSON-YOUNG: Yes. If you could do it by capital city, that would be very helpful. I would like to request the following data from the childcare management system, and that would be the median price of long day care, family day care, in-home care and outside school hours care for each of the capital cities as well. If you could take that on notice? I asked you before about the number of families accessing the JET program.

Ms J Wilson: That is right.

Senator HANSON-YOUNG: Do we know how many families working, training or studying for less than 12 hours per week currently claim JET? Surely not everybody who is in that category is claiming JET. Do you know what I mean?

Ms J Wilson: Sorry, can you ask the question again. Are you asking me how many people in the JET cohort are working, studying—

Senator HANSON-YOUNG: Less than 12 hours per week.

Ms J Wilson: We do not have that information. I think what you are trying to get at is who will actually be affected by the changes from being able to access 24 hours a week, as is currently the case, without having to work, study or train.

Senator HANSON-YOUNG: Yes.

Ms J Wilson: But, because there is not a requirement that they tell us what they are doing with that area at the moment, we do not record that information. So currently people who meet all the other criteria for payments can get access to 24 hours a week without having to tell us what they are doing for work, study or training, because that is the current criterion. So on our systems—and we have looked—we do not have that information stored, but we assume that quite a few people are engaged in a range of activities. I just cannot give you the detail.

Senator HANSON-YOUNG: So we do not actually know, then, how many people will be impacted by that.

Ms J Wilson: That is something where we are going to have to think it through and see what data is available.

Senator HANSON-YOUNG: How are we going to get those figures? Would you just survey everybody, or is it linked up with—

Ms J Wilson: We are looking at what might be available through ABS and places like that to see, while we might not collect it, whether it is collected by another source.

CHAIR: This will be the last question for now, and then we will go to Senator Lines.

Senator HANSON-YOUNG: I will put a line under that bit. Can I just go back quickly. I asked just before that about the median cost for capital cities. I imagine you do not have those figures right now.

Ms J Wilson: No.

Senator HANSON-YOUNG: Do you have the median cost for states?

Ms J Wilson: No.

Senator HANSON-YOUNG: If you could take those on notice, that would be helpful. Thank you.

Senator LINES: I want to take you back to your response to some of the questions that Senator Reynolds asked. I think it was Mr De Silva who suggested that 60 to 80 per cent of childcare costs were wages. Can you explain what you mean by that, and can you tell us whether wages are low or high. I know, Mr De Silva, you said that wage increases had not made a substantial difference, so just explain that figure a bit more.

Mr De Silva: It is really just, I guess, the feedback that we get from the sector over a period of time. When they talk about the cost of child care, they generally talk about the wage component forming a large proportion of that. What proportion will vary from service to service, but they generally say 60 to 80 per cent. But we do not have any data that goes directly to that.

Senator LINES: Are wages low in the sector?

Ms J Wilson: I do not think we are in a position to comment on that.

Senator LINES: You do not know at all what the wages are?

Mr De Silva: I can take on notice what the award rate is.

Senator LINES: Do you know whether the sector is reliant on award wages or bargaining?

Ms J Wilson: I think you would be better placed talking to Employment about those sorts of questions.

Senator LINES: Okay. Given that you are quite across the sector, are you aware of campaigns about low wages?

Ms J Wilson: Yes, we are.

Senator LINES: You are; thank you. That 60 to 80 per cent—why does that form the vast bulk of costs?

Ms J Wilson: Again, just to add to Mr De Silva's comments, this is something the sector tells us. We have not gone in and done an analysis of the books of service providers or anything like that. I assume that, because it is a high-contact area, good staff are a key feature of care, and therefore the costs of staff are essential to running a good childcare centre.

Senator LINES: Maybe, Mr Pratt, this is a question you could answer. Across the service sector in aged care or the NGO area where we are providing services, is staff generally a significant part of the wage bill?

Mr Pratt: I think it is safe to say that across all the big care sectors—whether it is health care, child care, disability or aged care—the staffing component is usually the largest component.

Senator LINES: Yes, because it is a caring sector. Going back to you, Ms Wilson, does the sector tell you about the impact of rents on costs?

Ms J Wilson: Certainly we have heard anecdotes of centres having to move because of rents having gone up. They have had to find more affordable options. We probably do not hear as much about rent as we do about wages, I would suggest—just in terms of feedback.

Senator LINES: I want to go to the issue of nannies, but first I will follow up on a question that Senator Hanson-Young asked. What data did you give to the Productivity Commission?

Mr De Silva: We gave them data based on the 2012-13 financial year—the number of children, the number of families, the fee data that we had and the various breakdowns.

Senator LINES: Did you give them any data in relation to 2014?

Mr De Silva: I would need to take that on notice, but I do not think so.

Senator LINES: Are you able to find out this morning whether you gave them 2014 data?

Mr De Silva: Yes, but I would say no, because we have not completed the June quarter. The data would have only been from 2012-13—because we gave them a complete financial year.

Ms J Wilson: They wanted a whole financial year.

Senator LINES: Did you give them any advice about how they might bring those figures up to date or did you just give them a snapshot in time?

Mr De Silva: They took the data and they used the data as they saw fit.

Senator LINES: The Productivity Commission report includes a recommendation to open up childcare assistance to nannies. I refer to a media release from when Labor was in government—Senator Moore will be tabling it. It was a 31 March 2012 release by the Minister for Finance and Deregulation and it confirms that the Department of Finance had costed the inclusion of nannies in the childcare system at \$1.97 billion over the forward estimates. Given that the cost of adding nannies to the current system is almost \$2 billion, is the department confident the Productivity Commission has correctly estimated the cost impact of subsidies for nannies?

Ms J Wilson: My understanding is that the 2012 figure was a very rough costing done in response to a request from the minister at the time. It assumed a very high-cost model of care and it assumed that things like the childcare benefit, the childcare rebate and community support program funding would be available. It treated nannies more like in-home care, which is a high-cost service. I think it is very hard to compare that with what things would look like under the new settings the Productivity Commission has proposed, under which one would not assume any of those things. I do not think it is fair to say that the Department of Finance checked the costing. The Department of Finance was made aware of the costing, but certainly in all the records I have checked and the conversations I have had, it was a very rough estimate.

Senator LINES: But the Productivity Commission is recommending that the subsidy be extended to nannies.

Ms J Wilson: That is right.

Senator LINES: And that costing done by the Department of Finance—referred to in that media release—takes into account the childcare rebate and the childcare benefit, or whatever the new combined payment might be. How then did the Productivity Commission arrive at a figure which enabled them to say that there would be no increase in cost? A whole new cohort of families—who do not currently receive a benefit—would receive a benefit.

Ms J Wilson: I think you would have to ask the Productivity Commission that.

Senator LINES: What modelling and what costs did you provide to the PC on nannies?

Ms J Wilson: The department did not provide any costings to the PC in relation to nannies. We gave them, as we talked about, the 2012-13 data. I think that, if you have a look at the report, they talk in the report about how some people in the system will move to take nannies and other people out of the system will move in. Beyond that, you would have to talk to them about exactly what modelling they did.

Senator LINES: Are you confident that the Productivity Commission has correctly estimated the cost impact of subsidising nannies?

Ms J Wilson: I do not think it is for me to venture an opinion on their costings. It is a very comprehensive report. I have the utmost regard for the team that worked on the inquiry, and we need to work through some of the detail.

Senator LINES: So you are confident that the Productivity Commission got it right, then?

Ms J Wilson: That is not what I said.

Senator LINES: Given the Productivity Commission's recommendations for, roughly, women within the current spending envelope, what level of assistance would be diverted? I am grappling to understand how you take the current envelope and, yes, make a single payment and then extend that envelope to an unknown number of families who currently use nannies. Do we know that number?

Ms J Wilson: The Productivity Commission, in the report, talks about 45,300 families using nannies or babysitters, so we do not know which group.

Senator LINES: Yes. You said a moment ago in evidence that there would then be new families that would use nannies. So how do we stretch that funding envelope? When we look at the March 2013 data and the March 2014 data that we looked at earlier today, we see the out-of-pocket expenses increasing. How do we stretch that and include a new cohort of people that currently do not have any rebate and are using nannies themselves—45,000? How does that work?

Ms J Wilson: I think the government has yet to make a decision about which of the recommendations in the report it will pick up and how the system will work. The minister has also flagged discussions happening about whether there will be additional money put in to fund a response. So these are still subjects of consideration.

Senator LINES: But by your own admission—

Mr Pratt: Senator, these questions really should be directed to the PC to explain their thinking.

Senator LINES: We did direct them to the PC.

Mr Pratt: But my recollection is that the report has a graph which shows that, overall, their recommended option results in an increased affordability for people in income ranges up to about \$160,000 per year, and then reduced subsidies for people above that. So clearly the suggestion is that, if they are doing it within or very close to the funding envelope, there is a movement of subsidy from one cohort to another, and so it must be caught up in that mix, I think.

Senator LINES: But you would also be aware that the more your income the less you receive, so that amount of money available to transfer becomes much smaller. Have you done any work on that?

Mr Pratt: Certainly they have done work on that.

Senator LINES: But I am asking whether the department has done work on that.

Mr Pratt: We have done modelling on virtually everything that is covered by the PC report.

Senator LINES: Where has that modelling gone?

Mr Pratt: To government.

Senator LINES: Did you provide that to the Productivity Commission?

Ms J Wilson: Sorry. We are doing modelling on the PC final report, not on—

Senator LINES: Okay, but you said earlier in evidence that you have not done any modelling on nannies.

Ms J Wilson: You asked me whether we had given any modelling on nannies to the PC. I said no, and we have not done any specific modelling on nannies either.

Senator LINES: You said before that you were looking at the PC settings and, Mr Pratt, you have just said you have done quite a bit of modelling. But what I want to clear up very clearly is: has the department done any modelling on nannies for the government.

Mr Pratt: Ms Wilson has been quite clear on that in relation to nannies, but my point is that we look at everything that the PC has proposed, and we advise government about that. There has been an enormous amount of effort going into modelling different aspects of the PC's proposals.

Senator LINES: Ms Wilson, what has been done on nannies by the department for the government?

Ms J Wilson: I think I am just repeating myself.

Senator LINES: That is okay.

Ms J Wilson: We have not modelled the PC's recommendation in relation to nannies.

Senator LINES: Putting the PC's recommendation on nannies to one side, because the government has spoken about subsidising nannies before, have you done any work for the government on the cost of nannies?

Mr Pratt: Perhaps I can answer that, and then Ms Wilson can correct me if I get it wrong.

Senator LINES: Thank you.

Mr Pratt: Yes, we have provided advice to the government about what the PC has recommended on nannies.

Senator LINES: I am sorry, Mr Pratt. I am really confused now. Let me ask two questions, and please correct me if I am wrong.

Mr Pratt: To be clear, there is a difference between modelling and advice.

Senator LINES: All right.

Mr Pratt: So we have looked at the pros and cons and things like that, as you would expect.

Senator LINES: What does that work involve? What has been done on nannies by the department, whether it is for the Productivity Commission or for the government?

Mr Pratt: If we go too much further down this track, we will start to get into the nature of the advice we have provided to—

Senator LINES: No, I am not asking you about the nature; I am just asking you what has been done, because we just need to be clear about this—open and transparent.

CHAIR: Senator Lines, that has been answered: some scenarios have been done. But Mr Pratt has indicated that if he starts saying what types of scenarios then you are getting into the nature of the advice to government.

Senator LINES: Thank you, Chair. I will pursue my question.

CHAIR: And I will give you guidance if I feel the questioning is out of scope.

Ms J Wilson: Clearly we have thought about the broad concept of nannies. There is not a lot of detailed information about how many there are out there, because they are not supported by government subsidy at the moment.

Senator LINES: Yes, I understand that.

Ms J Wilson: In the broad, as the secretary has said, we have thought about how that would be and what they might do—whether they put out the washing or unpack the dishwasher.

Senator LINES: Yes, so you look at the scope of work.

Ms J Wilson: We have looked at it at a high level.

Senator LINES: Have you looked at the cost?

Ms J Wilson: I said before that we have not modelled the PC's recommendation on nannies.

Senator LINES: But my question to Mr Pratt was—I accept that you have not modelled the PC's recommendation, but this is something that has been out there and that the government has talked about both when it was in opposition and when it got into government. So have you done any costing work for the government on nannies?

Ms J Wilson: I can only say what I have said before: we have not modelled the PC—

Senator LINES: But that is not what I am asking. I am asking about the government.

Ms J Wilson: Sorry?

Senator LINES: I am not asking about the Productivity Commission. I accept that you are saying you have not done work on that. You have said that you have thought about the scope of work, and that is good, because that is one of the areas that are really contested. But what I am asking you is: have you done work on the costs of nannies for the government—not for the Productivity Commission but for the government?

Ms J Wilson: We have looked around at what the sector charges for nannies. We have looked at nanny agencies.

Senator LINES: Okay, that is good.

Ms J Wilson: We have done that sort of work. We know it is a higher rate. We have thought about what that might mean. We know that nannies are not under the NQF at the moment.

Senator LINES: Yes.

Ms J Wilson: So I guess it is the broad thinking.

Senator LINES: That is what I am interested in.

Ms J Wilson: We do not have a magic number.

Senator LINES: No, and Mr Pratt has made it clear I cannot ask for the magic number even if I want to, because that is advice to government. I understand that. I am just trying to get the breadth of the work you have done. So you have looked at what nanny agencies charge and so on.

CHAIR: Senator Lines, I just advise you that we are going to be breaking at 10.30, and Senator Reynolds has some questions before then, so I will get you to wrap up this line of questioning in the next minute or so.

Senator LINES: I do have more questions.

CHAIR: And I will be very happy to come back to you later on.

Senator LINES: All right. So you have looked at the costs. Have you looked at how you might subsidise that cost?

Ms J Wilson: Not in the specific, because I think we are trying to look at the broader recommendations in the PC.

Senator LINES: Yes.

Ms J Wilson: The government still needs to respond as to what it thinks about nannies, or not nannies.

Senator LINES: Yes, I accept all of that.

Ms J Wilson: So we are fundamentally focused on the core of the system, which is around the payment design.

Senator LINES: So, if you have not done that exactly, what have you done in relation to subsidies and nannies?

Mr Pratt: I think that is getting into the territory of what advice we are providing to government. I just go back to what I said before.

Senator LINES: I am not asking for the advice. I am just asking about the scope of the work the department has done. You have told me you have looked at scope of work of nannies and at the costs that agencies charge, so now I am asking: have you looked at what a subsidy might look like? That is just a yes or no.

Mr Pratt: I think it is safe to say that, in relation to providing advice to government around what the PC has recommended, we have provided advice on almost every aspect of their proposals. How is that?

Senator LINES: I did make it clear that I accept what you have done on the PC.

CHAIR: This is the last question.

Senator LINES: What I am asking is what work you have done for the government in relation to nannies. My question now is: have you looked at subsidies and the costs of nannies? That is all I am asking—not about the PC but generally as part of that scope of work.

Mr Pratt: No, I do not think so. We will correct that on notice if that is wrong.

Senator LINES: Thank you. So you do not think so. Thank you.

Senator REYNOLDS: I just want to change focus a little bit. Because I am new to this policy area, I am just wondering if you can give me a little bit of information about outside-school care, which I think is before- and after-school care programs. For providers of before- and after-school care, what subsidies or support is currently available to them? What programs can they access?

Ms Pearce: Outside-school-hours care consists of before-school, after-school and vacation care.

Senator REYNOLDS: And vacation—okay, thanks.

Ms Pearce: They have two types of support. Of course they get CCB and CCR, and they also attract CSP.

Senator REYNOLDS: I did not realise about CSP. How can they—

Ms Pearce: If they are eligible. The eligibility criteria are those that apply to virtually all services now. Within that, they can set up assistance which can vary depending on the size of the service, and they can get what they call sustainability assistance, which is sort of an operational support. There is a formula that is applied to that: utilisation; number of places they have; whether they are in a major city; whether they are in an inner regional, outer or remote area; socioeconomic status; et cetera. It is the same sort of criteria that apply to other services in relation to CSP.

Senator REYNOLDS: Thank you. Can you give me a little bit of background on the Better Schools: Before and After school care program.

Ms Pearce: I do not actually have the background, but I can tell you some basic information on it. I think it really was not worked into a program, as I understood it, but I was not in this position at the time. I believe it was announced just before the caretaker period. It was \$450 million to be allocated to 500 schools out of the 8,500 schools that run this type of care. I do not know that I have any further information, unless Ms Wilson has some.

Ms J Wilson: It was never implemented. Implementation never commenced.

Senator REYNOLDS: So it was never developed.

Ms J Wilson: So no work commenced on it, because of the timing of the announcement, as Ms Pearce has just said.

Ms Pearce: That is correct.

Ms J Wilson: I think that is all we can provide information on. As Ms Pearce has just said, it is 500 services, but in fact there are 8,500 services that provide outside-school-hours care, so it was only ever going to go to a small group of services.

Senator REYNOLDS: So it was announced just before caretaker, and so no work had commenced on developing it, so it was a bit of a thought bubble, really. So it was \$450 million targeted at 500 schools. Do you know what the criteria would have been for those? It is a very selective number of schools.

Ms Pearce: I do not have that information, but I could take that on notice.

Senator REYNOLDS: Could you provide information also about this: do you know about what the program was designed to do? What was the purpose of the program?

Ms J Wilson: The purpose was to make outside-school-hours care more flexible in terms of opening hours before and after school and during school holidays, and to provide additional places where parents need access. It was supposed to be doing things like activity programs, music programs and homework clubs. A lot of those things already happen in the services we provide already.

Senator REYNOLDS: So, in a sense, it was going to duplicate what people can already get under the CCB and CCR, in essence. Is that correct?

Ms J Wilson: I do not know that we are in a position to know the exact intent of what that policy was and to be able to comment.

Senator REYNOLDS: If you could take that on notice and if there is any further clarification on this thought bubble—my words, not yours—I would be grateful.

Proceedings suspended from 10:30 to 10:49

Senator HANSON-YOUNG: Do you have the figures for how many parents who receive parenting payments currently also claim JET?

Ms Pearce: We do not have those figures with us. We would have to take it on notice.

Senator HANSON-YOUNG: Do you have figures for how many parents there are in each capital city currently accessing JET assistance?

Ms Pearce: No.

Senator HANSON-YOUNG: Do you have them based on electorate?

Ms Pearce: No, we just have broad figures—national figures.

Senator HANSON-YOUNG: So you do not have the states either—for JET? Please take on notice my request for figures by state, capital cities and federal electorates. Can you clarify how much subsidy JET assistance currently provides families?

Ms Pearce: Since 1 January, JET pays a maximum of \$8 per hour after CCB. It means that the fee would have to be over \$13 for the JET participant to be paying more.

Ms J Wilson: The person is paying 50c.

Ms Pearce: Yes, in that calculation, they pay 50c per hour. There is \$4.10 for CCB, \$8 for JET, 50c CCR and 50c for the parent contribution. It adds up to about \$13.10.

Senator HANSON-YOUNG: Is there ever a scenario where somebody is accessing JET assistance but is not entitled to CCB?

Ms Pearce: I would not have thought so, but I will have to take that on notice.

Senator HANSON-YOUNG: If that is the case, I would like to know how many of those there are.

Ms Pearce: I do not think there are any, but I will double-check that for you. To clarify: when I talked about the formula with the \$8, that was specifically for people who do study-only activity. If they do a combination, the \$8 applies but the number of hours does not. They are not restricted to 36 hours. They could claim 50 hours.

Senator HANSON-YOUNG: Why is that?

Ms Pearce: Most JET participants are studying. With study requirements, for a university degree, for example, you might be doing 12 contact hours. For a lot of the certificate I,II or III courses, however, the contact hours are much fewer.

Senator HANSON-YOUNG: That would suggest to me that, based on the Productivity Commission recommendations, those people would be far worse off.

Ms Pearce: The Productivity Commission talked about rolling all of those payments in together, but it also talked about a vulnerable and disadvantaged stream. I guess it is about where those intersect. There was also a significant bit of discussion in the report about how to support the vulnerable and disadvantaged. It is about where those two groups intersect.

Senator HANSON-YOUNG: I want to ask about the special childcare benefit. How many families currently claim special CCB?

I want to know how many families currently claim special CCB but I also want to know separately how many children that involves, because I imagine they are different figures.

Ms Pearce: I was going to give you the March quarter figures. The total number of children for Australia for the March quarter is, 13,110.

Senator HANSON-YOUNG: So that is children?

Ms Pearce: That is children.

Ms J Wilson: Number of families is 8,420 for the same quarter.

Senator HANSON-YOUNG: So 8,420 families? There are obviously a number of families with multiple children who are accessing that. Going to the same type of question I was asking under JET, how much of the subsidy does special CBB provide to families accessing those approved services?

Ms Pearce: SCCB, as we call it, actually covers 100 per cent of the costs.

Senator HANSON-YOUNG: Based on first-blush assessment, what impact will that have under the recommendations made by the Productivity Commission?

Ms J Wilson: Currently, special CCB covers children at risk and financial hardship. The PC made a whole range of recommendations but they did not think it should cover financial hardship. They thought that was a bit open to abuse and I guess we need to think about all of that. They have talked about strengthening children at risk and putting in mechanisms for notification to state and territory government authorities and building support arrangements for services, and we need to work our way through all of things that that propose in that space. I know the children at risk discussion was a big discussion post the draft report with the sector and with the round of consultations they did post the draft report.

Senator HANSON-YOUNG: Yes. Do you have the breakdown as to, out of that 13,110—or, if you want to do it on a family basis, the 8,420 figures—how many of those families access SCCB for children at risk versus financial hardship?

Ms Pearce: I do, Senator. The breakdown for children at risk is 7,140 and financial hardship is 6,250.

Senator HANSON-YOUNG: So that is the bulk of them then?

Ms Pearce: Yes.

Senator HANSON-YOUNG: Based on that, the bulk of those families are going to be impacted unless there is a different—

Ms Pearce: It is more than half

Ms J Wilson: There are more children at risk than financial hardship, but it is seven and six for 13.

Ms Pearce: It is more than half for children at risk.

Senator HANSON-YOUNG: So out of those 7,000-odd children that are classified at risk and are receiving the special CCB, how many are known to state and territory child protection agencies?

Ms Pearce: No.

Senator HANSON-YOUNG: Is that information you gather or measure at all?

Ms J Wilson: We do not have that detailed information. The initial decision about SCCB is made by the provider, and then DHS is involved in looking at extensions. So they would have some information about the reasons for agreeing to extensions. One of the discussions in the PC report talks about how it is not enough to just provide the care; we have to look at what the long-term support mechanisms are. That is why they are suggesting the links back to state authorities, and I think that is one of the angles they are picking up in terms of what they are suggesting in their report.

Senator HANSON-YOUNG: I just want to be really clear, so at the moment there is no red flag or notation on the detail—nothing formal—that your department keeps on those children and those families as to whether they are recognised as children at risk under a state or territory protection agency?

Ms J Wilson: We have a children at risk category, as we have just explained, but it does not say whether there is action being taken by a state authority.

Mr Pratt: That data is held by the state authorities. I do not think they share that with the Commonwealth. We share information with them around children at risk, particularly where children and families move across state borders, but I am not sure that we get access to individualised child protection information.

Senator HANSON-YOUNG: Has the department given any thought to the impact on grandparents if the special CCB is abolished, as proposed by the Productivity Commission?

Ms J Wilson: Not in that specific instance. We are aware that grandparents provide a lot of care and we are aware that often grandparents are taking on a caring role for some groups of children where the parents are not in a position to do that. But we have not thought through it in the way that you have indicated, at that level of detail.

Senator HANSON-YOUNG: Currently, in the data that you have, do you have details as to whether children who are receiving that special benefit are in the care of parents versus grandparents?

Ms Pearce: I cannot tell you from my notes. I can see whether we can get that information for you.

Senator HANSON-YOUNG: Yes, thank you.

Ms Pearce: I am aware that there is a percentage of them that would be in the care of grandparents.

Senator HANSON-YOUNG: Yes, but you are just not sure what that percentage is. If you could take that on notice, that would be good. If I could have the actual figures plus the percentage, that would be great. That leads me to ask about the grandparent child care benefit. How many families are currently listed as being able to access that particular assistance? I did say I was going to be asking a lot of those sorts of questions.

Ms Pearce: You did. Just a moment. I doubt that I have that sort of information. No, I do not have that information, but we can have a look for you.

Senator HANSON-YOUNG: Can you? Obviously, both the special CCB and the GCCB are not things that you put in your quarterly released reports.

Ms Pearce: I am not sure what we can get, but we will have a look.

Senator HANSON-YOUNG: I want to know how many families and then, separately to that, how many children.

Ms Pearce: We found some information here. The total number of individuals eligible for GCCB as at 30 September 2014 is 5,972.

Ms J Wilson: That is over the first quarter of 2014-15.

Senator HANSON-YOUNG: Can I just clarify: that was individuals? Is that children or is that family members who are claiming that?

Ms Pearce: Individuals eligible for GCCB.

Ms J Wilson: So that would be the grandparents themselves.

Senator HANSON-YOUNG: Thank you. And that is the only figure you have? You do not have how many children that equates to?

Ms J Wilson: I do not appear to. We will take that on notice.

Senator HANSON-YOUNG: Thank you. Could you just flesh out for me how much the subsidy of GCCB provides to families, to those almost 6,000 families or 6,000 grandparents? What kind of subsidy are they actually getting?

Ms J Wilson: Sorry, you are asking about the individuals?

Senator HANSON-YOUNG: Yes.

Ms J Wilson: As Ms Pearce said before, it recognises grandparents who are the primary carers for grandchildren and it pays the full cost of childcare fees up to 50 hours a week. So the exact amount is different depending on which service they use, the age of the child, what hours they use and all the rest of it.

Senator HANSON-YOUNG: But as a percentage of subsidy, you are saying that is the same as special CCB? That is 100 per cent?

Ms J Wilson: The full cost of care, yes.

Senator HANSON-YOUNG: Up to 50 hours?

Ms J Wilson: That is right.

Senator HANSON-YOUNG: Do you have what the total expense—the total cost—is?

Ms J Wilson: For some reason I have a very old number in my folder, but I will give it to you. For 2011-12, it was \$34.3 million. That is the latest data we have and it is from CCMS.

Senator HANSON-YOUNG: Would the Productivity Commission have been given those figures?

Ms J Wilson: The Productivity Commission, as I said earlier, got the entire 2012-13 dataset from us.

Senator HANSON-YOUNG: In looking at the possibility of abolishing the grandparent benefit as the commission has proposed, is the work the department doing on the basis that you would still want people to receive 100 per cent of benefit, or are there are a variety of options being considered.

Ms J Wilson: I will get Mr De Silva to come to the table. My understanding is that the PC supported grandparents continuing to receive 100 per cent of benefit. How that would happen in any new system is still subject to discussion. I am advised that the PC treated them as a special group for exemption from the activity test for the new subsidy they are proposing.

Senator HANSON-YOUNG: But that would not necessarily be 100 per cent.

Ms J Wilson: From memory, I think it was at the 85 per cent—

Mr De Silva: It was at the benchmark.

Senator HANSON-YOUNG: At 85 per cent of the benchmark rate?

Ms J Wilson: I think it was at the benchmark rate.

Senator HANSON-YOUNG: So they would get the benchmark?

Ms J Wilson: Yes.

Senator HANSON-YOUNG: You are basing it on—

Ms J Wilson: I am basing it on the maximum.

Senator HANSON-YOUNG: So, depending on their income, they would get their subsidy based on—

Ms J Wilson: They would get 100 per cent of the benchmark but not 100 per cent of what they paid. That is the distinction you are getting at.

Senator LINES: Ms Wilson, when you gave Senator Hanson-Young the figures for four-year-olds, I think you gave a total figure of 288. Then I think you said it was 120 in long day care. So that is almost half.

Ms J Wilson: Yes, it is 120,000 and then 158,000—about 500 in preschool kindergarten.

Senator LINES: That is quite amazing. I did not realise there were that many four-year-olds in long day care.

Ms J Wilson: Some states more than others. As you know, some states have closed down their independent preschool facilities. Some states run a mix, but it is variable across the country.

Senator LINES: Can you give us that breakdown? I am happy if you want to take that on notice.

Ms J Wilson: With the changes in departmental responsibilities, preschool is actually now the responsibility of the education department, but I am happy to take that on notice—because we have the figures.

Senator LINES: Has the department done an assessment of the impact on demand for childcare support that would occur if universal access preschool funding were not continued?

Ms J Wilson: I think that is a question for the department of education.

Senator LINES: But have you done any modelling, because you would have to pick up potentially more children into early childhood services?

Ms J Wilson: If it was not—sorry, can you—

Senator LINES: Yes, if the universal subsidy was not continued.

Ms J Wilson: No, we have not done any.

Senator LINES: So have you done any work on how many extra hours children would be in long day care and other approved care, if universal access was not continued?

Ms J Wilson: I think these questions are better directed to the department of education, Senator. But we have—

Senator LINES: But they would not do any modelling on long day care. They would have to come back to you for that, presumably.

Ms J Wilson: We have not done any of the modelling that you are asking about.

Senator LINES: So have you done any modelling of the additional costs to the childcare system if you lost universal access across the forward estimates?

Ms J Wilson: No.

Senator LINES: So just thinking about—

CHAIR: Are you sticking to universal access at the moment?

Senator LINES: No, that is it.

CHAIR: I just have a quick one on that—maybe for the minister. I know there has been a lot of talk on this, Minister or Mr Pratt: universal access and funding were initiated under the former government, but is there funding in the out years for this program or is this funding that has ceased?

Mr Pratt: My understanding is there is no funding in the out years.

CHAIR: So this was put in place in what year—can someone remind me what year?

Mr De Silva: The first national partnership was put in place in 2008.

CHAIR: So 2008, but there was no funding beyond when?

Mr De Silva: There was a first national partnership from 2008 to 2013. There was a new national partnership for 18 months, and no dollars were put into the forward estimates. This government announced a new national partnership, a third one, in September last year and provided funding for 2015, but the detail of that is really Department of Education and Training.

CHAIR: Thank you. Sorry, Senator Lines.

Senator LINES: That is okay. I just want to explore some of the comments the minister made at the Press Club earlier in the week. So with the current childcare system—within the CCB CCR so I am clear—what would the lead time be for significant change to the structure of childcare payments and the way they are administered?

Ms J Wilson: We are still getting advice on that.

Senator LINES: So where is that advice coming from?

Ms J Wilson: It really depends on where the final policy settings lands, so until we get agreement from government about an approach, it is very hard to figure out what needs to change.

Senator LINES: So where is that advice you are seeking coming from?

Ms J Wilson: We need to think about things like changes to IT systems, changes to who does what in the system, so broadly we are having a think about those sorts of things. But until we know the scale of the change, it is very hard to—

Senator LINES: And does that conversation involve the Department of Finance in any way?

Mr Pratt: Ultimately, yes.

Senator LINES: You are looking internally at the moment?

Mr Pratt: Internally within the portfolio in the first instance, particularly with Department of Human Services.

Senator LINES: Would it require changes to the CCMS or is that a fairly robust system?

Mr Pratt: Potentially it could, yes, depending on what changes were made.

Senator LINES: Yes. So if the PC's recommendations were adopted—and you said earlier in evidence you are doing work on most of those—how much lead time would the department need in order to make sure the computer system was ready?

Mr Pratt: Once again, it would depend on the changes, and I do not think we have at this stage sought a quote from the Department of Human Services on full implementation of the PC model.

Senator LINES: Are you on the shared services model?

Mr Pratt: We are in discussions with the Department of Human Services on shared services, yes.

Senator LINES: Have you alerted them to the potential changes?

Mr Pratt: Yes.

Senator LINES: So that is an ongoing conversation with them?

Mr Pratt: Yes.

Senator LINES: And have they indicated any problems with that or any difficulties in how the change might impact on them?

Mr Pratt: No. We interact with Human Services very regularly, of course, and so whenever we are considering possible policy changes or new ways of programs or systems operating, typically, we require assistance from DHS to do that through their systems. And so we then have to work through the final specifications, the likely costs of those and timeframes, and so it can vary—very major changes can take years; small changes can happen sometimes with a month or two.

Senator LINES: If the new families package were to be announced in the upcoming budget, what do you think is the earliest date it could be implemented; and what would be a realistic implementation date?

Mr Pratt: It is impossible to speculate. It really depends on what it encompasses.

Senator LINES: How many families receive CCR but are failing to meet the CCB activity test?

Ms J Wilson: We would have information about how many people receive CCR but not how many do not get it for specific reasons. I will need to see whether we have that information. I am not sure if we store it in that way.

Senator LINES: Thank you. Did you have something to add Ms Pearce?

Ms Pearce: No, I do not.

Senator LINES: If you can provide that breakdown, can you provide it by income?

Ms J Wilson: Sure. I am not sure, if they do not get it, whether we store the reason why they are not eligible, if that makes sense. I will need to check that.

Senator LINES: How many families who use the childcare system work? I think this goes to a question Senator Hanson-Young asked; she asked about one to 12 hours. How many work zero to 15 hours per week? Do you know that number? And how many work 12 to 15 hours per week? I do not think Senator Hanson-Young asked about that.

Ms J Wilson: We do not have that information with us.

Senator LINES: Can you get that on notice?

Ms J Wilson: Yes. So you want to know work.

Senator LINES: Yes. In relation to Senator Hanson-Young, you took that question on notice, didn't you?

Ms J Wilson: No, what I explained was that for zero to 24 hours—because people, if they meet the eligibility criteria, can get 24 hours of child care without having to work, study or train—there is no explanation in their record to tell us what they are doing in that time frame.

Senator LINES: So I am asking how many work zero to 15 hours and how many families work 12 to 15 hours—

Ms J Wilson: A week?

Senator LINES: Yes.

Ms J Wilson: I do not think we would have that information, because it is less than 24.

Mr De Silva: It is less than 24.

Senator LINES: Because it is under that—

Ms J Wilson: That is right.

Senator LINES: Okay, no worries.

Ms J Wilson: It is only where they are required to do an activity to get a payment that we would—

Senator LINES: All right. Can the department provides the child care benefit rate calculator for 2014-15 as an Excel spreadsheet? Are you able to give us that?

Mr De Silva: We will need to take that on notice.

Senator LINES: What is the problem with that one?

Ms J Wilson: What you mean by a rate calculator?

Senator LINES: You have a child care benefit rate calculator.

Ms J Wilson: Do you just want one on the spreadsheet?

Senator LINES: Yes.

Ms Pearce: For one child, two children?

Senator LINES: Yes.

Ms J Wilson: Yes. We will have a look at how it translates into a spreadsheet.

Senator LINES: I am looking at your submission to the Senate Standing Committee on education and employment inquiry into the Family Assistance Legislation Amendment (Child Care Measures) Bill. Thinking about the child care benefit: if the income thresholds are maintained, is it estimated that around 500,000 families will receive less child care benefit in 2014-15?

Ms J Wilson: I am sorry; Senator, could you ask that question again?

Senator LINES: I think this came out in the last Senate estimates but I am looking at your submission. If the child care benefit income thresholds are maintained, is it estimated that around 500,000 families will receive less child care benefit in 2014-15?

Ms J Wilson: I think that was the evidence we provided, but they would receive more in child care rebate and I think I went on to say that at the hearing, because the 50 per cent of out-of-pocket would cover some of that.

Senator LINES: So it is fair to say that almost the same number of families would have had an increase in the amount of child care rebate they received?

Ms J Wilson: That is right.

Senator LINES: That is what you are saying. Do you still stand by that 500,000 figure, if that is the impact of the bill?

Ms J Wilson: That is the best information we have.

Senator LINES: Can we get that figure of the 500,000 families broken down by state and federal electorate?

Ms J Wilson: We would not have that. We would have done a costing at a high level, at a national level. I think it would require quite a lot of work to get to the detail that you are talking about. We would not have gone to the level of individual families.

Senator LINES: How did you get a high-level figure that does not then break down any further?

Ms J Wilson: We look at the total number of people using the system and the groups at different family income points. We would not necessarily have where they are located in the country.

Senator LINES: It is similar to the figures we discussed earlier this morning—across those income brackets?

Ms J Wilson: Yes.

Senator LINES: Did you use that kind of analysis?

Ms J Wilson: That is right. I am happy to have a look at how we got it, but it is not down to electorate level, I am sure of that. I do not know if it is down to state level; it could just be at income level.

Senator LINES: I will move on to some questions on JET. Has the department modelled the impact moving to the ECLS would have on the amount of care used by parents who are currently eligible for JET?

Ms J Wilson: On the amount of care they would—

Senator LINES: Yes, currently eligible for JET.

Mr De Silva: I think we have done broad analysis, but I do not think we have done specific modelling that goes to that level of detail.

Senator LINES: You looked at training and employment outcomes for that cohort of parents?

Ms J Wilson: We certainly understand that there is a need to look at that group. They are a fairly vulnerable group as well. As I responded to Senator Hanson-Young before, what we want to look at are the PC recommendations about the vulnerable and disadvantaged—and how much the needs of this group align with the things they are suggesting the government consider.

Senator LINES: Mr De Silva, you said that you have done some broad modelling. What does that look like?

Mr De Silva: As I said, we have done broad analysis for the entire set of PC recommendations. But on your specific question, I do not think we have done a specific modelling on—

Senator LINES: But you have had a look at it and you are aware it is an area that you will need to cover?

Ms J Wilson: Yes.

Mr De Silva: Yes.

Senator LINES: I have been advised that currently that a family receiving JET child care fee assistance that has one child using medium-long day care with fees of \$7.20 per hour, for 30 hours per week receives a 93 per cent effective subsidy—and that under the proposed system, the same family would only have an 85 per cent subsidy.

Ms J Wilson: We would have to look at that for you. If you have more details about that scenario—

Senator LINES: We are saying that in the first instance it is 93 per cent—30 hours for one child using long day care. We think that under the proposed system the same family would only get an 85 per cent subsidy, which is obviously a significant drop.

Ms J Wilson: I think we will need to take that on notice. Currently, if you are on a JET payment, you pay 50c per hour as your parent contribution—after the 50 cents you get back from CCR.

Senator LINES: Yes.

Ms J Wilson: So if you have 50 hours of care, you would only pay \$25—

Senator LINES: Yes, I am talking about someone with 30 hours of care.

Ms J Wilson: They would only pay \$15 a week. We would have to do the calculations.

Senator LINES: Given that JET families on income support payments who are training or studying, won't the proposed changes provide a further disincentive for those families to participate in work?

Ms J Wilson: There are no specific proposed changes at this stage and I am not in a position to make a judgement about what the PC is recommending, so it is really hard to comment.

Senator LINES: I want to ask you some questions about the benchmark. Going back to the JET question, have you done any modelling that looks at whether families would be worse off because of the move to ECLS? I say that because the rebate will be capped at 85 per cent of the benchmark.

Ms J Wilson: Just as a reminder, the PC did the flow of the curve for various incomes—who would be better and who would be worse off. I think we said previously that, after a family income of \$160,000, families would in general be better off. But I think you are asking us about debt?

Senator LINES: Yes.

Ms J Wilson: Mr De Silva has already answered this question, I think. We have not done a detailed unpacking of the implications for specific cohort from a debt perspective.

Senator LINES: When do you expect to do that? If you are providing advice to government—you said yourself you were concerned about this group—that would be up there amongst the higher priority areas to explore, would it not?

Ms J Wilson: We are providing advice to government on a range of issues. As I said, there are things to consider with what the PC recommended about rolling in this payment and the connections to what it is proposing for the vulnerable and disadvantaged. We are thinking through all of those issues—how those policies connect—and providing advice to government.

Senator LINES: This will be an area you will do some more in-depth work on?

Ms J Wilson: I think it would be. We have to understand how there is a transition from one system to another whenever there is a decision about that.

Senator LINES: Noting that you are the experts, just looking at it on principle it seems to me there is just no way that 85 per cent of the benchmark will provide as much subsidy as the current JET at 50c per hour. That does not seem to be a very hard calculation to do. Just on the basis of what is in the report it would seem there is a disadvantage.

Ms J Wilson: I think that is a correct assumption if you do not take into account the other overlays I mentioned before.

Senator LINES: With the benchmark price, does it mean that one-third of low-income families will be receiving less than the maximum 85 per cent subsidy on their childcare fees under the proposed model?

Ms J Wilson: I think these are all questions to ask the PC. It is their proposal. It is advice to government not of government. I do not think we are in a position to answer these questions about the deliberations that went into it.

Senator LINES: Again, however, if we look at that principle—that is what it actually does mean. Is that not right?

Senator Fifield: I think we are starting to get into the realm of community debate, which is one of the purposes of the Productivity Commission report. As has been made clear, the Productivity Commission report does not represent government policy.

Senator LINES: I accept that.

Senator Fifield: It is an input to government consideration.

Senator LINES: It just seems to me to be fairly factual. Of course there will be community input and there is speculation about what government may or may not adopt, but there are also some facts. It seems to me that one-third of low-income families will be receiving less than the maximum 85-per-cent-of-benchmark subsidy. That is a fairly factual statement I have made. It is not conjecture.

Senator Fifield: As Ms Wilson has indicated, it is a statement you should probably put to the Productivity Commission. They are the ones to be interrogated about their work.

Senator LINES: But it is a question about the principle. Will one-third of low-income families be receiving less than the maximum 85 per cent if that were accepted? There is a principle there that says they will.

Ms J Wilson: You are asking us to make a comment on the PC model. I do not think we are in a position to do that.

Senator LINES: I am not asking you to make a comment. I am just saying that, as a broad principle, if we have that benchmark, a third of low-income families will receive less than the maximum 85 per cent subsidy. I would have thought that would be a yes or no.

Mr Pratt: I do not think we can speculate on that. As Ms Wilson has said before, it is hard extrapolate what might be the impact on prices as a result of this model—provider behaviour, all sorts of things like that. I am not sure we can make a judgement of that sort at this stage.

Senator LINES: You do not actually control the price in the market anyway. You may do with benchmarking—if the government adopted that.

Mr Pratt: Well, that could influence the pricing. But even so—

Senator LINES: You do not currently because it is going up, by your own tables. We have discussed this with the department in previous Senate estimates and certainly the department acknowledges it can have an impact on the market price, but I do not think anyone suggested that, under the current model, you can control the market price.

Mr Pratt: I think you are supporting what I was trying to say, actually.

Senator LINES: Yes. How does the benchmark price reconcile with the objective of improving access to early childhood education and care for children from low-income families? Will this mean these families will face a bigger financial barrier to accessing care than they currently face?

Ms J Wilson: Again, I do not think it is one for us to explain. As to the rationale for what the PC proposed, you are best asking the PC.

Senator LINES: Talking about the children at risk, does that benchmark price mean that they will be receiving much less than a 100 per cent subsidy on their childcare fees?

Mr De Silva: I still think that would be us trying to express an opinion on what the PC has proposed.

Senator LINES: How many families pay more than the recommended benchmark price of \$7.20 an hour?

Ms J Wilson: We do not have that information with us.

Senator LINES: But you can get that information?

Ms J Wilson: We can certainly take it on notice.

Senator LINES: Thank you. Senator Hanson-Young asked a question before and you agreed to provide the mode long day care fee for families by capital city. Can you do that for each federal electorate division?

Ms J Wilson: Sorry, can you ask that again, please?

Senator LINES: Yes. So we are looking at the mode long day care fee that families are paying per hour provided for each childcare type, including in-home care. I am fairly certain Senator Hanson-Young asked for that by capital city earlier this morning, which you agreed you could give on notice. So I am asking: can you also give that for each federal electorate division?

Ms J Wilson: We can certainly have a look at what is available readily, yes.

Senator LINES: Thank you. Can you provide that information broken down by family income?

Ms J Wilson: By electorate, by family income?

Senator LINES: Yes.

Mr Pratt: We will have a look at it, but I am not going to make any promises. That could be a massive piece of work.

Ms J Wilson: Yes, I think it will be.

Senator LINES: Alright. I want to go back to those children at risk. I think we have all asked questions on them this morning, thinking about that benchmark price. Currently they get 100 per cent of the actual cost?

Ms J Wilson: That is right.

Senator LINES: Yes. The productivity report says, I think—and correct me if I am wrong—that they will get 100 per cent of the benchmark price. Am I right in that assertion?

Ms J Wilson: That is my understanding.

Senator LINES: Yes. So who will pay that difference?

Ms J Wilson: I do not know that the productivity makes a recommendation on who should pay that difference. I think they are suggesting the government subsidy should be the full cost of the benchmark price. It is open to interpretation whether the individual is expected to pay the difference or to shop around for care that is provided within the benchmark price. It is not clear.

Senator LINES: Have you done any work on that—on what would happen or what you could do?

Ms J Wilson: I think when we were talking to Senator Hanson-Young we mentioned that we are looking at the whole model. We have not drilled down into specific subsets in that level of detail.

Senator LINES: Okay. But there is a difference at the moment between the government providing 100 per cent of the actual cost and what is proposed in the PC, which is 100 per cent of the benchmark?

Ms J Wilson: I think that there is a difference between what exists and what is proposed—I agree.

Senator LINES: When you look at that information that I asked about by electorate, could you look at the mean and the median cost? I know you are taking it on notice but—

Ms J Wilson: Sorry, I am keeping a straight face.

Senator LINES: I am mindful of what Mr Pratt said, but I might as well ask for everything.

Ms J Wilson: You would appreciate it is the same team doing all the other work.

Senator LINES: Yes, but you are a fine team.

Ms J Wilson: Thank you.

Senator LINES: Thank goodness you moved and we did not have to deal with a new team. Thinking about the average long day care fee that families are paying per hour, can you provide that for each capital city—because I am not sure Senator Hanson-Young asked for averages? I do not want to cover ground that you have already covered.

Senator HANSON-YOUNG: I think I did ask for averages.

Senator LINES: Have we got the median as well?

Ms J Wilson: I think Senator Hanson-Young asked for that as well.

Senator LINES: No worries; good. Just back to a point that you made a little while ago, Ms Wilson, about the benchmark price, in relation to children deemed at risk, you said that—obviously, I do not want to put words into your mouth—nothing has been decided. I accept that, but one of the things that you said was that parents could pay that out-of-pocket price themselves. Wouldn't that push those families completely out of the market?

Ms J Wilson: I also said when I was responding to Senator Hanson-Young that we need to understand how the vulnerable and disadvantaged overlay will work with all of this, because it was a key feature of the PC report. You were asking us questions about the structure of the new payment, and all I am flagging is there are lots of

elements to the low income, vulnerable and disadvantage at-risk group that have to come together to make it work.

Senator LINES: Yes, but on principle we do not want to push these families out of child care. What is the history behind paying the 100 per cent? Why do governments pay the 100 per cent?

Ms Pearce: It was initially developed as a preventative initiative to support families in times of crisis and that is why there was limited time. It was an early intervention service so that you could immediately deal with the family.

Senator LINES: So that cost was not a barrier?

Ms Pearce: That is right.

Ms J Wilson: And so that the service could make a call—based on the issues that the families are presenting with at the service on any particular day—about what is in the best interests of the child in that environment.

Senator LINES: Is it still the government's intention to continue with what is in best interests of the child? Because, presumably, if the cost starts to come into play, then parents will make a decision based on that.

Mr Pratt: I do not think that we should try and speak on behalf of the government but I assume that the government's objectives are consistent with the best interests of the child.

Senator LINES: We would hope so. I just want to talk about the Early Years Quality Fund: of the \$300 million, how much is left in the account?

Ms J Wilson: I think we have talked to you before about—

Senator LINES: Yes, you have.

Ms J Wilson: so I am just going to shortcut.

Senator LINES: Yes, that is fine.

Ms J Wilson: So you understand that there were 16 funding agreements of \$62.5 million, and we have talked to you about that before. In terms of the new Long Day Care Professional Development Program, which was the new program that this government committed to, there is approximately \$207 million in terms of payments to be made under the new program. As you said, there was initially a \$300 million commitment, and the government is yet to make announcements about the rest of that.

Senator LINES: So you do not know at this point whether the full amount in the fund, the \$300 million, will be used?

Ms J Wilson: As I said, I think the government is yet to make—we have talked about what potentially it could have been used for in previous estimates—an announcement about the remaining funds.

Senator LINES: If it is not used, will that money just be returned to consolidated revenue?

Mr Pratt: Ultimately, it is a matter for government.

Senator LINES: Thank you. What is the average grant per service and per educator? Can you provide us with a full breakdown of exactly what kind qualifications—the name of the programs or the certificates—and the training fund is being used for? So how many formal qualifications has it supported?

Mr Maynard: We provided a response to a question on notice from the last hearing round ED0635_15, which provided average grant amounts per full-time equivalent.

In terms of the second part of your question, on the nature of the qualifications, each of the funded long day care services is obliged to provide activity reports according to the funding guidelines. The first of those reporting periods ends at the end of this month and their reports are due by the end of March. At this stage, we do not have data that would enable us to give you any feedback on what is being funded by the—

Senator LINES: That is the first round, so you will have a full set of reports by March?

Mr Maynard: When it comes to the budget estimates we will be in a much better position to provide you with advice on how the money has been spent. But I would also note that it is not an obligation of each of the funded long day care services to expend all of the first payment in the first funding period. They have funding available from when the contract commences until 30 June 2017 to spend the total allocation. This enables them to pick and choose what their service needs and ensures that there is no rush to get the money out the door in any one reporting period. They plan it according to what is best for their service and consistent with their quality improvement plan.

Senator LINES: But they will all be expected to report, even if they have not expended the funds as yet?

Mr Maynard: That is correct, yes.

Ms J Wilson: I think we need to see the quality of the reports as they come in. As I think we have talked about previously, it can assist staff to meet the costs of gaining a qualification, it can cover costs of backfilling, it can cover specific training, it can cover purchasing of materials, it can cover transportation and it can cover attendance at conferences. I just do not want to say to you we can quickly extract how many people are doing qualifications out of it until we have a sense of the detail of the information they provide back.

Senator LINES: I know, but I think we are all in furious agreement that this money needs to be well and truly accounted for.

Ms J Wilson: Yes, correct.

Mr Maynard: Yes.

Senator LINES: We have discussed that before. Do you know at this point what proportion of the fund has gone to private RTOs?

Mr Maynard: No, we do not know at this stage what individual services are spending their funds on and therefore we are very unlikely to ask to report at that level. As you will appreciate, that would require a significant, detailed report from each of the 5,000-plus services that have been funded.

Senator LINES: Well, it is a significant amount of money to put in the sector, so I would expect there to be fairly solid open and transparent reporting.

Mr Maynard: Certainly. At the end of the contract period, there will be the requirement for a detailed acquittal. At the end of each of the reporting periods there will be a need for a report on the amounts that have been expended and a range of information. As to whether we will be able to go to that level of detail—how much was spent at private RTOs—I doubt we would have that at the end of each reporting period. But, following an analysis of a full acquittal, we might be able to but I do not yet know that.

Senator LINES: Interestingly, in the employment estimates earlier in the week the quality standards authority informed us that training providers in childcare is one of the areas they are investigating. You would be aware anecdotally that that is one of the things the sector complains about. So I am just wondering if there has been any funding cancelled due to the quality of training providers. Is that something you would know?

Mr Maynard: We do not fund the individual training providers; we provide the funding to the operator.

Senator LINES: I appreciate that.

Mr Maynard: So, in relation to the administration of this program, we are not aware of any cancellation of training providers because of concerns about their training.

Ms J Wilson: I think we have talked about this before. It was Minister Ley who wrote to ASQA to ask them to focus on, as she would call it, dodgy qualifications and it was based on concerns from the sector. I understand that they are well progressed through that review.

Senator LINES: It is one of their priority areas.

Ms J Wilson: That is right. We hope that we actually have a report, rather than it remaining a priority.

Senator LINES: That is true.

Ms J Wilson: I also understand your concerns around the money being spent in quality training and development. We share those concerns.

Senator LINES: Certainly there have been reports that services have been offered encouragements to sign up to training courses—things like iPads for participants. Under the program guidelines, would that be permitted?

Ms J Wilson: The whole sector is aware of some of the offers that have been made to induce funding to various providers, and we have worked very closely with the state and territory governments to encourage them to source training and support from reputable providers. We continue to send those messages out to remind them of the importance of that and that this is probably a once-in-a-lifetime opportunity to use this money well.

Senator LINES: It is good to know that you are doing that. Have you received any complaints about this kind of behaviour, the inducements of iPads and things?

Ms J Wilson: It would probably be ASQA that would get the complaints. We certainly get told by our stakeholders when things are happening. When emails are going around, we would often get a copy for information, so we are aware of what is happening.

Senator LINES: From that information that stakeholders are giving you, do you think it is an extensive problem?

Ms J Wilson: There have already been changes, and maybe Mr De Silva is well placed to talk about this. There have already been changes through the qualification process to mandate practicum.

Mr De Silva: There was a review of the certificate III and diploma package—I am harking back probably to 2013. As part of the outcome of that, the new packages have a requirement for a certain number of hours of practicum.

Senator LINES: That stops the short courses.

Mr De Silva: Yes. Off the top of my head, I think it was 120 hours for a certificate III and 240 hours for a diploma. That means you cannot get a certificate III across a weekend.

Senator LINES: You said stakeholders have reported that kind of behaviour about inducements. Do you have any emails to the department from the stakeholders about that and, if so, can we have copies?

Ms J Wilson: I will have to take that on notice. I have seen a couple; I am not sure whether people in the state offices have received some. We can certainly have a look at what we have got.

Senator LINES: I want to talk about the Community Support Program, and I refer to the department's email to family day care services on 19 December regarding the capping of the CSP payment. How did the department expect a decision such as this, midway through a financial year, would impact on the business and financial planning of the family day care services? Seriously, is two weeks sufficient notice to allow family day care services to adjust and plan for the reduction in anticipated funding?

Ms Pearce: As you know, we introduced changes earlier in the year to the CSP, in April and May. We did that because the program between 2012-13 and 2014-15 overspent by something like \$200 million. We had extra funding in the budget—I think \$91 million in 2014-15—to cover the costs. The costs kept rising. In fact, it is interesting to look at the stats because, between April and now, when CSP ceased for new entrants, 130 new services were established. It is quite a massive growth in the system, so clearly viability was not an issue for them. We tried to bring the program back within budget, and to do so we tried the fairest mechanism possible. That was to look at the last six months of their expenditure and use that as a cap for the next six months. So that is the reason that occurred.

In the meantime, in response to the first change, and certainly something that would help services pick up the second, we worked with New South Wales Family Day Care Association and Family Day Care Association Queensland to set up a business support package, which has been very successful. A very large number of services and individuals have been assisted by that package.

Senator LINES: Yes, I think you mentioned that previously. But how did you expect a decision midway through a financial year would impact on the business and financial planning? Did you do some modelling on that?

Ms Pearce: In terms of how we expected it to play out, the first six months was a fairly good indicator of expenditure for that 12-month period, and it was established as a cap. Very few were meeting that cap.

Senator LINES: When you say very few, what do you mean by that?

Ms Pearce: I do not have the actual numbers here in front of me, but I know that from some of the figures that we did, very few actually were meeting the cap.

Senator LINES: Have you looked at Western Australia, in particular, because there is not a family day care service in Western Australia that has not spoken to me about this move having a serious impact on their business?

Ms Pearce: I have not looked specifically at WA.

Ms J Wilson: I understand the type of issue. It is a demand driven program with an annual appropriation. Last time, as Ms Pearce has said, we had to find the money in the budget. So we had to make some changes to policy as well as bring forward money in the out years to pay for the growth in 2013-14 and 2014-15. We did consider options, like just letting the money run out, which meant that the whole program would stop at a certain point in time. The range of options were not great. We thought this provided the fairest way going forward, because there is no more money left to fund the program.

Senator LINES: Ms Wilson, by your own definition, it is a demand driven system, so where is that demand going? Where else is it going to be picked up?

Ms J Wilson: Sorry?

Senator LINES: If it is a demand driven system, where is the demand going to go if service is reduced?

Ms J Wilson: I am not sure I understand the question. The problem we are having—and I am sure Ms Pearce could talk about it at length—is about the family day care services setting—

Senator LINES: I know. We have talked at previous estimates about the fact that you do not believe the services are where they are needed, and all of that stuff. We have talked about all that. But I am saying that if it is a demand driven system, changing it mid-stream obviously creates a problem. Do you think giving two weeks notice for such a change, gives family day care services time to adjust and plan for a reduction in funding?

Ms J Wilson: I appreciate the timing difficulties, but as I said before, I think the other options were not great either—letting the funding run out and then stop CSB completely for all services. We were trying to manage and ration the funding equitably among all services for the rest of the financial year.

Senator LINES: On the community support program, can you provide more detail as to what might constitute exceptional circumstances?

Ms J Wilson: We have actually asked people to put forward a business case for why they should be considered under exceptional services. It is a consistent approach we have to exceptional services. It is fair to say that in some cases, some services are actually charging very low fees. Some services have very high numbers of educators for the number of kids actually participating in the programs. Ms Pearce mentioned previously that what we are trying to do is help them understand that maybe if they can look at increasing their fees a bit or looking at their staff ratios they actually could be more viable than where they are at the moment. Some of the work that we are doing through the business services work with Family Day Care New South Wales and Queensland is helping services actually understand where they sit. We actually have Westpac and University of New South Wales doing individual business planning with services that have put up their hand for interest in that area. There are a number of things that services can do to actually make themselves more viable.

We appreciate that family day care is a very important sector, so we are really keen to work with those people. There are some examples, though, of services where there are four educators and only six children. Clearly, there are fundamental problems with how those services can be funded. We need to look at what circumstance and what situations they are in to target government money in an effective way.

Senator LINES: On the funding, did the department brief the government about the need to appropriate more funding, or was it a decision of government not to increase the CSP funding?

Ms J Wilson: As Ms Pearce talked about previously, there were decisions made in last year's budget to adjust the allocations across the forward years in recognition that there was pressure now on the program, but there were also changes made to the policy which we hoped, going forward, would bring the take-up into line with the forward estimates. Some of that has happened, but not to bring it in line with the money that is available across the forward years.

Senator LINES: Could I take it that you briefed the government on what adjustments it could make to policy but, in the end, it was the government who made the decision not to increase the CSP's funding.

Ms J Wilson: Certainly it is fair to say we briefed the government on pressures and all the rest of it. As I said just then, there was a decision made in the budget to respond to the pressures in 2013-14 and 2014-15 with increased allocations. As Ms Pearce said, there has been \$200 million put into this program over two years, so the government has responded, but we are getting to a point where we have had to actually find those offsets in other parts of child care; we have talked about this before.

Senator LINES: Yes, we have. Can you just give us—and you can take this on notice—what that business case looks like for exceptional circumstances. Do you develop the template for people to use?

Ms J Wilson: We can certainly give you some information about what factors we take into account.

Senator LINES: And when you make decisions on that. I want to go to some questions.

Mr Pratt: While we have a momentary pause, we have some material in response to Senator Reynolds's request about participation rates, which, with your agreement, we will table, sourced from the Productivity Commission.

CHAIR: No objection. Thank you.

Senator LINES: Is the department supportive of 'Investing in the Early Years—A National Early Childhood Development Strategy', which was agreed by COAG in 2009?

Ms J Wilson: All of the work we are doing, including in various forums, actually indicates our support for that. There are lots of elements to it, as you are aware, including the National Quality Framework, and we are actively participating in all those forums.

Senator LINES: One of those key outcomes from the strategy is that children are engaged in and benefiting from educational opportunities. Does the department agree with the principle that children from low-income families benefit from early childhood education and care?

Ms J Wilson: There certainly is research and a general view that the children who most benefit are vulnerable and disadvantaged, and in the lower income range.

Senator LINES: The Productivity Commission has proposed to provide no subsidy for children in families that do not meet the activity test and earn over \$55,000—that is what the Productivity Commission is saying. Does the department agree that this does not meet the objective of the National Early Childhood Development Strategy, because there will be no support for these children to attend early education and care?

CHAIR: Senator Lines, I do not think it is up to the department to express a view about a Productivity Commission report as it relates to government policy. You seem to be asking for a view on government policy, so you might want to rephrase your question.

Senator LINES: Does the department agree that what the Productivity Commission is suggesting—no subsidy for children in families that do not meet the activity test and earn over \$55,000—does not meet the objectives of the National Early Childhood Development Strategy?

CHAIR: I think you just asked it in exactly the same way.

Senator LINES: Has there been any discussion about what happens to those children if the PC recommendation were implemented?

Ms J Wilson: Certainly it is fair to say the biggest issue that the sector had in relation to the draft PC report was about how we support those families. I think there were many submissions and many discussions. I was at conferences where the PC was robustly told about the importance of early childhood for those children in that particular group we are talking about. So we certainly are aware of the importance of early childhood for that group but, as the chair said, it is really about government forming a view about the whole package, and I am not in a position to respond specifically on that.

Senator LINES: Do you know if there is any research evidence that 10 hours of early childhood education and care has good outcomes for children?

Ms J Wilson: I am not personally aware of that. There have been various studies.

Mr De Silva: I think there has been a range of research. I would need to take on notice whether there is research that goes to a specific number of hours. I assume it would be related to quality education rather than just anything.

Senator LINES: Are you aware of the study from the UK, *The Effective Provision of Preschool Education*? Are you aware of that study? Because that certainly supports the 15 hours of early childhood education and care.

Ms J Wilson: There are a range of studies, and as Mr De Silva said, they do not necessarily go to hours, they go to quality of care. The dose, as they call it in some of the research—the findings have been variable about whether there is a magic number.

Mr De Silva: I also point out again that the research into that—if you are talking about preschool—is a policy area that is the responsibility of the Department of Education and Training.

Senator LINES: Currently the Productivity Commission report is only recommending ten hours' worth of early childhood education and care per week?

Ms J Wilson: I thought the Productivity Commission was recommending current arrangements.

Senator LINES: My understanding is the commission has only proposed ten hours' worth of early childhood education and care per week for children of parenting payment recipients.

Mr De Silva: I think they said fifteen hours per week, for 40 weeks per year.

Ms J Wilson: It is recommendation 15.10.

Senator LINES: Just thinking about the Inclusion and Professional Support Program, how many children currently attract funding under that Inclusion and Professional Support Program?

Ms Mitchell: The number of children currently supported is 12,752.

Senator LINES: Can you provide that figure over the last five years? Is it possible to do that?

Ms Mitchell: I have figures with me for 2012-13, and 2013-14—if you would like those now?

Senator LINES: No, you can provide them all on notice. That would be good, thank you.

Senator HANSON-YOUNG: Firstly I just want to ask about the newspaper report earlier this year that stated, from statistics from the Childcare Alliance, that childcare fees are set to rise by \$60 a day when staffing ratios increase under the NQF requirements—in terms of the next phase. Are you aware of that article? It ran across a bunch of the Murdoch newspapers.

Ms J Wilson: I am not aware of that specific article, no.

Senator HANSON-YOUNG: Are you surprised at that figure? \$60 a day?

Ms J Wilson: I am a bit, yes.

Senator HANSON-YOUNG: Has the department got any modelling about the changes to the zero-to-three ratios and what that would mean for fee increases?

Ms J Wilson: The ones that are coming in from 1 January 2016?

Senator HANSON-YOUNG: Yes.

Ms J Wilson: We have not done any specific modelling on the likely impact of fees.

Senator HANSON-YOUNG: Are you aware whether the Productivity Commission did?

Mr De Silva: I will take that on notice. I am not entirely sure whether they did modelling on that specific aspect.

Ms J Wilson: They were certainly aware of the National Qualifications Framework and they were certainly aware of the changes that had taken place and of what was proposed.

Senator HANSON-YOUNG: Why does \$60 a day surprise you?

Ms J Wilson: It is just a personal reaction, I guess. It seems high.

Senator HANSON-YOUNG: But you do not have any modelling to suggest otherwise?

Mr De Silva: I think we have answered this before. The average increase has been about seven per cent per year. A \$60 increase per day would be significantly above an average increase of seven per cent per year.

Ms J Wilson: When the changes happened on 1 January 2014—there was a whole bunch of changes—and all the NQF changes before that, certainly it did not result in the sort of change that a \$60-a-day increase would suggest.

Mr De Silva: No. So there has been NQF changes that came in in January 2012, the next phase in January 2014, and the average fee increases have stayed at about seven per cent across those years.

Senator HANSON-YOUNG: Do you have any data on how many approved service providers already meet the benchmark of the zero-to-three ratio requirements that are meant to be in place by January 2016? How many are already there is what I am trying to ask?

Ms J Wilson: We would not have that information. It would be held by state and territory regulators and perhaps by ACECQA, but all the service assessments have not taken place yet, either.

Senator HANSON-YOUNG: Let me move on to universal access.

Ms J Wilson: That is now with education.

Senator HANSON-YOUNG: You are not able to cover any questions in relation to that?

Ms J Wilson: With the changes in administrative orders in December, preschool-related activity stayed with the Department of Education.

Senator HANSON-YOUNG: Including all the budget aspects of it?

Ms J Wilson: That is right.

Senator HANSON-YOUNG: Could I go then to questions around the early childhood resources hub? Other than the Long Day Care Professional Development Fund, which I know Senator Lines was asking about, what else is being done in conjunction in terms of professional development from the department's perspective?

Ms J Wilson: So we have our professional support program.

Ms Mitchell: Within the Inclusion and Professional Support Program, there are elements of that program that provide support to educators, and provide funding for services to backfill while educators are doing training or studying and those kinds of activities. Over the recent twelve months or so, in conjunction with organisations like Griffith University we have produced a range of professional development materials, which are available on our website.

Senator HANSON-YOUNG: Is there a kind of portal, or is it easy for educators to find?

Ms Mitchell: So we are currently developing a portal, but ACECQA has a range of resources on their websites, all state and territory jurisdictions also put professional development materials on their website. We have the Inclusion and Professional Support Portal, and also Early Childhood Australia has a portal that provides professional development materials for educators.

Senator HANSON-YOUNG: What is the 'Early Childhood Resources Hub'? Have you heard of that?

Ms Mitchell: Yes, that is something that is currently under development within the department.

Senator HANSON-YOUNG: What is that? Can you explain to me what that is and the terms of reference? Who is in charge of it?

Ms Mitchell: We are working with a particular organisation whose name escapes me at the moment—

Mr De Silva: Education Services Australia.

Ms Mitchell: Thank you. Education Services Australia, to develop an internet portal by which educators can access professional development materials. They can also put in their own learning needs and develop for themselves an online pathway of learning and professional development.

Ms J Wilson: There are resources available all over the place. The idea with this was to have it in a one-stop shop, and we have funded, variously, Early Childhood Australia, ACECQA: a whole bunch of different people to produce a lot of different products. We are working with them to put it all into once place, and if you are an educator, maybe, and your focus is zero-to-two, if you go in then and put zero-to-two, we are hoping it will then produce the relevant sort of professional information that you would best need access to, so that you do not have to read wads and wads of information. We also wanted to do it in a way that would become self-sustaining going forward, and that everyone would be contributing recent and active material to. We are a bit worried that it is a bit fragmented and you need to know where to go to look for things. Some places charge and some sites do not. Because we have funded a lot of this material, we want to bring it all together.

Senator HANSON-YOUNG: Just so I am clear, the early childhood resources hub is one portal that is being developed, but it is separate to the first type of portal that you mentioned.

Ms Mitchell: It will bring together all of the existing portals and pathways that educators have into online resources, and it will allow for educators—as Ms Wilson said, it will be a one-stop shop—from the hub to be able to access multiple sites, including back to ACECQA's site, for example, to access the resources that they have, or into particular state and territory regulatory authority sites.

Senator HANSON-YOUNG: Is the intended audience individual educators, or is it services themselves?

Ms Mitchell: It could be both: it would depend, because many services would have a program of professional development for their educators, but it also could be just for individual educators.

Senator HANSON-YOUNG: What is the time frame on this?

Ms Mitchell: We are hoping to launch the hub some time in the first half of this calendar year.

Senator HANSON-YOUNG: Soon, then?

Ms Mitchell: I hope so.

Senator HANSON-YOUNG: How much funding has been put aside to the development of the hub?

Ms Mitchell: I would have to take that on notice. I am sorry; I do not have that detail with me.

Senator HANSON-YOUNG: Was it highlighted in last year's budget, or is it coming out of something else—some other line item?

Ms J Wilson: I do not recall it was in last year's budget. It has taken a while to get agreement from all parties to share the information, even though we might have originally funded it a while ago, so those are the discussions that have been taking place.

Senator HANSON-YOUNG: And when you say 'agreement of different parties', you are talking state and territory governments as well?

Ms J Wilson: Yes—ACECQA, state and territory governments, Early Childhood Australia, a whole bunch of players who are variously funded to prepare professional development information.

Senator HANSON-YOUNG: So I am clear for next time, who in the department is in charge of this?

Ms Mitchell: Me.

Senator HANSON-YOUNG: You are?

Ms Mitchell: Yes.

Senator HANSON-YOUNG: Do you have a hub-team?

Ms Mitchell: I do. It sits within one of the branches within my group.

Senator HANSON-YOUNG: Good. Thank you.

Ms J Wilson: Clearly, Senator, the biggest injection of funding into professional development is the Long Day Care Professional Development Programme funding we have already talked about, and these are other things we are doing to provide more general support to the broader sector.

Senator HANSON-YOUNG: Does the minister have to sign off on this?

Ms J Wilson: We have briefed the minister about what we are doing. Sorry, we have not briefed this minister, but variously we have briefed ministers about providing updates on status—where we have got to—and hopefully we will get an exciting launch of it.

Senator HANSON-YOUNG: In terms of time frames and things like this, Mr Pratt, is it you who signs off on it to make it go live, or does it have to come from the minister?

Mr Pratt: Typically, it would be departmental, but we would always keep ministers informed, and we would be sensitive to any interests or concerns the minister might have.

Senator LINES: Thank you. Just back to Community Support Programme, when did the department become aware that the costs of this program would exceed the projected expenditure this year?

Ms J Wilson: Ms Pearce would be talking detail, but there have been multiple changes made to the program, including changes made from 1 April which meant that new applicants would not be eligible for CSP. We actually expected that to have a significant effect on the number of new services coming into the sector. In fact, it does not seem to have had any effect at all, so the growth in services continues. I think you covered some of this before, Ms Pearce, as well.

Senator LINES: We must be at cross-purposes, because I asked: when did the department become aware that the costs of this program would exceed the projected expenditure?

Ms J Wilson: What I was trying to say in that answer is that we thought that new policy about limiting access for new players would actually reduce the growth in the program, and it did not. That was the measure we took and the measures we took in the budget to reduce the take-up in the program to manage within its forward estimates, so that is the connection. However, when we watched the behaviour continue after that period, we became aware that there was still pressure on the program.

Senator LINES: When was that?

Ms Pearce: We looked at monthly figures, and you have variations within the year, but certainly towards the end of the year we could see that we were going to be overspent and we would run out of money in the program.

Senator LINES: So December-ish?

Ms Pearce: Yes, November-December.

Senator LINES: When was the minister briefed?

Ms Pearce: I would have to take that on notice.

Senator LINES: You do not have an estimate?

Ms Pearce: No.

Senator LINES: Was the decision not to provide additional funding to meet demand made by the minister?

Ms J Wilson: I think this goes back to the previous conversation we had, Senator, which is that the government makes decisions about budget estimates. We explained that we had already got, in the last budget, approval to bring money forward to cover the increase in pressures in these years, and we made policy changes to bring the program to what we thought would be in line with the estimates. Further action was required because it was still not coming in to align with the estimates.

Ms Pearce: You have to remember that this payment was originally set up to help services remain viable. It is an extra 70c an hour, and family day care also receives \$1.37 an hour more than a long-day care or an OSH, for example. So it is a sort of viability payment and—

Senator LINES: All right. You are going to take on notice for me when you became aware that the costs of this program would exceed the projected expenditure, and when the minister was briefed?

Ms Pearce: Yes.

Senator LINES: Thank you. Just thinking about the community service program and the reduction of funding available for family day care under the scheme as a result of changes to the eligibility criteria: according to Family Day Care Australia, 80 per cent of services will lose CSP funding. Is that correct?

Ms J Wilson: We have a process by which all services will be written to in April this year asking them to re-apply consistently with the new guidelines. Until we know how they are structuring themselves in terms of their

application, because of all the work we have been doing with business liability—we have already talked to you about the work that we are doing with Family Day Care New South Wales and Queensland—until they make their applications, we are unable to predict how many will continue and how many will not.

Ms Pearce: That is correct.

Senator LINES: But did you do any modelling? The blow-out in family day care has not come as any surprise. We have asked, I think, at a number of estimates. Obviously you are working with it every day, so it has not come as any surprise to you. So did you do any modelling on the impact of these changes on family day care services before the changes were made or as you were contemplating the changes?

Ms Pearce: Can I just say that the whole purpose of the changes we made was to bring the eligibility criteria for family day care for CSP funding back into line with other types of services such as long-day care and OSH and so forth. It was a fairness issue. Particularly, as I mentioned, family day care already receives a 33 per cent loading on its CCB. We have to work within the budget. These changes were meant to try and bring family day care back within that funding envelope.

Senator LINES: But did you do any modelling on the impact for services?

Ms J Wilson: We certainly thought that the changes on 1 April for new applicants, for new entrants, and the changes that we have in the budget would bring the cost of the program back in line with the forward estimates.

Senator LINES: Did you do any modelling on the impact of services?

Ms J Wilson: We certainly thought that the changes on 1 April for new entrants and the changes that we have in the budget would bring the cost of the program back in line with the forward estimates.

Senator LINES: I understand that, but did you do any modelling on the impact of these changes to services?

Ms J Wilson: Not individual services, no. As I said, we are doing all of this work about changing the business mindset around some of the approaches to family day care, and we are actually expecting some of them to restructure so that they become more viable.

Ms Pearce: Going back to the purpose again, as we mentioned at the last estimates, the ANAO reported in 2012-13 that family day care was receiving 71 per cent of the CSP budget and it actually cared for about 10 per cent of the children. That figure will have changed, but it is roughly in line still. What the ANAO said is that you really need to address the eligibility criteria, because this is an unfair distribution of a fund that was meant to fund viability either because of low SES or because of—

Senator LINES: I do not want to be disrespectful—I am mindful that the chair has been very good with the timing, and there are a number of questions I want to ask. So could you just answer my question. I think I heard Ms Wilson say you did not do any modelling on the impact—

Ms J Wilson: On individual services, because we expect them to reorient themselves with some help from business assistance

Senator LINES: I understand all of that, but Family Day Care is saying that 80 per cent of services will lose CSP funding. Is that correct?

Ms J Wilson: We have not seen their modelling.

Senator LINES: You have had meetings with them, haven't you, because you have been involved with them?

Ms J Wilson: We have certainly had meetings with them, but we have not specifically talked about the impact on services—

Senator LINES: They have never mentioned this 80 per cent to you?

Ms J Wilson: We have seen them use it in the press.

Senator LINES: They have not had a discussion with you about the 80 per cent?

Ms Pearce: I do not recall a discussion about the 80 per cent but, as we keep saying, you do not know how many services will be eligible until you actually have a look—

Senator LINES: I am actually referring to the Family Day Care Australia media. You cannot say—

Ms Pearce: I cannot verify that, no.

Senator LINES: You have not done any modelling, so you are not in a position—

Ms J Wilson: We have not sat down with them and gone through what they mean by that.

Senator LINES: But you are not in a position to disagree with them, because you have not done the modelling?

Ms J Wilson: We are not in a position to say either way.

Senator LINES: How many family day care services are estimated to lose their operational support funding as a result of the changes to the Community Support Programme?

Ms J Wilson: I think we have just said that they have to apply—

Senator LINES: You have to wait until April?

Ms J Wilson: There will be a letter to all of them, they will need to reapply and then they will be considered under the new eligibility criteria, which will be the same for all care types.

Senator LINES: In April, will you be in a position to answer that question?

Ms J Wilson: In April, they will just be applying, so we would not have completed the assessment of their applications.

Senator LINES: When would you have that data, do you think?

Ms J Wilson: Probably closer to the May hearings, I would have thought.

Senator LINES: Thank you. Do you know how much funding will be cut on average?

Ms Pearce: No, because you would need to know the individual circumstances.

Senator LINES: Does the government accept that the cost of running a coordination unit affects family day care services and therefore prices?

Ms J Wilson: It goes back to the business and the operating model. Not all family day cares have coordination units, and all of them do it slightly differently. As Ms Pearce said, family day care already receives a 30 per cent loading in terms of their childcare benefit on top of the CSP money that they are getting. I would argue that their overheads are also lower than somewhere such as the long day care centres. For all those reasons, family day cares have a lot of flexibility in how they set themselves up.

Senator LINES: But do you accept that the running of a coordination unit affects family day care service costs, and therefore prices?

Ms J Wilson: I do not accept that you need a coordination unit, or that you need it in a certain way, and there are many models of it.

Senator LINES: Thank you. I think you have answered this: you have not undertaken any modelling or costings on the expected price increases. Have you done any modelling or costings on the expected price increases as a result of funding cuts?

Ms J Wilson: No.

Senator LINES: Would the department consider providing operational funding in exceptional circumstances outside of the location based eligibility criteria.

Ms Pearce: 'Exceptional circumstances' takes a number of things into consideration.

Senator LINES: Yes, but I am asking: would you consider providing operational funding in exceptional circumstances?

Ms Pearce: Exceptional circumstances still—sorry, Senator. There is an opportunity to provide information to be considered under exceptional circumstances. Those are probably more about services that are in the system at the moment that have extenuating circumstances, and we are happy to—the previous minister indicated that there would be an opportunity to consider that.

Senator LINES: And that would be considered outside of the location based eligibility criteria.

Ms Pearce: It is not just location based.

Senator LINES: No, but I am asking specifically about outside of location based.

Ms Pearce: We would have to look at the circumstances, you have to put a business case—

Senator LINES: Ms Wilson, when you said that the previous minister said she would consider that, did that include that consideration?

Ms J Wilson: I do not think she specifically said any particular bit of it. It is the whole package that we would have to look at.

Senator LINES: Yes. Okay, thank you. Once you get this data in April, will you do any modelling off that data? You will have all of these applications, and presumably you will be in a better position than you are now.

Ms J Wilson: Once we actually go through and determine eligibility, we will have information about who will continue to get and who will not get. Clearly, it is all about realigning the bucket so all service types are treated equitably.

Senator LINES: Okay. Is it your intention to do modelling once you have all that information?

Ms J Wilson: I am not sure that we will be doing modelling but just an assessment against the eligibility criteria.

Senator LINES: So obviously you will be in a stronger position to have a clearer picture.

Ms Pearce: That is right.

Senator LINES: I am just looking at that rorts claim. There was a report by the ABC on 18 December 2014 that there is \$300 million in suspected child care fraud. Is that figure correct?

Ms Pearce: Yes, it is correct. It comes out of an ANAO finding late last year which indicated that about \$309 million is potentially noncompliant payments, in terms of child care payments, and \$245 million of those payments are in the family day care sector. Roughly 50 per cent of the family day care sector is estimated to be noncompliant.

Senator LINES: Did the department calculate the figure?

Ms Pearce: The department calculated a figure that was checked by an actuary and then checked by the ANAO itself. They have their own actuarial.

Senator LINES: How did you come up with that figure? What was in the calculations?

Ms Pearce: I cannot tell you exactly what was in the calculation, because an actuary calculated it. One of the primary sources of information would be the random sample parent checks which we—

Senator LINES: Sorry, Ms Pearce. You just said that the department calculated the figure and then it went through a checking process.

Ms Pearce: Via an external—

Senator LINES: Yes. How were the department's figures calculated?

Ms J Wilson: I think Ms Pearce was going to explain that we do random sample parent checks, which means that we take a sample of parents on a regular basis. We write to them and say, 'You might get a phone call asking us to confirm your children's attendance and participation in child care.' We do it across all care types, so we ask them: 'Did little Johnny go to child care on those dates? Did they go to those centres?' Because we do it across all different care types as well, we are able to determine from that—and that is the basis for the extrapolation on the amounts—what proportion is inaccurate in those reportings. Clearly, what we are saying is that, when we do those random sample parent checks, parents are saying that there is a lot wrong with the family day care reporting in terms of the accuracy of which sessions the child went to and reporting on the accuracy of the fees charged as well.

Ms Pearce: That is correct.

Senator LINES: Moving on now to Minister Morrison's Press Club speech. In the speech he said—and you can see this on page 18 of the presentation that accompanied his speech:

... what the Productivity Commission has recommended ... leaves 83.7% of families earning 160,000 or less in a higher subsidised position than they currently are.

Does the department agree with those figures?

Ms J Wilson: Yes.

Senator LINES: Did you provide those figures to the minister?

Ms J Wilson: They are straight from the Productivity Commission report.

Senator LINES: You took them straight from the Productivity Commission. Did you do any additional work on them?

Mr De Silva: No, I think his comment was 'this is what the PC had said'.

Senator LINES: But Ms Wilson has just said you agreed with those figures.

Ms J Wilson: It is straight out of the PC report, so there is nothing to agree or disagree with.

Senator LINES: So you agreed with them because they have come from the PC?

Ms J Wilson: That is right.

Senator LINES: You said earlier in evidence you had provided the PC with 2012-13 data.

Ms J Wilson: That is right.

Senator LINES: So presumably they have modelled their assumptions on those figures. Page 984 of the PC report shows that about 60 per cent of families earning between \$130,000 to \$160,000 are attending services with fees above the median. Are you familiar with that? I want to give you time to find it if you are not.

Mr De Silva: I do not have it.

Ms J Wilson: I am not familiar with that exact page, no.

Senator LINES: The minister said—and presumably these are from your figures—that 60 per cent of families earning between \$130,000 and \$160,000 are attending services with fees above the median. This morning, Ms Wilson, in saying that it was difficult to get what services were charging, talked about additional services and so on. Given that claim by the Productivity Commission, how can the minister's claim be true if the subsidy system is capped at the median price?

Mr Pratt: It is not the minister's claim. The minister identified what the Productivity Commission reported. We have not, I think, discovered any issues with this work. Are you suggesting that what is on page 994 means that that table from the Productivity Commission is wrong?

Senator LINES: Let me join the dots. I quoted from Mr Morrison's speech that the Productivity Commission said '83.7% of families earning 160,000 or less' will be in a higher subsidised position, and I asked if the department agreed with those figures, and you said you did. I am taking you to the Productivity Commission report, which shows that about 60 per cent of families earning \$130,000 to \$160,000 are attending services with fees above the median. I am asking how the minister can claim that to be true if the subsidy system is capped at the median price? One thing leads to another.

Ms J Wilson: From what you are saying—I do not have the transcript of the Press Club address in front of me—my understanding is the minister was using different information that is actually in the report. You are asking us whether one bit of information on page 900 is consistent with another bit of information. I think it is more that the PC says—

Mr Pratt: Yes, you would have to ask the PC that.

Senator LINES: You said then the minister is using different pieces of information. He is making a claim that people earning \$160,000 or less—

Mr Pratt: My recollection is the minister was talking to that chart from the PC report, which has a red line which sits above a blue line—the blue line being the current system and the red line being the Productivity Commission's benchmark proposal—and it is above it up until \$165,000-\$170,000 income. That is what I think the minister was referring to. If there is what looks like an anomaly within the Productivity Commission report, I think that should be asked of the Productivity Commission how they explain the two.

Senator LINES: I am really interested in the minister's claim, because the PC report says 60 per cent of families above that income threshold of 130 to 160 are paying fees above the medium. If the subsidy scheme is capped at the medium price, it is not obvious that people will be better off. It is not obvious.

Ms J Wilson: But that is what the PC said.

Senator LINES: It is also what the minister said.

Senator FIFIELD: The minister was observing what the Productivity Commission said, so I think—

Senator LINES: He is not; he is making that claim. He is saying it will leave 83.7 per cent of families better off. That is what he said.

Mr Pratt: If it would help, we will ask the Productivity Commission for you.

Senator LINES: Okay. I am more interested in what the minister said—that is the contradiction here.

Senator FIFIELD: Drawing upon the work of the Productivity Commission: there is a ruddy great Productivity Commission report that has been released which, not surprisingly, the minister has been making reference to. But I think Secretary Pratt has offered a helpful suggestion to—

Senator LINES: Yes, it is a very good suggestion. Thank you, minister.

Senator MOORE: Is that a technical description, minister?

Senator FIFIELD: What? Ruddy big? Yes, I think so! I think once something passes 600 pages it becomes ruddy big!

Senator MOORE: I think it goes into that rating! Okay.

Senator LINES: I think the PC measures its productivity by the size of its report.

Ms J Wilson: The doorstopper effect!

Senator LINES: I think the HP report was bigger.

Senator REYNOLDS: Thank you very much for so speedily providing these participation rate figures. I just wanted to go through them, if I could, because they are in a graph and it is a little hard to try to figure out the numbers using my little ruler here. As you walk through figure C3.1—this is for single women, with and without children—as I understand it, the participation rate for women without children starts at 80 and has just declined slightly. But the one of interest, obviously, is for the ones with children. Over these 13-odd years, it has gone somewhere from 58 per cent to 60 per cent. Is that—I cannot tell precisely, but is that sort of what it—

Mr De Silva: There have been some changes up and down, but it has stayed relatively steady between high 50s and low 60s based on that chart.

Senator REYNOLDS: So it is not a lot of change?

Mr De Silva: Not a huge amount of change.

Senator REYNOLDS: It looks like around two per cent over 13 years, which is hardly a stellar performance. Again, for 'partnered' females—as they have so politely called it, the trend is slightly less. It starts at about 80 and finishes not much above that over 13 years. But the figure for women with children in relationships, again, has barely moved. It looks to be, maybe, about two per cent—around 62 to 64 per cent over that 13 years.

Mr De Silva: Yes, it is quite flat.

Senator REYNOLDS: Very flat. It has not had some of the trend. On average, then—this is my own subjective assessment—it has gone from 61 per cent to 63 per cent or thereabouts over 13 years. Is that your reading of it?

Mr De Silva: Based on those drafts—

Senator REYNOLDS: This is for women with children. If it is the third graph here?

Mr De Silva: Yes.

Senator REYNOLDS: So the trend—with my very imprecise ruler here!—looks like it has barely moved. So, two per cent, at most, over 13 years.

Mr De Silva: Yes.

Senator REYNOLDS: Which is a very depressing figure. Can you help me interpret figure 1 on the next page? I just want to clarify it, because it was not quite clear to me. On the left-hand column you have numbers, which are the hundred thousands—are they children in approved child care? Do you know?

Mr De Silva: I think on the left-hand side, it is the number of children.

Senator REYNOLDS: Okay.

Mr De Silva: And on the right-hand side, I think it is the number of services.

Senator REYNOLDS: Ah, number of service providers—okay. So just having a look at that, I think this accords with the evidence you gave before, Ms Wilson. Was a CCB introduced 2002 or 2004?

Mr De Silva: The CCB had been introduced earlier. I think the CCR was introduced in 2004.

Senator REYNOLDS: So that was introduced some time before then, and over that period after the CCB had been introduced, the numbers of providers and the number of children in approved day-care increased marginally, but only marginally. So the next change was when the CCR was introduced at 30 per cent in 2004. Correct? Over that period the number of children in informal care increased?

Mr De Silva: Between 2004 and 2008 there was a steady increase in the number of services, and there was an increase in the number of children, probably slightly less of an increase, and in 2008, when CCR was increased from 30 per cent to 50 per cent, there was a significant—

Senator REYNOLDS: So the very bottom line is service providers, correct?

Mr De Silva: The bottom line is service providers.

Senator REYNOLDS: So they steadily increased over that period?

Mr De Silva: Yes.

Senator REYNOLDS: The second line is children in formal care. That also increased, and it looks roughly proportionate with the increase in providers. The children in informal care, which is the top line, also increased, but very marginally?

Mr De Silva: Yes.

Mr Pratt: My eyes suggest that the trajectory is slightly higher for service providers in that period than for the—

Senator REYNOLDS: Actual children in formal care?

Mr Pratt: Yes.

Senator REYNOLDS: So the trajectory during that period, for the CCR at 30 per cent, was generally up at slightly different rates. For children in informal care, it went up very marginally, but it was still increasing. So then we get to 2008, where the CCR increased to 50 per cent, which is what you were talking about before, Ms Wilson?

Ms J Wilson: That is right.

Senator REYNOLDS: Then we see quite a dramatic change in direction. Children in informal care decrease quite significantly, and then at the same time we had a significant increase in children in formal care, and then there was an increase, which makes sense. There was also a significant increase in service providers.

Mr De Silva: Correct.

Senator REYNOLDS: Thank you. That is clear. It just strikes me as quite interesting that in 2003-04 we spent \$1.5 billion of Commonwealth money on childcare support, and we do not yet know how many children were actually in childcare, but you are going to provide those numbers, and by this financial year it has gone up to just under \$8 billion, and the participation rate for women with children, either single or as a partnered arrangement, has barely moved. Is that a fair statement, based on what you have provided?

Mr De Silva: There has been a slight change in workforce participation, but not commensurate with the amount of funding.

Senator REYNOLDS: And it is now on track, in the forward estimates, for \$10 billion?

Mr De Silva: Close to \$10 billion in the out year, so above \$9 billion.

Senator REYNOLDS: So based on the trajectory for forward estimates, we are looking to go up to \$10 billion a year on childcare expenditure by the Australian taxpayer, and the figures to date really do not give us any confidence that without change the participation rate for women is going to change, just with increased expenditure.

Mr Pratt: I think that is a correct analysis.

Ms J Wilson: If I could clarify something. Regarding the jump in service numbers in 2008, we started counting outside-school-hours services, which we had not. I am not saying that explains the whole movement—

Senator REYNOLDS: but it does account for—

Ms J Wilson: but I just wanted you to know that as part of your understanding.

Senator REYNOLDS: Wonderful. Thank you. It has been very helpful.

Senator LINES: Going back to the Long Day Care Professional Development Fund, how many applications were accepted and rejected?

Mr Maynard: There were 5,080 services covered by applications that were lodged in the application period. Of those, we then went through a verification process, to ensure that they had correctly assigned the number of full-time equivalent educators to the services. That process resulted in 42 of those services withdrawing, and therefore we had 5,038 services who were sent a letter of offer in September. Following being sent a letter of offer, a further ten services chose not to accept the offer, or did not respond to the letter of offer. As a consequence, 5,028 services have indicated their acceptance of the funding agreements, the majority of whom have signed funding agreements. A small number continue to be in negotiation with the department, as those services are subject to changes of ownership, or changes in their CCB details, which need to be reflected in the funding agreement, and they hopefully will be finished shortly.

Senator LINES: You can take this on notice, but how many of the extra 4,100 payments for educators in outer regional areas has been made?

Mr Maynard: I would have to take that on notice.

Senator LINES: Yes, that is fine. The second one is: how many of the extra 4,400 payments for educators in remote and very remote areas have been made?

Mr Maynard: We will take those on notice.

Ms J Wilson: I guess what we are saying is the bulk of payments—93 per cent of services that applied—have received their payments. The outstanding few are subject to provision of more information from the services—so, to assure you that the majority have been paid.

Senator LINES: With the government now scrapping the Paid Parental Leave Scheme, and there has been a lot of back-and-forward on that, on 7 December 2014 the Prime Minister announced at a press conference that the PPL Scheme would be scaled back, and on ABC Radio on the 8 December he said the savings would be redirected into child care. Was the department aware that the Prime Minister would make this announcement prior to 8 December?

Mr Pratt: We answered questions on this last night, and the answer was 'no'.

Senator LINES: You were not aware. Thank you. When was the department notified?

Mr Pratt: I would have to go back to the transcript from last night, but I think we found out about it at the same time everyone else did.

Senator LINES: On what day was the department advised that a family packages announcement would be made?

Mr Pratt: I suspect it is the same answer, but I will take that on notice.

Senator LINES: That you were not advised?

Mr Pratt: That we found out about it at the same time as everyone else.

Senator LINES: In the media?

Mr Pratt: Yes.

Senator LINES: I guess then, it is redundant to ask who advised the department, because you are saying you heard about it on the radio?

Mr Pratt: I will take that on notice.

Senator LINES: Thank you. Did the department provide the Prime Minister any advice on this matter before his announcement?

Mr Pratt: We provide advice to our minister.

Senator LINES: To your minister? So did you provide advice on the family packages?

Mr Pratt: We certainly provided ongoing advice around childcare matters, paid parental leave matters, family payments and all of those sorts of things. But not knowing about the family package, as it is now described, we could not have, by definition, provided advice on that.

Senator LINES: Thank you. Can you confirm that, at this point in time, it was government policy to use some of the revenue from the PPL levy to fund childcare reforms?

Mr Pratt: I cannot go beyond what the Prime Minister has said.

Senator LINES: Okay, but on 2 February he said:

Before Christmas, I said that over the break I'd be better targeting the proposed paid parental leave scheme and scaling it back, in a families package focussed on childcare.

So I am asking you to confirm that, at this point in time, it was government policy to use some of the revenue from the PPL levy to fund childcare reforms.

Mr Pratt: Whatever the Prime Minister has said, whenever he has said it, is what I take as government policy.

Senator LINES: Thank you. Do I take from that, then, that if your minister made an announcement that you had not been consulted on, such as you have described this morning, you would then take that as government policy from that utterance on?

Mr Pratt: I think you are conflating two things there, and this is speculative—it is in the area of the hypothetical—but yes: if the minister were to make a statement about something which he had not consulted me on, I would certainly see that as government policy.

Senator LINES: Thank you. So, if that PPL levy revenue were entirely diverted into child care, how much additional funding would be available?

Mr Pratt: Again, we will correct this on notice, but I interpret your question as being, 'What was the PPL levy going to raise?' I think roughly, over five years, it was probably about \$10 billion or \$11 billion.

Senator LINES: Have you provided any advice to the minister on the family package and, if you have, what date was that provided on first?

Mr Pratt: I can confirm that we have provided advice to the minister, and we have provided advice to the minister on an ongoing basis.

Senator LINES: And can you tell me when you first provided that family package advice, please.

Mr Pratt: I will have to take that on notice, but we are advising on the family package constantly.

Senator LINES: But it was obviously post the announcement?

Mr Pratt: It was post whenever we discovered there was a family package. But that is not to say we were not providing advice before then about family issues, because that is part of our responsibility.

Senator LINES: Yes, of course. I am just asking about the family package specifically and when you first provided that?

Mr Pratt: I can confirm that, once we knew that we had a family package, then we were providing advice about the family package. Before that, we were providing advice about families policies.

Senator LINES: It sounds like *Yes Minister*. On 7 December 2014, the Prime Minister said in the media:

That's why in the months ahead over the summer my Ministers and I will be looking at the Productivity Commission report on childcare and we will be better targeting our parental leave scheme so that we can not only deliver a parental leave scheme which really helps families, but we can deliver more available and more affordable childcare as well.

So is that still the government's policy? If not, what has changed?

Mr Pratt: I think the latest statements from the Prime Minister and Minister Morrison explain the government's policy; I would not want to comment further on that. Essentially I leave it to the Prime Minister and the minister to sort that out.

Senator LINES: Mr Pratt, could you—and take this on notice—provide me specifically which media statements you were referring to when you said 'Mr Morrison's most recent comments and the Prime Minister's'.

Mr Pratt: Certainly.

Senator LINES: Thank you. Is it still government policy to deliver a holistic families package?

Mr Pratt: Yes.

Senator LINES: And what is the department's role in developing this package?

Mr Pratt: We provide advice to the minister.

Senator LINES: But will you be the lead agency, or will it be PM&C?

Mr Pratt: Certainly we will be the lead agency—Minister Morrison is responsible for childcare, paid parental leave, family tax benefit and family policy generally—which does not mean that the Prime Minister's department will not be heavily involved. As is always the case, they will provide advice to the Prime Minister on these issues. Often we work in concert with Prime Minister and Cabinet, as we have done on many major things. Certainly that is the case here, as we did on the NDIS.

Senator LINES: Again on 2 February 2015, the Prime Minister gave a speech at the National Press Club, where he announced that a bigger parental leave scheme is off the table, and he referenced that December announcement that I alluded to before. He said:

Before Christmas, I said that over the break I'd be better targeting the proposed paid parental leave scheme and scaling it back, in a families package focussed on childcare.

So is it still government policy to better target the proposed Paid Parental Leave scheme and scale it back in a families package focused on childcare?

Mr Pratt: That would be my interpretation.

Senator LINES: Thank you.

Mr Pratt: I might just make a comment here that our successive governments, plural, often iterate their policy development, and so things change over time as they work through issues.

Senator LINES: Okay. Was the department and/or your minister aware of what the Prime Minister was announcing in relation to child care prior to the speech?

Mr Pratt: Which speech?

Senator LINES: The one on 2 February 2015, at the National Press Club.

Mr Pratt: Minister Morrison's speech at the Press Club?

Senator LINES: No, the Prime Minister's speech. I am asking: were you aware or, indeed, was the minister aware?

Mr Pratt: I cannot speak for the minister. My recollection is we did not know the details of the Prime Minister's speech.

Senator LINES: Does that mean you were aware that there was going to be—I think it was in the media, actually, from memory—a childcare announcement? What were you aware of at the department?

Mr Pratt: We had also observed the Prime Minister's statements pre Christmas.

Senator LINES: So you had some awareness?

Mr Pratt: Yes, we tend to keep an ear open for whatever the Prime Minister is saying.

Senator LINES: Fair enough. Did you provide advice—or what advice did the department provide the Prime Minister in the preparation of that speech?

Mr Pratt: We do not advise the Prime Minister; we advise our minister.

Senator LINES: Did you give your minister any advice on that speech?

Mr Pratt: It is not my recollection. I do not think we had any input to that speech.

Senator LINES: Do you think you need to double-check if you are not 100 per cent clear?

Mr Pratt: We will check, but I am pretty clear.

Senator LINES: Thank you. On what date was the department first informed that the government intended to develop a families package?

Mr Pratt: I would refer to my previous answer on that question.

Senator LINES: Which one was that? Just refresh me.

Mr Pratt: It was one of your earlier questions which sounded exactly like that.

Senator LINES: That was where you said you had heard about it in the media.

Mr Pratt: Right, but I did undertake also to check that.

Senator LINES: Yes, I understand that. On 3 February 2013, the Prime Minister said:

Yes, we will be picking up on some of the work of the Productivity Commission and, yes, money that might under different circumstances have been invested in a bigger, better paid parental leave scheme will be invested in childcare ...

What did the Prime Minister mean by 'money that might under different circumstances have been invested in a bigger, better, paid parental leave scheme'? Did the department interpret this to refer to the PPL levy?

Mr Pratt: You are inviting me to comment on what the Prime Minister said?

Senator LINES: Okay.

CHAIR: On that note, we have reached time, so thank you very much.

Senator LINES: Thank you very much, Chair.

CHAIR: Can I thank the minister, Mr Pratt and the officials. Can I also thank the hardworking Hansard and Broadcasting and committee staff and our secretary, Jeanette Radcliffe.

Proceedings suspended at 13:00