



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Consideration of Additional Estimates

TUESDAY, 9 FEBRUARY 1999

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SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Tuesday, 9 February 1999

Members: Senator Knowles (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Denman, Eggleston, Evans, and Lightfoot

Senators in attendance: Senators Allison, Bartlett, Calvert, Conroy, Denman, Eggleston, Evans, Faulkner, Gibbs, Knowles, Lightfoot, Quirke and West

Committee met at 9.07 a.m.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

Proposed expenditure, \$275,137,000 (Document A).

Proposed provision, \$21,058,000 (Document B).

In Attendance

Senator Newman, Minister for Family and Community Services
Department of Family and Community Services
Executive

Dr David Rosalky, Secretary
Mr Wayne Jackson, Deputy Secretary
Mr Jeff Whalan, Deputy Secretary

Executive Directors

Mr Graeme Hope
Mr Geoff Leeper
Ms Lisa Paul
Mr David Tune
Ms Robyn McKay
Mr Michael Sassella, Senior Legal Adviser
Ms Cathy Argall, Deputy Registrar, Child Support Agency
Mr Barry Wight, First Assistant Secretary, Disability Programs

Program 1—Support for Families and Children

Mr Alex Dolan, Assistant Secretary, Families and Children
Ms Serena Wilson, Assistant Secretary, Parenting
Ms Judy Raymond, Assistant Secretary, Policy Analysis and Planning

Ms Helen Hambling, Assistant Secretary, Family Relationships
Mr Harold Wilkinson, Assistant Secretary, Subsidies and Financial Management
Mr Richard Lansdowne, Assistant Secretary, Child Care Quality and Access
Mr Marcus James, Assistant Secretary, Family Services

Program 2—Support for Economic and Social Participation

Ms Jenny Bourne, Assistant Secretary, Youth and Student Programs
Ms Peta Winzar, Assistant Secretary, Labour Market
Mr Andrew Herscovitch, Assistant Secretary, Disability and Carer
Mr Roger Barson, Assistant Secretary, Disability Policy Coordination
Ms Margaret Carmody, Assistant Secretary, Disability Employment Reforms
Ms Ruth Goren, Assistant Secretary, Office of Disability

Program 3—Support for the Retired Community

Mr Evan Mann, Assistant Secretary, Retirement

Program 4—Housing and Other Support

Mr Les Blacklow, Assistant Secretary, International Programs
Ms Joan Corbett, Assistant Secretary, Special Payments
Mr Keith Ogborn, Assistant Secretary, Housing

Portfolio Agency Services

Mr John McWilliam, Assistant Secretary, Budget Development
Mr John Powlay, Assistant Secretary, Executive Support
Mr Chris Foster, Assistant Secretary, Strategic, Analysis and Evaluation
Ms Tricia Rushton, Assistant Secretary, Information Strategies

Commonwealth Services Delivery Agency (Centrelink)

Executive

Ms Sue Vardon, Chief Executive Officer
Mr Ross Divett, Deputy Chief Executive
Ms Jane Treadwell, Chief Information Officer

Portfolio Agency Services (Corporate)—Centrelink

Mr Graham Bashford, General Manager, Business Development
Mr Mike Goldstein, General Manager, Contestability, Procurement and Contracts
Mr Vic Rogers, Chief Auditor and General Manager, Audit and Evaluation
Mr John Wadeson, General Manager, The Gateway
Ms Mandy Ritchie, National Manager, Resource Management
Ms Trisha Moran, National Manager, Business Pricing and Support Operations
Ms Carolyn Hogg, National Manager, Employment
Ms Di Fielding, Chief Finance Officer
Ms Olga Fijalkowski, IT Service Leader, Infrastructure Operations
Ms Marcia Williams, National Manager, Rural and Housing

Ms Sally Babbage, National Manager, Youth and Students
Ms Sue Finnigan, National Manager, Youth Employment Services
Mr Graham O'Brien, Manager, Youth Allowance Team
Mr Greg Evans, Manager, Supplement Team
Mr Hank Jongen, National Manager, Communication
Ms Margaret Kilpatrick, National Manager, Retirement
Mr Brian Pacey, National Manager, Detection and Review
Mr Rod Gibson, National Manager, Prevention and Recovery
Mr Norman Walker, New Service Delivery Model
Ms Jenni Colwill, National Manager, People Management
Mr Bob Davidson, Team Leader, New Agreement
Mr Paul Conn, Area Manager, Call Centre Support
Mr Denis Bayada, National Manager, Families and Children
Mr Peter Wightman, Manager, Employment Allowances
Mr John Gibbon, Manager, Activity Test Team
Mr David Batchelor, National Manager, Performance Management
Ms Helen Skzeczek, IT Service Leader, Business Application Services
Mr Les Matthews, Manager, Network Design
Mr Peter Fisher
Ms Karen Appel
Mr Glyn Tomlinson
Mr Pieter Schoots
Mr Ewan Higgins
Mr Zbiggy Zmurko

Department of Finance and Administration—

Mr Keith Henry
Ms Bronwyn Pollock

CHAIR—I declare open this public hearing of the Senate Community Affairs Legislation Committee considering the additional estimates. The committee will now commence examination of the Family and Community Services portfolio. I welcome the Minister, Senator Newman, the departmental secretary, Dr David Rosalky, and officers of the Department of Family and Community Services and Centrelink. Minister, do you wish to make an opening statement?

Senator Newman—No, thank you.

CHAIR—Could I remind officers to clearly identify themselves when first called to answer a question to assist the Hansard reporters.

The committee will be working in a little different order this morning to assist various senators who have commitments to other committees. I advise the minister and the secretary that we will be doing Centrelink in the overview up front. If I could call the officers who may have responsibility for that to the table, we can then proceed.

Senator CHRIS EVANS—Could I thank the chair and the minister for their cooperation. We just were not clear on how to deal with Centrelink, really, given the way the issues go across all the programs. I think it might be a better way to deal with the general stuff and then move to specifics.

CHAIR—Thank you, Senator Evans. I now call Senator Faulkner.

Senator FAULKNER—If I, too, could thank you and the committee for your cooperation in allowing the committee business to move through as quickly as possible. I appreciate the cooperation. Could I ask a couple of questions of Dr Rosalky through the minister? The reason I am directing my questions to Dr Rosalky is that he and I had some correspondence prior to the election in relation to what I will describe as the GST or tax letters. I think he will understand what I mean; I think we both know what we mean. We have struggled in other committees for a proper description of that. So, if we just use the term ‘tax mail-out’, is that reasonable, Dr Rosalky? I think we both know what we are talking about?

Dr Rosalky—Yes.

Senator FAULKNER—Thank you for that. What I was interested in knowing is who requested that this mail-out take place.

Dr Rosalky—The initial discussion was a consideration of how material on the tax reform package as it affected pensioners might reasonably be promulgated. The initial queries as I understand—and they were not put to me directly—were concerning the possibility of putting this information into the next edition of *Age Pension News*. There were queries about the timing of that publication. That publication was not scheduled for some period of a couple of months and, of course, the debate was very current.

As it was not possible to change the timing significantly on that publication, it was my suggestion from the department that an alternative would be to send out the directly related material as a separate mail-out. That was seen as a way of being able to inform pensioners about the nature of the tax reform at that time.

Senator FAULKNER—Thanks for that. What I was actually asking—and I appreciate that information—is: who actually generated the idea that, either in *Age Pension News* or by any other mechanism, this information be provided to pensioners?

Dr Rosalky—There was a discussion with Senator Newman’s office.

Senator FAULKNER—So is it fair to say that it was generated in the ministerial office?

Dr Rosalky—Yes.

Senator FAULKNER—Could you let me know when that took place?

Dr Rosalky—Not precisely. I would have to get the exact date, but it was a matter of days before the actual mail-out took place. I can check on the exact date and possibly get back to you.

Senator FAULKNER—If you could take the exact date on notice, I would appreciate that. Was the request from the minister’s office effectively made in writing? I am asking a more general question: is there a paper trail about this issue that was generated in the minister’s office?

Dr Rosalky—There was no written request. There were oral discussions.

Senator FAULKNER—Can I ask to whom the request was directed in the department by the minister’s office?

Dr Rosalky—I think the first contact was a discussion between somebody in the minister's office and the Centrelink communications area, because they actually handle the preparation and dissemination of *Age Pension News*. It was those people who informed the minister's office that *Age Pension News* was not able to be changed in its timing to any significant extent. The issue was then brought to my attention as to how we might be able to respond to the issue that had been raised.

Senator FAULKNER—You have said you came up with the idea of sending the letter out, but were you asked to give consideration to this issue by someone, as a result of *Age Pension News* not being distributed in what was considered an appropriate time frame?

Dr Rosalky—Yes, within the department and with the relevant officer of Centrelink. It was brought to my attention. We discussed other possibilities and this possibility was raised and was considered acceptable.

Senator FAULKNER—When was the decision made to actually undertake this activity via a mail-out?

Dr Rosalky—That is the date I would have to get exactly.

Senator FAULKNER—The other date I have asked you to look at is the date when the issue was raised by the minister's office. They are, I assume, different dates.

Dr Rosalky—I am just trying to find the exact date. I cannot quite remember. I think it was 14 August. I would have to verify that.

Senator FAULKNER—At this stage have we got a paper trail? How does the paper trail start, given the expenditure of in excess of \$800,000 of Commonwealth moneys on this? We have got no written request. Is the communications unit, or whatever it is described as, in Centrelink having a look at this, so that you are brought into the loop? When do we get some departmental authorities on paper in relation to this?

Dr Rosalky—There were records made of phone calls and discussions. They were put on file as notes for file.

Senator FAULKNER—Is that the way the department or Centrelink normally works in relation to the expenditure of massive amounts of public money, just on the basis of a note for file?

Dr Rosalky—If a request is generated by a discussion like that and might lead to expenditure of money, the fact that it was agreed as a course of action is recorded on the file by a note for file. It is an alternative to have a formal letter, but we recorded it as a run of discussions between people and to make sure that what actually had been discussed was on file.

Senator FAULKNER—Is that the approvals process for the expenditure of public moneys, that it can be done on the basis of a note for file—for the expenditure of \$800,000 of public money?

Dr Rosalky—This is expenditure of departmental running costs, and decisions are sometimes made, not necessarily with a letter but by discussion, by agreement and by the recording of the decision, possibly as a note for file, possibly as a minute from one person to another.

Senator FAULKNER—But there is no minute in relation to this? It is just a note for file?

Dr Rosalky—Recording discussions and agreements, yes.

Senator FAULKNER—Can you tell me who signed the note for file?

Dr Rosalky—One note for file was made by my executive officer who had been involved and I agreed that that was what had taken place.

Senator FAULKNER—So this expenditure of public moneys has occurred on the basis of a note for file signed by your executive officer?

Dr Rosalky—That is purely who put the words on paper. The decision was a decision that I took, following discussion with my senior people and with the minister's office, that this was a course of action that was appropriate and solved an issue that the minister's office had raised. I recorded those discussions on a note for file, to give a paper trail.

Senator FAULKNER—You say you had discussions with your senior people. How did they take place? Was it a formal meeting, or the executive of the department, or what?

Dr Rosalky—It was relevant senior officers who knew the practices, the processes and the precedent, and legal people involved to give legal advice. It was the relevant experts who knew the subject matter, and we discussed it together.

Senator FAULKNER—Did you get formal legal advice internally in the department?

Dr Rosalky—Yes.

Senator FAULKNER—That was in written form?

Dr Rosalky—Yes.

Senator FAULKNER—Can you tell me when that was provided to you? You can take that on notice if you do not remember.

Dr Rosalky—It was within a day or two of that earlier date. It was part of departmental discussions.

Senator FAULKNER—You requested that legal advice?

Dr Rosalky—Yes.

Senator FAULKNER—And that legal advice came to you?

Dr Rosalky—Yes.

Senator FAULKNER—Could I ask you why. I assume you will not provide me with a copy of the legal advice—that tends to be a fairly consistent approach taken at committees like this. If you would like to, that is fine, but at least I would be interested in asking you why you requested legal advice.

Dr Rosalky—I am not a lawyer and I needed expert opinion on the appropriate exercise of authority under the various statutes that were relevant.

Senator FAULKNER—You only sought internal legal advice?

Dr Rosalky—At that stage, yes. The legal adviser is a very experienced person who knows the Social Security Act and the jurisprudence that relates to it.

Senator FAULKNER—You say 'at that stage'. Do you mean you sought advice at another stage that was not internal legal advice?

Dr Rosalky—Yes.

Senator FAULKNER—Could you tell us about that, please.

Dr Rosalky—I sought advice from the Attorney-General's Department subsequent to, I think, our exchange of correspondence.

Senator FAULKNER—Was that after the mail-out took place?

Dr Rosalky—Yes.

Senator FAULKNER—That was on a range of issues, but including the privacy issues that I had raised with you in correspondence?

Dr Rosalky—Yes.

Senator FAULKNER—So that was advice from the department of the Attorney-General after the horse had bolted, effectively—after the mail-out had been distributed?

Dr Rosalky—And after the issue had been raised of other legal arguments, yes.

Senator FAULKNER—Was the legal advice you sought internally in the department sought prior to the mail-out going out?

Dr Rosalky—Yes.

Senator FAULKNER—There was no private legal advice sought by the department?

Dr Rosalky—Not by the department, no. Actually, I am not quite sure now. I will check with my legal adviser whether that was the case. I cannot quite remember whether there was some private advice. I will have to check that fact.

Senator FAULKNER—Thanks very much. Why did you decide, on something as politically sensitive and obviously as controversial as this, that it was not worth actually seeking the advice of the department of the Attorney-General on this matter prior to the mail-out?

Dr Rosalky—What I needed to know from legal advice was about the authority under the Social Security Act and the privacy considerations. I had a very good source of advice internally on that. I did also—and I know there was some discussion of this with the Prime Minister's department yesterday—seek advice on other aspects from the Department of the Prime Minister and Cabinet. So they were the two sources of advice.

Senator FAULKNER—The Government Division in the Department of the Prime Minister and Cabinet, yes. I appreciate that that was sought. Can you tell me when you sought that advice from the Government Division of PM&C? If you cannot now, perhaps you could take that on notice.

Dr Rosalky—I will get the exact dates, but all of this occurred within about a two-day period so it would all have been very close to that earlier date I mentioned.

Senator FAULKNER—And the nature of the advice you sought from the Government Division?

Dr Rosalky—It was as Ms Belcher, I think, informed you yesterday. I did not have any disagreement with what she said. It related partly to the application of the caretaker convention, were there to be commencement of such a caretaker period in the course of the mail-out. A mail-out is not a single action but takes place over several days, and if a caretaker period were to start during that mail-out we had to have a course of action for how to respond. I wanted to clarify that with the Prime Minister's department. We also wanted to clarify from the point of view of the Department of the Prime Minister and Cabinet the nature of the status, if you like, of the tax reform publicity information which the government had released, because that was basically the information we wanted to mail out. That was considered to be publicity on government business. The advice we got was that if it was that information, then that was perfectly acceptable.

Senator FAULKNER—Did you seek any other external advice, other than from the Government Division, prior to the mail-out taking place?

Dr Rosalky—No, I did not. To go back to your question, Mr Sassella, Executive Director Legal in the department, was going to inform me. If you do not mind, Madam Chair, I will ask him about it. Mr Sassella, the senator asked whether any private legal advice had been sought, in respect of the tax reform mail-out, before the mail-out. I referred to your advice and the advice after the event from the Attorney-General's Department. Was there any private sector advice?

Mr Sassella—That was the only advice we gathered. There was initial advice from me and on, I think, 1 September we sought external advice from the Attorney-General's Department.

Senator FAULKNER—Yes, but 1 September was after the mail-out had taken place?

Mr Sassella—That is correct, yes.

Senator FAULKNER—In fact, it was well after the writs had been issued for the election?

Mr Sassella—I do not recall that date but I accept that that would be the case.

Senator FAULKNER—You can take my word for it. Dr Rosalky, why did you not seek advice from the Privacy Commissioner or the privacy policy branch of A-G's?

Dr Rosalky—I received advice internally on the privacy matter which I considered to be up to date, knowledgeable information. I did not see a need to go further, to be compatible with that information.

Senator FAULKNER—In the cold, hard light of day, with an Attorney-General's report, the involvement of the Privacy Commissioner and a range of other information on the public record, are you now satisfied about the quality of the internal advice you received on the privacy issues?

Dr Rosalky—I am satisfied that there are clearly differing views. There are now a number of legal opinions that have come to light, some of which have said that the action was within the scope of legal authority and others that have said not. The advice to the Privacy Commissioner said not and she based her finding on that advice, which I accept and understand—there clearly is a difference of opinion. We could still dispute that but we do not think that is either productive or helpful for good governance. We hear that advice and we agreed with the Privacy Commissioner and Centrelink to undertake practices that clearly remove any doubt about a repeat of any of these technical breaches that the Privacy Commissioner raised.

Senator FAULKNER—To your knowledge has the database ever been used to mail out any other material apart from the *Age Pension News*?

Dr Rosalky—Yes, I believe it has—a similar sort of nature of announcing activities of the government of the day, separate from *Age Pension News*. That has happened on occasion.

Senator FAULKNER—Has it ever been used to mail out an election policy before prior to an election?

Dr Rosalky—It has been used, as I understand, to mail out a policy and there was an election subsequently, but I do not know how to answer that question because it depends on proximity and interpretations of what people know is happening.

Senator FAULKNER—If I came to you and asked you to mail out an opposition policy, would that be okay too?

Dr Rosalky—Government activities of the day that I, as a public servant—

Senator FAULKNER—But this was not a government activity, Dr Rosalky. This was a policy. This was not a program of government.

Dr Rosalky—The basis on which I decided on this mail-out, Senator, was that this was an announcement and publicity on a government policy—it was a government activity. I think that was the term that the Auditor-General used. That was the basis which I understood was the nature of the campaign.

Senator FAULKNER—Do we now know the full cost of the mail-out, Dr Rosalky?

Dr Rosalky—It was just short of \$800,000—I think it was \$795,000—I will get the exact figure.

Senator FAULKNER—Perhaps you could take that on notice.

Dr Rosalky—Yes.

Senator FAULKNER—It is certainly around the \$800,000 figure that we have spoken about.

Dr Rosalky—Very close to it.

Senator FAULKNER—Thank you.

Mr Sassella—The exact figure is \$795,895.

Senator FAULKNER—Thank you. Has the department got any response to the settled Attorney-General's department advice to the Privacy Commissioner which was signed by Mr Blunn—who, by the way, is the former secretary of this department—that the mail-out was clearly in breach of the Privacy Act?

Dr Rosalky—Did you say any response from the department?

Senator FAULKNER—Yes.

Dr Rosalky—We do not at this stage. We need to clarify ourselves what the implications are for future activities but we are not pursuing it from a legal point of view at this stage. I do not see any purpose in trying to do that. We are trying to just now make sure we have got clear guidelines internally, including what we agreed with the Privacy Commissioner.

Senator FAULKNER—And how is that process being undertaken?

Dr Rosalky—That latest advice is very recent.

Senator FAULKNER—You just said you are making sure you have got clear guidelines.

Dr Rosalky—Yes.

Senator FAULKNER—I was just wondering how you are doing it.

Dr Rosalky—We will. We have not started a formalised process.

Senator FAULKNER—You are going to?

Dr Rosalky—Yes. We will need, as part of ongoing clarity of rules that we operate by, to make sure that any implications of that advice are taken into account, but I have not started any formalised process.

Senator FAULKNER—Have you got any plans to report to committees like this, or the parliament or others interested like me, on what safeguards you might put in place? You might consider that. Have you had any contact with the Department of Veterans' Affairs about the tax mail-out?

Dr Rosalky—There certainly were some discussions with the Department of Veterans' Affairs, but I think that might have been after the mail-out. The mail-out was essentially a mail-out to people on the *Age Pension News* database, because it was seen as a similar

transmittal of information. That database includes veterans pensions as well as social security pensions. I think that is basically how it initiated as including veterans pensions.

Senator FAULKNER—Ms Vardon, could I ask you through the minister a couple of questions about the same thing? I just wondered how you first became aware of the mail-out.

Ms Vardon—There are many activities between the department and Centrelink which happen all of the time as instructions are issued. I think, before the mail-out came, I had some conversations with Hank Jongen, who is our national manager and our communication link back into Centrelink. He drew to my attention—in an informal manner, not in writing—that we were not able to implement this particular piece of work that the department wanted us to do and that they were going to consider an alternative form of it. Because it was a piece of work the department wanted us to do, he was keeping me informed and he was negotiating with the relevant officers in the department at the time.

Senator FAULKNER—Have you got a paper trail on this?

Ms Vardon—I am quite sure that Mr Jongen has information about how we spent the money and all of those other things associated with this particular matter.

Senator FAULKNER—Who, in your view, made the decision to send out the mail-out, as far you are aware about this?

Ms Vardon—We clearly operated under the instruction of the department.

Senator FAULKNER—I see. And how does the department refer that request to you?

Ms Vardon—We have a series of agreements between the department and Centrelink, which are bound in a business partnership agreement which we signed, which gives us broad guidelines on how we behave with each other, how we take instruction and how they measure us. We also have budget arrangements and a certain amount of money is set aside for public relations, magazines and all of those things that go with that. Mr Jongen handles that part of the agreement and he is authorised to negotiate directly with the department for implementing their programs via our channels.

Senator FAULKNER—The seeking legal advice sorts of issues I have just raised with Dr Rosalky and advice on the operation of the caretaker conventions and the like: were those issues that Centrelink concerned itself with or were they issues that were basically a matter for the department itself?

Ms Vardon—I think it would be fair to say they were issues of importance to the department. We took our instructions to spend their money, in a sense, through this arrangement.

Senator FAULKNER—I see. Did you raise any concerns about the privacy issues yourself?

Ms Vardon—No.

Senator FAULKNER—Did you raise any concerns about any possible breach of the Social Security Act or any other legal issues?

Ms Vardon—No, not that I can recall.

Senator FAULKNER—I am sure if you did, you would be able to recall it, wouldn't you?

Ms Vardon—Yes, well the answer is no.

Senator FAULKNER—Did you raise any issues about any concern you may have had over use of the Centrelink database, with either the department or the minister's office?

Ms Vardon—No, because I think that there was a tacit understanding that social security in the past had used the database for sending out its information to people who were age pensioners and vets pensioners and this was in keeping with that general set of behaviours.

Senator FAULKNER—Who was that tacit understanding with?

Ms Vardon—I think that we took into Centrelink the traditions, in a sense, of Social Security, when it came to pensioners and how we communicated with them.

Senator FAULKNER—Just explain to me, could you, how the Department of Veterans' Affairs pensioners link into the Centrelink database?

Ms Vardon—There is an update that comes across just for the purposes of *Age Pension News*.

Senator FAULKNER—Which goes to all DVA pensioners?

Ms Vardon—Yes, except for those, of course, who have sought exemption.

Senator FAULKNER—Yes. So automatically, if you press the button, so to speak, for the *Age Pension News* mail-out, that goes to DSS and DVA pensioners?

Ms Vardon—Yes. My understanding is that they are still separate databases but they are incorporated for the purpose of sending out this particular piece of material.

Senator FAULKNER—Are you aware of the Centrelink database ever being used for material like this tax letter before?

Ms Vardon—No, not at all. Centrelink is not that old, but no.

Senator FAULKNER—Has Centrelink borne any costs, apart from the \$800,000? That is a call on departmental running costs, the \$800,000. Is that correct? That is as I understand what Dr Rosalky has just told us. I might just clarify that. That is a call on departmental running costs, I think you said.

Mr Sassella—Yes, it was. It was from the departmental account.

Senator FAULKNER—Have there been any financial implications in this mail-out for Centrelink, apart from that \$800,000?

Ms Vardon—All of the costs that Centrelink bears in relation to public relations or communications are actually paid for in the contract, in the agreement, by the Department of Social Security. We do not have a separate set of funds. So any recurrent funds that were used by our people were, in fact, part of the business agreement.

Senator FAULKNER—What is the mailing company that Centrelink used for the *Age Pension News*?

Ms Vardon—I am going to have to take that on notice.

Senator FAULKNER—Is it a mail house company called Salmat?

Ms Vardon—The first word that came to my head was Salmat, but I would want to have that totally confirmed.

Senator FAULKNER—Is there someone here who can help me with this?

Ms Vardon—The national manager is on his way, Senator.

Senator FAULKNER—Thank you, I appreciate that. Madam Chair, given that the national manager is on his way, I do not want to delay the committee any longer. I have actually honoured the time frame I spoke to you about a bit earlier in the day, but it might mean I will have to come back at some stage, if you would not mind, during the day. I just want to ask

a couple of questions in relation to the mailing process of the department and Centrelink, but I do not think I will hold up the committee now.

CHAIR—We will advise you, Senator Faulkner, if we are drawing close to the end of the examination of Centrelink.

Senator FAULKNER—As you can imagine, we will have to try and be a bit flexible if we can.

CHAIR—Thank you, Senator.

Senator CHRIS EVANS—Thank you, Madam Chair. I want to ask some general Centrelink—

CHAIR—No, we are still on—

Senator CHRIS EVANS—I am never sure myself whether the question goes to the department or Centrelink, in a sense, but most of these sets of questions are really to general issues—Centrelink staff cuts, those sorts of things.

CHAIR—The plan was to actually deal with Centrelink up front this morning.

Senator Newman—Totally, not just for Senator Faulkner; that is what I was getting at.

CHAIR—Yes. We will continue because there are a number of senators who are still to come who also have questions. The plan would be to deal with Centrelink this morning in relation to every area of policy and then, after that, to go on to the specific areas of policy so that the Centrelink people can then leave.

Senator Newman—That is what I was saying earlier.

CHAIR—Thanks, Minister.

Senator CHRIS EVANS—Part of the difficulty, of course, is that when we are looking to direct a question it is difficult to know whether it fits in one of the program areas. Most of it is cross-program stuff so it seemed easier to do it first and then pick up the rest. Thanks for that.

I wanted to take us through the November announcement about staff reductions and see if I could get an update on where we are with that. It was announced then that 5,000 jobs would be shed between July 1997 and 2002. Rather than ask a series of questions, could I have a bit of an update of where we are at with the staff reduction program?

Ms Vardon—We have that information for you, Senator. May I introduce Graham Bashford, our business manager, who has all of the information for you.

Senator CHRIS EVANS—Thanks, Ms Vardon.

Mr Bashford—I missed the exact question but I presume it is about the number of—

Senator CHRIS EVANS—It was a shedding, I gather, over about four or five years. I want to know where we are at with it, basically. I am asking for a state of the nation report on the staff reduction program.

Mr Bashford—We were scheduled to lose 2,700 full-time equivalent staff for this year, and we are well on track to meet that.

Senator CHRIS EVANS—How many have you shed so far?

Mr Bashford—We have shed 1,900 full-time equivalent staff.

Senator CHRIS EVANS—Do you anticipate having shed the remaining 800 by the end of the financial year?

Mr Bashford—Yes, we are well on track for that.

Senator CHRIS EVANS—You say full-time equivalent positions. What are we talking about in terms of numbers of people? I know it would vary, but I am trying to get a feel for—

Mr Bashford—It is a very messy area. In terms of part-time, temporaries, et cetera, it is 2,227.

Senator CHRIS EVANS—So far 2,227 actual bodies have gone?

Mr Bashford—Correct.

Senator DENMAN—Could we have a state by state breakdown of those numbers please? Is that possible?

Mr Bashford—Yes. I have not got them here but—

Senator DENMAN—No, that is fine.

Senator CHRIS EVANS—By region and office might be better in terms of—

Mr Bashford—We have certainly got those and we can probably get them during the course of the hearing.

Senator CHRIS EVANS—That would be great. You can take it on notice to answer by area and regional office. That would be good. Have you got a breakdown of the proportion of male and female of these staff that are leaving?

Mr Bashford—I am not sure about that. Again, we will find out for you.

Senator CHRIS EVANS—If you will take that on notice, thank you, Mr Bashford. Of these people who are leaving, how are you encouraging them to leave? Are they taking voluntary redundancy packages? Are they leaving as a result of natural attrition? Have they been sacked?

Mr Bashford—There have been 298 full-time equivalents who have gone by natural attrition—net, that is—and 1,602 full-time equivalents through voluntary redundancies.

Ms Vardon—Nobody, Senator Evans, has been sacked.

Senator CHRIS EVANS—Thank you. How are you funding the voluntary redundancies?

Mr Bashford—We are needing to get some additional money which was put into the additional estimates for the restructuring. That is how we are funding them.

Senator CHRIS EVANS—So the item in the additional estimates is to actually pay for the voluntary redundancies, is it?

Mr Bashford—Essentially it is the \$143 million. That is not totally for voluntary redundancies, but it is for the restructuring process.

Senator CHRIS EVANS—That is \$143 million for the restructuring, but how much of it is actually funding the voluntary redundancies?

Mr Bashford—\$83 million.

Senator CHRIS EVANS—That is the \$83 million extra. Are there are other funds currently in your budget that have been used for that purpose, or is that the totality?

Mr Bashford—That is the totality of the money we are going to be spending on voluntary redundancies.

Senator CHRIS EVANS—So it is all coming out of the additional estimates fund, basically?

Mr Bashford—Correct.

Senator CHRIS EVANS—What is the rest of the restructuring money used for?

Mr Bashford—There are a number of projects that we have put in place in order to achieve productivity improvements. They funded some of those projects.

Senator CHRIS EVANS—The \$60 million?

Mr Bashford—Yes.

Senator CHRIS EVANS—It is obviously a fairly major project. Is this the life events stuff?

Ms Vardon—No, not at this stage. A lot of investment funds will have to come in the future for that.

Senator CHRIS EVANS—Perhaps you could be a bit more forthcoming about how the other \$60 million is allocated, Mr Bashford, in terms of what sorts of projects that is going on. It is an awful lot of money.

Mr Bashford—That is quite a detailed question.

Senator CHRIS EVANS—I am happy for you to take the specific on notice, but I would be interested in a general answer now. There must be a few things that stick in our mind as to how the \$60 million is being spent.

Mr Bashford—One is changes to systems generally that allow productivity improvements in the network.

Senator CHRIS EVANS—Is this IT upgrades, that sort of thing?

Mr Bashford—Yes, correct, IT changes.

Senator CHRIS EVANS—I would appreciate any sort of breakdown you can give us on how that is to be spent. That will be appreciated.

Where are these staff reductions coming from? Are they being targeted at particular sections? It is a 20 per cent reduction, as I understand it, of your overall staff. It is a major change inside the organisation. Is it just 20 per cent off every section?

Mr Bashford—No, Senator. Each manager looks at their workload right across the department, out in the offices and in national support office. As a result of that they have decided how many people they need for this year and next year, et cetera. That is the way that the redundancies have generally gone.

Senator CHRIS EVANS—They decided how many they needed?

Mr Bashford—Yes.

Senator CHRIS EVANS—What if the number they need does not meet the 20 per cent reduction?

Mr Bashford—It has not happened.

Senator CHRIS EVANS—So they have all been overstaffed previously?

Mr Bashford—They have all been able to reduce their staff—

Senator CHRIS EVANS—That is commendable.

Mr Bashford—With the productivity improvements that we have put in place. You must remember that we have been working on productivity improvements since well before Centrelink was formed.

Senator CHRIS EVANS—I appreciate that the pressure has been on all over the place, but I am a bit taken aback that there was 20 per cent staff reduction so easily achieved across all sections without demur.

Mr Bashford—We have not achieved 20 per cent, Senator.

Ms Vardon—Nor have we targeted 20 per cent across all sections. We have got 20 per cent in the first year in the national support office, 13 per cent of the area support officers and 10 per cent of the service delivery network. So it was not 20 per cent across the board.

Senator CHRIS EVANS—So it was not left solely within the area managers? You obviously made a policy decision about trying to protect the front end, the sharp end.

Ms Vardon—Yes, we did. And we particularly targeted overheads, people who had—

Senator CHRIS EVANS—Overheads?

Ms Vardon—Yes, everybody who was an overhead had to prove that they were value added to the service delivery end of our organisation.

Senator CHRIS EVANS—You obviously did a good job, Ms Vardon: you survived the cut.

Ms Vardon—Only just!

Senator CHRIS EVANS—I do not know that I would like to be described as an overhead if I were a department official, but obviously that is the—

Ms Vardon—That is technically so. The most important people, as far as we are concerned, are those who deliver the services to the customer. Everybody else has to be value added to that.

Senator Newman—Which is surely something good. It is the right direction.

Senator CHRIS EVANS—The modern jargon still jars me, Senator.

Senator Newman—The jargon, maybe, but we have seen plenty of examples of all sorts of downsizing over the years where it has been the Indians who get downsized and not the chiefs.

Senator CHRIS EVANS—I will just try and explore that a bit further.

Senator Newman—The principle is surely the right one.

Senator CHRIS EVANS—It depends on the organisation, I suspect, and how it was structured before.

Senator Newman—We are looking after people who are the most vulnerable. Surely the services to them have to take the highest priority.

Senator CHRIS EVANS—My point is that I thought that was what the whole organisation did.

Senator Newman—Yes, but any organisation builds up overheads that have to be looked at in regular reviews.

Senator CHRIS EVANS—If we had had this conversation two years ago they would have said they were efficient then, but now all of a sudden they are 20 per cent more efficient. It begs the question a bit.

Senator Newman—No. At the establishment of Centrelink we always said, up front and publicly, that the coming together of major departments of state to become a statutory authority would, and inevitably should, lead to substantial efficiencies. That is really what you are seeing here. Now that they have had their settling down year those efficiencies are starting to be implemented. It was not hidden.

Senator CHRIS EVANS—I accept that the announcement was made. I do not want to get into a political debate about what is driving the efficiencies, whether it is funding cut-backs or these amazing productivity improvements. We can have that political argument some other time—it is not a question for estimates. I am just trying to get a feel for other areas. Mr Bashford's explanation indicated that it was more an upward driven thing, but I think you are telling me, Ms Vardon, that there is actually a policy principle behind the reductions. What was the policy principle that applied to staff in the compliance areas? Are they overheads?

Ms Vardon—No. The compliance people are considered to be part of direct service, at the front line. In the customer service centres, and in some of our area offices where their work is directly into compliance, they are counted as direct service delivery.

Senator CHRIS EVANS—Compliance officers are counted as direct service delivery?

Ms Vardon—Yes, within the broadest band. We are talking about three fairly broad bands here, but they are certainly in the service delivery part of it.

Senator CHRIS EVANS—How is the compliance area organised? Are you saying they are actually out in the regional offices?

Ms Vardon—Compliance is organised in various different ways because there are forms of compliance. Some area offices have gathered together a compliance group in an office of its own because they believe there are economies associated with a group of people covering a different area. Some of our areas believe that, because of the distribution of our network in their area, it is more efficient to attach a compliance staff at the local level. We have allowed area managers to make the decisions about that in accordance with how the network is distributed and how they can best draw their own efficiencies.

Senator CHRIS EVANS—What has been the overall impact on the compliance staffing numbers as a result of this 20 per cent reduction?

Ms Vardon—They are generally within the 10 per cent range. I have to give you an exact answer to that, Senator, but I would need to get that for you.

Senator CHRIS EVANS—But I take it, from what you have said to me about the way it is organised, that it has not been done in a cross-department way, in a sense, because you are saying they are actually organised in different ways at different levels of the service. Is that right? You do not have a compliance department as such?

Ms Vardon—No. We have a central unit for compliance, which looks after the relationship with Family and Community Services and their expectations of us. It sets the operational policies within our organisation. It monitors compliance. It looks to the development of things like prevention; we put a lot of energy into prevention. And it generally keeps an eye on and reports to the minister properly about compliance activity. But, at the direct service level of actually performing the compliance tasks, a decision can be made at the area office or the decision by their own managers can be that they be allocated at the area office or at a customer service centre site or a special site of their own.

Senator CHRIS EVANS—I will be interested in what you can provide me with on the impact of the staff cuts on the complement of staff involved in the compliance role.

Ms Vardon—They are on their way, Senator.

Senator CHRIS EVANS—What about the technical legal advice area? How are they organised? Are they out in the offices?

Ms Vardon—We do not have a separate set of legal advice about the Social Security Act. That comes from the Department of Family and Community Services. We have administrative staff who prosecute or prepare the evidence for prosecution. I am not quite sure what you are actually talking about.

Senator CHRIS EVANS—I am talking about who provides technical legal advice, the front-line troops in terms of difficult queries.

Ms Vardon—We have a series of levels of that. We have complex assessment officers, who are experts in their area. They are usually the first line after a supervisor or a coach of some kind: we have a capacity to call on a complex assessment officer. If there is any legal complication associated with the interpretation of the Social Security Act, we look to the Family and Community Services experts to give us that interpretation. We do not have a separate form of interpretation.

Senator CHRIS EVANS—So it is done by first level, supervisory staff—at the service centres or at the offices or where?

Ms Vardon—Some complex assessment officers look after a series of offices. We do not necessarily have one in every office but we have one that looks after a series of offices. They provide a second level—some of the decisions that people have to make are very complicated and so we have these special officers who are trained for that.

Senator CHRIS EVANS—How many of them would there be?

Ms Vardon—I would have to get that for you.

Senator CHRIS EVANS—I am trying to get a feel for what we talking about. Would it be 10 or hundreds?

Ms Vardon—No, 50 or 60, I think. I will have to give that to you.

Senator CHRIS EVANS—I am just trying to get a feel for how that works, because, as you say, sometimes the front-line officers are dealing with very complex issues and there is always a case example that I am sure tests even the best trained customer service officer. I am just trying to be sure how you get that legal and technical back-up to them.

Ms Vardon—There are a number of issues, of course. There are policy issues. A lot of our people are able to interpret policy because we have a set of manuals which interpret the legislation. The rules about how we deliver the business of family and community services are worked out with them. Those rules are in a reference suite inside every computer in our organisation. So the first level of complexity is written in a guide, and everybody can have access to that guide.

Mr Divett—There is also a series of help desks which eventually, depending on the issue that is raised, go right back to the Department of Family and Community Services. There is a series of levels of escalation of help, depending on the complexity of the issue.

Senator CHRIS EVANS—And they are staffed by Centrelink officers?

Mr Divett—They are staffed primarily by Centrelink officers, but many of those issues go to policy or legal interpretation in that same structure. The question will then go to the client department. Essentially, that structure is to find an answer for a customer service officer, whatever it might be, whether it is a systems issue, whether it is a process issue or whether, as you asked originally, it is a legal or technical issue.

Senator CHRIS EVANS—And where are the first-line help facilities provided? Are they out in area offices or are they in regions?

Ms Vardon—Area offices.

Senator CHRIS EVANS—Thanks for that.

Senator GIBBS—Could I have the total cost of redundancy packages for Canberra based Centrelink staff since July 1997, please?

Ms Vardon—Yes. We will have to take that on notice.

Senator GIBBS—Thank you. Also, what I would like to know is: how many redundancy packages have been given out to Canberra based Centrelink staff since the beginning of July 1997?

Ms Vardon—Are you talking about the national support staff or are you talking about all of the Centrelink staff, of which there are many in Canberra?

Senator GIBBS—All of them. What I am interested to know is: what percentage of the staff have actually returned as contractors after they have been given redundancy packages?

Ms Vardon—This is another question that relates to information technology. We do not actually give packages to people involved in information technology, except with very few exceptions when we are moving out of an area totally. But we are very happy to give you that information and anything in relation to contractors.

Senator GIBBS—If you would, please, because it is my information that staff have taken redundancy packages from Centrelink and the department and then have returned a year later, after the prescribed time, as contractors—the same people who worked there before.

Ms Vardon—Yes, we are happy to give you that information.

Mr Divett—Senator, I want to clarify something. You did ask for the figures from July 1997 and not July 1998?

Senator GIBBS—July 1997.

Mr Divett—The figure from July 1998 is 193 for the national support office staff. It is not all Canberra—

Ms Vardon—But that is not the figure—it is not in relation to contractors. This is the gross figure, but it is not in relation to the senator's question. She has asked a specific question and we will have to get her a specific answer to that.

Senator GIBBS—Thank you. I would also like to know how much the Centrelink office spends on contracting staff per year.

Ms Vardon—Contracting IT staff? I think that is the main part of your question.

Senator GIBBS—All contracting staff. All the staff that have actually left Centrelink and the department and, after the prescribed time, have actually come back to those jobs as contractors. I would like to know how many there are and I would like to know how much the Commonwealth is spending on those contracting services, please.

Ms Vardon—Yes.

Senator GIBBS—And also the number of contractors that are actually working for Centrelink national office at the moment, if I could.

Ms Vardon—Yes, we can give you that information today.

Senator GIBBS—Good, thank you. How much money do you estimate that Centrelink is going to spend over the next three years on redundancy packages for employees?

Mr Bashford—It will be \$144 million. We will, of course, review the need for redundancies each year. We do a three-year financial plan and at the moment that is the plan. We will obviously review it each year.

Senator GIBBS—It seems bizarre to me that you are downsizing staff and putting people off, then they are taking redundancy packages and you are re-employing the same staff as contractors.

Ms Vardon—I can answer that. We have a particularly interesting IT environment at the moment. Our preferred position is to have our own staff doing IT, particularly in relation to applications development.

At the moment, the marketplace for IT staff is extremely volatile. The private sector and others are offering very large amounts of money to our staff, as every government agency and people like banks and so on find. A young person who has some experience, particularly in experiences like we can give them, can earn a lot of money in the private sector.

The IT industry is also highly specialised, and from time to time we need to buy in a special set of skills for a special project. Therefore, we are caught in two interesting things: sometimes we need the expertise, so we bring in a contractor for a short period of time because we are lacking that expertise, and that is fairly straightforward as far as I am concerned. But the more serious problem for us is that our people are very valuable in the marketplace, so sometimes we cannot recruit sufficiently and we have to go to the marketplace to bring them back—not our own people; we have to go into the so-called body shops and hire people for special projects.

Senator GIBBS—What you are saying is that these people, who are actually working for the department are highly specialised. They have taken redundancy packages because you have downsized and, because they are so expert in what they do, we are actually bringing them back on a contract basis. It seems to me that if these people were so highly specialised, why on earth did we offer them redundancy packages in the first place? Why didn't we keep them?

Ms Vardon—We are not offering redundancy packages.

Senator Newman—I think you did say that.

Ms Vardon—Yes, I accept that. But the other part of what I said was that in some parts of IT we are offering them where we have closed down a help centre or some other kind of thing. But they are highly valuable people and we are not interested in offering packages to our IT people. What we have is a marketplace where they can actually get a better deal outside. We have actually reduced the number of contractors we have hired, and I would be happy to give you those figures.

Senator GIBBS—Yes, I would like that.

Mr Divett—I will give them to you now, if you would like. At the start of this financial year we had 334 information technology contractors; on 31 December we had 297.

Senator GIBBS—Thank you very much.

Ms Vardon—I think it is important to say that they are not all ex-staff of ours. That is the figure I want to give you because I think that is actually quite small.

Senator GIBBS—But it is my information that people are leaving the department because of the downsizing and then, after the appropriate time, contracting back to the department.

Ms Vardon—Certainly not in applications development. It is a bit of an issue in infrastructure, but not in applications development.

Senator GIBBS—I would like to know the amount of where they actually are.

Ms Vardon—Certainly.

Senator GIBBS—I understand Centrelink has awarded its corporate design contract to the Brave Design Group? Were tenders asked for? Did they win the tender or did you simply give it to them?

Ms Vardon—We certainly did not give it to them, Senator. I am going to ask Hank Jongen to come forward and explain that process to you.

Mr Jongen—I apologise; I was out of the room and I did not hear the question.

Senator GIBBS—I believe that Centrelink has awarded its corporate design contract to the Brave Design Group. Did they win a tender? Were tenders submitted for this, or not?

Mr Jongen—Yes, Senator, there was a comprehensive tender process. I cannot recall the exact number of companies involved, but I think there was a total of around five companies that we tested as part of that process.

Senator GIBBS—What is the contract worth?

Mr Jongen—I can get that answer very quickly for you. I think it would be fair to say that, because it relates to all of our corporate design and forms design, and in fact it extends the range of services Centrelink expects of graphic design functions, et cetera, it would be in the vicinity of half a million dollars to \$1 million per annum as a minimum. But I am happy to get a projected estimate for you, and I can do that today.

Senator GIBBS—Good. Thank you very much. So they will be doing all the work and future work for Centrelink. How long is the contract awarded for?

Mr Jongen—The contract gives us an option to extend up to three years.

Senator GIBBS—So it is three years currently?

Mr Jongen—Yes, it is.

Senator GIBBS—And then an extension after that?

Mr Jongen—We then have the option under the terms of the contract to extend.

Senator GIBBS—For how long?

Mr Jongen—As I recall, 12 months.

Senator GIBBS—Okay. Thanks very much.

Senator DENMAN—Could you tell me how long the waiting periods are for migrants to have assessment?

Senator CHRIS EVANS—If it is dealt with in a different program the officer will say so.

Ms Vardon—I was wondering if that is a policy issue. Are you asking how long they wait before they get an appointment in our office?

Senator DENMAN—Yes.

Senator CHRIS EVANS—I think the senator was asking a question about the waiting period inside Centrelink. Is that right, Senator Denman?

Senator DENMAN—Yes, that is right.

Ms Vardon—Our average at the moment is four days, but a person with an emergency can get an appointment immediately in every office's policy. From time to time an office does not follow that, but that is our policy. Today, the average wait across Australia is four days.

Senator DENMAN—I have information that would indicate it is longer than that and that there are migrants who are waiting for advice on whether they receive any payments and then they do not receive payments. I have had a couple of complaints about the waiting period for assessment, appointment, and so on from migrants.

Senator CHRIS EVANS—I thought, Ms Vardon, the figure you used for the department was eight days generally. Is that wrong or have I got that from somewhere else? Are you talking particularly about the migrant area?

Mr Wadeson—We did a measure in the middle of January as to how long it would take from when you phoned or called at the office to your new claim interview for Newstart, which is traditionally the longest period. In mid-January the average across all offices was four days.

Senator DENMAN—I think you will find that in Sydney particularly it is longer than that. Could we check that?

Mr Wadeson—The average is four days. We had just on a dozen offices who were 10 days or more, and it could have been one of those. But it sounds to me like it might be a fairly complex issue. It could be going through that complex process which would take a little longer.

Senator DENMAN—But we can find out.

Senator CHRIS EVANS—Just while we are on the subject, Mr Wadeson, I have got examples of people waiting 14 days, et cetera. You said you identified some particular areas of problem?

Mr Wadeson—In the survey we did. I stress again it was for Newstart new claims, which is traditionally the longest people wait. We had a dozen offices where the wait was 10 days or more, but the average was four days.

Senator CHRIS EVANS—That obviously begs the questions: what policy response was made to those which were longer, why were they longer and what has been done about it?

Mr Wadeson—There is a range of factors as to why individual offices can have those sorts of results. Sometimes it is because they are in an area where for some reason there is a sudden increase in the number of people who are unemployed. It could be due to closure of a factory or other purely local factors. This year in some of the youth areas, for example, we had education institutions changing their policy at the last minute which, for various reasons, sent a number of students into two particular offices. Sometimes, of course, you get management issues: for some reason, just on Christmas, staff decide to leave and the office is suddenly faced with that sort of shortage.

I should say we have not been able to measure these things in the past. Certainly, from my experience, as far as waiting times are concerned, we think that this Christmas was one of the best we have had for this sort of thing. There really is a peak of activity over Christmas that really does test management. You get the public holidays, plus a lot of economic activity going on which generates people coming to our offices. It is a significant management task managing through that peak. In 12 offices out of the 279 we manage, we think that was a pretty good result.

Senator CHRIS EVANS—I accept what you are saying about the difficulties around Christmas—no-one would dispute that. I am just trying to get a feel for this. This was the first time you had done the survey?

Mr Wadeson—There is a way in which appointments are measured. It is the first time we have been able to go into the customer appointment system in a systematic way and actually

do a measure like this. We would, of course, like more of this sort of information, but we are working on the way in which the appointments work so we get a more standard base. This year was the first time we have been able to get this sort of information.

Senator CHRIS EVANS—Are you able to provide a copy of that report or the survey for the committee?

Mr Divett—Yes.

Mr Wadeson—We can certainly give you the list.

Senator CHRIS EVANS—I appreciate that. You mentioned specific problems and I accept all that. There are obviously times when there are specific problems at specific offices. Was there anything systematic that leapt off the page of the survey? Were there particular problems in city areas, or were there lessons for Centrelink about where the longer periods were?

Mr Wadeson—Certainly we have done some follow-up with some of them. One of the interesting things for me was the number of very small country offices on the list. I suspect that what is happening there is that people have been told they can go to the larger office if they are prepared to wait so there are a number of very small country offices. As you would know, in most country offices you do not expect to see waits. It is not the sort of thing usually associated with waits. On the appointment system, it is recording wait times in excess of 10 days in these small offices.

For the rest, generally you would find some sort of explanation of local factors. For example, I know that some offices up on the north coast were recording bigger numbers of tourists at this time. They are spread around the country. You would not say there was an area that was particularly adversely affected.

Senator CHRIS EVANS—What about implications for your systems and management?

Mr Wadeson—I think we will continue to go on reviewing how we go through the Christmas period and how that gets managed. Of course, this was the first year when we had the student leavers going through youth allowance, so it has been the first year we have had to really deal with that sort of program structure that came in in the middle of the year. I think there are quite a number of lessons that we can learn because certainly the offices that were identified during the pre-Christmas process with customers who may have needed attention over the Christmas period got in and proactively managed that. That is the sort of service we are looking for and that gets you into a better position than letting it just dump on you as events unfold.

Senator DENMAN—Particularly in Sydney there are offices with high levels of migrant populations that come through. Surely the staff cuts you are making will have an effect on that waiting period, particularly if you are cutting staff in those inner city areas.

Mr Wadeson—What I can say from the data available from this exercise we did this year is that there is not any evidence of a particular problem in the city.

Senator DENMAN—It is not what is coming to me.

Mr Wadeson—Certainly service delivery in areas with high migrant intake has always been a big issue for Centrelink—and, prior to that, DSS. I would say, though, that we have built up a very considerable expertise. We have, as you know, a very active migrant liaison officer program and we have a group in Sydney, the migrant segment, who do a lot of very proactive management work in this area.

Senator DENMAN—I realise all that, but if you have not got the staff to back up those things then you are going to have problems.

Mr Wadeson—Obviously, with the sorts of targets we are hitting and the objectives we have, our intention is to manage this reduction so that it does not impact on customer service in the way you have described.

Senator DENMAN—That is not what is coming to me.

Mr Divett—Senator, it would be very useful to us if you could provide information to us of which offices.

Senator DENMAN—I shall.

Mr Divett—Definitely, we are not getting it in the broad figures. Perhaps if we go into the individual offices and have a look we can identify a problem.

Senator CHRIS EVANS—Is Centrelink planning to do further surveys of waiting times for interviews?

Mr Divett—We now have a capacity to monitor waiting time regularly; we can do it weekly. We are monitoring those offices. To answer your earlier question: we are now keeping our eye on those offices that have longer wait times and we are systematically talking to the managers about why—and that is the process that Mr Wadeson was referring to.

Senator CHRIS EVANS—It struck me that Mr Wadeson's evidence was, effectively, that you were tested at your worst time. It did not sound a very smart thing to do in the sense of giving yourself a decent report card. I gather the evidence you are trying to put to us is that that was probably the worst time to test, or one of the worst times. I suspect July last year was probably worse.

Mr Wadeson—Yes. It is the case that we tend to, I guess, in management terms, focus on the period when, clearly, there is going to be operational stress in the network. It is just that this has been an issue over a number of years—as to how to keep these waits in a manageable framework. We have only just this year managed to find a way of coming up with a reasonable call on at least the Newstart new claim interview process.

Senator CHRIS EVANS—What are the implications for the clients of that waiting time?

Mr Wadeson—Generally, the process in broad terms now is that people—I probably should ask for the customer segment leader—will ring up and they will be given an application form; from the time that is submitted to us their payment is backdated to that time. So we are very confident that we do not cost people money.

Senator CHRIS EVANS—But doesn't some of the information you produce encourage them to bring the application form along to interview?

Mr Wadeson—Yes. The process is geared around that. Once we have registered their contact with us, we can pay them back to that time if that is appropriate.

Senator CHRIS EVANS—It is not the contact, Mr Wadeson—this is the key issue—that makes the date for the register; it is the acceptance of the application form.

Mr Wadeson—Yes.

Senator CHRIS EVANS—What I am saying to you is that some of your literature that I have seen encourages people not to lodge the application form but to bring it along to interview. What I am saying is that there is an implication in waiting times for interviews, if the application form is held over, that impacts on their payments.

Ms Vardon—Could we introduce Carolyn Hogg, the National Manager, Employment Services, who is an expert on this topic?

Senator CHRIS EVANS—Ms Hogg, we are discussing this issue of waiting lists. I accept the department's evidence about that, but the concern I have is that some of the information booklets I have seen encourage people to bring their application forms along to their interview. As I understand it, it is the lodgment of the application form that is the trigger for any backdating of entitlements. Is that right?

Ms Hogg—That is not absolutely true, Senator. We actually take into consideration the date of the initial contact by the customer, whether it be through the call centre or whether the customer actually comes into a service centre directly. We record the date of the initial contact on our systems so that, in a way, the actual date of the interview, per se, has no impact on that.

Senator CHRIS EVANS—So you are assuring me that, in all circumstances, the date of the first contact with Centrelink is the date to which the payment is backdated.

Ms Hogg—Yes.

Senator CHRIS EVANS—Is that explained in the literature?

Ms Hogg—I am not sure, Senator. I would have to look at that for you—if it is as explicit as that.

Senator CHRIS EVANS—I am not trying to be difficult. The reason I came to this issue is that I have seen somewhere where they claim that it is dated back to the time of initial contact and then you see people holding on to the application forms until they are interviewed, so I wanted to be clear about that. You are now saying to me that it is backdated to the date of first contact, which is a good thing. I am pleased to hear it. I am just trying to work through whether that is understood in the system. As an outsider, my initial thought would have been that until I put in the application form I am not likely to get any entitlement. That would be my first reaction.

Ms Hogg—I probably need to say that I am talking about employment programs, Senator. My comments are specifically related to employment such as Newstart allowance, partner allowance, et cetera. One of the pieces of management information that we use to look at the performance of the network in terms of timeliness, of processing, is, in fact, the performance standards that we have for the actual payment of the income support side of the business. In all of those employment related programs, our timeliness exceeds the performance standards.

Senator CHRIS EVANS—Let us be clear. In all the employment programs the payment of benefit is backdated to the first registered contact with Centrelink?

Ms Hogg—Yes. As long as the person actually was unemployed, et cetera, at that stage.

Senator CHRIS EVANS—Taken as given that they are entitled to some benefit—I do not expect you were going to pay them benefit if they were not entitled.

Ms Hogg—Yes.

Senator CHRIS EVANS—In terms of the process though, the employment programs are backdated to the date of the first contact with Centrelink. The lodgment of the application form makes no difference to that, or does it have to be within four days of the contact?

Ms Hogg—I think we have a working rule that it is generally within 14 days that the claim itself is actually registered with Centrelink.

Senator CHRIS EVANS—Provided they lodge their forms within 14 days of the contact, be it by telephone call or by calling in at the office, they will have their payment backdated to the date of contact.

Ms Hogg—I beg your pardon, Senator, it is 21 days.

Senator CHRIS EVANS—21 days.

Ms Hogg—That is, again, if there are no unforeseen circumstances. It is a general application.

Senator CHRIS EVANS—We will take the caveats as given. I am just trying to work this through. They have to be entitled and everything else according to Hoyle, but in terms of normal process, they make contact with Centrelink and provided they have completed and lodged the paperwork within 21 days, their entitlement will go back to then.

Ms Hogg—Yes.

Senator CHRIS EVANS—I do not want to be pedantic but is that generally understood in the system, or is it made known to people that that is how it operates?

Ms Hogg—It is well understood within the operations of Centrelink amongst staff dealing with our customers, and customers would certainly be advised of that if, in fact, there is anything picked up in the assessment process that might affect customers' entitlements.

Senator CHRIS EVANS—Is that included in any of your literature?

Ms Hogg—Again, I would have to look at that. I could not say yes or no.

Senator CHRIS EVANS—Perhaps you could take that on notice. Just so I am clear on the record: I ring up the Centrelink call centre in Launceston and give them my name. Do they enter a computer record about me having made the contact?

Ms Hogg—Yes. Obviously the process would be that—

Senator Newman—And give you a receipt number. That is a very important element because somebody then has a proof on the system.

Senator CHRIS EVANS—I am basically trying to get somebody to take me through just what happens—

Senator Newman—I think it is a very important element.

Senator CHRIS EVANS—and how much information I have to give. For instance, if I ring up, I may not be sure what I am entitled to.

Ms Hogg—The process is: if the initial contact is made through the call centre, the operator will obviously ask quite a few questions about the circumstances of the person. We will look at the database to see if we have a record of the person. There is actually a judgment made about how long we will have to spend with the customer at that point, the customer's circumstances and whether he or she is in an emergency situation. There is some sense of priority put onto the appointment for that reason. It could well be the same day given the circumstances that the customer is talking about, and our officers do satisfy different appointment spaces for different reasons so that we can cater for that. Then assessment is made even down to the level of how long we would potentially need to spend with that customer given the circumstances, and whether we have seen that person before or not. An appropriate appointment is made at that point and the customer is asked whether that is convenient. He or she is offered a choice in many cases about the time of attendance. As the minister said, a receipt number is issued that the customer quotes when he or she actually comes in.

Senator CHRIS EVANS—And the receipt number is the key in terms of their entitlement claim. Is that the way it works?

Ms Hogg—Yes.

Senator CHRIS EVANS—So it then logs the contact and, provided everything else is according to Hoyle, the entitlement is backdated.

Ms Hogg—Yes.

Senator CHRIS EVANS—You made the point of clarifying that you were talking about employment programs. I assume that means because there is a different system applying to some of the other programs. Is that right?

Ms Hogg—The point in relation to employment programs is that every day virtually counts in employment programs. Every day is an important event. It is a daily accrual process. You are probably aware that there are waiting periods involved. In other programs it potentially revolves around a payday, so the issue is not necessarily the same in the other programs in terms of when the payment might commence.

Senator CHRIS EVANS—Were we not moving away from paydays?

Ms Hogg—Later this year, we hope, but not at the moment.

Senator CHRIS EVANS—I remember the debating on the bill. I was not sure I understood it then. So, with the removal of the payday issue, though, aren't you going to be more like your employment programs? Aren't the rest of the programs going to be more oriented that way?

Ms Hogg—Yes.

Senator CHRIS EVANS—So what are you saying about the other registrations—that they are not backdated to the date of contact because it does not matter, or that currently they are just not backdated because it is a different procedure in place? I am not quite sure I understand.

Ms Hogg—I should not really speak for the other programs, but in the other programs it is the proximity of seeing the customer in relation to the next available payday as opposed to every day being a payday in the employment market programs, so in fact it is every day that counts in terms of availability to see the customer or need to see the customer.

Mr Wadeson—If I could just add here that in the other programs the date of when you are interviewed, or when you contact Centrelink, is not as important. It depends, for example, on the date the child is born, the date on which your income varied or the date at which you become 65, so it is those sorts of events that are much more important in determining when you get paid. But the date of contact has always been important in the employment programs.

Senator Newman—Can I intervene here because I can see that Hansard is having a problem. Mr Wadeson has the wrong name in front of him and he did not identify himself as he spoke.

CHAIR—Thank you.

Senator CHRIS EVANS—You are using an alias or something, are you? As long as you did not use Mr Right. That was just for your benefit of you, Senator Faulkner. So it is only the employment area where the date of contact is important, you are telling me.

Mr Wadeson—Let me put it this way. Once again, there are a number of program people who could have answered this one, but in terms of whether it will be influenced by how long it takes to get an interview, the interview time periods are not relevant. I know there are restrictions in the legislation about how long you can backdate claims and things, but in terms

of the discussion about how long it takes to get an interview, we are not in the same ballpark as would affect those times.

Senator CHRIS EVANS—Perhaps I could go back to a more general question. Are there implications for entitlements for citizens of this country of a 14-day delay in interview? It is a question in the broad. We have got into the specifics of the employment programs, but you made it clear you are trying to work to bring those down to deal with the problems where there are long interviews. I am just trying to get a feel for what the implications are for clients. You assured me that in terms of employment the system actually protects their interests. I just want to be assured that in terms of the other events—and I know, Mr Wadeson, you talk about life events; you have got me on the terminology already—life events are the more important dates, birth date, et cetera.

Ms Hogg—If I could just add that probably the difference between the employment programs and other programs is that those issues that you raised in terms of contact and gaining information are specifically mentioned in the social security legislation for the employment programs, but they are not specifically mentioned for the other programs. But of course there is always, I think, in the other programs—

Senator CHRIS EVANS—Sorry, could you speak up a little? I missed a bit of that. I think the acoustics are bad.

Ms Hogg—The difference, if there is a difference in relation to the impact on our customers is that, certainly for employment programs, the issues that we talked about before in terms of what we can do for backdating are specifically couched in the social security legislation. In the other programs it is not specifically mentioned. However, there is always the opportunity through the interpretation of the legislation to take account of events as they occur in those other programs in terms of entitlement commencement.

Senator CHRIS EVANS—So you are saying to me that the social security legislation requires you to do this in employment but does not require you to do it in the other areas?

Ms Hogg—My understanding is that it is, yes.

Senator CHRIS EVANS—That does not quite answer my broader question. What are the implications for citizens of the country for longer delays in them obtaining an interview? Are there implications for them in terms of their entitlements? This is a general public policy question. You have assured me there is no problem in terms of employment. Are there issues that we ought to be aware of in relation to other applications for entitlements?

Mr Wadeson—I do have a note to the effect that for the youth allowance the job seeker one is the same as an employment program. For students it is again the date of initial contact as long as that is not before the course start date. So if you are a student and you are studying, it is the date of initial contact but not before the course start date. Again, it is very similar to the employment program.

Senator CHRIS EVANS—So are you saying, though, that if you contact them before the start date the contact does not count?

Mr Wadeson—No, your payment will just start from the start of course date. On the issue of pensions and families, we do not see wait times of 14 days in those areas. It would be very unusual circumstances for us to generate that sort of wait. On the families side, most of the administration is done over the telephone in any event.

Senator CHRIS EVANS—You could wait 14 days on the telephone, though?

Mr Wadeson—These issues have not come up in that context.

Senator FAULKNER—I just wondered who the mailing house was for the delivery of Centrelink propaganda.

Mr Jongen—The mailing house that was used for that particular mail-out was a local company called Canberra Mailing House.

Senator FAULKNER—So who does *Age Pension News* and these sorts of things normally? What is the mailing house there?

Mr Jongen—The mailing house is usually Salmat under the terms of a longstanding contract. There are a very small number of companies in Australia that have the capacity of managing a mail-out of the size we undertake.

Senator FAULKNER—If we just go to Salmat for a moment, how long have they had the contract with the Commonwealth?

Mr Jongen—I may stand corrected, Senator, but I think we have used Salmat since *Age Pension News* was first introduced, which is some nine years ago.

Senator FAULKNER—Thanks for that. Why did you use a different company for the tax letter?

Mr Jongen—Because the decision had been made not to proceed with the September edition of *Age Pension News*, it became quite a different printing and logistical issue for us. The new publication was quite different in its nature. We were able to use the data processing that had already been done by Streetfile. It was then a question of finding a printer, and again we used a different printer for this particular publication, and also finding a mailing house that had the capacity to deliver the job in the time frame that we were operating under. We contacted industry sources including Salmat, and it then became a combination of looking at the price and the time frame.

Senator FAULKNER—What was the time frame that you were operating under?

Mr Jongen—I do not have the exact dates, but essentially we were acting under direction of the Department of Social Security as it then was. I cannot recall the exact dates.

Senator FAULKNER—I see. So you used a different mailing house and a different printer than you would normally use?

Mr Jongen—That is right.

Senator FAULKNER—Would there normally be a tendering process for jobs of this size?

Mr Jongen—Yes, there would be—and, in effect, there still was. It was done on the basis of verbal quotes.

Senator FAULKNER—Verbal quotes?

Mr Jongen—That is correct.

Senator FAULKNER—Everything was done verbally for this, I think. How often have you got verbal quotes for this sort of work in Centrelink or DSS?

Mr Jongen—I think it is important to make the point that we contract out a significant amount of printing at any time and we therefore have a very good understanding of the market. As I recall, Salmat were not in a position to deliver. We engage in discussions with industry suppliers on an ongoing basis, and Canberra Mailing House were the most viable option.

Senator FAULKNER—How many mailing houses did you go to?

Mr Jongen—Again, there are only two or three. We went to three.

Senator FAULKNER—How many printers did you go to?

Mr Jongen—It would have been three printers based on our understanding of the industry's capacity to do the job.

Senator FAULKNER—Perhaps this question about the sorts of time frames is better directed to Dr Rosalky. We have heard that Centrelink was on a pretty tight time frame—they had to get a verbal quote and so forth. What were the time constraints that you placed on them?

Dr Rosalky—I do not recall the precise details of that particular issue, except that we wanted the mail-out to be completed within a small number of days. I seem to recall—I am just going by memory here—that we sought advice, on the experience of Mr Jongen and his people, about how long that would normally take and we asked if it could be done in a small number of days. I cannot quote you an exact number because I am not even sure I was involved in the discussion. But the concern was that we wanted to make sure that the mail-out was completed quickly. This partly goes back to minimising the prospect, from our point of view, of a caretaker period. I told you before we sought advice from the Department of the Prime Minister and Cabinet. Within the timing there was clearly a risk element and we wanted to ensure that this was done expeditiously. That was our request to Centrelink.

Senator FAULKNER—Who from the Department of Social Security asked you to do it so expeditiously?

Mr Jongen—Again, there was a series of discussions and—

Senator FAULKNER—Who was in on it?

Mr Jongen—I am genuinely trying to recall. Certainly most of the dealings that I had on this issue were with an officer by the name of Kerry Elizabeth within DSS.

Senator FAULKNER—Was the minister's office involved?

Mr Jongen—Certainly I was not privy to any discussions with the minister's office.

Senator FAULKNER—You were not privy, but that is not an answer to my question, with respect. I asked were they involved and you just said you were not privy to them. All I am asking is: were they involved?

Mr Jongen—As is the normal course with the production of products of this nature, I assume there would have been discussions with the minister's office. I was not privy to those.

Senator FAULKNER—Who did the artwork? Who developed the letter? Who developed the content of the letter?

Dr Rosalky—The content of the letter—firstly, as I recall, there were two components of the mail-out of the tax reform package and there was to be a covering letter on top to give it context.

We had a draft letter from the minister's office but it was actually changed in the department, with the knowledge of the minister's office, so that it satisfied us that the letter complied with the advice we had from the Department of the Prime Minister and Cabinet, that it was fully in accord with the publicity material that was going out in the tax reform package. The covering letter was, to the best of our examination, fully in accord with that material. That was the purpose of it. The final wording was written in the department, but the minister's office agreed that that wording was fine from their point of view.

Senator FAULKNER—You wanted to satisfy yourself that the letter under the minister's signature, using \$800,000 of public moneys to promote a Liberal Party policy, was not breaching any legislative constraint or convention that might apply. Is that right?

Dr Rosalky—We wanted to satisfy ourselves that the material being sent out to pensioners was in accord with the publicity package which was part of Commonwealth business, as it was interpreted.

Senator FAULKNER—So DSS said to Centrelink, 'You had better do this very quickly because we want it out before the election is called.' Is that right?

Dr Rosalky—We said that we wanted it done expeditiously because if an election was called we would have the complication of having to try to stop all the postage, which was clearly a complication. There had been a lot of speculation and clearly that was a risk for us to manage. That was the process of managing a risk, a risk that we would have to stop the mail-out in half the—

Senator FAULKNER—Does the \$800,000 include all costs associated with the letter?

Dr Rosalky—I believe so.

Mr Jongen—Yes, Senator.

Senator FAULKNER—Can we get a breakdown of the \$795,000-odd into its constituent elements? I do not expect you to have that available now but if you could provide it to the committee, we would appreciate it.

Dr Rosalky, the only other issue that seems outstanding to my mind—there are many issues outstanding but the one I want to deal with—is the lack of a paper trail, which I find quite extraordinary. This all seems to hinge on one file note signed by an executive assistant in the Department of Social Security. I want to check that I am right in saying this. As far as the formal authorisation of expenditures and so forth is concerned, this all hinges on one file note that is stuck somewhere on one file in relation to this expenditure of moneys. Is that right?

Dr Rosalky—It hinges on discussions between the minister's office, me and a number of my senior people which were recorded in a file note with my authority, and on legal and other advice that I received from relevant authorities.

Senator FAULKNER—Can the file note be provided to the committee, please? I do not want the legal advice. I would like the legal advice but I understand you might—

Dr Rosalky—I will check what exactly is in it. I will have a look at that.

Senator FAULKNER—There should not be any reason in the interests—

Dr Rosalky—I do not think there is any problem but I would just like to remind myself.

Senator FAULKNER—If that could be provided with some alacrity, that would be helpful. There are no written quotes. There is nothing on paper in the Centrelink side of the operation in relation to this whole \$800,000 expenditure. Is that right, basically? The bills have come in as a result of the verbal quotes you received.

Mr Jongen—Certainly, the verbal quotes were documented because they were submitted to me as delegate to satisfy myself that we were getting best value.

Senator FAULKNER—So there would be a file note somewhere in Centrelink that would outline the quantum of the three verbal quotes for mailing and printing. Would that be right?

Mr Jongen—Yes, Senator.

Senator FAULKNER—I do not want to see that, that is probably commercial-in-confidence, I assume. Would it be?

Mr Jongen—It is, Senator.

Senator FAULKNER—What else is contained in the note? Is there any other detail that you might have recorded?

Mr Jongen—There would be the normal information that would have been put to me as delegate to satisfy me that the Commonwealth was getting best value. In other words it would have been a combination of the ability of the companies to deliver, their capacity to deliver, the time frame that they had quoted to us, and the cost.

Senator FAULKNER—Dr Rosalky, is there one file note in your department in relation to this matter, just the one?

Dr Rosalky—There is a file note; there is legal advice.

Senator FAULKNER—Yes, there is legal advice, but that is a separate issue.

Dr Rosalky—As an authority to spend, as I have explained, yes, that was done on the basis of a number of discussions which were deliberately recorded in a file note in order to make a record of them.

Senator FAULKNER—Was there any communications between the department and the minister's office, or the minister's office and the department, in writing?

Dr Rosalky—Not written on that—

Senator FAULKNER—It was all verbal?

Dr Rosalky—Yes, that is correct.

Senator FAULKNER—So what we have got at the end of the day, Dr Rosalky, is expenditure of \$800,000 of public moneys on a mail-out to pensioners in Australia, on the eve of the election campaign, promoting the government parties, promoting the Liberal Party's tax policy, for which there are no written quotes. Everything is done verbally. There is no authorisation. There is just a file note signed by a comparatively junior officer in the Department of Social Security. There is one file note. There is effectively no paper trail for this massive and, might I say, very controversial expenditure.

Dr Rosalky—That is correct. What I have described is the written record and from my point of view, as the Auditor-General found, we were acting on what was a program for Commonwealth purposes. That was the basis on which I took the decision. It followed a number of previous actions of sending out material, both within the *Aged Pension News* and separately, to the same database with not dissimilar information.

Senator FAULKNER—Finally, Madam Chair, I have been provided by an interested constituent with a copy of a letter signed by Senator Tambling on Centrelink letterhead concerning the Retirement Assistance for Farmers Scheme. It appears to be, again, a mail-out that went fairly broadly to a range of possibly eligible recipients in August last year. Does either Centrelink or DSS know about the mail-out I am referring to?

Mr Jongen—What was the date?

Senator FAULKNER—Its only date is August 1998. It is a form letter signed by Senator Tambling.

Mr Jongen—I do apologise, I will have to take that on notice.

Ms Vardon—We can answer the question, Madam Chair.

CHAIR—Thank you.

Ms Vardon—Can I introduce Marcia Williams, who is responsible for our rural and housing segment.

Senator FAULKNER—Do you know the mail-out to which I am referring?

Ms Williams—Yes, I can recall some details about the mail-out.

Senator FAULKNER—What database was used for that?

Ms Williams—It was one that we had taken off ABARE. DPIE had provided us with a mailing list that they had previously used to identify all eligible farmers in Australia. So we actually used a mail house from them.

Senator FAULKNER—How many people would have received this letter? How many letters were sent?

Ms Williams—I do not recall the exact details, Senator, I will have come back to you on that one.

Senator FAULKNER—Will you let me know, please?

Ms Williams—Yes.

Senator FAULKNER—Also, if you could give me a full breakdown of the cost of this particular mail-out, I would appreciate it.

Senator CHRIS EVANS—Ms Williams, you said you got the database from where?

Mr Williams—From the Department of Primary Industries and Energy. They had an organisation that had an up-to-date list of farmers because they deal all the time with farmers.

Senator FAULKNER—Would you have to cross-match it with the DSS database?

Ms Williams—No, not necessarily, because some of them were not already clients of social security.

Senator FAULKNER—So it was the ABARE database?

Ms Williams—It is my understanding it would have been based on that, yes.

Senator CHRIS EVANS—In fact, some of the people you sent to were not clients of yours at all?

Ms Williams—Not necessarily but they would have been eligible customers for the RAFS program.

Senator Newman—That was the very point of the program.

Senator CHRIS EVANS—I am sorry. They would have been eligible for—?

Ms Williams—They may well have been eligible for the Retirement Assistance for Farmers Scheme.

Senator CHRIS EVANS—One of the people I spoke to who got one was 49 years old. Does that mean he was eligible for the program? I am not sure of the eligibility of the program but he seemed a trifle young.

Ms Williams—My memory—and I would have to clarify this—is that the database that we got and used for the mailing list was actually a total group of farmers so we did not miss anybody. We took all farmers and wrote out to them to ensure that everybody knew of the program and were able to apply if they were eligible.

Senator CHRIS EVANS—It was not just to people who you thought were eligible?

Ms Williams—I would have to check those details.

Senator Newman—There was also the requirement that there were two families trying to get income off that one farm and it therefore was not viable.

Senator CHRIS EVANS—How did you know that, Senator Newman?

Senator Newman—I am saying it was the policy behind this new program, RAFS, that there would be a need to help some people off the farm so therefore there would be a second family on that farm anyway. The information was going out to extended families, if you like, who needed to know that there was this opportunity to help the older family off the farm.

Senator CHRIS EVANS—I am just trying to get the rationale for the database. Basically anybody living in rural Australia was eligible to get this letter from Centrelink, is that correct? Was any sort of rural Australia based list good enough?

Ms Corbett—I am the assistant secretary of the special payments branch in Family and Community Services. Our understanding with the program was that we were dealing with a target group that were not currently customers of Family and Community Services. Some of them may have been but there was quite a wide potential target group for this program. We were concerned to reach as many of them as possible. On my understanding we used advice from a number of sources but I would need to give you details subsequently of exactly what process we went through. I know that we did have some advice from the Department of Primary Industries and Energy at the time. We are aware that there were a number of people who were, as it turns out, inappropriate recipients of the letter which we regret and we have answered a number of pieces of correspondence about that.

Senator CHRIS EVANS—How many complaints did you get about this mail-out?

Ms Corbett—I am afraid I could not answer that one.

Senator FAULKNER—You might take that on notice. It might be useful to know. Is there a *Rural News* database by the way or is that not posted at all?

Ms Corbett—There may well be but I am not aware of it.

Mr Jongen—*Rural News* is distributed throughout the Centrelink organisation through our outlets. It is also disseminated to appropriate community organisations and agencies and is distributed in that way.

Senator FAULKNER—You do not use the Centrelink database for distributing *Rural News*?

Mr Jongen—No.

Mr Divitt—Not the customer database.

Mr Jongen—Not the customer database.

Senator FAULKNER—How much did it cost you to access the ABARE database?

Ms Williams—We will take that one on notice and come back to you. I do not have that information with me.

Senator FAULKNER—Whose idea was this?

Ms Williams—It was our obligation to ensure that we were targeting those people who should know about it to determine if they were eligible. When we were determining where we could get the best list of customers that may well be eligible—a list of farmers—we, jointly with Department of Social Security as it was then, sought DPIE's advice and they gave us the listing that was the most up-to-date one.

Senator CHRIS EVANS—Was this the only list you used for this mail-out?

Ms Williams—To my memory, it was, yes.

Senator FAULKNER—How many other mail-outs have there been, by the way? We have had the tax mail-out. We have had the Retirement Assistance for Farmers Scheme mail-out. Can you take on notice and provide to the committee, please, a full list of mail-outs conducted since January 1998—who the signatories were and the cost of these mail-outs?

I am not talking about *Age Pension News*; we understand that. I am talking about the sorts of letters signed by Senator Newman and Senator Tambling and where Centrelink or other databases have been used in this way. The reason I asked the question and asked you to take it on notice is that we just want to know whether this is a one-off situation or not.

Senator CHRIS EVANS—What are Senator Tambling's responsibilities for Centrelink?

Senator Newman—He was parliamentary secretary.

Senator CHRIS EVANS—At the time?

Senator Newman—Yes.

Senator CHRIS EVANS—That is not explained, of course, on the letter. It was just signed 'Senator Grant Tambling'. It could have been Uncle Tom Cobleigh or anybody else. It would have been smart to put what position he might have held. Then again, it might have been smart to date the letter. But I suppose it was such a shonky old operation you would not be bothered with that.

CHAIR—Any further questions?

Senator CHRIS EVANS—This went to everyone on the database from Senator Grant Tambling. Did Centrelink pay for this?

Ms Williams—It was part of the money we were given as part of the publicity budget for RAFS. I think that is how I remember it. Joan?

Ms Corbett—I am afraid I cannot confirm that, but I would imagine that that is the case.

Senator FAULKNER—Ms Vardon, how could Centrelink letterhead be used if Centrelink were not responsible for the expenditure incurred? You just cannot have Senator Tambling—or anybody else for that matter—writing letters willy-nilly on Centrelink letterhead, using a massive database, and sending them all round rural Australia, yet not have some sorts of constraints and controls over it.

Ms Vardon—Centrelink is a government agency, Senator. We take work on contract from the Department of Family and Community Services, and if it is seen by us as a legitimate function, we do not necessarily question it. We make sure that—

Senator FAULKNER—Senator Tambling is the parliamentary secretary. He has got his own letterhead. In the good old days, I used to be a minister. I did not write letters on the Department of Environment, Sport and Territories letterhead or the Department of Veterans' Affairs letterhead; I wrote letters on my own letterhead.

Ms Vardon—There is an agreement that letters that go out to customers or the general public or what have you for the purposes of implementing a program of the government go on Centrelink letterhead. That is because Centrelink is the customer service agency and it is the one that we want the citizens to demonstrate—

Senator FAULKNER—But these are not the customers. That is the whole point, Ms Vardon. They are not going to customers; they are going to people who are not customers.

Senator CHRIS EVANS—And the client is not the Liberal Party; it is the government.

Ms Vardon—I said ‘customers or non-customers’ before.

Senator CHRIS EVANS—Did this go through your board, Ms Vardon, because I have been told the board is independent?

Senator Newman—Senator, are you suggesting that the government, and Centrelink as its agency, is not responsible to ensure that those who are eligible for a program get to know about it? If you are, that was done by your government in the past to make sure that people were getting their proper entitlements under the social security system. It is not a new process and, when you have people who are not currently customers, it is proper to try to get them to know about what they may be eligible for by way of assistance.

Senator CHRIS EVANS—It is quite different, Senator Newman, when the parliamentary secretary signs a letter from Centrelink from a database they have gone off and purchased to deal with a target group that is not part of the department.

Senator Newman—How would you suggest they get that targeted information to a relatively small proportion of the Australian population?

Senator FAULKNER—Have you ever heard of advertising?

Senator Newman—Yes, we have. I have also heard you complain about that.

Senator CHRIS EVANS—You spend millions on everything else.

Senator FAULKNER—Yes, exactly.

Senator Newman—You would think it is wide-casting, Senator.

Senator FAULKNER—When you are involved in a shonk, like your government is so regularly—

CHAIR—Senator Faulkner, I ask you to use parliamentary language as opposed to—

Senator FAULKNER—We are in the business of exposing—‘shonk’ is not unparliamentary.

CHAIR—I ask you to stop raising your voice and to conduct yourself in a manner appropriate to the committee.

Senator FAULKNER—Senator Newman started asking us questions, which is fine. We are more than happy to answer them.

CHAIR—Senator Newman was in the throes of speaking and you spoke over the top of her. Could you let her finish, please?

Senator FAULKNER—Sure. Every time she asks a question, we will answer it.

Senator Newman—I ask you to reject any suggestion of ‘shonk’. Previous governments, including ones that Senator Faulkner was a senior minister in, have done mail-outs to targeted elements of the population for social security purposes. That is exactly what has been happening in the issues he has been quoting today. He somehow tries to distinguish them from activities that were done in the past by his and previous governments. It is perfectly proper for the government to try to locate the people who will be eligible under a new program and to let them know what their entitlements are. In the line of questioning this morning, that is really all that has happened, and it is perfectly proper.

CHAIR—Any further questions?

Senator GIBBS—Yes, I have.

CHAIR—Senator Gibbs.

Senator FAULKNER—Just before Senator Gibbs begins: you have taken that question on notice that I asked more generally about the mail-out?

Dr Rosalky—Yes.

CHAIR—I am sorry, Senator Gibbs. I did indicate that Senator Allison could have the next call. Senator Allison.

Senator ALLISON—Thank you, Chair. I have some questions for Centrelink about disability services. I do not know whether other officers need to come to the table.

Senator GIBBS—Excuse me, Madam Chair, are we changing people?

CHAIR—If your questions relate to Centrelink, it is all Centrelink and we will be coming back.

Senator GIBBS—Okay. I thought we might have been upsetting the program here.

CHAIR—No, you will be all right. Senator Allison.

Senator ALLISON—My first question goes to the supply of disability officers. I wonder if you can tell me how many Centrelink service centres do not have disability officers or disability support officers, whatever their title may be.

Ms Appel—We provide a service to all of our customer service centres by Centrelink disability officers. There are 254 throughout Australia, who may service more than one service centre.

Senator ALLISON—How many centres are there?

Ms Appel—Just under 300.

Senator ALLISON—So there would be, then, 46 that do not have a full-time disability support officer?

Ms Appel—They may not have a Centrelink disability officer located at that centre, but they have access to one by appointment, by a visiting service, by telephone. There is 100 per cent coverage of customer service centres by disability officers.

Senator ALLISON—How many disability officers does that make? How many serve the extra 46 centres?

Ms Appel—There are 254 across Australia. Some service two centres, some service one major centre, some may service three or four smaller centres. I would have to get a breakup of them.

Senator ALLISON—So there are 254 full-time positions altogether?

Ms Appel—There are 254 Centrelink disability officers around Australia.

Senator ALLISON—How many of those serve more than one centre?

Ms Appel—I would have to get a complete list for you. I did not bring that with me, I am sorry.

Senator ALLISON—How does this compare with the number of disability support officers who were employed in 1996-97?

Ms Appel—Disability support officers were employed by the Department of Social Security, as it was then, and there were 192 at that time.

Senator ALLISON—Why was there a reduction?

Ms Appel—There is not a reduction.

Senator ALLISON—No, I beg your pardon. How did those officers serve Centrelink, or whatever it was called then? What sort of arrangement was there under those circumstances?

Ms Appel—The arrangement was very similar. The social security network of offices was serviced by these 192 officers. There was a tripartite arrangement with disability job seeker advisers from the DEETYA network and the Commonwealth Rehabilitation Service network, and they worked in a panel operation servicing all of the Social Security offices at the time. Again there were of the order of 300 outlets that were serviced. Some disability support officers from DSS offices serviced more than one centre.

Senator ALLISON—In those 46 centres that do not have a full-time officer, what happens when a person with a disability comes in and an officer is not available? What is the process?

Ms Appel—The first point of contact for most people with disabilities is either through the phone system or by direct contact with the office, when they will be seen by a customer service officer. We are supporting the disability officers around Australia with disability and carer teams. The majority of our offices now have disability and carer service staff located together and provide a service in each customer service centre.

Senator ALLISON—There was a survey of the disability and carer teams being undertaken last year, I understand. Has that survey been completed?

Ms Appel—Yes. It was completed in December.

Senator ALLISON—Is it possible to get a copy of that? Has it been made publicly available?

Ms Appel—We are still collating the results of that and we have not finalised the report at this stage.

Senator ALLISON—I will talk about referrals now. What sort of criteria do the Centrelink service centres adopt in choosing the three agencies which they offer to clients with disabilities?

Ms Appel—The Centrelink disability officer will take into account the information that is provided to them by the customer, by the associated information that the customer provides, whether it is from medical practitioners or other professionals who assist them—

Senator ALLISON—I am not talking about the selection of the agency. I am asking you what criteria you put in place for deciding whether an agency is a suitable provider. Presumably you have got a bucket of those that are suitable. What criteria do you adopt for deciding who is in that bucket?

Ms Appel—We do not actually make that decision. Those services are contracted by the Department of Family and Community Services and we have a list—

Senator ALLISON—Can somebody else tell me the answer to that question?

Mr Wight—Perhaps I can add a little extra information to the answer that was previously given regarding the information about Centrelink disability support officers. Individuals with disabilities can also enter the system via a separate pathway going directly to a service. Those services can assist individuals to complete the information that is required by Centrelink.

Senator ALLISON—Thank you. I was going to get to that, because I understand the system changed on 1 January. But we can talk about that issue further on.

Mr Wight—I just wanted to assist by saying that, as well as the Centrelink disability support officers assisting people to provide information for their assessment that is carried out by

Centrelink, specialist disability employment services can also assist individuals to complete that information.

Senator ALLISON—You say that they ‘can’ assist. That is an ongoing arrangement?

Mr Wight—That is ongoing, and it is a choice by the individual person with disabilities.

Senator ALLISON—Why was the decision made to keep that system in place when, as I understood it, it was to stop on 1 January? I am pleased to hear that it has not stopped but I just wonder if that is now the permanent arrangement.

Mr Wight—It is a permanent arrangement. The minister determined that that pathway would continue. There are what we describe as the two natural pathways: people can go to either Centrelink or to a service. A number of people had previously gone directly to services and that was set in place as a transition arrangement. It was then determined that it seemed to be working reasonably well, that individuals were being assisted to complete the information by their service provider and that would still be sent to Centrelink for the assessment. So there is still a single assessment process but the assistance into the system can also be provided by the services.

With respect to your question about the selection of service providers, there is a range of service providers that have been providing disability employment support and services to individuals for a number of years. In many instances—I think, but I cannot be 100 per cent sure—they were selected by invitation. They put in submissions and were identified as suitable service providers. They have received grants for a number of years to assist people with disabilities, and they have remained in the system and continue to provide those disability support services to assist people into employment, to find work experience and those sorts of things. We have continued to fund them with grants through the Department of Family and Community Services. An individual that has a disability can choose either those that are short-listed by Centrelink, where they suggest them, or any other person or any other service that is an approved provider within the service.

Senator ALLISON—My question to you was about criteria. This is based on what criteria, and is it written down somewhere? Do you make judgments about who you enter agreements with?

Mr Wight—I do not have that information readily available. I know that we have not introduced any new service providers into the system in recent times. I will have to get that information and come back to you later today.

Senator ALLISON—I am working, as you might realise, from a set of questions I put to the minister almost three months ago. So I am disappointed that you have come today without that information. What records are kept of the referrals that are made within the system?

Ms Appel—We record the options that are given to the customer at the time that we discuss those options with the person who is looking for assistance.

Senator ALLISON—So individual agencies, centres, record that?

Ms Appel—We have a numbered identification system for each of the services that we are able to make referrals to; those are the contracted FACS services. We match the customer’s record with the options that are provided to them.

Senator ALLISON—I understand that, but if I asked you whether we could have data on the numbers of referrals, would you be able to provide it?

Ms Appel—Yes. We are currently providing that information to the Department of Family and Community Services.

Senator ALLISON—And it is coordinated nationwide?

Ms Appel—Yes.

Senator ALLISON—And collected. Is that data also available for public scrutiny?

Ms Appel—I would have to refer to the Department of Family and Community Services.

Ms Carmody—We do have national data coming through. It is a new system, as you know. It has only been operating for just over six months and we still have some bedding down issues with the data. We are expecting that by the end of February the data will be in a relatively clean state. Our plan at that stage was to provide that data to the disability industry reference group that has been set up by the minister to monitor the new streaming process. They would be using that data to analyse any impacts or how effective the process is in terms of streaming and reporting to the minister. I am not aware that there are any issues with releasing the information; we would not want to release it until it is clean, and there are still some big issues there in terms of cleaning it up.

Senator ALLISON—I go back to that question of what happens to a person when they have their three referrals. As I understand it, there are some concerns that, in the system, people are sent off with their three referrals and there is a limited amount of follow-up and sometimes no follow-up to individuals. If people go to those three agencies for referral and find they have all got waiting lists or they are not able to help them in some way, what process is in place to monitor that and to see that those people are given other referrals?

Ms Appel—In the Centrelink system, for people who are in receipt of an activity tested payment—that is a payment such as a Newstart allowance for people who are unemployed—we have an automatic follow-up at two weeks if there is no advice of acceptance or non-acceptance by a service. In the case of people who are in receipt of a non-activity payment such as a disability support pension, we have a four-week follow-up time. At that point, if the person has decided that they do not wish to pursue employment assistance, there is no compulsion upon them to do so. It is a voluntary program for people in receipt of disability support pension.

Senator ALLISON—This question is about records. Will the data that you are collecting reflect the number of people who make that decision, and also the number of referral agencies to which they go before making that decision? What sort of feedback will be available in terms of data?

Ms Carmody—In terms of the incentive nature of the program: if someone chooses, on receiving the information on the three services, not to progress with that, that is their choice. So the actual collection of the data is difficult. The data that we will receive will indicate that they have received information on a number of referrals and then we will have information if they have been accepted into a service.

Senator ALLISON—It seems to me this is the big difficulty. It is one thing to assume, if somebody has not taken up offers or whatever from the three referral agencies, that they have opted to do that. I am talking here about people with disabilities, which might be mild intellectual disabilities, hearing, the whole range—it seems to me that we need to know, we need to have that question put.

Ms Carmody—There is a follow-up, and that would be recorded in the system.

Senator ALLISON—What is recorded in the follow-up?

Ms Appel—If somebody opts to proceed with an option for employment assistance we will record another range of options. If the first three were either unsuitable to that person or they were unable to accept them, we will explore other options and record the next set of options, whether it is one, two or three, that are available.

Senator ALLISON—Why then can we not get data on those people who choose to take up other options or say to officers, ‘We do not want to proceed with employment options’? That is my question: why can we not get data on that? If it is difficult because you cannot ask people whether or not they have opted out, why?

Ms Appel—We do not necessarily record the fact that they have opted out, because of the voluntary nature of the program.

Senator ALLISON—Minister, this may be something you want to pick up. It seems to me that we will never know whether the service is meeting the needs of people with disabilities, if we do not ask that question.

Ms Carmody—We also have service level reporting. Services are contracted to our department and they are required to meet performance targets each year in terms of their ongoing client base and their new client base. That level of reporting does give us that information about whether or not services are actually meeting the needs of clients.

Senator ALLISON—So that reporting back will tell you how many people approach them and were unable to have their needs met?

Ms Carmody—It tells us how many people they have provided services to. It does not tell us how many they have turned away.

Senator ALLISON—There seems to me to be an enormous gap in the effectiveness of the program if we do not have that follow-up which tells us whether the service was able to meet the needs of these people.

Mr Wight—For people with disabilities it is a voluntary program, as was already mentioned, so for those people who choose to go through the process and get assessed as eligible but then choose either to delay in time taking it up, for one reason or another—

Senator ALLISON—I have no argument with the—

Mr Wight—I agree with you it would be very useful information, but it is a choice by the individual to pursue an option or not to pursue an option.

Senator ALLISON—I have no problem with the voluntary nature of opting out of the system, but we are dealing with people with disabilities and many of them are finding themselves in the wilderness, as I understand it. I may be wrong, and you cannot tell me I am wrong because you do not have the data. These people are finding that the new system does not work for them. Until you can tell me with figures that it does, and you can prove that by saying that certain people are not in it because they opted out, then it is—

Senator Newman—Senator, I share some of your concerns that we do not know why people are not taking it up. I would see it as a proper part of a review process for, essentially, a new way of doing business, for good program development in the future, to follow up—maybe by way of survey of a sample of the people that were given referrals—why they did not take it up. I think it is useful knowledge to have if we can do that.

Senator ALLISON—I agree with you, Minister, and I think the absolute data would be just as useful. I return to the question of referrals. Concern has been expressed to me that some agencies are not being used and others are; some agencies that have given service in the past

have been ignored and overlooked for referrals—suddenly they just do not come any more. I asked you earlier about these criteria: they do not know why and there does not seem to be any appeal process in place for them to establish the reasons for the lack of referrals. What processes are in place, and how do these agencies find out about them? How do we fix this problem?

Ms Appel—In fact, through Centrelink we do not make referrals as such, as was already stated. We provide people with the options that are most suitable for their particular situation—

Senator ALLISON—But you made a suggestion about three different agencies.

Ms Appel—and will assist them to make their choice.

Senator ALLISON—Call that a referral or not, you still identify three agencies. I am just trying to get to the reason why there are this three and not that three; that was the reason for my question about criteria.

Mr Wight—Senator, the question that I took on notice was not so much about the criteria for selecting particular agencies; it was more about the criteria that we will fund them on. We fund organisations with a block grant to provide particular programs for individuals. They then indicate to Centrelink disability support officers the area that they may specialise in, or some of them may be very general in what they do and actually, in a sense, subcontract and bring in other professionals—I would perhaps describe it as ‘case manage’ individuals—and may well purchase services from a range of providers, so the Centrelink officers are given that information. Separately, as I said, I will come back to you with the criteria we use to fund new organisations.

Senator ALLISON—My question does not just relate to new agencies, it relates to agencies who were providing this service prior to the change in the Job Network. Is it possible to get a list—I imagine it is quite a long one—of all the agencies in 1996-97 and those which are now not service providers?

Mr Wight—Yes there are quite a number of agencies—from memory, it is in the order of 400 that we fund—but, yes, we could provide you with a list. With respect to referrals, there is some concern that has been expressed by some service providers that they are not receiving referrals or people are not coming to them. However, the information available from Centrelink indicates that very close to the numbers that we projected that would be assessed by Centrelink are being referred to services. A number of services have expressed concern that they are not receiving sufficient referrals, as they see it, to utilise the grant that we are currently paying them and to achieve the outcomes we are specifying for them to achieve, so there has been some expression of concern.

One of the difficult things in that area is trying to assess—and we are starting to try and look into this issue—whether or not those services that are not receiving referrals are actually not receiving them because individuals with disabilities are voting with their feet and going to other services. So the dilemma we have to go through is to go back and look at the quality measures and the criteria, perhaps, that you have raised about improving services and to review whether or not we can continue to fund those organisations who, through the choice of the individuals, are not getting sufficient referrals.

Senator ALLISON—But we will never know if it is the choice of the individuals until we have that data. You no doubt recognise that there is a need to have that. If I can go on to the disability and carer teams, are they or are they not mandatory for Centrelink centres?

Ms Vardon—Are they mandatory?

Senator ALLISON—Yes.

Ms Vardon—I sent an instruction or an encouragement throughout the organisation saying they are a very good thing, and there was a sudden flush of them as a result of that letter. But they are not actually mandatory: we have not directed that every office should have a disability and carer team because in some offices there is a movement, in fact, for some of the disability staff to move into the employment teams and in others the disability staff are still working with the retirement people. It depends very much on the sort of people who are in the local community, the profile of the local community. But we have absolutely encouraged that disability people not be individuals in an office but be part of a team. If we can have a disability and carers team in an office that is a bonus, but it depends often on the size of the office.

Senator ALLISON—What are the other factors? The size of the office and the constituent group, client group?

Ms Vardon—Yes. Certainly the age of the people in the local community.

Senator ALLISON—So, of the 300 agencies, how many would have these disability and carer teams?

Ms Appel—According to our survey, about 68 per cent. About 68 per cent of offices were actually running a disability and carer team as at December.

Senator ALLISON—Is it one of your main strategies to overcome the gaps in the service to people with disabilities?

Ms Appel—We are looking at disability and carer teams as one of those strategies. We are also looking at disability awareness training for all our customer service officers because we do appreciate that people with disabilities may not be approaching us for a specialised service. They may be young people looking for some assistance or they may be coming in to get assistance because of their family situation. So, regardless of the reason people are coming to Centrelink, we are trying to make sure that our customer service officers do have the ability to recognise the access issues that face people with disabilities.

Senator ALLISON—I would like to move on now to the workability tables. As I understand it, a lot of people with disabilities are not being referred to appropriate agencies because their workability tables do not accurately reflect the range of disabilities that individuals might have. What sort of review process has taken place within Centrelink to look at those workability table scores?

Ms Vardon—I will refer that one to the department because in fact a review of that tool is part of their jurisdiction.

Senator Newman—Madam Chair, this is the dilemma we all face with Centrelink in the department. We put Centrelink on first just for Centrelink related issues—matters that relate to reviews of policy and the implementation of policy. We helped Senator Faulkner—who needed to come on earlier—on Centrelink, and we all agreed to have Centrelink on first. But what we proposed originally was to have Centrelink come on at the end and then a whole lot of things that did not relate to pure policy and review of policy would have been dealt with.

Senator ALLISON—I am happy to do it later in the day, but it is along the lines of the—

Senator Newman—The decision has now been taken to do Centrelink, but it is service delivery rather than the policy elements.

Senator ALLISON—But Centrelink has to deal with the workability table.

Senator Newman—But a whole lot of your answers have actually had to come from the department, which indicates that you are not always asking questions about Centrelink's role. I know it is difficult, but we are all trying to work our way through this complexity. I am not trying to be difficult.

Senator ALLISON—Okay. I do not know whether it is Centrelink or the department, so if you want to say we will deal with that later, that is fine by me.

Mr Wight—It is a policy issue. We are reviewing it. But we can come back to that when it is the appropriate time.

CHAIR—Anything on policy, we can take it on notice; anything on service delivery will be now.

Senator ALLISON—Okay. Some questions within Centrelink, then—I am pretty sure this is connected with Centrelink—about how people are assisted. Aside from those who go direct from agencies—I understand that—those who come into Centrelink agencies: what assistance are they given? For instance, someone with a hearing impairment: what facilities are there to deal with people with that kind of disability?

Ms Appel—People who have hearing impairments or who are deaf have access to teletypewriter services through the phone system in all agencies. There is a general 1800 number that they can all contact and it is widely publicised. We also have access to interpreter services.

Senator ALLISON—What does 'access' mean?

Ms Appel—We can book an interpreter in many of our services—either through the telephone or, in the larger centres, in person—so as to have interpreters available on site to assist with people who have hearing difficulties. For many of our meetings and consultations through the disability industry we do actually employ interpreters to assist us in those circumstances.

Senator ALLISON—Do you have any data on, for instance, how long it takes to get an interpreter?

Ms Appel—No, I would have to take that on notice.

Senator ALLISON—Visual impairment: what are the services there?

Ms Appel—In terms of people who are blind, or who have visual impairments, we provide material in large print. We also have audio cassettes that we make available. Through the Department of Family and Community Services these are now distributed about the employment assistance arrangements for people with disabilities. They are particularly targeted to people who are blind. We make available other audio tapes on different areas of service.

Senator ALLISON—Is any of the material available in braille?

Ms Appel—We actually use an Internet service. I cannot think of the name of the product, but we do email people who have equipment that can then print it out in a form that can be read through their computers.

Senator ALLISON—Intellectual disability?

Ms Appel—For people who have intellectual disabilities, we are working with Department of Family and Community Services to produce the employment assistance information in very simple form. We are using a pictorial representation, where it is possible and appropriate, to pass on that information.

Senator ALLISON—Psychiatric illness?

Ms Appel—In a number of cases we find that we are using advocates—people who come along with others. At this stage we are still looking at the full range of types of disability. As you would appreciate, as people have different types of disability their access issues differ. We have a bit more work to do in that area yet to determine exactly what it is that would be most appropriate. In all cases we do encourage people to bring along somebody to assist them, or to advocate on their behalf, if they need assistance.

Ms Vardon—Can I add that the disability officers often perform the function, particularly with people with a psychiatric illness, of building a relationship with that person and then helping them, introducing them to customer service officers but being their contact in their office.

Senator ALLISON—Does that suggest it would be desirable for all centres to have disability support officers? Is that where we are heading; is that an aim of Centrelink?

Ms Vardon—We have certainly increased the numbers to the extent that we can. As you were talking before I was thinking of an example of where there is a shared service. There is a disability officer in Lithgow who spends most of their time in Lithgow but then goes out to Mudgee office and makes appointments. So it is not necessarily essential to have somebody full-time at each place, but that officer certainly covers all of the people with disabilities in that district.

Senator ALLISON—What sort of distance would one have to travel in the more remote areas? What would be the coverage of an officer in some of those areas?

Ms Vardon—Using that example, that officer actually moves from site to site. It is the officer who moves and the customers make appointments in their local area. Of course, for the more remote areas of Australia people go out on tour, but we have been interested in videoconferencing. We think there is some potential for videoconferencing so that an expert could sit in a large office and someone in very remote Australia could go to an agent or somewhere where we had the opposite end of a videoconference facility and they could do the assessment through that. It is beginning to work. We have not done a lot with disability, but we have done it in other areas. I think there is some potential to do that.

Senator ALLISON—Finally, the changes to Job Network and Centrelink were about, as I understand it, providing choice for clients. What sort of data and what analysis of that data, if any, has been collected to show whether people are wanting to exercise choice and are doing that?

Ms Vardon—This is in the Job Network proper, as opposed to anything relating to disability?

Senator ALLISON—No, specifically related to disability.

Ms Appel—The same arrangements in terms of referring people through the Job Network apply to people with disabilities. Once they are assessed as requiring a higher level of assistance, they are provided, through the system, with the options that are available. There are various levels of intensive assistance they may qualify for. Their preferences are listed and as the agency that they prefer has a vacancy they will be linked to that organisation.

Senator ALLISON—I understand how the process works but I wonder whether you have had a chance—it may be too early—to analyse whether the choice that is being provided is working for people with disabilities. Have you analysed how they feel about it? Are they making different choices than they might have done otherwise? Have you had some feedback? Have those objectives been met is what I am asking.

Ms Appel—We are certainly working with the client departments—both the Department of Employment, Workplace Relations and Small Business and the Department of Family and Community Services—to look at the information as it is coming through. As you would appreciate, we have had a phased implementation for one side of the employment service reforms and it has made it difficult to look at all of the data in one consolidated format. By the end of February we hope to be able to do that.

Senator ALLISON—So we can expect the annual report to reflect some of that data and those objectives?

Ms Vardon—The annual report of the Department of Family and Community Services would reflect that. We would give them the information.

Senator ALLISON—Thanks.

Senator GIBBS—Ms Vardon, can I come back to what I was talking about before, the employment of staff at Centrelink. How much has Centrelink spent on travel allowance for IT staff involved in systems testing over the last 12 months?

Ms Vardon—I certainly could not answer that now, but I am very happy to give it to you. Can you be a bit more specific about the question?

Senator GIBBS—Staff are flying all over the countryside doing all of this testing for IT and I have been told that there is no ceiling on their travel allowance. Most people have a certain amount of travel allowance per day—if I am wrong you might correct me—but I have been told that their travel allowance is absolutely unlimited. If they come to Brisbane they can stay at the Heritage and eat lobsters or whatever and the department is picking up the bill. Is this correct?

Ms Vardon—We are a mean organisation, nobody has that kind of luxury. Everybody who is a public servant is bound by the rules. If you happen to know anybody who is out eating lobster I would be the first to want to know that.

CHAIR—There would be a few people who would like to swap places with them too!

Senator GIBBS—This is the information I was given so I would just like clarification on it. Are you saying that there is a ceiling? For example, do they get \$150 a night and then they have to plan their expenses accordingly?

Ms Vardon—Nobody has a special exemption in our organisation. Everybody is bound by the rules of the public service. I will be happy to fully explore to see if there are some exemptions somewhere. Mr Divett, who is in charge of money—

Mr Divett—There would not be an exemption. If someone was defrauding the Commonwealth we would like to know.

Senator GIBBS—So would we.

Mr Divett—I would be very surprised if they are, but we would like your information, perhaps away from the hearing. That would be useful.

Senator GIBBS—There is nothing specific. I have been told that the IT allowance in the department has simply gone through the roof because these particular staff are travelling wherever, and they can stay wherever they like. I have been told there is no restriction on their TA like there is for most people.

Ms Vardon—The information is incorrect, but I am happy to put it on the record.

Senator GIBBS—Yes, if you would please. I will put the original question on notice: how much has been spent over the last 12 months. That would be terrific.

CHAIR—Senator, could I also say that if you do know of any incidents of alleged fraud that you provide it to the minister as soon as possible.

Senator GIBBS—I will, Madam Chair, but I do not know of anyone in particular. I have been told this but I have not been told names, ranks or whatever. That is why I am particularly interested—

CHAIR—Dates, times and places would be helpful.

Ms Vardon—I would like to get the question exactly right. You want to know whether IT support staff who are travelling around Australia providing systems support or testing support—

Senator GIBBS—Systems testing.

Ms Vardon—You want to know the ceiling that each individual has, what the rules are around what they can claim, and you also want to know the total expenditure that was spent in that area. Is that correct?

Senator GIBBS—Absolutely. How much has it cost Centrelink for IT staff involved in systems testing for travel allowance over the last 12 months?

Ms Vardon—Certainly.

CHAIR—Could I clarify that by asking whether there is a distinction—and I am not asking you to do extra work—between what those people are routinely doing as opposed to any Y2K bug work.

Ms Vardon—There is no doubt our experts travel around Australia. We can probably divide it into those that support infrastructure, those that support applications, and those that are dealing with the year 2000 bug. We could do a grouping of that.

Senator CHRIS EVANS—There may be contractors in this area and it might well be that the contractors have different conditions. I am just trying to be helpful.

Ms Vardon—If a contractor is being paid by us then they would be paying their own expenses.

Senator CHRIS EVANS—Yes, they would be responsible for their own expenses. I am just saying that might shed light on the issue.

Ms Vardon—We have the breakdown of the staff reductions by area and customer service site that was asked for earlier. I would like to table that.

CHAIR—Thank you, Ms Vardon.

Senator QUIRKE—To help the committee, I indicate now that my questions are to do with properties in South Australia, the issue that I brought up this time last year. Can you tell us where we are going with some of these properties? I understood from answers that were given last year that Centrelink was negotiating on certain properties over there. Parkside was one of them, Berri was another, and Marden another one that I drew attention to. Could you give us a report on how they are going? Have long-term contacts or leases been signed?

Ms Vardon—I happen to know about this topic. There has been some concern that the Adelaide properties have not been upgraded to the extent that others have been. They have not been upgraded to the new extended open-office plan. Conditions in South Australia, I have to say having now visited most of the sites, were highly unsatisfactory. There was asbestos somewhere, there was rain coming in in another place, people were squashed in another place, and they had old-fashioned furniture.

We have been working with the area management and our property people to try and upgrade where possible the properties in South Australia so that our staff have a decent working environment, and also so that our customers have a much better environment too. I can think of the one in Currie Street where there is very little room for our customers in the front where they have to stand. The doors keep opening because there is an electronic eye. Almost every property was unsatisfactory.

To be specific, we have asked the area manager to bring together a set of plans for the final allocation of sites. I can go through them. We looked for another site in Enfield. We could not find one so we worked with the building owner and have had the building gutted. Probably within the next week or two that site will be totally revisited.

We have had problems with Marden and Norwood. We think that there are probably too many sites within a very short distance of the CBD. We have been negotiating with the South Australian government to find a new site where we can bring together Norwood and Marden.

Senator QUIRKE—Is this why Marden is on a month by month contract?

Ms Vardon—Yes. We have not had a totally satisfactory relationship with the owner. There have been some attempts over time to have the building upgraded.

Senator QUIRKE—He says the same about you.

Ms Vardon—I understand that.

Senator QUIRKE—He tells me he has offered an upgrade but he cannot get through to your staff. I will put that on the record as well.

Ms Vardon—I understand that, but we also have an issue about rationalisation. We have got to get out of Norwood because it is no longer a suitable property for human beings to be in because of the asbestos. It makes a lot of sense to bring Marden and Norwood together in a new site, and that is what we are negotiating at the moment with a particular property. That answers that one. You asked other questions about the area offices.

Senator QUIRKE—Parkside.

Ms Vardon—We are considering Parkside in relation to Marden and Norwood; we might be able to have a main office with small outposts. I have been to Parkside recently and I am told it is not satisfactory. But the final decision on Parkside is still being looked at by the area manager and I am very happy to give you a brief, Senator, when that final strategy is finalised.

Senator QUIRKE—So you are saying that you are thinking of breaking up Parkside into smaller offices.

Ms Vardon—Well, I do not want to pre-empt the proposal but we have three offices close together. We do not want to reduce the number of outposts but we probably think that we could have one larger office with a smaller number of outlets to encourage convenience, but the three sites are each unsatisfactory.

Senator QUIRKE—Is it your intention to keep the property at Parkside? I am not quite sure exactly what you are saying. Are you thinking of relocating to another facility somewhere in that broader area?

Ms Vardon—We are looking at the three sites together—Marden, Norwood and Parkside.

Senator QUIRKE—I see, and Parkside.

Ms Vardon—And Parkside.

Senator QUIRKE—So that is now thrown in there as well, is it?

Ms Vardon—Well, yes, but it is not as thrown in, if I might say, as Norwood and Marden. They are definitely an option because we have to get out of Norwood. The area manager is still trying to work out the best way of delivering service within that triangle.

Senator QUIRKE—When does the lease expire on Parkside?

Mr Divett—It has already expired.

Senator QUIRKE—So it is on a month-by-month basis as well, is it?

Mr Divett—Yes.

Senator QUIRKE—Is it true that Berri has just had a five- or six-year lease? This was the information I got.

Mr Matthews—Yes, the lease at Berri has been renewed and it now expires on 26 October 2004.

Senator QUIRKE—Right. So most of the country sites are not affected by this. This is basically an Adelaide inner CBD problem, is that correct?

Ms Vardon—Yes.

Senator QUIRKE—Thank you, Chair.

ACTING CHAIR (Senator Chris Evans)—I would like to ask a few questions about overpayments and underpayments and cost debt recovery. I am just not clear, looking at the annual report and other documents, about how this works. Do you distinguish between Social Security overpayments that are the result of client misclaiming and Centrelink error? Are they separated?

Ms Vardon—I introduce Mr Rod Gibson who is responsible for that area.

ACTING CHAIR—Perhaps you could take us through from the start. I just want a brief understanding of how overpayments and their recording is managed basically.

Mr Gibson—You are quite right; there is a distinction made between the nature of debts as they are recorded on the various systems. As you would appreciate, they can arise from a range of different sources—certainly compliance reviews, advice from customers and other such factors. Like any computer system, the breakdown of the reason for the debt in the first place is really only as good as the detailed coding that goes with it and no matter how often and how much you break down those codings, someone has always got a question as to another category that you might not have coded in the first place. But, to go back to your question, we certainly have done substantial analysis of the reasons behind the debts that we recover, and I could run through the major causes of those, if you like.

ACTING CHAIR—Yes, I would be interested. Could you give us the total figures for 1997-1998 and then an understanding of how they are made up. That might be the best way.

Mr Gibson—The total Centrelink debt raised last financial year was around 982,000 different debts that amounted to \$664 million.

Senator CHRIS EVANS—Sorry, what was that figure again?

Mr Gibson—It was \$664 million. That covers all of Centrelink's operations, not necessarily just those related to FACS. If you want, I can talk about those related to FACS program specifically, if that would help.

Senator CHRIS EVANS—The others are what—bad debts from suppliers?

Mr Gibson—They are related to other clients and collection of debts on behalf of other agencies.

Senator CHRIS EVANS—FACS are not paying their bills or something?

Mr Gibson—No, it is certainly not that.

Ms Vardon—No, we have contacts with other departments and we also do their compliance work.

Mr Gibson—How about I just talk in relation to FACS or social security programs?

Senator CHRIS EVANS—Yes, whatever is easiest to make the point.

Mr Gibson—There were 934,000 debts raised last year at a value of \$571 million.

Senator CHRIS EVANS—So the vast majority of this is in this area anyway.

Mr Gibson—Absolutely. To break down of those debts, by far and away the vast majority of those debts arise because of a failure on the part of customers to notify about income. In terms of the funds recovered, last year that amounted to 52 per cent. Failure to notify about other changes—

Senator CHRIS EVANS—That is where the client failed to notify of a change of income circumstances?

Mr Gibson—Yes. Failure to notify about other changes in circumstances—such as they are in prison or something has happened in relation to a dependent child and the child is no longer in the person's custody—is another 8.3 per cent. The next group of categories which are substantial are in fact those debts which we would regard as, if you like, not preventable. Within the various pieces of legislation, there are categories of debt which represent the advancing of moneys to people which are subsequently recovered when circumstances change. A classic example is a person who has had some form of injury. They then receive a compensation payment down the track and then the income support payments that they have received are then recovered from the compensation payment. If you like, they are desirable debts: they are meeting a need. Those sorts of advance recoveries amounted last year to 8.3 per cent and the recovery of compensation amounted to another 9.1 per cent.

There is a whole series of minor categories of debt. You mentioned specifically admin error before. Last year that represented 1.5 per cent of the total funds recovered. As I say, there are a range of others such as internal transfers, which is, if you like, the debt that occurs when a person changes from one form of income support to another and the periods do not necessarily line up. An adjustment process then occurs. Last year that amounted to some 8.5 per cent of the debt.

As I say, there are a number of ways of looking at the debt base. You can look at it in terms of percentages of preventable debt versus total debt. You can look at it in terms of debts recovered or debts raised or debts numbers. But the ones that impact most obviously on customers are the debts recovered because they are the ones we go and seek funds from them for.

Senator CHRIS EVANS—Do you seek to recover all debts?

Mr Gibson—There was a change in the legislation, I understand, in 1997 that officially made all overpayments recoverable debts under the Social Security Act. So the short answer is yes, we seek to recover all debts, unless the examination of that debt indicates that it would be inappropriate to do so.

Senator CHRIS EVANS—You have a waiver right, don't you?

Mr Gibson—Yes, we do.

Senator CHRIS EVANS—What percentage of debts are affected by waivers? Even if you do not know exactly, I can just get a feel for it. There must be small amount issues where it is just not worth your while chasing them.

Mr Gibson—I have not got that percentage with me but, certainly, there are provisions for waiver. It is not economic, quite obviously, in respect of existing customers and former customers to collect certain small amounts of money. Certainly, waiver represents a proportion of the debts raised and then waived.

Senator DENMAN—Is it possible for the customers, if they have a substantial debt, to actually pay it off?

Mr Gibson—Absolutely. Most existing customers, by and large, pay off their debt by withholdings from ongoing payments. For former customers we certainly seek cash payments, but a significant number of those people are not necessarily in a position to pay cash straight off. And again we negotiate a reasonable repayment arrangement.

Senator CHRIS EVANS—In terms of the waiver, is there a guideline such as that anything under \$100 is not worth it?

Mr Gibson—For existing customers, the figure is \$50; for former customers, it is \$200.

Senator CHRIS EVANS—I suspect it is not something that you publicise a lot.

Mr Gibson—No, it is not something that we particularly want to push.

Senator CHRIS EVANS—But those are the guidelines used by your staff.

Mr Gibson—Those are the guidelines. I am not saying they are hard and fast, but they are the general guidelines that are applied. If a person's ongoing payment can be easily adjusted then we may seek to recover below those amounts. But, as you would appreciate, in order to implement a recovery action and put out the letters and all the rest, there is a certain cost and there is a break-even point.

Senator CHRIS EVANS—So the debt recovery figures contained in the annual report are a combination of all those various debt recovery mechanisms you refer to?

Mr Gibson—Absolutely.

Senator CHRIS EVANS—What percentage of your debt recovery is successful? What you gave me before was the actual debts, was it?

Mr Gibson—The actual debts. It is hard to answer that because, as I said earlier, many debts are recovered from an ongoing stream. I do not necessarily have an answer for what percentage are successful. Given that the majority of our recoveries are from an ongoing stream, you would say that the vast majority of debt recovery is quite successful. If you are asking what level of bad debt we have, that would usually relate to people who were former customers and you would have to take into consideration those waiver provisions we talked about before, where tracking someone down just becomes an impossible task.

Senator CHRIS EVANS—But you must have figures for bad debts.

Mr Gibson—Yes. I just do not have them with me.

Senator CHRIS EVANS—Could you take that on notice.

Mr Gibson—Yes, as a figure for bad debts.

Ms Vardon—Could we just clarify that we do actually identify the administrative error debts as a separate item in the annual report.

Senator CHRIS EVANS—Yes, that is right. Are the administration error debts those where an officer or the department has made a wrong calculation?

Mr Gibson—Again there would be a whole range of reasons—an incorrect interpretation of policy, a wrong calculation.

Senator CHRIS EVANS—How is that picked up?

Mr Gibson—It is picked up when the debt is raised and the person—

Senator CHRIS EVANS—How is the error picked up? If you pay me \$100 too much, how is that picked up? Is there an audit check of some sort?

Mr Divett—It can be picked up by the customer but most normally it is through regular review processes.

Senator CHRIS EVANS—You would not want to rely on it being picked up by the customer.

Mr Divett—We do have a program of regular review processes for every payment.

Senator Newman—Most of our customers are pretty honest, you know.

Senator CHRIS EVANS—Yes. I was thinking about small amounts but I guess people know they are going to get pulled up further down the track.

Mr Gibson—Ross is quite right. The majority of our debts are in fact identified through the review process.

Senator CHRIS EVANS—What was the extent of that last year?

Mr Gibson—It registered at 1.5 per cent of total funds recovered.

Senator CHRIS EVANS—What is that as a dollar amount, if you have got it there easily enough?

Mr Gibson—\$7.15 million.

Senator CHRIS EVANS—So the review process picks this up and there is a computer entry to identify it, is there? There is a code that is entered against that particular one?

Mr Gibson—Yes. Whenever a debt is raised on the debt system, the person entering the debt allocates a code against it. There are X number of codes and, obviously, they choose the one that is most appropriate for that particular debt.

Senator CHRIS EVANS—Is the same regime as you described for me in terms of pursuing the debt applied whatever the cause of the debt, be it client error or administrative error?

Mr Gibson—The general process is that when a debt is identified then an advice of debt, or an advice of payment, is sent to the customer. They have then got 21 days to either pay that debt or alternatively contact Centrelink and negotiate an arrangement. If they do not contact us, and 28 days expire, there is an automatic click-in within the system for existing customers whereby withholdings commence from their ongoing payments.

If they are not an existing customer and they do not respond within that 21 days, then they receive a further advice which talks about the application of penalty interest to that debt. Of course, if they go on not contacting us, then we go through the more traditional channels of trying to find them. Depending on the size of that debt, we may or may not then engage the services of debt collectors.

Senator CHRIS EVANS—I appreciate that. The question I asked, though, was whether, in terms of your applying that regime, there was one regime for all debts or whether you apply a different regime for—

Mr Gibson—Essentially it is the same regime of advice of the period for waiting, ‘Contact us,’ et cetera.

Senator CHRIS EVANS—So you do not distinguish between those caused by Centrelink and those caused by the client?

Mr Gibson—Not specifically.

Senator CHRIS EVANS—I understand there was a particular problem with Newstart over the Christmas period, resulting from some sort of computer error. Is that right? Was a series of overpayments made then?

Ms Vardon—We are hoping to bring forward someone who can answer those questions.

Senator CHRIS EVANS—I was going more to the specifics there. I want to ask about the fraud investigation team.

Ms Vardon—Would you like to continue the other questions and let us come back to that one with another person?

Senator CHRIS EVANS—Yes, sure. I was going to go on at the end to ask about the money in the additional estimates for contracted investigation services. I wanted someone to take me through what that meant.

Ms Vardon—Madam Chair, we also have other information in relation to the questions that were asked earlier about the public relations campaigns. We are happy to give that when you are ready.

CHAIR—Thank you, Ms Vardon.

Senator CHRIS EVANS—Mr Pacey, are you the person I ask about the Centrelink error, or about the—

Mr Pacey—The enhanced investigation process, yes.

Senator CHRIS EVANS—You are going to tell me about this additional estimates money for contracted investigation services, are you?

Mr Pacey—Yes, Senator.

Senator CHRIS EVANS—Can you tell me what that is about?

Mr Pacey—Yes. We are conducting a public tender process to select private firms to provide surveillance services on behalf of Centrelink.

Senator CHRIS EVANS—Surveillance services, you said?

Mr Pacey—Surveillance services, yes. It is another tool which we will be using as part of our investigation process. That tool involves a service contracted by us to perform video surveillance of potential fraud cases.

Senator CHRIS EVANS—Let me get this clear. Is this a new function, or a function that has been done inside the department and is just being outsourced?

Mr Pacey—It is new to the extent that there was a pilot conducted from April 1997. That work had not previously been done. We have now conducted a pilot. The pilot was successful and so now it has been expanded to become a national program.

Senator CHRIS EVANS—So the pilot was done internally using Centrelink staff?

Mr Pacey—No. The pilot was done, again, by using contracted services, people who were experts in this field. There were two firms who did the work for us in the pilot.

Senator CHRIS EVANS—Who were they?

Mr Pacey—The firms were Peter Cox and Associates in New South Wales and Capital Investigations in Queensland.

Senator CHRIS EVANS—They were contracted to run the pilot. What did the pilot consist of?

Mr Pacey—The pilot consisted of 53 cases which were referred by us to these two firms. There were 28 in Sydney and 25 in Brisbane and the Gold Coast.

Senator CHRIS EVANS—What sorts of cases were they?

Mr Pacey—I can give you some examples.

Senator CHRIS EVANS—How were they chosen?

Mr Pacey—I will give you some examples of some case studies. There was a Newstart customer who failed to notify Centrelink that he had owned and operated a wholesale business for a number of years. This case has subsequently been referred to the Australian Taxation Office as a result of non-declaration of income. So that is one type of category that we will be looking at.

Secondly, a Newstart customer had failed to notify Centrelink he had been employed as a full-time manager of a business for a number of years. We had previously sent the employer an employment verification form, but that was returned declaring the employee was not employed there. So this highlights collusion between the employer and employee. This tool is required in that type of instance also.

Another case is that of a customer who was granted a disability support pension due to a musculoskeletal back condition. He had been employed on a full-time basis in the building industry undertaking heavy manual work. For this customer, numerous allegations from the public had been received over a number of years, and traditional review methods had been unable to confirm the allegations.

Senator CHRIS EVANS—That is what I am not clear about, Mr Pacey. Are you in charge of the section that does the investigations internally?

Mr Pacey—Yes, we refer cases for investigations. The targeting is to refer the cases out to the Centrelink network for follow-up.

Senator CHRIS EVANS—Prior to the trial, how were these sorts of cases that you referred to handled?

Mr Pacey—Previously, for a case where there had been tip-offs from the public, we would have referred that tip-off information to our investigators at a local level, and they would have done their best to try to prove or disprove the case.

Senator CHRIS EVANS—These were in-house investigators?

Mr Pacey—Yes, we have in-house investigators but they did not have the tool available to them of the video surveillance.

Senator Newman—They have been continuing to do that. This is a particularly narrow class of customers.

Senator CHRIS EVANS—Thank you, Minister. I will take Mr Pacey through that. So the internal investigators were not allowed to do video surveillance—or you just did not have the videos?

Mr Pacey—We did not have the videos and it was not a method that we had ever used, but we were aware that this method is used quite widely in the insurance business and in other government organisations.

Senator CHRIS EVANS—So there has been no video surveillance by Centrelink or Social Security in the past?

Mr Pacey—No.

Senator CHRIS EVANS—You did not authorise your current internal investigators to use video surveillance?

Mr Pacey—No.

Senator CHRIS EVANS—This is the quantum leap in the thing, is it? This is the main aspect of the new approach?

Mr Pacey—It is another tool. It is not going to be used to a massive extent; the funding is not for a significant number. Again, it is going to be very selectively used in cases where we think it will most likely assist—where normal methods would not get the result. Basically, it is more of a deterrent.

Senator CHRIS EVANS—I just want to take you through it step by step. We then have the conduct to deal with what were regarded as serious breaches where surveillance may be appropriate?

Mr Pacey—Yes.

Senator CHRIS EVANS—So you had the trial. When was that completed?

Mr Pacey—That was completed on 23 March 1998.

Senator CHRIS EVANS—What did it cost to complete the trial?

Senator Newman—Madam Chair, I do not want to be difficult, but this has all been on the record in previous estimates hearings, and there have been a lot of public reports about it. It is not something that has been hidden from you.

Senator CHRIS EVANS—I admit that it is part of my education, Minister. I do not want to delay things unnecessarily. If the evidence has already been given—

Mr Pacey—I do have figures with me.

Senator CHRIS EVANS—and on the record, I am happy to take note of that. I was getting the background to ask about so that I can understand what is in the portfolio statement, which is a major expansion, as I understand it, of both compared with the trial.

Mr Pacey—The figure of, broadly, \$43,722 was expended by Centrelink for surveillance costs and associated interview activity in that pilot. You would be aware that there are some sensitivities. We are presently going through a procurement exercise, so we do not want to be too specific as these tenderers and others are in there. The benefits were in terms of savings from 33 cancellations and reductions, totalling \$364,500, and debts of \$440,000 were identified, so there is a clear cost benefit.

Senator CHRIS EVANS—Are these all cases, though, that you previously tried to deal with internally?

Mr Pacey—Some of them would have been—the case, as I mentioned, where we had previous tip-offs. Others were cases that were selected in the pilot to see whether in fact this method was going to be beneficial.

Senator CHRIS EVANS—So the major feature of the pilot was this use of video surveillance?

Mr Pacey—Yes.

Senator Newman—Can I intrude? I think one of the other virtues is that this has enabled people to have more flexible hours for undertaking the surveillance. Sometimes, the normal public service hours are quite difficult when you are trying to check on people who are using that sort of deceitful lifestyle, if you like. People do things out of hours that we cannot check on.

Senator CHRIS EVANS—Are you saying the internal investigators were not allowed to work outside of business hours?

Senator Newman—They were largely working public service hours, which was a constraint.

Senator CHRIS EVANS—I can see that.

Ms Vardon—There is another issue I can add, having some expertise in surveillance. It takes a long time to do this surveillance work properly and it is not something you can just add on to somebody's job description. In fact, it can often take a year or so and it has to be done very properly. We chose not to make that investment in the development of our staff because they had plenty of other work to do in their normal duties. It is much more cost-effective for us to buy this one.

Senator CHRIS EVANS—Yes, this is very much an extension of the work, and the department work continues as is—is that right?

Ms Vardon—Yes.

Senator CHRIS EVANS—Where are we at with the new program? Have you let the contract yet?

Mr Pacey—No. There was a national advertisement on 5 December seeking expressions of interest. It closed on 4 January. Four hundred firms were sent the expression of interest documentation and others downloaded it from the Centrelink Internet site for themselves; 210 responded; of these, 115 will be sent offers to tender and 95 were unsuccessful at this stage.

Senator CHRIS EVANS—It is one tender nationwide or is it broken up into states?

Mr Pacey—It will be broken up by different tenders in different states.

Senator CHRIS EVANS—It is not a fixed price tender, obviously, so the costs are yet to be determined—is that right?

Mr Pacey—Yes.

Senator CHRIS EVANS—Have Centrelink drawn up guidelines for what type of cases will be referred?

Mr Pacey—Again, we have gained experienced from the pilot. We have coordinators in each of the areas where the surveillance is going to be. Those coordinators will be responsible for referring what they consider to be appropriate cases to the firms. We are going to use the experience we have got to date and, with ongoing monitoring and sharing the information around, we very much see this first year as being a proving one to find the most appropriate cases.

Senator CHRIS EVANS—Ms Vardon, have you got a view to what are the appropriate limits of the use of this tool?

Mr Pacey—It is estimated that this year there will be an upper limit of 2,000 cases selected. Again, by the end of the year we will probably be able to take a view as to whether that is an appropriate number, whether it is too high or too low.

Senator CHRIS EVANS—I am not so much interested in the number as the appropriate use of the tool. Ms Vardon, has Centrelink drawn up any guidelines on the appropriate use of this tool?

Ms Vardon—It will be very carefully monitored and constrained. It has to be done absolutely properly. There is no point in us, if someone does it wrongly, getting information we cannot use as evidence or cannot use for prosecution, so it has to be done very appropriately.

Senator CHRIS EVANS—Will this only be used in terms of clients?

Ms Vardon—We could hardly send it out to the general population. Yes, it would only be—

Senator CHRIS EVANS—It was more a question about staff.

Ms Vardon—This particular exercise only relates to our customers.

Senator CHRIS EVANS—So there is no intention for it to be used in issues dealing with staff?

Ms Vardon—No.

Senator CHRIS EVANS—I will leave that there.

Mr Pacey—Senator, guidelines have been prepared for the operation of this program and they are going to be given to the Centrelink staff, so it will be quite clear what types of cases we feel they should be referring and they will be discussing that with the contracted firms.

Senator CHRIS EVANS—I would appreciate a copy of that, if and when that is available in the sense of it being distributed to the staff, so that we are clear about it, because obviously there will be some controversy about this issue. I will be interested to see what guidelines are given to the staff.

I want to go back to the question about the computer error over Christmas with the Newstart payments.

Ms Vardon—Mr Wadeson will come forward for this, and Carolyn Hogg.

Senator CHRIS EVANS—Thank you. I just want an explanation of what happened with those Newstart payments over the Christmas period, the extent of the overpayment. I do not want a detailed explanation of what went wrong with the computer, if that was what it was—I would not understand.

Ms Vardon—We rather anticipated this question. What we thought we would do was give you a small history of the youth allowance and its introduction, what happened, how it happened and what it served, and then the additions that were added to it over two quarters. Mr Wadeson is going to give you that information.

Senator CHRIS EVANS—A brief history on the youth allowance! I look forward to that.

Ms Vardon—No, it is very quick. He will be talking about the IT history of it, which is important to understand what then happened at Christmas time.

Senator CHRIS EVANS—Fine—whatever you think is appropriate.

Mr Wadeson—The overpayments and consequent debts that arose just before Christmas were part of what is known as the December release exercise. To put change into the computer systems of Centrelink we usually have four such releases a year. The December release was not a major release within our usual description, but there were some 200 changes put into the system. Some 69 of those were related to what is called the Newstart common platform system. That relates to payments to the unemployed youth and students and a few other small groups.

Senator CHRIS EVANS—That means it applies to a number of payments?

Mr Wadeson—Yes. Within Centrelink there are three basic platform structures, and this group of payments is under a structure called the Newstart common platform. The history of this platform is that it came in as a new system in May last year and it was a very significant systems change for us—it was a completely new part of a key part our infrastructure. And of course on 1 July the youth allowance came in, which was a payment category within this system. So we had a brand new system in May and we brought some 300,000 students across into that system in early July. I think you could say that, while certainly some issues came up, we were able to successfully support the youth allowance implementation.

Coming now to December this year, it was the first time we had used this structure to do what was traditional end of year processing in the employment area. There was a fair focus on the fact that it was a new system that we were using. We used a particular—

Senator CHRIS EVANS—Sorry, when you say ‘end of year processing’ is that to do with people finishing the student year?

Mr Wadeson—We were using the system that we had implemented in May in a way to do processing that is traditional at that time at the end of the year when you bring forward a lot of payments because of holidays and so forth. Also, because this was the first year of the youth allowance, we had that rollover from one year to another and we were using a new system to support the program during that period.

There were two particular items, each fairly minor in their nature, that determined that a process was used called a refresh process, which involved going back and looking at records. The impact, or the unintended consequence, of that was for two groups. There was a group in here as part of the release who were changing, I think, from ‘required to lodge a form’ to ‘not lodge a form’. The system, in a quite unintended way, calculated arrears and, as an arrears, sent out an extra payment to them. So it created a wrong payment and sent it out.

There was another larger group who had a change of benefit during the year—this is getting fairly messy, as this stuff does; it was a change of benefit done partway through a fortnight. Once again, as a result of this process called the refresh process, the system went back and calculated and paid out arrears to these people, which was inappropriate. We generated some 37,000 overpayments.

Senator CHRIS EVANS—Is that across the two categories?

Mr Wadeson—Yes.

Senator CHRIS EVANS—Can you break that up for me?

Mr Wadeson—In the first group the number was 1,130 and I think in the second group there were about 35,900. The first group were the bigger ones on average—the bigger amounts. The average amount for them was \$1,400. For the second group, the average amount was a lot less, just a couple of hundred.

Senator CHRIS EVANS—And when was the error recognised?

Mr Wadeson—The release was, I think, on the weekend of Sunday, 19 December—it was the weekend prior to the Christmas weekend. The error came to light about Wednesday or Thursday. I was told about it on Christmas Eve—I can remember that quite clearly.

Senator CHRIS EVANS—What remedial action was put in place?

Mr Wadeson—Our first task with this number of overpayments was to look at what we might do nationally to see whether we could address the issue nationally. First of all, we had to go through a process of checking that they had been paid and establishing, as far as we could, what the process was. The difficulty was that in these figures there were actually a small number of correct payments, so that meant that invariably we would have to deal with each of those individually.

Senator CHRIS EVANS—Are you saying that of the 37,000 some were correct?

Mr Wadeson—Yes. Having now largely been through this exercise, we estimate the number as being no more than one or two per cent correct arrears payments. We had the total number of arrears which the system had clearly generated. We have had to make sure, though, because some of those could have been correct.

Senator CHRIS EVANS—So this change of benefit resulted in you having to pay people arrears and this was where the error occurred, was it?

Mr Wadeson—Yes, the system paid them arrears incorrectly because of an unintended consequence of the changes we were putting in to December.

Senator CHRIS EVANS—That will be a good sentence in *Hansard*. I will read it at my leisure, I think. Basically, though, you had to fix up all those 37,000?

Mr Wadeson—Yes.

Senator CHRIS EVANS—Are you telling me you have just followed the debt recovery process described to me earlier in evidence or is there some special process?

Mr Wadeson—We identified the larger ones first and we used the system to transmit them to the network as soon as we could. Although the process is described, a lot of people now use the telephone to support overpayment raising, so quite a lot of people were able to be rung up very quickly—particularly those larger ones—and told, ‘Hey, look, we’ve paid you too much money and we want it back.’ We got those larger ones out very quickly and then, as soon as we got through that lot, we issued others in descending order of size so that the network could begin work on them.

Senator CHRIS EVANS—So the proactive response of the department was to put in place expedited measures to contact the recipients and inform them of their debts?

Mr Wadeson—We try as much as we can with overpayment raising to use the phone but, as you realise, contacting people is not always that easy. To the extent that officers were able, we tried to use the phone to contact people.

Senator DENMAN—Have you got any idea how many may have slipped through the net—that you did not pick up on?

Mr Wadeson—How many?

Senator DENMAN—May have slipped through.

Mr Wadeson—Overpayments?

Senator DENMAN—Yes.

Mr Wadeson—None.

Senator DENMAN—None? Right.

Mr Wadeson—This is a pretty devastating sort of thing to happen when you work with these systems, but as soon as we knew the problem existed—and it did take a couple of days—we correctly were able to call up and identify the problem. We will ensure that the correct amounts are recovered.

Senator CHRIS EVANS—I am sure the clients would have been quite happy if it had just been regarded as a Christmas present, but I suspect the call to say you wanted the money back was the problem from their point of view. Maybe they thought the government had got generous or something. Was there any other sort of policy response? Did the minister's office get involved? Has there been any more systematic response on this particular issue or was it just that debt recovery process that occurred?

Mr Wadeson—The department has what is called a release coordination group, and I have been the convenor of that group for the last period. Of those 69 changes, there were some changes that had to go in. They were matters of government policy but there were a lot of changes in there that you would describe as fixes, enhancements, things we are doing to improve things in the network. But did we ask too much to be done in too short a period in terms of this release? With the release it has to go in on that date. You cannot go changing the dates at the last minute because some of the things relate to legislation and so it has to go through as a package.

We are currently looking at that process whereby we control what is going into these releases because a mistake of this type and size should have been picked up somewhere in the process beforehand.

Senator CHRIS EVANS—Is that characterised as an investigation by Centrelink into the mishap?

Ms Vardon—I can answer it in general terms. We do not ever want this to happen again. You asked whether there was a ministerial response. I can assure you there was a ministerial response. Two ministers were very unimpressed.

We determined that we did not want to do this again. We actually have a very good system. We pay 6,000,000 people a fortnight. There is a very solid, sound IT system. Most of the released data, to this date, has gone through all right. But this was unacceptable. We had a very hard look at what were the factors that led up to this. Having reached a lot of conclusions from that, we have now put into place a whole new way of managing releases and managing application development and a whole lot of other things.

If you are interested, I am happy to go into those things but there has been a radical—

Senator CHRIS EVANS—I am certainly not interested in the technical issues because you would lose me straight away.

Ms Vardon—I could give it to you in my English, which is what you probably could understand.

Senator CHRIS EVANS—I am more interested in the broader issue of the policy response than the computer, technical detail because I am just not competent to have that conversation with you.

Ms Vardon—The policy response in a sense was that we went out of our way to make sure that those things do not happen again. That was one positive. There is a recovery response in relation to these young people who were affected by that, and there is a response to make sure that it does not happen again.

Senator CHRIS EVANS—You said you had a couple of angry ministers contact you. What was the effect of their contact? Was it to demand a change in the system, or was it to just express concern at the inconvenience to the client base?

Ms Vardon—One minister wanted an investigation, which we undertook, particularly in relation to the 37,000. We brought in an area manager from Western Australia who was also pretty mad, and he understood a lot of these things. We let him loose, in a sense, and we asked him to go and investigate what we could do better next time.

He identified many things but one thing in particular he said was that we were leaving the systems testing for some of the big releases too late and that we were using it as a rescuing activity rather than a quality control activity. Therefore, one of the things we have done has been to revisit the way we do the testing of our applications, among other things.

Senator CHRIS EVANS—There are a couple of broader public policy issues here. One, there is a question about the ability of the system to cope with major government changes that are planned in a whole range of payment areas. We have had the experience of the youth allowance and now we have had this experience. I am not interested in the technical detail, what I am interested in is the response to ensure that we are better prepared.

Ms Vardon—If I could just go back on a few things, we are all very concerned that you be confident about that. The Newstart common platform was the final pillar in a series of seven years of reform. The three fundamentals to that reform were that we had to get a system that was compliant to the year 2000 so that the people of Australia would get their pensions and benefits. That has been utmost in our minds. Fortunately, we had some good thinkers some years ago who started that process.

The common platform also allows for instant payment rather than overnight payment, which makes a big difference to us. It also allows parts of our system to talk to another part. We can tag a person and the people that they are connected to through our system. I am sure there are more but they are three very important things that were completed with the Newstart common platform.

The Newstart common platform, in a sense, is not quite finished. We are still putting in parts of it, but it will be finished soon. One of the things we have done in our organisation is to say that our priority is to complete the Newstart common platform. It was sufficient for the youth allowance. In fact, the youth allowance went in very well at the end of last year. It was not the youth allowance that was the concern, it was the common platform that was the concern.

Senator CHRIS EVANS—That—

Ms Vardon—The payments came through in July.

Senator CHRIS EVANS—I know, but from an outsider's point of view, if that is one of the successes I would hate to see the failures.

Ms Vardon—I am trying to give you the insider's information.

Senator CHRIS EVANS—I am not being unfair but—

Senator Newman—But most young people did get their payments in a timely way and—

Ms Vardon—They did.

Senator Newman—the right amount of money, to be fair to Centrelink. It is the ones where there is a problem that hit the headlines, or that come to you, or me.

Senator CHRIS EVANS—Yes.

Ms Vardon—The final pillar, being the Newstart common platform, is nearly finished. That now means that we have an extremely sound system upon which we build a social security payments system. I think that people should be very confident about that. It worries me that people think that we cannot handle it because there were a series of release problems that happened in December which could be put down to human error, I have to say. Those human errors have been identified and redressed.

Our chief information officer has done a series of things, like restrict who it is who is allowed to enter the system and make changes. We are also limiting the amount of change that has been put into new releases. We are negotiating with the secretary of the department—and he agrees—that we have to not overburden the systems releases. We are reinstating quality controls on the design of applications that perhaps had not been as rigorously applied because there is too much pressure all the time. And we are revisiting the assessment system.

All of those things will give the government confidence, in our view, that we are not going to have releases that will cause problems anymore. The system is fundamentally sound.

Senator CHRIS EVANS—I am glad that is on the *Hansard*, Ms Vardon. Unfortunately, without someone like Senator Lundy here, I am not competent to take you through some of those issues, but I do want to ask whether one of those issues identified was the number of changes being driven by government policy decisions. I do not mean this as a political comment to the minister, all governments do them and they all decide on dates and start-up dates and things which have—

Senator Newman—Can I just intervene, because it is not exactly a Centrelink issue.

Senator CHRIS EVANS—I am happy for you to answer, Minister.

Senator Newman—You know the difficulty for all of us, regardless of what side of politics we are on, that we never quite know when we will get to a piece of legislation.

Senator CHRIS EVANS—Yes.

Senator Newman—The complexity of the Senate process means that sometimes Centrelink is champing at the bit to try and get the legislation finalised—

Senator CHRIS EVANS—That is the very question I want to ask.

Senator Newman—so that then these policies can actually be put into the IT system in a timely way to give them a chance to test things.

With the youth allowance, they did have a lot of pressure on them because the date that was coming up for ages and ages was 1 July and their Newstart common platform had been delayed in implementation by a couple of months at least and so those two dates were very close. I would say that the first six months period of the Newstart common platform was difficult for a number of reasons, one of which was the complications of the Senate timing. It was almost beyond anybody's control, but the date had to go out as at the beginning of that financial year.

Senator CHRIS EVANS—One of the things that entered my mind was to ask whether this is one of the lessons about these changes, because it seems to me that, yes, you have to back your way up in these things. I am just asking if one of the lessons from this is that there is not enough lead time. If one of the pressures is political, maybe we have to think about how we deal with that. I know governments of all persuasions may say they will have a 1 January start-up date—

Senator Newman—Ms Vardon would like to answer that.

Senator CHRIS EVANS—but, as you say, the Senate may not pass the bill till December and suddenly we are on a—

Ms Vardon—Whilst there are many people in our place who would cheer if the Senate could give us plenty of time with bills, we are also public servants and we understand those things. But may I say that December was in fact a series of errors of our own making. We have had a time of peace in terms of policy change. I think we have been able to deliver most of the policy changes, but we have also used this time to make some improvements in the system. So in the December release almost half, I think—or someone will correct me—of the changes that were actually implemented were things to make the life of the customer service officer easier. They were not themselves policy changes; it was part of our regathering. One of the things that we learnt was that we have to take a balance of how much we are trying to push through—some of our own making and some of it of government policy. The government policy will always take precedence, but it was not a feature of December.

Senator CHRIS EVANS—I accept that, Ms Vardon, and I appreciate your frankness about that, but I was just trying to draw the broader public policy issue. Although this is slightly unrelated, we have got the same problem with a few of the health refunds. We had the health department yesterday talking about the 1 January start-up date on rebates and things, and whether people get systems in place to cope with those sorts of things. But I know Senator Bartlett is very keen to ask some questions, so I will defer to Senator Bartlett.

Senator Newman—Where the government has actually approved a start-up date, it is very much related to the budgetary cycle, of course, and whether there is expenditure required or whether there is savings expected. We have had plenty of debates where we say that it is pretty important that we get it through in order for a start-up of such and such a date. It is not only for that reason; it is also because that is the start-up date that has been given to the network to prepare for: to train the people for, to get the system ready.

Senator CHRIS EVANS—But it is also a question about whether sufficient time is allowed to allow for all those vagaries.

Senator Newman—For youth allowance, for instance, there was oodles of time. It is just that we got delayed by other legislation.

CHAIR—Senator Bartlett.

Senator BARTLETT—I have a few questions in relation to service delivery. I apologise that I have had to be in the legal and constitutional affairs committee all morning, so if I ask something that someone has already asked, feel free to say, ‘You have already asked that and you can check the *Hansard*,’ to save your going over it again. In relation to the specialised assistance area and providing specific support services through Centrelink offices: I understand from your information that you have youth officers and youth teams in all Centrelink offices. Is that so?

Ms Vardon—Yes, we have youth teams in Centrelink offices.

Senator BARTLETT—And they are in all offices?

Ms Vardon—Yes.

Senator BARTLETT—Are the number and availability of those officers likely to be affected by the restructuring arrangements?

Ms Vardon—One of the things that happened last year, in fact, was that we created some special youth sites. We actually increased the services to young people by putting in special youth centres. But I am going to ask someone who is probably a bit more competent than I

am to answer that. Sally Babbage is the national manager for our youth and student team but also it was Mr Divett, who actually did the review as part of the review of youth services, who introduced the new model. So perhaps you might open with some conversation about it.

Ms Babbage—Following on from the youth services review, we implemented youth teams in the majority of our offices, and we have also got 45 specialist youth servicing units as well. In addition, we started the youth and student customer service line. We have also got a range of 12 career information centres. We have also developed a specialist training package for staff in our youth centres.

Senator BARTLETT—Are you saying that you have youth teams in the majority of your offices, or all of your offices?

Ms Babbage—We have got them in over 90 per cent of the offices. There are couple of smaller offices where it is not practical to have segregated units within them.

Ms Vardon—I would like to correct my strong statement that we had them everywhere. We have them in 90 per cent.

Senator BARTLETT—Have those offices where you do not have them got some sort of outsourcing? What mechanisms do you use to ensure that those services are delivered?

Ms Babbage—The services are still delivered in those offices, but they are not delivered by a youth designated team. There is a multipurpose team.

Senator BARTLETT—In terms of the broader issue—I imagine questions have been asked about it—of the effect of restructuring and staff numbers, and those sorts of things: is that going to impact on the youth teams and youth offices?

Ms Babbage—No.

Mr Divett—Not to date. Our intention is to ensure that the performance standards we have agreed with our client agencies for youth and students continue to be met, and they are at this stage.

Senator BARTLETT—Are there social workers in all Centrelink offices now?

Ms Vardon—We will say yes.

Senator BARTLETT—You never know when you may need one.

Ms Vardon—They are in most of our offices. I do not think we have an expert here to answer on that. We certainly have many social workers and we have no intention of reducing them. There was a little bit of rationalisation—and I use that word gently—some months ago before we made any announcements, because there had been a review of social workers' pay and conditions. There were some changes to the number of social workers as a result of that, not as a result of any downsizing. But social workers appear to be a growth industry in our organisation.

Senator Newman—So there is hope for you. We will keep a berth warm for you!

Senator BARTLETT—I might take you up on that, you never know. Are there plans to direct more social worker contact towards the phone services and appointment based access as opposed to—

Ms Vardon—It is one of the areas that have actually increased. The number of social workers in core centres has increased.

Senator BARTLETT—And the types of activities they are doing are getting more and more into that—

Ms Vardon—The social workers have certainly taken a look at where Centrelink is headed and seen it as very important to improve customer service. They are committed to that improvement in customer service, doing things differently, so they have actually positioned themselves quite strongly in some of what you might call the innovative ends of our organisation. They have been extremely constructive and they have positioned themselves well, I think, for the future.

Senator Newman—DV, for example?

Ms Vardon—Yes.

Senator Newman—Domestic violence is an issue that has been very much focused in the social work area, not entirely in there.

Ms Vardon—And the parent hotlines and a whole lot of other things. The social workers have been very much party to that innovation.

Senator BARTLETT—I come now to the overall range of specialised officers, although I am not sure if that is the right term for them. I think you have had questions previously on disability services.

Ms Vardon—Yes.

Senator BARTLETT—Have the current levels of activity of all those specialised officers been impacted less by the efficiency rearrangements than those of officers overall? Have they been treated differently?

Ms Vardon—It is difficult to answer that question because, if we say we will protect every single specialist officer, then the group that carries the main burden of the cuts becomes the customer service officers. The customer service officers are extremely important to us—they are at the front line, and the specialists are there to reinforce them.

Senator BARTLETT—I guess I am just trying to get a feel for whether they would be assessed differently as a group as compared with the overall organisation.

Ms Vardon—One of the hard jobs an area manager has to do is to decide how to keep a balance. So someone might cover two offices instead of one as part of the reduction. We want to keep the specialist services going, but they cannot be more protected than the customer service officers.

Senator BARTLETT—I understand you are looking at or planning the outsourcing of some of your rural services to private providers as part of this.

Ms Vardon—No, we are not planning to do anything different from what has been going on for many years. We have been concerned that rural and remote Australia has not been getting as good a service as it might. We built on what was both the CES and DSS agents program where local people, local organisations, were paid a grant of some kind to provide a limited service on our behalf. We have extended, essentially, that agency service into 74 more sites. But if you want to call it outsourcing, then you would have to call what has been going on for years outsourcing. In fact, it is a much better use of community energy. We could not possibly service an office in a town that had 300 people in it, but we can certainly accredit and support someone who can act on our behalf.

Senator Newman—In addition, in Tasmania, for example, we have opened five offices jointly with the state government service providers. So they have got a one-stop shop at the state level that is co-located and cooperating with the one-stop shop that Centrelink has. Sometimes it might be one officer representing the state services and one officer representing

Centrelink. It is a really good way of having a viable service for people in rural areas that otherwise could not expect to see people except perhaps on an agency basis or an occasional visiting basis. The government's regional development policy has been enthusiastically adopted by Centrelink to see how we can better service those people.

Senator BARTLETT—Sure; I do not have a problem with that. Are those sorts of services subject to the same review mechanisms as Centrelink officers themselves and the privacy guarantees and those sorts of things?

Ms Williams—They actually have to sign a contractual arrangement with us which limits them to all the same limits as our customer service officers regarding privacy and giving out information. I might also add, too, that their duties are actually more limited than what would happen in a customer service office. It is more about basic information rather than any decision making.

Senator BARTLETT—Is a list available of all those sorts of services?

Ms Williams—Yes. I can provide a full list of services.

Senator CHRIS EVANS—Can you also provide information on where the delegation of authority ends in terms of the decision making process?

Ms Williams—What sort of functions they do?

Senator CHRIS EVANS—Yes; what the limit is—

Ms Williams—Yes.

Senator CHRIS EVANS—We are pursuing this question of privacy and accountability and—

Ms Williams—They do not actually have any delegations under the Social Security Act. They go up until decision making. So they handle more information: they give out forms and basic advice on how to access Centrelink's services and specialist officers et cetera.

Senator BARTLETT—Thank you. Just a few more questions. Has anybody asked about Y2K compliance: is that on track?

Ms Vardon—Yes, we feel very confident—I have to be careful about the word 'confident'. We have had very good people working for a long time going through our systems to make sure that we are Y2K compliant. It is a weekly item at our executive group meeting. We have a group that meets every quarter. We have built a time machine and we are testing all the software and the hardware through the time machine, and by the end of June every single national manager sitting behind me has to tick off that every single part of their work is compliant. We do not rest on this topic. It is extremely important to us that the people of Australia get their pensions and benefits in the first week of January.

We also have an associated obligation of course to make sure the banks can pay people. It is all very well for us to be able to push the electronic button through to the bank but the bank has to be able to pass it on. So we are working with the banks. We are a major client of the banks; we are on one of their committees and so on. So we take our responsibility for duty of care in this matter very seriously.

We also have a set of contingency plans. If the electricity does not turn on, on 1 January, well, for example, we are going to buy a lot of paper soon so that we can all sit and write cheques, but we are hoping that the electricity will go on. But as far as our own organisation—

Senator Newman—What if the sewerage does not work ?

Ms Vardon—Thank you, Minister. You have helped me a lot; I had not thought of that. One of the other issues that I might say we are taking very seriously is educating our own staff to check their own homes because we want our staff to come to work. If their airconditioners do not work and the lifts do not work and the doors will not open and the cars will not work—all of those other things—then that is a serious problem to us. So it is not just that we are looking at our systems but we are also looking at our own staff's preparedness to come. We may well even have to open up child-care centres on our own sites. We have a lot of contingency plans in action. We take it very seriously.

Senator BARTLETT—Okay. Thank you for that. The other area I wanted to ask quickly about is compliance activity. I understand from your annual report that the benchmarks for compliance reviews in the last financial year required \$12 in cash to be recovered for every one dollar in salary allocated for debt recovery. Does that sound roughly accurate?

Ms Vardon—I will just bring an expert in.

Senator BARTLETT—I just feel that I should ask a lot of questions once I make someone come to the table—not just one question and they have to go away again.

Ms Vardon—That is all right; that is what we are here for.

Senator BARTLETT—I understand that you have benchmarks for compliance reviews requiring \$12 to be recovered for every one dollar in salary allocated for debt recovery. What is the benchmark for this year, given, I understand, that last year you came in above target in that regard?

Mr Gibson—Yes, we came in substantially above target last year, you are quite right, and that is reflected in the annual report. The question is: this year how are we going?

Senator BARTLETT—What is your benchmark, 12 to one?

Mr Gibson—The benchmark has changed substantially this year from that particular basis to one which is more related to the effectiveness of the various reviews rather than necessarily the same dollar target. It is possible to convert those sorts of achievements into a dollar target. We are ahead of benchmark at the moment, based on an extrapolation of the first quarter's returns.

Senator BARTLETT—But I understand from what you are saying that the underpinning of your benchmark now is not dollar driven. It is some other measurement.

Mr Gibson—That is exactly right.

Senator BARTLETT—What is the measurement again?

Mr Gibson—The measurement is that, in relation to reviews, we have to achieve a certain rate of variation. For every review you do, in order for that exercise to be effective, you require a certain outcome and that outcome is currently set, from memory, at 10 per cent variation as a result of the reviews, either an upward or downward variation. At the moment we are achieving 12 per cent.

Senator BARTLETT—So there is a variation in payment.

Mr Gibson—Yes. Either a cancellation or an upwards or downwards variation in the amount the person is currently receiving as a result of the review.

Senator BARTLETT—So if you review one person and they find there is no change in your review—

Mr Gibson—If you review 10 people, then one of those ones that you review should result in a change.

Senator BARTLETT—So it is a matter of getting one in 10 people to have a 10 per cent variation in their payment?

Mr Gibson—No. You would not do the review unless there was an expectation that that cohort of people you are looking at produce an outcome which makes the review exercise effective.

Senator BARTLETT—How is the compliance area affected by the staff cutbacks?

Mr Gibson—At the moment, going on the extrapolation of the first quarter's achievements, compliance reviews, both in value and number, are running ahead of last year's achievement levels and certainly ahead of agreements with the department. The short answer is that they are not affected.

Senator BARTLETT—Is that because you are doing your job so well?

Ms Vardon—Yes.

Mr Gibson—It is a double-edged sword. We do not get a great deal of joy out of finding some of these, to be honest. Without wishing to extend the answer, which is always a danger in this context, we are working very hard on debt prevention with the aim of driving these figures down.

Senator Newman—Which is surely the best way of all, you would agree?

Senator CHRIS EVANS—No. As you well know, it is very dangerous territory.

Senator Newman—Debt prevention is surely the best way to go rather than the heartache that comes from people getting the wrong amount or not obeying the law.

Senator BARTLETT—Leaving aside people who clearly set out to rip off the system, that prevention measure involves people who have not reported because they did not realise, or whatever, which I would assume makes up a reasonably large proportion—all of those things. How much of your activity is related to incorrect payments rather than what you might deem to be fraudulent activity?

Senator Newman—We did go through that before you came.

Senator BARTLETT—I will read that one with bated breath. Finally on that, just in case it was not fully explored before, in terms of that issue of preventing debt happening rather than getting it afterwards, does that come under your area or is that broader?

Mr Gibson—No.

Senator BARTLETT—So what sort of measures do you use there? Is that trying to ensure full information to people?

Mr Gibson—As I answered Senator Evans earlier, certainly one of our principal weapons in preventing debt is a very close analysis of the cause of debt, which is fairly logical. We have in place now some 300 debt prevention officers around the country. Effectively, their job is to introduce initiatives to address those major causes of debt with a view to driving down the average level of debt. They are given targets in that regard and, again, it is gratifying to report that there has been a reduction in the average level of preventable debt over the last 12 months as a direct result of some 90,000 initiatives introduced by these DPMOs around the countryside.

Senator BARTLETT—So, if you are driving the amount of debt which is obviously—

Mr Gibson—The average debt. There are other things operating to identify additional debt.

Senator BARTLETT—But presumably, if you do a good job in that area, over time the amount of your benchmarks in terms of compliance will need to be changed because you will be finding less of it.

Mr Gibson—Absolutely. That is certainly the aim. Prevention is better than cure is the term we use and we are trying to stick by it.

Proceedings suspended from 12.55 p.m. to 2.05 p.m.

CHAIR—We are continuing to deal with issues surrounding Centrelink and Senator Denman has a question.

Senator DENMAN—I have just one quick question. This morning it was said that you acted on tip-offs by the public to detect fraud. Do you require those tip-offs to be put in writing or is it just a phone conversation?

Ms Vardon—No, they can come in any way, but they are recorded when they come in. They come in by phone—

Senator DENMAN—Do you act on just one tip-off or do you get more? I get them in my office all the time and I require people to put them in writing because sometimes it is just pure vindictiveness towards—

Senator Newman—It is for Centrelink to answer but, as minister, I obviously am the focus of quite a lot of these tip-offs too. We automatically pass them all on to Centrelink and I am informed that they investigate each case. There is a percentage, a rule of thumb sort of thing—I cannot remember what it is—that, yes, you and I would put in the malicious, usually family related category. There is also a percentage, which we were talking about this morning, of people on whom, despite multiple tip-offs, we cannot get the evidence. And then there are a whole lot that we do by reviews and other things that they do.

Ms Vardon—We have a special tip-off line.

Senator CHRIS EVANS—While we are talking about investigations, I would like to pursue this question about monitoring of staff mail, faxes, phone calls, et cetera regarding leaked internal information. I would like to know what monitoring is done, what procedures are in place and under what authority that occurs et cetera.

Ms Vardon—One of the things that we have been doing in our organisation is changing our organisation from a traditional public sector culture to a customer focused business orientation. There are a lot of people who, in the last year, have worked extremely hard and, I think, at some personal cost to many of them, to make that happen.

One of the things that disappoints our people more than anything is for us to get bad press because of leaks, particularly when the leaks are of wrong information and particularly when it is one of our own, or perceived to be one of our or alleged to be one of our own. There is a strong feeling that we should do something about it.

It is not easy to do something about people who leak. The best solution for people who leak is to have such a fantastic organisation that nobody would ever want to do it. That certainly would be a goal of someone like myself but going through changes it does not happen. We decided that, when people provide information inappropriately outside the behaviour that I expect of a professional public servant, if it is suggested that the leak comes from within our organisation, we should try to source it. We do not do it very often; I think I have done it twice. Some leaks are not worth pursuing and some could come from so many places that you do not bother, but sometimes people provide information which is limited to people you can think might be on one site.

Twice now, I have sought the sequestering of the records of the telephones and the fax machines. The first one was done under the auspice of the auditor. In fact, I asked an auditor to do it and he made sure that it was done appropriately and properly. My understanding at that time and now is that it was done in a manner which was legal.

Senator CHRIS EVANS—On the first occasion?

Ms Vardon—Yes. On the second occasion—

Senator CHRIS EVANS—Sorry, when was the first occasion, Ms Vardon?

Ms Vardon—The first occasion was in relation to the information which preceded our formal announcement about the reduction in staffing.

Senator CHRIS EVANS—There was information leaked about that before the public announcement?

Ms Vardon—Yes, there was some information which was only marginally correct. No, some of it was correct; some of it was incorrect, but it was sufficient to cause a lot of fuss, heartbreak and concern in our organisation.

Senator CHRIS EVANS—So you got the internal audit office to sequester records of—

Ms Vardon—Telephone records of our organisation and—

Senator CHRIS EVANS—You keep a record of every call outside—

Ms Vardon—to trace them to, at that stage, the ABC. The ABC was the place where the leak was—where it was sourced.

Senator CHRIS EVANS—So you got them to check all the telephone records of Centrelink nationally to see who had rung the ABC in recent times?

Ms Vardon—Yes, on a particular day within a set time frame.

Senator CHRIS EVANS—Must have been quite a job.

Ms Vardon—No, it can be done now. It can be done electronically.

Senator CHRIS EVANS—Were you successful in identifying the source of the leak?

Ms Vardon—No. We identified a number of people who had rung the ABC within that time frame. Each was interviewed and each had a reason for having rung the ABC.

Senator CHRIS EVANS—You were not able to identify the source of what you described?

Ms Vardon—No.

Senator CHRIS EVANS—I am a bit concerned. You say it was a leak and then it was misinformation. I assume a leak is correct information because it is a leak.

Ms Vardon—It was a leak with a lot of correct information in it.

Senator CHRIS EVANS—Right. You get the audit section of Centrelink to do that—by what authority is that done?

Mr Divett—We have a legal obligation to ensure that staff of the organisation use the facilities of the organisation only for the purpose of the organisation. We would pursue the same sort of thing if we thought staff were running a business out of their office and using the fax machines to do it. That is the general coverage that we have.

Senator CHRIS EVANS—Yes, I am never sure with Centrelink these days whether the public service rules apply.

Mr Divett—Yes, they do.

Ms Vardon—They do.

Senator CHRIS EVANS—I am just trying to get it clear in my own mind.

Ms Vardon—Public service rules apply.

Senator CHRIS EVANS—So the public service rules in terms of investigating your own staff apply inside Centrelink?

Ms Vardon—Yes.

Senator CHRIS EVANS—What do they give you the power to do?

Mr Divett—We have the power to look at how people are using any of the facilities, whether it is our computers, our faxes or our phones.

Senator CHRIS EVANS—Are you able to give me the technical reference for that header power at all?

Mr Divett—It is the financial management act. It is the expenditure of public funds. It is misuse of public assets.

Senator CHRIS EVANS—That is right. I am just trying to understand how that works. You initiate those investigations using your internal auditors. What is your policy in relation to personal phone calls of staff?

Ms Vardon—We do not particularly monitor family phone calls. There is an expectation in our organisation that phones and faxes will be used for work use. We expect that as a standard in our place. We do not go around and make a big issue of it, but it certainly would be an understood policy.

Senator CHRIS EVANS—What is the understood policy, though?

Ms Vardon—That the phones at work are for work. I think that anyone would say that if there is an emergency or a family reason to use the phone, that would be appropriate. I have to say some people abuse that and from time to time I have drawn it to people's attention in a fairly subtle way. We have not had a big blitz about it.

Senator CHRIS EVANS—No. Usually organisations have to deal with that sort of problem from time to time. Some organisations, I know, have a stated policy about what is reasonable use of the telephones, others do not. Do you have a policy which states what a reasonable use for personal circumstances is of Centrelink's telephone system?

Ms Vardon—There might be somebody behind me who can tell me about that. I rather thought it was an understood policy. There probably is one that we brought over from Social Security. We investigate only under most extraordinary circumstances. It is a little bit like the question we had before: you try and do as much prevention as you can but when there are extremes you have to take extreme measures.

Senator CHRIS EVANS—I am just trying to be clear about what the policy is, though, in relation to personal phone calls.

Ms Vardon—Whatever the policy is in relation to personal phone calls, there certainly is no policy in relation to giving away unauthorised information to a party who should not receive it.

Senator CHRIS EVANS—I am sure that is right. Is anyone able to help me with that answer as to whether there is a formal policy, or do you want to take it on notice?

Ms Vardon—We will take it on notice.

Senator CHRIS EVANS—So the records of telephone calls were sequestered and a number of persons were then interviewed. Who interviewed those persons?

Ms Vardon—One of our auditors.

Senator CHRIS EVANS—But you were unable to identify the leak. You said there was a second occasion when you did a similar thing. What was that in relation to?

Ms Vardon—It is a matter which is happening now.

Senator CHRIS EVANS—I am not sure what that means, Ms Vardon.

Ms Vardon—If the Senate requires me to give the information I will, but it is one that at the moment we are not making very public.

Senator CHRIS EVANS—I am not quite clear what you are saying to me. You are saying you have a current issue where you are sequestering the records?

Ms Vardon—Yes.

Senator CHRIS EVANS—Are you saying to me that you do not want to tell me what that particular issue is about?

Ms Vardon—Yes.

Senator CHRIS EVANS—You have a current issue which has required you to again sequester the records of telephone and faxes from the officers?

Ms Vardon—Faxes.

Senator CHRIS EVANS—Faxes only?

Ms Vardon—Faxes in particular.

Senator CHRIS EVANS—Are you again using the internal audit office?

Ms Vardon—I was not the person who actually triggered this investigation but I know whence it came. I think they are having conversations with internal audit. I would have to get more information for you on that.

Senator CHRIS EVANS—I thought the process was that you asked internal audit to sequester the records. Are they doing that on this occasion or is somebody else doing it?

Ms Vardon—I did not trigger this. I do not have the details of it. I am happy to give you the details of it but I was not the person who triggered it.

Senator CHRIS EVANS—But it is internal to Centrelink?

Ms Vardon—It is being done properly.

Senator CHRIS EVANS—I guess I am trying to identify whether you called in the police or whether you are using internal methods.

Ms Vardon—I have on one occasion called in the Federal Police but I did not find that totally satisfactory.

Senator CHRIS EVANS—Was that on this previous occasion?

Ms Vardon—No, on another occasion.

Senator CHRIS EVANS—There are three occasions on which you felt the need to take action rather than two—is that right?

Ms Vardon—In relation to your first question, there are two occasions when we have taken action ourselves and one occasion when we called in the Federal Police, but we worked with them at that time on the records.

Senator CHRIS EVANS—But that also was in relation to an internal leak?

Ms Vardon—Yes.

Senator CHRIS EVANS—In terms of the monitoring of staff phone calls, what happens in the normal course of events? Are they just electronically logged?

Ms Vardon—We do not have other monitoring. It is only in extreme circumstances, as I have outlined, that we have done these things. In the normal course of work and the daily business we do not monitor calls.

Senator CHRIS EVANS—I guess I am not expressing myself very well. To be able to sequester there must be a record therefore they must be monitored or recorded in a form.

Ms Vardon—Telstra has a record of every phone conversation. I am sorry, no, not a record, Telstra has the event.

Senator CHRIS EVANS—I think the Telstra estimates may go for a fair while now, Ms Vardon. I hope Senator Newman is not the responsible minister.

CHAIR—Do not make such a threat when you have the chairman of the Telstra inquiry here.

Senator CHRIS EVANS—You are not saying you monitor them and you do not record them internally. These are records held by Telstra.

Ms Vardon—They are held by Telstra. We have to call for them.

Senator CHRIS EVANS—So there are only two occasions on which you have requested Telstra to supply you with those records?

Ms Vardon—If you include the instance with the Federal Police, that would be a third occasion.

Senator CHRIS EVANS—When was that, Ms Vardon?

Ms Vardon—That was a long time ago. That was in the early days. I would have to get back to you on that month. It was some time ago.

Senator CHRIS EVANS—The early days of your tenure rather than the early days more generally?

Ms Vardon—Yes, the early days of Centrelink.

Senator CHRIS EVANS—What sort of clearance is required for Telstra to provide those to you? What sort of authority is required for Telstra to make those records available to you as an employer?

Ms Vardon—I am sure we own those records because they are records of our facilities.

Senator CHRIS EVANS—There is no problem about your getting access to those?

Ms Vardon—I would have to come back to you with the specifics of it. I know there are no problems about it because we do it properly, but on the actual authority for it, I will have to come back to you.

Senator CHRIS EVANS—Anyway, on each occasion the authority for requesting them from Telstra has come from you, has it?

Ms Vardon—On two occasions it has come from me.

Senator CHRIS EVANS—Who did it come from on the third occasion?

Ms Vardon—It came from a national manager.

Senator CHRIS EVANS—At what level of the organisation's delegation of responsibility are people able to request those records?

Ms Vardon—It is very limited. The national managers report to Ross and me.

Mr Divett—The current example that Ms Vardon is talking about is only just starting. You are asking questions to which there is no correct answer yet.

Senator CHRIS EVANS—No. I was asking at what level of authority within the management structure of Centrelink is one able to make that sort of decision?

Ms Vardon—It would be either of us two who gave the final clearance.

Senator CHRIS EVANS—You can authorise that?

Ms Vardon—Yes.

Senator CHRIS EVANS—Are there any other activities that Centrelink uses in terms of monitoring staff emails, for instance?

Ms Vardon—There are a number of proper places for email. I am very conservative, I have to say. Let me tell you that there are people in our organisation who misunderstand what some of our electronic mailboxes are to be used for. In a sense, we keep an eye on that. For example, we have an electronic think tank in our organisation which was particularly set up for ideas on how to improve service delivery, policy suggestions, or things like that. That think tank gets invaded from time to time with industrial material. We have provided proper mailboxes for the CPSU that they have unfettered access to for providing industrial information. If an industrial matter turns up on our electronic think tank it is removed and people are encouraged to put it in the proper place which is in the CPSU mailbox.

Senator CHRIS EVANS—By 'industrial matter' do you mean commentary rather than—

Ms Vardon—Yes. It is something which might be more appropriately placed in a union mailbox.

Senator CHRIS EVANS—In more general terms, what is the monitoring of the use of the email system? I know we have had discussions around here about the Parliament House email.

Ms Vardon—We have a set of standards for the use of email which is promulgated from time to time. It relates to many things but it relates to things which are rude, unfair or inappropriate. We also have standards associated with length and frequency. Many of our staff do not like being invaded by hundreds of emails. From time to time, we have tried putting controls on email which probably is fairly futile because electronic mail is now so much a part of our lives. Our chief auditor, Vic Rogers, is present so perhaps if I refer you to him it might help.

Senator CHRIS EVANS—Yes. I am not as much interested in the standards or style restrictions as to what is done in terms of monitoring use of email by staff or others for personal purposes, or even work purposes.

Mr Rogers—As chief auditor of Centrelink, my role comes from the board and from the chief executive officer's, and the board chairman's authority, particularly the chairman's from the financial management act, as Ross Divett has mentioned, and Sue Vardon's under the Public Service Act. The charter given to internal audit allows it to have access to all of the records of Centrelink for the conduct of our work.

The typical pattern of life in an organisation like ours is that in most areas of activities there are guidelines as to what is appropriate. They either come from internal work or from external references. Although earlier we could not give a specific answer from Centrelink on the

phones, I can assure you that, in the time before Centrelink came out of DSS, there would have been guidelines given to staff on phone calls and we could at least go back into that history. So, firstly, there is a set of guidelines—as there is for emails—and, secondly, there is a duty on managers to carry out the management of their area, which includes watching for instances of breaches of guidelines, looking into why and fixing it.

Audit looks for patterns of behaviour that are out of line with the expectations of the organisation and the framework we work within. Occasionally, when we are asked, we investigate specific cases. When we do, we access the records that we need to do those investigations, and we always make sure that we clarify the basis of our access on those occasions.

Senator CHRIS EVANS—Clarify with whom, Mr Rogers?

Mr Rogers—It depends on the particular instance, but it may sometimes involve getting legal advice or getting advice from the Privacy Commission, for example, and those sorts of things. I do not have detailed knowledge—I did not investigate the particular cases—but it is our standard operating procedure.

Senator CHRIS EVANS—You said there were some guidelines for the use of the email. Are they written guidelines?

Mr Rogers—Yes.

Senator CHRIS EVANS—Are they always made available?

Ms Vardon—We are happy to make them available to you.

Senator CHRIS EVANS—Thank you.

CHAIR—Senator Evans, can I ask a question here? The secretariat has reminded me that you never ask a question to which you do not know the answer.

Senator CHRIS EVANS—That is not a rule that I apply.

CHAIR—What is an ‘electronic think-tank’?

Senator CHRIS EVANS—I was not so gauche as to ask!

Ms Vardon—You understand the Internet, I imagine?

CHAIR—Yes, I do.

Ms Vardon—There is something called ‘intranet’, an electronic system which is contained within Centrelink, which allows our own information to be sent through to all parts of our organisation. We use the intranet for sending out reference suites and all sorts of other information. It is a much more economical form of getting information around our organisation. It is of great benefit to this organisation. Not everybody has access to Intranet yet. One of the rooms inside the Intranet is called ‘Centrethink’, and that is an electronic think-tank. That allows people to chat. Someone says, ‘I don’t like the new rule about something or other. I have a better idea,’ or, ‘We’re trying a new way of doing business. Has anybody tried it somewhere in Australia?’ Somebody else in Australia, in the Northern Territory, says, ‘Yes, we tried it and it works better if you do it this way.’

CHAIR—Thank you. That allows me to sleep tonight.

Senator CHRIS EVANS—Mr Rogers, what is involved in the monitoring of the email of staff?

Mr Rogers—In terms of Audit’s involvement, we would not get involved except if we were doing our routine audits looking at a pattern of usage. If electronic use of email is a topic then

we would look at a sample of cases, and so on. Or, in the case of an investigation, we might gather what information was around. But, in terms of the electronic records of the place, there is a difference between electronic messages using the email facility—where, like the content of a telephone call, it is not really kept and it is gone fairly soon—and someone entering material on one of the bulletin boards where, by their nature, it is retained. If there is some material—for example, on Centrethink—and we had to investigate it, it would probably have been in existence for quite some time. There is other material that is fairly ephemeral—somebody sends a message and deletes it.

Senator CHRIS EVANS—I am no expert in these areas but, as I understood it when we were discussing it around parliament, there seems to be a master tape of all email messages kept.

Mr Rogers—That is something that the IT people may be able to answer but, to my knowledge, you may, for example, have a queue of messages at one of our routers on the email system.

Senator CHRIS EVANS—I do not intend going into this in much further depth, I just wanted to get a feel for whether there was an ongoing record of email that was accessible to the audit team.

Ms Vardon—One of our IT experts, Olga Fijalkowski, will probably be able to answer that.

Ms Fijalkowski—We keep our electronic mail in our mailboxes for about six weeks. After that, it is deleted from the mailboxes. Of course, it still exists on backups, which are kept for a while. It can be accessed from backups if needed.

Senator CHRIS EVANS—So the Audit Office would be able to access the backups in an investigation?

Ms Fijalkowski—The Audit Office or our internal audit?

Senator CHRIS EVANS—The internal audit.

Ms Fijalkowski—Yes, if needed. It is not a very easy process, but it is possible.

Ms Vardon—We have not used it.

Senator CHRIS EVANS—But that is the logical extension of the argument. As I say, we have had this debate around Parliament House about this question of privacy and making people aware of what email is—that it is not nearly as private as some people like to think it is. So, there is no ongoing monitoring of email, but there would be access under certain circumstances for the Audit Office. Who would need to approve access for the Audit Office to access master tapes of email, et cetera?

Ms Vardon—Ross Divett and I.

Senator CHRIS EVANS—Thanks for that. I would like to ask about the teleservice centres. I just want to get an update on how we are going with the waiting times, calls logged and that sort of thing.

Ms Vardon—Mr Paul Conn, who is the National Manager, Calls Centre Support, is here.

Senator CHRIS EVANS—I just wanted to get an update. We are aware of the history of this, and the Ombudsman's report, et cetera. I just wanted to know how you are going in terms of numbers of calls, waiting periods, whether you are experiencing any problems in the system currently, whether they are meeting expectations and targets, and that sort of thing.

Mr Conn—I will use the last five or six weeks to give you a snapshot. That is probably the easiest place to start. We have just been looking at the period from 18 January through

to last Friday. This is traditionally the seasonal height in terms of call centre demand because of the seasonal breaks, the number of changes, school leaver issues, end of year review processes and a number of other issues. This time around we have experienced 6,404,000 call attempts in that period, and that compares with the same period for 1997 where we experienced 3.3 million call attempts. That is a 91 per cent increase in call attempts. There are a couple of underlying reasons for that. The first one is that, over the past two to three years—and it is certainly continuing—we have experienced an underlying increase in call demand overall. In other words, more people are seeking to use call centres, so there is an underlying demand. It is also a reflection of the fact that we have had a number of changes and that people are seeking to contact us.

Senator CHRIS EVANS—The underlying growth, Mr Conn, would not be anywhere of the order of 90 per cent, would it?

Mr Conn—No, it is not.

Senator CHRIS EVANS—What is the underlying growth—

Mr Conn—It is in the order of about 15 per cent, but during a peak period like this—

Senator CHRIS EVANS—I just want to get a feel for what is underlying and what is abnormal, basically.

Mr Conn—Probably the figure we should focus on is for the number of calls we have handled. During this period this time round, we have handled 1.186 million calls, with an average of about 84,700 calls being handled per day. That is an increase from the same period last year where we handled 1.129 million calls at a daily average of about 80,600 calls per day. I am quite happy to keep going through figures, depending on what you would like to know.

Senator CHRIS EVANS—You said call attempts had gone up 90 per cent. It sounded like the actual number of calls had not gone up that much. Is that correct?

Mr Conn—It has not gone up that much. However, it has gone up and that is the important thing. More people have definitely got through during the peak period. What is interesting is that that is building on an entire 12-month period—and I could provide the information on notice, if you like—which shows that, very clearly, month by month throughout 1998, we answered more calls than we did during the entire period in 1997.

Senator CHRIS EVANS—I would appreciate it if you would take that on notice. You never know, it might help with your resource argument some time down the track. What does that mean in terms of what you call a call attempt?

Mr Conn—A call attempt is the actual physical exercise of pressing a button. That does not reflect the number of callers. From about three months ago, Telstra has been able to analyse the call trends for us and is able to estimate, within the number of call attempts, what the true call demand is.

On average during this period we have been experiencing call attempts in about the ratio of one to six, so for every call there are six call attempts. I hasten to add that is an average which can vary upwards and downwards. Some people get through immediately. Others do not.

Senator CHRIS EVANS—Can I be clear what you are saying; you are saying to me that because there are six calls it does not mean there are six different people?

Mr Conn—That is correct.

Senator CHRIS EVANS—One person might call six times. Is that it?

Mr Conn—That is right.

Senator CHRIS EVANS—If they have been unsuccessful, they keep trying and then they get through?

Mr Conn—Yes, that is right.

Senator WEST—Is that where they keep trying and get put on hold and actually make the connection into Centrelink rather than get the engaged signal?

Mr Conn—No, that is the attempt to actually get through. They are still trying to ring. What we do, because of the frustration that we are well aware that people experience, is at a certain point bring the busy signal in so that instead of having the experience of sitting there hitting the re-dial over and over again at a point where we are really at a peak period, say during the morning period which is typically very busy, we are able to bring in the busy signal so that people realise that the lines are full at the present time and it saves them just sitting there wasting their time.

Senator WEST—Do they get registered as attempt calls or not?

Mr Conn—No, call attempts are the ones that are coming through.

Senator WEST—So you therefore have no idea how many actually hear the engaged signal?

Mr Conn—I see what you are getting at. No, we know how many people attempt to ring each of our one three numbers. We are able to measure the number of people who are attempting to get in through the one three numbers and then the number of people who are getting into the interactive voice response system and waiting to get through there.

Senator WEST—When you say you know the number of people that attempt to ring the one three number, that is including those that get the engaged signal and therefore—

Mr Conn—Yes. Because of the figures that Telstra are now able to provide us we can now get a measure of estimated through call demand. It is not scientific to the nth degree but it is certainly within the pattern of calls that we experience. Telstra are now giving us a high degree of confidence, saying on a typical day that is the actual number of people who were trying to ring as against the number of call attempts.

Senator CHRIS EVANS—I think Senator West's question is whether or not you include in call attempts call attempts that do not get through because they have got the busy signal. Yes or no?

Mr Conn—Yes.

Senator CHRIS EVANS—They do. So call attempts are a combination of those who get through and get into the interactive voice—?

Mr Conn—Yes. And people who are attempting to get through.

Senator CHRIS EVANS—And those who have got the busy signal?

Mr Conn—That is right.

Senator CHRIS EVANS—Right. You have got 6,400,000-odd of those. What period was that? From 18 January to—

Mr Conn—To 5 February, last Friday.

Senator CHRIS EVANS—Sorry, go on, Mr Conn.

Mr Conn—Just to give you an idea, in a snapshot, if we looked just at last week, during the period from 2 to 5 February we handled 396,142 calls all up across all the queues and that was actually an increase from the previous week. In the week ending 29 January we answered 354,654 calls. What that is showing is that the Christmas seasonal peak usually starts immediately after the Christmas break for us and lasts for about the first three weeks of January, but we are pulling up very quickly. In other words the call demand is coming back down in terms of the number of users.

Senator CHRIS EVANS—Yes, but Ms Vardon or someone told me at a briefing that you have got temporary staff you put on for the peak periods as you increase your call centre numbers, et cetera.

Mr Conn—Yes, we put on an extra 315 staff across our major queues. They commenced from 14 and 21 December respectively. We have kept them on in fact right through to the end of February and I am reviewing at present keeping a percentage of those staff on beyond the end of February.

Senator CHRIS EVANS—We are basically getting a one in six strike rate. What is the benchmark objective you are working to at the moment? Do you have a call attempts to connections benchmark you are trying to look to?

Mr Conn—No, we do not but we are about to engage in some major benchmarking exercises with call centre networks that look similar to us to in fact look at what the industry standards are. Our dilemma has been that in Australasia there is almost nothing that is comparable to us in terms of the volume, networking and complexity of calls which are very different from most telemarketing or teleservicing operations. We are aware that there are some international examples and we are about to engage a consultancy to assist us to set up benchmarking partnerships.

Senator CHRIS EVANS—Maybe benchmarking is putting it too highly: what does the organisation consider to be an acceptable strike rate. Clearly, you make resource decisions based on putting staff on and off for peak periods. What are you aiming to achieve? Clearly, you are not aiming to achieve everyone getting through immediately; that would be unrealistic. What are you working to?

Mr Conn—Our standard is set out in our business partnership agreement with the Department of Family and Community Services and that is focused on wait time as measured by the industry standard, which is expressed as average speed of answer. Average speed of answer is measured in seconds and it is the wait time that a person experiences when they are inside the interactive voice response unit, waiting between getting in and getting an operator or getting to an electronic solution within the IVR.

Senator CHRIS EVANS—Is that the only benchmarking you have got? You do no benchmarking in terms of this connection thing?

Mr Conn—No. In fact I am not aware of any major organisation that would attempt to measure that either, because no call centre operation can control that. However, the wait time, as measured in ASA, is a factor that can be worked on and can be improved. Our published standard is a wait time of 210 seconds.

Senator CHRIS EVANS—How are you going with that in the recent period?

Mr Conn—Except for the Christmas period—in fact, in the lead-up towards Christmas—we were meeting that reasonably comfortably, with the exception of the youth and students area where, with the bedding down of the new arrangements that were discussed earlier today, we

were experiencing increased call demand. We have actually been addressing that during January by moving a number of staff to increase the number of operators in the queue able to take those calls. As late as yesterday, we could clearly see that that was having a positive impact on bringing the busy signals down.

Senator CHRIS EVANS—What were you doing during that January to February period in terms of that ASA?

Mr Conn—ASA varies from day to day, so if I can perhaps give you the range we experienced that would give you an overview. The lowest ASA we experienced was on 25 January, where we achieved 118 seconds, which is well within our published standard. The highest ASA we experienced was 284 seconds on 29 January, which was immediately after the Australia Day weekend break and we had some flow-on from that.

Senator CHRIS EVANS—What was the average across the period? Have you got that figure with you?

Mr Conn—I have not with me but to be perfectly honest, it is a bit of a distorting figure.

Senator CHRIS EVANS—Yes, I know, an average of an average.

Mr Conn—It is flattening out what is really happening from day to day.

Senator CHRIS EVANS—Is there great variance between the lines? My personal experience is that, when I have dealt with complaints and tried to ring, it varies quite a deal between the various services.

Mr Conn—Yes, it does and it really depends on both the time of the year and particular events occurring. At the moment, for example, our retirements and disabilities line is performing very well. Our families line, for instance, has had an extremely busy period because of the normal end-of-year review processes but is coming down. The youth and students line, as I have said, has been very busy, partly because we have had a new customer base that we have never had before—and it is that time of the year. We have had an additional surge beyond the initial pre-Christmas exercise. We have a lot of students facing tertiary entry and there are a lot of people who have done little or nothing or who are chasing things up because their options are now clearer and we are experiencing a repeat surge.

I would have to say that, with the exception mainly of the youth and students line, the trend in the last 10 days or so is that we are gradually returning to what we would see as a much more normal performance.

Senator CHRIS EVANS—What is the regional impact of this? It seems to me because, as I see the way call lines work, everyone gets put in a queue wherever they call around Australia, don't they?

Mr Conn—Yes.

Senator CHRIS EVANS—There are no regional impacts? Western Australia, for example, does not have a particular problem or what have you, because it all goes into the national bank and just gets put into the queue. Is that the way it works?

Mr Conn—No. Barring any issues relating to telecommunications platform issues or systems outages, the answer is: no, there is no regional difference. The way our system works is that calls normally go into the call centre that is physically nearest to where the call is entering, and that is what we call physical queuing. If, however, the lines in that particular call centre are engaged or are, in fact, in use, the national platform we have enables calls to be logically queued and they go to the next available call centre with the shortest waiting time, either

because there is an available line or because the system is intelligent enough to see that the wait time at a particular centre is shorter than the wait time at the centre that the call is attempting to get into.

Senator CHRIS EVANS—What is happening with staff numbers? You tell me you have put in the staff for the peaks. What is happening with the underlying staff numbers in the call centres?

Mr Conn—We are maintaining our staffing levels.

Senator CHRIS EVANS—You are not affected by the 20 per cent reduction in staff?

Mr Conn—We have a target which we are able to manage within our normal turnover rates.

Ms Vardon—We have protected the call centres as much as we possibly could because we see that as a growth area.

Mr Divett—The call centre staffing numbers have more than doubled in the last 2½ years.

Senator CHRIS EVANS—Could someone give me, on notice, the staffing numbers? All that was a bit contradictory, to be honest.

Senator Newman—We had a whole lot of call centres open during 1997, so that brought on about another 1,250 staff, from memory. The more people we put on and the more facilities we provide, the more people want to use them just like highways. It is trying to keep ahead of the growth in demand. People like to do their business that way if they possibly can. We are not going backwards with it.

Mr Conn—I can give you a snapshot now, if you would like, of the staffing levels.

Senator CHRIS EVANS—Sure.

Mr Conn—As of 27 January we had 3,034 full-time equivalents. As you would appreciate, that is a mixture of mainly full-time staff but some proportion of part-time staff. I can give you the breakdown across the queues if you like.

Senator CHRIS EVANS—How does that compare with the previous year's figures?

Mr Conn—As the minister said, that is a significant increase.

Senator CHRIS EVANS—Perhaps you could take it on notice, the movement in the call centres. The obvious thing that occurs to us is to ask whether the 20 per cent cut applied at all in the call centres. I know there was the growth. I am now asking whether the 20 per cent was then applied to them as well.

Ms Vardon—If I could remind you, Senator, there was 10 per cent at the service delivery level, and 20 per cent at the overhead level. But within that we have done all we can to protect the call centres. We will give you the information.

Senator CHRIS EVANS—I was using the 20 per cent as the Centrelink-wide number, which I thought was right, but I was not sure exactly what it meant for call centres. I am happy to take whatever advice you can give me about call centres.

Mr Divett—We will give you the numbers for, say, the end of each financial year. Would that be useful? I can tell you now that the numbers will increase from the start of this financial year to the end.

Senator CHRIS EVANS—I thought that would have been right. I was looking for feedback on the staff reduction issue because it seemed to me with the growth and volume you would have no choice but to respond.

Ms Vardon—The record should show that this year we are looking at an overall 11 per cent staffing reduction across the whole organisation.

Senator CHRIS EVANS—The 20 per cent was the four-year or five-year plan, wasn't it?

Ms Vardon—Yes.

Senator CHRIS EVANS—I was not trying to put words into your mouth; I was just anxious to try and get the answer for the—

Ms Vardon—We are happy to give you the call centre information.

Senator CHRIS EVANS—So for this financial year you are working on 11 per cent. Therefore, you will be a long way towards the 20 per cent target in one year then.

Ms Vardon—Yes. We looked at three options. One was to go fast with 3,500 in the first year and progress. Another was more moderate, which was to take a larger set of figures, a moderate set of figures and a smaller set. The other was to go slowly over time. We chose the one that we thought was the most reasonable, the medium position. We have made a fair piece of progress in this first year to the whole of the dividend.

Senator CHRIS EVANS—Can I ask for an update on where we are with the new service model and what work is going on with that?

Ms Vardon—The new service delivery model is in two parts. There is a part called the one main contact model—

Senator Newman—My favourite.

Ms Vardon—and there is one which you mentioned earlier, the life events model, which is preparing ourselves for a partly electronic future of some kind. If I talk to you about the part which is the one main contact model, is that the one that you are most interested in?

Senator CHRIS EVANS—I guess the more immediate—

Ms Vardon—The other one is three or four years out.

Senator CHRIS EVANS—Yes.

Ms Vardon—The more immediate one, which I have to say is having huge success, was trialled in Melbourne. Having listened to our customers, they very clearly said they wanted to give their message only once, they wanted to have someone care about them, they wanted someone to know about them, and they wanted to be able to recognise the person in Centrelink. That was the principle that guided us. So our Cranbourne office, and some others, created the notion of the one main contact model. It was not an original notion in its own right, because in New Zealand the department over there had introduced something similar, but it has evolved in Victoria and it is hugely successful.

It means that each of our customer service officers has a pool of customers, about 400, although it varies. Disability people obviously have fewer customers, and employment people have more, and so on. They are responsible for all of the activity and the relationship with that human being who is a customer of ours.

The call centres still do a fair bit of work—making appointments and so on—but it is the one main contact person who does most of the business. It is such a success it is catching on like wildfire. We thought it would take us a year to implement it but we plan to have it across Australia by the end of June. There is a very big groundswell coming through now.

Senator CHRIS EVANS—You mean in all offices?

Ms Vardon—In all offices by the end of June. In all areas now there are test sites.

Senator CHRIS EVANS—Are you saying the testing will spread across Australia?

Ms Vardon—No, it will be implemented in every office by the end of June.

Senator CHRIS EVANS—Which clients will that apply to?

Ms Vardon—Everybody.

Senator CHRIS EVANS—That is an enormous speed up on the original proposition, isn't it?

Ms Vardon—It is. It has its own self-generating energy. The first thing that people notice is that there is a much greater increase in job satisfaction. Work gets done immediately and so we do not have a backlog of work being built up, and people at the end of the day have finished their day's work. It suits our staff very well. Our customers love it and management loves it because we do not see rework, and the productivity that comes from it is fantastic.

Senator CHRIS EVANS—That must put enormous changes into the organisation. How are you managing that change? I would have thought it would have quite large resource implications.

Ms Vardon—It is the reason that we will be able to deliver next year's reductions, because it brings us the productivity that we require and it stops the rework. The good thing about it is that it is not imposed by management; it is actually being greeted with enthusiasm by our staff. They are making it happen because they see the benefits in their workplace.

Senator CHRIS EVANS—What sort of evaluation of the trial occurred?

Ms Vardon—There were three sites—Cranbourne, Oakleigh and Fountain Gate. They have been the generators of the idea and people are looking at it and testing it. All have been impressed with the enthusiasm with which staff speak of the changes that have been made in their office. We do have a team of people under Mr John Brown in Victoria whose job it is to evaluate it. We are getting weekly reports on its progress.

Senator CHRIS EVANS—In terms of the formal evaluation process, has that gone to the minister? Is there a formal evaluation report? This is a major change.

Ms Vardon—There will be a post-implementation review of it to see how it is going.

Senator CHRIS EVANS—Did I get this wrong? I thought you were trialling it and then going to evaluate it.

Ms Vardon—It was trialled for some months.

Mr Divett—Could I add that the trial ran at Cranbourne for the first six months of last calendar year. It was on the basis of the success of that trial that we then planned to roll it out across the organisation, and that is the phase we are in now.

Senator CHRIS EVANS—Was there a formal evaluation of the Cranbourne trial?

Ms Vardon—It was written up and evaluated in terms of the benefits to the customers and the staff. Opinions were sought from people. The Cranbourne model was then described. That information is available. The description of the Cranbourne trial is public information.

Senator CHRIS EVANS—I am trying to get a feel for the evaluation process.

Ms Vardon—A major formal evaluation will come about a year after it has been implemented. There was a review of Cranbourne, and we could give you the information about Cranbourne.

Senator CHRIS EVANS—Yes, I appreciate that. That would be interesting. So you have speeded up the roll-out?

Ms Vardon—Yes.

Senator CHRIS EVANS—From memory, I thought you were only going to roll it out for certain clients in the first instance. Am I wrong?

Ms Vardon—I think that, whatever management intended, staff would have their own view, so it starts off in one team in an office and then it just spreads. There is no way we could limit it if we tried.

Senator CHRIS EVANS—I do not underestimate you like that, Ms Vardon. I asked a serious question. Was it or was it not intended only to be applied to certain clients originally, and are you telling me now that it is going to be applied to all categories of clients?

Ms Vardon—It started off with the employment team. That is where the energy came from and that is where the initiative came from. In that office it spread to other teams.

Senator CHRIS EVANS—But I am asking you what your policy is.

Ms Vardon—Our policy is that every customer of Centrelink should be looked after in this way and every staff person and every customer service officer should have the opportunity to work in this model.

Senator CHRIS EVANS—So your current intention is to provide that model for all clients of Centrelink by the end of June?

Ms Vardon—Yes.

Senator CHRIS EVANS—Just so I have got it right: was that the original intention or was it to be limited to just that employment area?

Ms Vardon—No, we tested it in employment. We had a question mark at the end of it and we thought it would take us longer to implement it. But we were waiting to see whether it suited other teams as well.

Senator Newman—One of the great benefits for both staff and customers is, in my view, that there is not this jolly repetition of explaining their circumstances—sometimes quite complicated circumstances—over and over again. It is not just that it is frustrating for the customer; it also has the potential to make for mistakes or something being left out in somebody's assessment that has to be rectified by somebody else. That actually makes a lot of extra work which this process now removes from the system. There is, I would hope, less likelihood of making mistakes as well as there being time saved.

Senator CHRIS EVANS—I am certainly not debating the merits of the system, Minister. As I say, I thought Ms Vardon told me at a briefing late last year—I do not want to misquote her—that it was only going to apply to a certain category of clients in the first instance. I am trying to get clear whether that is actually correct or whether I have a misinterpretation.

Ms Vardon—It was correct at that time.

Senator CHRIS EVANS—That is all I wanted, Ms Vardon, so that I knew that my thinking was right.

Ms Vardon—Yes, employment was where the test case was.

Senator CHRIS EVANS—Thank you.

Senator WEST—What happens to the poor old punter when their staff person goes on leave or gets changed around? It always happens in the Public Service and Centrelink would be no different; you can never find them because they have been moved to another area. What do

you do with the fact that you have got not an insignificant number of temporary and part-time staff? Does that mean that the customer's client officer is not always there?

Ms Vardon—The Cranbourne model developed the concept of a buddy, so that if you were not present for a reason then another person would look after your customers while you were not there and you swapped and you shared. One of the things that the Cranbourne people noticed was that the staff became more stable because they were very satisfied with their work. It actually encouraged and enhanced stability in the staff.

Senator WEST—You mean there were less sickies being taken?

Ms Vardon—On that question, absenteeism, including sick days taken, has been dropping significantly since Centrelink was created.

Senator WEST—What do you do, though, when you get the situation where the client is not happy with the Centrelink officer because the Centrelink officer is putting their own value judgments over the client's particular case?

Ms Vardon—Our customers can ask to change at any time. A judgment will be made about that but, in most instances, a person will be able to move to another person without a lot of fuss. But there are some people who need to have the discipline—if I can use that phrase in a positive way—of having the one customer service officer because there are some people who will go from officer to officer trying to get more money. It is a very small minority of people. A manager may choose that that person is to stay within a framework of one relationship. But, as a general rule, a person can change without a fuss.

Senator WEST—We will see how it works in the actual working, won't we?

Ms Vardon—It is working in Victoria, and working very well.

Senator CHRIS EVANS—I want to finish on this point. What are the cost implications for the organisation with the increased speed of the roll-out of the new method?

Mr Divett—There are significant savings and they are showing up nationally, not just in the offices that have currently got it fully rolled out. In the past four months we have had a 40 per cent reduction of work on hand, and we have had a nine per cent increase in productivity in those same four months to the end of last calendar year.

Senator CHRIS EVANS—That is across the organisation?

Mr Divett—Across the organisation, and it is highest in the areas—

Senator CHRIS EVANS—And that has been driven, you think, by these changes?

Mr Divett—And supported by other changes.

Senator CHRIS EVANS—Is the major factor this duplication in having to recheck?

Mr Divett—Removing rework from the system is clearly the greatest benefit in productivity terms. There are other benefits as well.

Senator CHRIS EVANS—Have you done work to analyse that productivity improvement?

Mr Divett—Yes, we have. The number of actionable items per hundred customers in an office is the measure we use, and we analyse that very closely every fortnight. And, as that drops down through a series of thresholds, the productivity or the number of decisions taken by each customer service officer goes up significantly. There is a point below which you cannot get it because they are waiting on information from customers. But there is a series of thresholds and, as those numbers drop, you can see the number of decisions jump up quite quickly.

Senator CHRIS EVANS—Thanks for that. I think it was Senator Bartlett who came in earlier and talked about the rural outreach program. I do not want to go over old ground, but a question I do not think he asked was: how are you allocating the selection methods for those. I just want to get a feel for that. Are they by tender?

Ms Vardon—Let me invite the expert to come and speak to you about this—Marcia Williams. It is her project.

Senator CHRIS EVANS—I do not want you to take us over old ground. I know you took some questions on notice from Senator Bartlett and me about that and, as I say, I do not want to delay you, but I have a question about selection. I would think it would be pretty competitive in some areas with people wanting to increase their business turnover, et cetera.

Ms Williams—It depends on the actual area. In a lot of the towns and communities that we service there is only one real provider.

Senator CHRIS EVANS—Where there are two, we will hear from the other one.

Ms Williams—So it is very much a local decision about how to look at the types of organisations that might be suitable to be an agency for Centrelink. We have a list of criteria that are actually used as framework for the managers to decide what type of organisation might be suitable—particularly affinity with the type of customers we service in those areas—whether there are high levels of certain types of customers and also that they are the type of organisation we would want working for them.

There are three main methods. If there is clearly only one provider in town able to do that it would be offered to them. If there is more than one, there are two ways of doing it: either a formal tender or asking for expressions of interest from organisations to see who is interested in going from there. A different option was used for each town that was considered depending on the local circumstances.

Senator CHRIS EVANS—What is your assessment of what worked best in terms of selection method?

Ms Williams—For the local town itself and the community. In some cases there were quite a few organisations in a town but they did not all want to do our business, so a lot of those things drove the final decision about how to do the selection.

Senator CHRIS EVANS—Thanks for that.

Senator WEST—I would like to follow that up—this question might already have been asked. This announcement about the outreach centres: are they all new sites and centres?

Ms Williams—We actually issued a list—I have got the list here—as part of the announcement of the launch. A couple were in upgrading services so there were different services in two locations. For example, we had visiting services that were being upgraded to agent. Some of the agents were actually doing it on a part-time basis and were upgraded to full-time agent. So there were varying ones but they were new from the point of view of an increase in services in some cases.

Senator WEST—I see.

Ms Williams—A couple of them had also been trialed. For example, in WA we actually trialed a couple of telecentre arrangements with the state and we formalised those. They were new as in they had been trialed.

Senator WEST—I do not know about WA, but I do know about some parts of New South Wales. I thought that one or two that were on the list there might have lost a service after Centrelink started and were actually regaining something now?

Ms Williams—Some of the agents you may have been referring to were perhaps agencies under one of the old CES agents or—

Senator WEST—DSS and CES.

Ms Williams—Yes. So it may well have been that some of them, prior to Centrelink starting up, had closed down and they have been revisited about the services needed.

Senator WEST—I suspect it must have been at the time that Centrelink started up that they closed, because these ones certainly were in operation up until March 1996.

Ms Williams—If you could give me more details on those, Senator, I would be happy to follow it up for you.

Senator WEST—I am sure if you knew your areas and looked at the list you would find them without a great deal of difficulty. What happened in Cobar, what happened in Nyngan, what happened in Kandos, what happened in Oberon—they are just a few places, off the top of my head—between the previous DSS and CES services? You are telling me it is new. They used to have some sort of service before and I would like some comparisons, because I am not sure it is as crash-hot as you have made out that it is. I also wanted to ask about—

CHAIR—The officer asked whether you were prepared to give information—are you prepared to provide that information?

Ms Williams—I am happy, for each individual circumstance, to come back to you if you would like.

Senator WEST—I rattled a few off. I would be happy to.

Ms Williams—We can have a look at those ones and come back.

Senator WEST—Can I also ask about the video—

Senator Newman—We are just trying to see if we can get some information on that today for Senator West. If we can we will get back to you.

Senator WEST—I am happy for it to come on notice, Minister.

Senator Newman—Yes, but you want that information. They are a bit perplexed with what you were saying, so they are consulting to see if they can get you an answer shortly.

Senator WEST—That is fine.

Mr Divett—I could answer the Cobar one now. I am aware you might have better information than me on Cobar but—

Senator WEST—There was an ACIS there. Did the ACIS get abolished? That used to be the agency.

Ms Williams—ACIS agents were funded under the DPIE program, the rural communities program. They delivered information on a range of Commonwealth services.

Mr Divett—That was not a DSS agent. My information on Cobar is that Cobar has a visiting service but not an agent from either DSS or Centrelink, but we will verify that information.

Senator WEST—I am happy for it to go on notice because some of these were with what used to be CES facilities as well. I am wanting to know how they vary. The other question

I was wanting to pursue was the issue of teleconferencing. I do not know whether it was canvassed before or not. Can you explain to me what you are expecting to do with that?

Ms Williams—We have done a lot of work in the past year talking to customers about their needs out in rural locations and how they would like to access services with us. Some of the most common feedback was about a personal service, being able to talk to someone but not necessarily having the costs incurred of going to another town to do that. We had trialled videoconferencing as a means of linking them up, particularly when there was something urgent that they needed to discuss with an officer and were not comfortable just doing it over the phone; and also for appointments there with specialist officers, so that rather than having to go into a town or waiting for a specialist officer to come out and visit that location they could link up via videoconferencing.

It was trialled in a couple of locations, including out in some of the western areas of New South Wales. A lot of customers found that a very good way of communicating direct with the office for interviews; they found it more comfortable than either doing so over a phone or waiting for a visiting service to arrive in the town.

Senator WEST—I am wondering what centres have actually got access to videoconferencing.

Ms Williams—We have a list here that we could give you.

Senator WEST—That would be appreciated. Who runs that videoconferencing—who is responsible, who is at the other end?

Ms Williams—It is located in the agent's premises. There are different appointment systems where they can book on, as they do now through the call centres, for an interview with a specialist officer on the other end—they would be at the other end of the videoconferencing unit at the set time.

Senator WEST—How does it go for privacy issues?

Ms Williams—We have asked that the types of agents that use these are in a private area, that they are not out in the public area, from the point of view of privacy.

Senator WEST—But somebody still has to operate the cameras.

Ms Williams—It is attached to a PC. It is a matter of turning it on, and it is an interaction like it is on a phone at the moment.

Senator WEST—So they are leaving the clients to—

Ms Williams—Discuss with the Centrelink officer direct.

Senator WEST—Every time?

Ms Williams—My understanding is yes, unless that customer has asked that they stay. My understanding is that that would be the preference.

Senator WEST—I will wait and see if I hear any complaints. That is all I have on that, thank you.

Senator CHRIS EVANS—I had a contact from a constituent concerned about a market survey allegedly on behalf of Centrelink late last year. Has Centrelink commissioned a market research company to survey its client base in recent times?

Ms Vardon—We do ask for people to come and talk to our customers about the level of satisfaction they have with our service. If you can continue with the question I will do my best to answer it.

Senator CHRIS EVANS—We can come back to it if the relevant officer is out of the room or something.

Ms Vardon—No, he is not here.

Senator CHRIS EVANS—I wanted to ask what sort of market research program is under way, what questions are asked and who approves the questions.

Ms Vardon—The biggest survey that we do is about customer service and what they thought of our service, particularly of the office, because we publish a schedule for each of our offices on what their customers think of them, they get a set of ratings about that and we use that as a bit of an internal benchmark. The actual questions I am happy to find for you. I do not have them with me, but they relate to satisfaction.

Senator CHRIS EVANS—Who provides this service?

Ms Vardon—There are two companies who do this. Yann Campbell Hoare Wheeler is one of the companies. The other one is Roy Morgan.

Senator CHRIS EVANS—Are these ongoing contracts?

Ms Vardon—Yes—every six months.

Senator CHRIS EVANS—I presume they are not doing the same work. Are they regionally allocated? Is one of them doing certain states and the other the others?

Ms Vardon—Yes, they survey different things. One of them is a very big study—we have to have 200-plus customers at least for each of our service sites so they can get a decent set of information back about what their own customers think of them.

Senator CHRIS EVANS—It is a big survey. That is done every six months?

Ms Vardon—Yes.

Senator CHRIS EVANS—Is that done by telephone?

Ms Vardon—Yes.

Mr Divett—Yes.

Senator CHRIS EVANS—And is that using the Centrelink database?

Ms Vardon—Yes.

Mr Divett—Yes, through processes approved by the Privacy Commissioner, Senator.

Senator CHRIS EVANS—Through processes approved by the Privacy Commissioner?

Mr Divett—These surveys have been running for a number of years—five years. In fact, they were set up under a previous government. When they were set up the processes for selection were approved by the Privacy Commissioner.

Senator CHRIS EVANS—So they are given access to the total database and then they do their random selection?

Mr Divett—No, they are given random selections.

Senator CHRIS EVANS—You give them 500 phone numbers or whatever and—

Ms Vardon—We particularly want them to test people who have had recent contact with us because we want to test what their recent opinion is, not the memory of the terrible experience they had 30 years ago. We want to know what it felt like recently, so it is targeted at that particular group of people.

Senator CHRIS EVANS—I just want to be clear, though, on the questions asked. These are not done in conjunction with other surveys but purely—

Ms Vardon—No, they are separate, intact surveys for a special purpose to get customer information, and we get it back in analysed form.

Senator CHRIS EVANS—So any question asked in that form would be approved by Centrelink?

Ms Vardon—Yes.

Senator CHRIS EVANS—Have there been any changes in the sorts of questions you have been asking in recent times?

Ms Vardon—Ross Divett says no.

Mr Divett—I will check in full detail, but no—we are actually trying to maintain a consistent data set so we are not changing the content.

Senator CHRIS EVANS—Could you provide me with any of the lists of questions asked in the last, say, six months? If it is the same list that is fine—one list will do.

Ms Vardon—Yes, we are very happy to.

Senator CHRIS EVANS—I have had some people contact me about the nature of the questions they have been asked and I would be interested to see what it actually is that they have been asked. Thank you for that.

Senator WEST—This is a question that has to go to both Centrelink and the department. I went looking in both of your annual reports—that is a bit dangerous, isn't it?—and I find in Social Security's annual report, on page 277, that funds of \$1,330.3 million were paid for the delivery of income support services to Centrelink for 1997-98. Funds for expenditure on computer equipment were appropriated under appropriation bills Nos 2 and 4. They were paid to Centrelink for receipt of the appropriation under authority of section 35 of the Audit Act. Funds of \$48.5 million were appropriated for computing equipment and paid to Centrelink for 1997-98.

I look at Centrelink's annual report, on pages 30 and 31, and I see that it says funds available for 1997-98, from the source listed as the Department of Social Security, are \$1,392.286 million. I know that obviously the two organisations are rounding off to different figures—that is not a problem. Centrelink also says that available funds from Social Security include \$48.462 million for computing equipment. I take it that that figure for Social Security of \$1,392.286 million includes the computing equipment. When I take that \$48.462 million away from \$1,392.286 million, I get \$1,343.824 million. That is not the same as \$1,330.3 million.

Can someone please explain where \$13½ million appears to have disappeared to? The discrepancy appears to be between the two annual reports. I cannot get those figures to add up. If you have figures hidden somewhere else in your annual reports, would you please tell me?

Ms Vardon—Mandy Ritchie is our resource manager. She is just having a look.

Ms Ritchie—Could I just clarify what page it is in the DSS annual report?

Senator WEST—Page 277 of DSS and pages 30 and 31 of Centrelink.

Ms Ritchie—If you could just bear with me for a minute, Senator. I am just trying to compare—

Senator WEST—Am I right in missing \$13.5 million?

CHAIR—Just a moment, Senator West. Let the officer have a look at it, please.

Mr McWilliam—The missing \$13½ million was paid out of DSS running costs to Centrelink.

Senator WEST—This goes back to the problem I had with that flaming table 3.3 that we had three corrigenda for last time. I cannot get a handle. There is no one table that tells me what you have in total given to them and what they have received.

CHAIR—Senator West, you do not need to bark at the officers.

Senator WEST—I am not barking, Senator. I am getting confused.

CHAIR—Please, just calm down. Just speak to them properly.

Dr Rosalky—I believe the figure that is in the Centrelink annual report does, in fact, give you that because they are looking at it from the point of view of all their sources of money. The sentence that is in the Social Security annual report does say ‘appropriated from other services’, and there was a figure of an extra \$13.5 million paid from our running costs at one point because of some of the costs that Centrelink was absorbing—things had developed during the year. The department paid an extra amount of \$13.5 million during the course of the year out of its running costs to cover some specific things within Centrelink. They have included that in their report which does reflect the total amount of money that came from the department.

Senator WEST—I am looking under the thing that says ‘Financial Relationship with DSS and Centrelink’. I would have thought that all of your financial payments to Centrelink would have been included in that particular section—pages 276 to 277. Is there another set of figures somewhere else in the annual report that shows in one column, one table or something what was received or given?

Dr Rosalky—We will have to find whether we actually consolidated that within our annual report. I cannot quite recall that. I will come back to you on that during the course of the session.

Senator WEST—You can see why I am a bit confused? Do you think I have every right to be confused?

Dr Rosalky—We can talk about moneys that were appropriated for specific reasons, which is part of what we report on. But also Centrelink is giving you a tabulation of the sources of all their money that came from a variety of departments, including from the Department of Social Security, and that does add up to the 1,392 figure that you were quoting.

Senator WEST—So it is \$1,392.286 billion?

Dr Rosalky—It is \$1.392 billion, yes.

Senator WEST—That is the correct amount of money that Social Security or whatever you now call yourself—it would have been Social Security because this is the end of the financial year—

Dr Rosalky—I believe that is the case, yes, because it does include those various sources.

Senator WEST—Can you please check that for me and see if it is that?

Dr Rosalky—Yes.

Senator WEST—In the Centrelink annual report you say at the bottom of page 31 and you say on page 28 that Centrelink was the provider of service because it was purchased from

Social Security, DEETYA, Health and Family Services, DPIE, Workplace Relations and Small Business, the ATO and DVA, plus the state authorities. But when I come to the 1997-98 available funds it says 'Source'—this is in Centrelink's annual report, page 30—and there is no mention in there of what you may have received from DVA, the ATO, Workplace Relations and state housing authorities. I presume if those four have purchased services from you they have paid you with something.

Ms Ritchie—I will try to respond to that. In relation to those items that have not been reported separately on that table—that is, in relation to the department of workplace relations, et cetera—we have another separate account which is referred to as a section 31 account. It is for the receipt of other user charging payments, and that is accounted for as an overall account as opposed to being separately itemised by those that are actually making payment to Centrelink. It is for a range of other services that may well have been provided for other purchasers.

Senator WEST—Does that appear on the table on page 30 as a direct appropriation?

Ms Ritchie—It is a small part of what is reported as direct appropriation. There are other arrangements in terms of having access to that money to Centrelink under the section 31 provisions of the Financial Management and Accountability Act. Moneys are not directly available to Centrelink to use immediately. We have a separate resource agreement with the Department of Finance and Administration to gain access to those moneys.

Senator WEST—Is there a figure somewhere in this report that breaks down the section 31s?

Ms Ritchie—Senator, if I can just have a little time, I might work that through. I have an answer for you, I believe, but I just want to check that the figures correspond, so that I am not giving you incorrect advice.

Senator WEST—Because I wanted to go on to page 76 and say that you have given me forward estimates for anticipated receipts, and I presume that the other user charger receipts apply to the four organisations that I have mentioned.

Ms Ritchie—Correct.

Senator WEST—I would like a breakdown—I am happy to take it on notice—of what those charger receipts are expected to be from the four organisations. When I saw this table, it was what drew me to ask about the income. You have given me the forward estimates, but you have not given me the actuals. I could not find any actuals and I wondering whether they are there anywhere.

Ms Ritchie—That is what I would like to check. I believe they are under what is referred to as direct appropriation but I would like to check because there are some separate funding arrangements in relation to that section 31 account, which may mean that that funding was not actually receipted until the end of the financial year, and therefore it is accounted for in the following year for financial purposes.

Senator WEST—There is that notation there that says the 1997-98 available funds exclude adjustments made after the 1997-98 additional estimates, which will be brought into account in 1998-99?

Ms Ritchie—That is correct. I would just like to check that that is the case before I give you a response to your question.

Senator WEST—Given that this is an annual report for everything that happened in 1997-98, additional estimates for 1997-98 were 12 months or so ago, why can't the money that was

coming through additional estimates appear in the annual report of that year because that annual report is six months or so after the additional estimates?

Ms Ritchie—To answer that question, Senator, it could well be that the moneys were receipted after the additional estimates of 1997-98.

Senator WEST—You mean receipted after the completion of the financial year?

Ms Ritchie—No. Additional estimates 1997-98 occurs part way through that financial year and therefore what I am putting to you is that it could well be that it relates to a receipt of payment after that additional estimates period, and therefore could not be brought to account until the following official reporting period, which would be at budget time.

Senator WEST—But shouldn't receipts that are received before the end of the financial year be receipted in that financial year?

Mr Divett—The receipts are not received by us. They are received by the Commonwealth of Australia and then re-appropriated to Centrelink. That is the point Ms Ritchie is making.

Senator WEST—What I am wanting to know then is when the re-appropriation took place?

Mr Divett—That is the answer that Ms Ritchie is giving you. It is in the budget process which was for the next financial year, but we need to verify that.

Ms Ritchie—I would like to check that.

Senator WEST—Okay. I am happy for you to do that. Do you want to take that on notice or do you want to check it now?

Ms Ritchie—Yes, if I can take that on notice, that would be good. It would give me a bit of time.

Senator WEST—I was just fascinated; it might have come up earlier and I apologise for not being here this morning, but I was representing the President at a funeral. On page 37, the annual report talks about transformational change. It says that it has faced transformational change in its first year and this will continue over the next three years. Does this mean that you are doing some sort of restructuring of stuff or what is the go with that? What does that mean, because you have now been in operation for approximately two years?

Ms Vardon—In our beginnings, there were two sorts of changes that happened to us and we call it the creation of Centrelink—the setting up time. We now consider that we are in a consolidation time. In the setting up time, we had to do organisational change and at the same time there was significant program reform. I suppose the word 'transformational' refers to the fact that we created a new agency. We had to deal with a whole new way of doing business, in a sense. We had to create a concept of business partnership agreement; we had to work out how to reduce our costs very rapidly; we had to eliminate overheads; we had the creation of a board. So people who were public servants, used to working in a department, were now people who are working to a board in a statutory authority where there are different accountabilities. There were a number of departments that we had to relate to and a number of ministers that we are responsible to as opposed to the traditions that we had where there was one main minister.

Almost everything we did had to be reinvented. There was no real pattern that we could follow because we had to invent a new agency, a new authority. Our audit practice had to be reformed. The whole of our IT had to expand to incorporate additional agencies and departments, and our computers had to talk to each other when they had not had to in the past. We had—

Senator WEST—Do they talk to one another now?

Ms Vardon—They do.

Senator WEST—Do they talk to the DEETYA computers?

Ms Vardon—They do.

Senator WEST—All the time?

Ms Vardon—Most of the time.

Senator WEST—Most of the time. Have you got a figure on the percentage—

Ms Vardon—That is dwerb speak.

Senator WEST—Dwerb speak?

Ms Vardon—Yes.

Senator WEST—So they are talking to one another most of the time. Has anybody asked for a breakdown of how often they are talking to one another and how accurately they are talking to one another?

Ms Vardon—There are some enhancements that both agencies now have to be introduced to. We have a list of enhancements to go into their releases that are coming through, to make it—

Senator WEST—Is it possible to have a list of that, please? I am happy for it to go on notice.

Ms Vardon—Yes, we can certainly talk about the things that we still need to do. We had to create ourselves a job called the gateway to the job network. That meant that people who worked in Social Security and the CES had to be brought together. They had different cultures. Some felt tremendous sadness about leaving their departments. Not everybody wanted to go into this new environment where there was no guarantee of business, I suppose, in a sense, where we live from contract period to contract period.

When we talk transformational change, we are talking significant organisational change, compounded with significant program change that was coming through from the government. At the same time, we had a vision of where we wanted to go. We had a very strong commitment to the customers and to improving service. So we required innovation and a whole new way of doing business. We look at how we can improve services to rural Australia and how we can think differently. We wanted to have the cobwebs shaken out of people's heads and to think from a customer's perspective.

We also had relationships with client departments who imposed—and properly—a set of result areas that we had to report against. We did not necessarily always have measuring systems in place. They had not come from the departments that were the formation from which Centrelink was formed. So we had to invent new measuring systems, new accountability systems. At the same time, we are responding to the accrual accounting reforms of the government. We are preparing for the year 2000 and so on.

When you put an organisation and a group of people through this kind of environment, what you have is transformational change. Hopefully, we are now moving into a time of consolidation, before we add on a whole series of new IT opportunities. We are in a time of consolidation where we are trying to give our people a rest from some of that change and go more slowly towards our path of improving customer service.

Senator WEST—It puzzled me when I looked at that, and then I looked at page 102 which has an item there called an ‘abnormal item—corporate restructure costs’. I wondered about transformation and restructure. You are a new organisation so what are you doing restructuring? I would have thought you had set up a structure in the first place and would not have required to restructure.

Mr Divett—It is a technical accounting term. It is a head in the whole of government accounts which accounts for all things which are abnormal and about changing. For instance, a large slice of our voluntary redundancy costs this year will appear in that item this year. There is a whole collection of items that appear there.

Senator WEST—Yes, there is nearly \$27 million for redundancies. Is that it?

Mr Divett—Yes. It was not all redundancies, but that is where those costs go.

Senator WEST—So it is not a new restructure?

Ms Vardon—No.

Senator WEST—This is one that I am not sure which organisation takes on board. It is out of this. Are we on to this yet or are we only doing annual reports?

Ms Vardon—We have been doing Centrelink.

Senator WEST—It has Centrelink in it, but I do not know whether Centrelink knows much about it. It is pages 14 and 15. Social Security has running costs and compensation for detriment and CSDA computer equipment. You have variations there and they are just put down as ‘Centrelink Unattributed’. Do we ask questions to Social Security or do we go to Centrelink to ask them why, what, how and where? Can you see the figures I am looking at?

Mr McWilliam—These are new items that have been established. The compensation item effectively involves the transfer of moneys from a similar item in the department. This item was established for a couple of reasons. One is that it was felt it was better to have the moneys paid out for compensation for detriment caused by defective administration shown directly against Centrelink when it was responsible for that, but also because that item will cover all of its defective administration and not just for family and community services.

Senator WEST—What about the one above it for a \$147 million increase in running costs under Centrelink Unattributed? There is one across the page which is a reduction of \$6 million for computers. Given the amount of money that was spent in the previous financial year, you probably do not want to spend another brass razoo on them. I am just seeking clarification as to what it is because all the other variations have an explanation in the PAES.

Mr McWilliam—That item—

Senator WEST—At 561.1 and 948.1.02.

Mr McWilliam—That item was the amount being paid to Centrelink basically to cover its financial restructuring over its three-year financial plan. That was basically borrowings that Centrelink has undertaken to undertake its financial plan.

Senator WEST—Why, in the budget, was only \$27 million allocated towards it?

Mr McWilliam—The \$27 million was the carryover, as I understand it.

Ms Ritchie—Yes. The \$27 million represents an original estimate towards the end of last financial year of a cash carryover that Centrelink had anticipated between 1997-98 and moving into 1998-99.

Senator WEST—Why could not moneys for this have appeared in the budget? These are running costs—it is a 544 per cent increase.

Ms Ritchie—I think you will find, Senator, if you look at the portfolio budget statements for the 1998-99 budget, the \$27 million is reported as anticipated transfer.

Senator WEST—No, the \$147 million—the increased amount of money—the extra \$120 million.

Ms Ritchie—The \$147 million comprises two elements: the first is \$143 million relating to the advance of cash that Centrelink is seeking in respect of its financial plan for the next three years and the restructuring exercise it will go through over the next three years, and the other element is a \$4 million adjustment to the original \$27 million in carryover on the basis of the actual outcome for last year which resulted in a final cash carryover of \$31 million total.

Senator WEST—It still does not answer the question as to why, when there was going to be a restructuring, there was not money set aside in the budget.

Mr Divett—Because there had been no decision taken, Senator, to restructure the organisation at that stage. At the time of the budget those decisions were not taken.

Senator WEST—I see. Is that going to appear somewhere in the Centrelink annual report next year? Am I going to be able to trace these sets of figures very clearly through?

Mr Divett—Yes, Senator.

Senator WEST—I am going to have to wait and see, aren't I? I think the rest of my general ones have probably been covered by my colleagues earlier this morning.

Ms Vardon—Madam Chairman, could we use this opportunity to make a correction to the record this morning? I am not sure when you want to do it, but we did want to make a comment on the Brave contract.

CHAIR—Certainly, Ms Vardon.

Ms Vardon—We said that it was for three years. It was for two years with an extra year negotiable. Thank you.

CHAIR—Any further questions on Centrelink?

Senator CHRIS EVANS—Madam Chair, I mentioned to you earlier I have got a couple of questions about consultancies and things which are standard across all things. I will just put them on notice if that is all right.

CHAIR—Yes.

Senator CHRIS EVANS—We are asking them in all portfolio areas. I will put them on notice.

Senator DENMAN—I have a couple on IT too if I could do the same.

Senator WEST—I would be happy for Centrelink to take on notice to tell me why there are a number of consultancies that are engaged as b(i). I would like to know the reasons as to why they were all given urgency. I am happy for that to go on notice.

Ms Vardon—Yes, we will be happy to answer it.

Senator Newman—Did Senator Denman say that she was putting some on notice? I did not quite hear what you said.

Senator WEST—Senator Denman is putting IT on notice.

Senator DENMAN—Yes.

CHAIR—Thank you. May I thank all those specifically associated with Centrelink for the marathon effort and you are free to leave. I would now like to move on to the programs in order but I rather hesitatingly ask whether there are any general questions on the information contained in sections 2 and 3 of the portfolio additional estimates?

Senator WEST—Are we doing the overview first?

CHAIR—Yes.

Senator WEST—I have.

Senator CHRIS EVANS—Before we do that, I have got some questions about a business television unit and I have got no idea where to ask it. I have been informed that you have created a business television unit. Was that with Centrelink, was it? I will put that on notice then. I assumed it was the department.

Mr Jongen—Senator, I may be able to assist you now.

Senator CHRIS EVANS—At the risk of trying the patience of the chair, why was the business television unit established? What is the nature of its business?

Mr Jongen—It was established some five years ago. It provides interactive television broadcasting facility to all 300 of our customer service outlets and it provides training and information programs.

Senator CHRIS EVANS—Do you compete with the private sector for other work?

Mr Jongen—No, because the service that we provide is exclusive in that it delivers a broadcast signal to our network of offices, and only our network of offices.

Senator CHRIS EVANS—Do you provide services for other clients?

Mr Jongen—We provide services for a number of Commonwealth departments, including ATSIC and the Department of Family and Community Services. In addition to that we also provide a signal on behalf of the Doctors Rural Health Network which enables them to provide accredited training to doctors in remote and regional locations.

Senator CHRIS EVANS—Do you do any work for Telstra?

Mr Jongen—We did produce a training video on the use of Centrelink's new telephone system in conjunction with Telstra. It was intended to train staff in the use of new equipment.

Senator CHRIS EVANS—What about a Telstra managed voice system? Is that what you are talking about?

Mr Jongen—Yes, that is correct.

Senator CHRIS EVANS—So you were using one of their systems and it was training.

Mr Jongen—It was for our staff.

Senator CHRIS EVANS—Did you win that in tender?

Mr Jongen—No. Because it was targeted at our staff there was not a necessity for us to go through a tender process, although I do recall that Telstra contributed to the cost of that because in fact it was a more economic means of providing training to our staff.

Senator CHRIS EVANS—But generally you do not actually compete for work outside of your own needs?

Mr Jongen—That is correct.

Senator CHRIS EVANS—Thank you for that.

Senator Newman—We do it as an information exercise for community groups from time to time where we invite them into the offices and they see the benefit of the information that officials and other can provide.

Senator CHRIS EVANS—I had some concerns raised with me about competing with other persons for other department work. I think that was the basis of the inquiries I had and the Telstra managed voice system was one of them.

Mr Jongen—Yes, that is correct.

Senator WEST—Everybody I am sure remembers table 3.3 on page 34 that we had to have several goes at getting right. Can somebody tell me—and I am happy for you to come back to me later on in the proceedings when you are going to tell me about the other bits I cannot find—where I might find this replicated in the annual report so that I can actually check that the estimated outcome is the actual outcome? It is the summary of outlays for the portfolio and I cannot find it in a form that I can recognise in the financial sections of the annual report. I just wanted to check that the estimated outcomes were the outcomes, but I cannot find it. So would somebody please tell me where it is and how I find it? I am happy for you to come back to that. Do you know the table I am referring to?

Mr McWilliam—Very well, Senator.

Senator WEST—How could we forget?

Senator GIBBS—On pages 7 to 10 of the PAES, it talks about departmental structures which have been incorporated into the new portfolio. I would like to know how many jobs in the national office will be cut as a result of the imminent departmental restructure which has been prompted by the merging of the old DSS and several program areas from other departments?

Dr Rosalky—As a matter of effecting that merger, Senator, there are no job losses in that process. It is actually a matter of bringing different functions together and reorganising them to pursue the objectives of the government in integrating their services together.

In fact, some program areas moved in their completeness to the new department. In terms of support services like corporate areas, we have had to negotiate a split of resources. These things never work neatly down a dotted line because the functions do not split in a marginal way. A computer is a computer system and it just does not divide up. In fact, each department is having to reallocate its resources internally to now handle the various support loads it has. So we have some internal re-organising of the departmental resources but, as a result of the amalgamation, there were no staff cuts or removals of staff involved at all.

Senator GIBBS—How much money has been spent over the last 18 months on remodelling B block at Tuggeranong Office Park?

Dr Rosalky—I would have to take that on notice. In the 12 months I have been in the department there have been two significant changes largely to utilise the space much more efficiently. With the split of the department and Centrelink the executive of Centrelink repositioned itself. Whereas it was part of the earlier DSS executive and that building which was essentially designed for executive use, now it has operational branches in it so it is utilising the space much more densely and effectively than it was before.

One of the problems was not anticipating a change in government structures when we brought the branch into the floor in the first place. I will have to get the figures for you but they have both been done very efficiently in a sense of just expanding, say, some rooms or

whatever was needed. There was not a complete remodelling done when the new Department of Family and Community Services was created. It is a very small change, actually.

Senator GIBBS—Probably at the same time I would like to know how much money will be spent on this B block by the end of this financial year. It is my understanding that this block was remodelled for executive use and that no-one actually moved into it and then it was remodelled for other purposes—is that correct?

Dr Rosalky—It was remodelled in about the middle of 1998 and, as I said, some 40 to 50 staff were actually moved into it. It was utilising space, not un-utilising it—if that word exists. Then there was a small change in the structure of the building done again in recent weeks because the new Department of Family and Community Services has, for example, two deputy secretaries—we only had one before. It was an absolutely minimal re-adjustment of the space. I think that on any measure of utilisation per square metre it is much more efficiently used because of the remodelling than it was in previous years.

Senator GIBBS—That is fine. Thank you very much. While you are giving me the costs on that, could I have a breakdown of costs for both times, please?

Senator WEST—Where is B block?

Senator GIBBS—Tuggeranong Office Park.

Senator WEST—How many used to live in there before either refurbishment started?

Dr Rosalky—B Block is an unusual block. Upstairs was an executive office floor and there were libraries and other facilities for large meetings, et cetera. Downstairs has a cafeteria, for example, that has been there since the building was first built some 10 years ago. It is the upper floor where the offices are that has been remodelled, and on that floor there are 40 to 50 staff. I cannot be exact on that.

Senator WEST—What was there, though, prior to the commencement of any remodelling?

Mr Whalan—Senator, I am happy to answer that for you. If we go back a couple of years, B block was largely for the executive and had meetings areas. I would guess there would have been about 15 people in the block. It was largely a lot of space for meetings areas, for cafeterias, et cetera, and at the top there were only about 15 people. I am going to make a guess now and say there are about 100 people in B block. What has happened progressively over the last 18 months is, firstly, a shifting of increasing numbers of people into the building. There is a more reasonable use of the space. There were some generous areas there previously. Secondly, it has been cannibalising some meeting rooms because of accommodation pressures across the complex.

Senator WEST—Hasn't Social Security lost a lot of staff because a lot of them have gone to Centrelink?

Mr Whalan—The numbers of staff at that complex across both Social Security and Centrelink are larger now in that complex than they were two years ago.

Senator WEST—So we actually have not seen a decrease in the total number of staff; we have seen an increase in the executive staff?

Mr Whalan—No. Firstly, that is at that complex—the five buildings in that complex. My comment is not about the executive; it is about the total number of staff across Centrelink and Family and Community Services.

Dr Rosalky—Some accommodation that was used in Woden, especially by Centrelink, has been vacated as we have all been adjusting our locations.

Senator WEST—So you have left empty buildings somewhere else?

Dr Rosalky—Terminated leases. I am not sure what the circumstances are. The Public Service is rationalising accommodation all of the time to try and remove distances that cost—

Mr Whalan—I can give you one example. When the Department of Housing and Regional Development ceased to exist at the beginning of the previous term of government, a large number of people in that department shifted down to Tuggeranong and vacated accommodation in Woden.

Senator WEST—Was the accommodation that was vacated in Woden and elsewhere at the end of contract lease period or not?

Mr Whalan—In that example it was not, but there would be lots of different examples.

Senator WEST—Where you have rationalised and taken people down to Woden and moved bodies out of other buildings and let the contracts go, how many of those contracts had actually expired and how many still had time to run and, therefore, may well be costing money? To go with that question from Senator Gibbs, could you also take that on notice?

Senator Newman—Going back how many years?

Senator WEST—Two, 2½.

Senator BARTLETT—I have a question in relation to the funding that I believe comes from this department through to welfare rights centres around the country—the welfare rights network. The welfare rights centre in Adelaide, which I understand is currently under possible threat of being integrated into a general community legal centre, is under amalgamation plans proposed by the state government in South Australia. Are you aware of that possibility and do you have any concerns about the potential impact that may have on the efficiency of that service to deliver the services that you fund them for?

Senator Newman—I do not know about it but the department might. I might say that in my home town we do not have a welfare rights organisation, but we have a very hardworking community legal service that does look after the needs of the people who would go to welfare rights in another town.

Senator BARTLETT—Do they get funding through that program?

Senator Newman—I do not really know. They are not funded by my department so I cannot really tell you that.

Senator BARTLETT—So they do not get funding through that pool of funds that goes to the welfare rights network.

Senator Newman—We do not pay welfare rights.

Senator BARTLETT—It does not come from this department at all?

Senator Newman—No, it comes from the Attorney-General's Department.

Senator BARTLETT—I understood that it came from here and went to the Attorney-General's Department.

Senator Newman—I think that some years ago there was funding in Social Security for welfare rights but not since we have been in government.

[3.59 p.m.]

Program 1—Support for families and children

Subprogram 1.1—Children's services

Senator CHRIS EVANS—I might indicate on the record that I approached the minister to try to help save some time today, because I know the committee is under pressure of time. The minister has offered to provide me and my staff with a briefing on some of the issues we wanted to raise, which were of a more general nature, and I acknowledge her cooperation in that. She agreed to do the same for disability services, so that will allow us to reduce the time we take today on some of those areas. It is not as good because it is not on the public record—having groups that are interested in some of these issues—but I am aware of the pressure we have with the GST inquiry, et cetera. So I appreciate that, Minister.

I would like to ask about what is occurring with what I understand is a consultancy in relation to the amalgamation of child-care assistance and benefits. In another forum, I think, the officers gave me some information about government consultancy, which I did not know about the other day. I would like to follow that through on the record and ask: who commissioned the reference, did it go to public tender, who was the winner of the tender and what are its terms of reference?

Mr Wilkinson—The consultancy was let after a tender process had been gone through. It was a select tender, and about eight organisations were asked to tender. As a result of that, we selected one tenderer, Deloitte Touche. They were then approved for the tender by the department. The tender process began, prior to the election, in the former department, the Department of Health and Family Services, and was subsequently approved by the Department of Family and Community Services.

Senator CHRIS EVANS—I am a bit confused there, but not by the tender process. As I understood it, it was looking at the government's election commitment to combine the two benefits as part of the tax package process.

Mr Wilkinson—No, the original consultancy was let to look at simplifying the payments process as it was with the two payments—the child-care rebate and the child-care assistance payment. In the initial stages of the consultancy tender, that was the direction in which it was going. After the election, when the decision was made, the commitment was to combine those two payments into one. In some respects, it simplified the consultancy so that we could then move to a simpler process that we were looking at to consider the most appropriate way to pay the new child-care benefit.

Senator CHRIS EVANS—Is the consultancy looking at the issue of whether or not it is desirable to combine the payments?

Mr Wilkinson—No, that decision had been taken by the government.

Senator CHRIS EVANS—And that is not being reviewed?

Mr Wilkinson—That is not being reviewed.

Senator CHRIS EVANS—I must have got the wrong end of the stick the other day. Do you have the terms of reference for that particular inquiry?

Mr Wilkinson—I do not have the terms of reference here but I can supply them.

Senator CHRIS EVANS—If you would take that on notice, I would appreciate that. What is the deadline for that report to be completed?

Mr Wilkinson—That report is expected to be available at the end of February.

Senator CHRIS EVANS—Will it then be a question of the department providing advice to the minister? Is that the process?

Mr Wilkinson—It will certainly be providing advice to the minister, and it will be the basis for a decision about the payment process, which has to lead, subsequently, into the new child-care benefit payment starting on 1 July 2000.

Senator CHRIS EVANS—I assume—and I am not trying to put words into your mouth—that the process of drafting the legislation to give effect to the government's policy is delayed by this review in the sense that—

Mr Wilkinson—We have been somewhat caught in the timing of this process because the drafting instructions should be being prepared now and we are not in a position to make a decision about that. So there is some judgment being made about the best way we can build some flexibility into the legislation and, subsequently, be able to look at the most appropriate payment process, which we cannot decide as yet.

Senator CHRIS EVANS—So it is not actually delaying the drafting instructions on the legislation?

Mr Wilkinson—Not the total broad picture of the legislation.

Senator CHRIS EVANS—I see.

Ms Raymond—I could just clarify that a bit further. In the legislation there are no problems in terms of eligibility for the new child-care benefit. The details of the eligibility conditions will be already decided on and can be built into the legislation. What we are waiting on for the consultancy is just the best way of delivering the new child-care benefit.

Senator CHRIS EVANS—That is a pretty big issue. It is quite a complex thing to try and amalgamate those two payments because they are based on quite different criteria.

Ms Raymond—Yes. It is just how we deliver it and not how—

Senator CHRIS EVANS—I do not have any problem with it in principle. It is a lot easier said than done, I would have thought. I am not quite sure what you are saying. The drafting is going ahead as per normal.

Ms Raymond—In terms of eligibility conditions, et cetera, all the details about eligibility for the new child-care benefit will be going into the drafting instructions.

Senator CHRIS EVANS—So the proposition to pay the total subsidy to the parent is not under review?

Ms Raymond—One of the key areas of focus for the consultant is how we best pay the child-care benefit.

Senator CHRIS EVANS—I do not want to put words in anyone's mouth. Am I right in assuming that the government commitment was to pay the total benefit to the parent?

Mr Tune—I think it was explained last week at the other hearing of this committee that, in relation to the family tax benefit parts A and B, the intention is to pass those to the primary carer.

Senator CHRIS EVANS—No, I am just talking about the child care.

Mr Tune—Certainly, in relation to those two, it is intended to provide those direct to the primary carer. In relation to the child-care benefit, there was perhaps a predilection to pay it to the parent, but it was recognised that that required a fundamental change and that, therefore, we should look at the delivery options in relation to the child-care benefit. The consultancy

that Mr Wilkinson has just been talking about is an important input into that process. Once we have the results of that consultancy, as well as the input that we are garnering from the consultations that we have been doing with community groups, including with the child-care sector, we will pull all that together and that will form the basis of advice to the government about how we should proceed from there. A decision will need to be made.

Senator CHRIS EVANS—I am still not quite sure of the interface between the inquiry and the proceeding of the government's legislation, but I appreciate the information you have given me. Is someone able to inform me what the timetable for the introduction of the legislation is?

Mr Tune—It will be in the next couple of months.

Senator CHRIS EVANS—I do not want to belabour the point, but, at first blush, it does not seem to give you much time to assess the consultancy and deal with the legislation.

Mr Tune—That is correct; there is a time pressure. As Ms Raymond said, we are in the process of putting together drafting instruction and are drafting the legislation now. The last thing we will probably put into the legislation is this decision about the delivery mechanism.

Senator CHRIS EVANS—Thanks for that. I want to ask what your experience with the disadvantage subsidy has been. Could you give me a feel for who has been receiving it, the quantity, where it is going and that sort of thing? I will preface it by saying I have had a range of concerns expressed to me about the ability to seek the disadvantage subsidy in metropolitan areas. People are expressing the view that they have difficulty accessing it and meeting the criteria in metropolitan areas. So I am interested in the experience with the disadvantaged area subsidy.

Mr Lansdowne—Are you speaking about disadvantaged area subsidies for long day care centres. Those have been provided to community based centres on the withdrawal of operational subsidy. The main focus was rural and regional areas, so perhaps the name 'disadvantaged area subsidy' led people to think of economic disadvantage as well, but in fact—

Senator CHRIS EVANS—I thought one of the criteria was outer metro area as well though, wasn't it?

Mr Lansdowne—Not for long day care centres.

Senator CHRIS EVANS—Sorry, go on.

Mr Lansdowne—On that basis, this has been focused in rural and remote areas. The main criterion has been that you would be the sole provider of child care in a town and the idea was to ensure that there was an availability of child care to people living in those areas.

People have come forward and said, 'We are in an economically disadvantaged area and we would like a subsidy.' In fact, the way that we structure child-care assistance already provides additional assistance to families in areas of economic disadvantage, so we would see the assistance in those areas flowing through the payments to families rather than as a subsidy to the service.

Senator CHRIS EVANS—I do not want to argue the point with you, but there are a range of services which provide specialist services or at least have become a specialist client base in terms of Aboriginal clients or particularly disadvantaged clients. They structure their service, have an empathy, and deliver services that are appropriate in metropolitan areas that I would suggest need that sort of special assistance. I understood the three criteria for disadvantaged area subsidy included applications from centres in metropolitan areas and that there were two

other criteria: about 10 per cent of the parents being eligible for child-care assistance and independent financial advice. Are you saying to me that people in the metropolitan area are not able to apply for the subsidy at all?

Mr Lansdowne—The long day care centre disadvantaged area subsidy was primarily targeted at rural and remote areas.

Senator CHRIS EVANS—Yes. I just want to be clear because I have had some dealings with this. I may be pursuing the wrong angle here, but I thought we have been operating on the basis that outer metropolitan areas were eligible. Are you saying they are not eligible for the subsidy even if they meet the other criteria?

Mr Lansdowne—We used the ABS classifications for what we designate as rural. I think in most cases that would not include an outer metropolitan area.

Senator CHRIS EVANS—I am not arguing about the definition of rural; we accept that. What I am asking you is: are you saying to me that metropolitan centres are not eligible for the subsidy?

Mr Lansdowne—There are a number of criteria. I have mentioned the main one. There was one extra criterion, which was to do with being the only provider of overnight care in an area, so there is one metropolitan provider who is in receipt of disadvantaged area subsidy. The reason is that it is a form of care which would not otherwise be available upon the withdrawal of operational subsidy. But in terms of just broad operations—

Senator CHRIS EVANS—Perhaps it is best if you just provide me on record, if you would not mind, with the criteria that the department applies for this subsidy.

Mr Lansdowne—Certainly.

Senator CHRIS EVANS—Can you tell me whether any metropolitan centres have received disadvantaged area subsidy?

Mr Lansdowne—There is one in Australia which is an overnight service. They only receive the subsidy in respect of the overnight operation, not in terms of their daytime operation.

Senator CHRIS EVANS—So there is one community long day care centre in Australia that has received assistance under the disadvantaged area subsidy.

Mr Lansdowne—In the metropolitan area.

Senator CHRIS EVANS—More generally, how many centres have received assistance?

Mr Lansdowne—I am sorry I have not got the grand total here, but I can provide that to you. It is some hundred.

Senator DENMAN—We could do a breakdown by state as well. Is that possible?

Mr Lansdowne—Yes, it is. In fact, we provided it in a response to the most recent estimates. We have the full detail which we can provide again to you. There is a list by state of all of them.

Senator CHRIS EVANS—Are you talking in the order of about 100? Is that the sort of ballpark figure?

Mr Lansdowne—It is several hundred.

Senator CHRIS EVANS—When does that subsidy cut out?

Mr Lansdowne—The approvals have been given for a three-year period. Each service has been given this subsidy for a particular period. We would be looking at the process at the end of the three-year period to see what we would do beyond that time.

Senator CHRIS EVANS—Have applications now closed? It was based on the removal of the operational subsidy and the circumstances surrounding that. Is it therefore the case that we are now dealing with the limit of those centres that will be assisted under this program?

Mr Lansdowne—We have assessed every child-care centre in Australia against the criteria. All of those that are eligible are receiving it, and new centres that are approved which meet the criteria are also eligible.

Senator CHRIS EVANS—I see. I thought it was by application. I did not realise you were actually going out to assess them all.

Mr Lansdowne—When the scheme was introduced, every centre was assessed against the criteria and received it if they were eligible.

Senator CHRIS EVANS—In terms of new entrants into the subsidy, the only ones that will be will be new centres opening?

Mr Lansdowne—Yes, those that meet the criteria. If a new centre was opening in a town that did not have any child care at the moment, it would be eligible for it as the only provider in the town.

Senator CHRIS EVANS—The cost of the scheme will effectively reduce because it will only be new entrants who are eligible. Is that right?

Mr Lansdowne—It would remain at the existing level.

Senator CHRIS EVANS—But will not the subsidy phase out after the three-year period you have indicated for those centres that required the initial assistance?

Mr Lansdowne—There has been no decision taken as to what would happen beyond that time in terms of support for rural areas.

Senator CHRIS EVANS—Thank you.

CHAIR—Are there any further questions on subprogram 1.1? Thank you.

Subprogram 1.2—Family services

CHAIR—There are no questions on subprogram 1.2.

Subprogram 1.3—Family payment

Senator CHRIS EVANS—I understand there have been some changes to the treatment of people who have been exempted from the requirement to seek child support as part of their continuing to receive family allowance. I gather there have been some lifetime exemptions in the past for people where there had been cases of extreme domestic violence, or issues of that nature. There has been a change of policy where now you require a 12-month review of all persons. Is that right?

Ms Wilson—As of this last year there has been a change in policy whereby those people who have a domestic violence exemption from undertaking reasonable maintenance action in pursuing child support will be reviewed every 12 months. That has been occurring since the beginning of this year.

Senator CHRIS EVANS—Is that the only group that is exempted, currently?

Ms Wilson—No. There are a number of grounds for exemption, of which that is one.

Senator CHRIS EVANS—Is that the only one where there has been a change?

Ms Wilson—Yes.

Senator CHRIS EVANS—What was the reason for the change?

Ms Wilson—The reason for the change was the concern that there may be parents for whom the fear of domestic violence is no longer present, and who are missing out on child support. Therefore, the need for a continuing exemption should be reviewed to ensure that those who no longer had a fear and a concern about domestic violence should be able to pursue child support and receive that additional support for their children.

Senator CHRIS EVANS—Concerning the other categories that get the exemption, they are not to receive 12-monthly reviews. Is that correct?

Ms Wilson—They do not receive reviews because the other grounds for exemption are where it is an unreasonable imposition. Generally that is for a cultural reason, or the father is not known, in which case there are no grounds for reviewing the exemption. Unreasonable imposition can also cover categories of incest and rape.

Senator BARTLETT—You are saying the domestic violence review applies now where people no longer have a problem with domestic violence and they are able to get access to child support. What about if you are determining that they do not have a problem any more but they feel that they do?

Ms Wilson—Social workers undertake those reviews. They may or may not contact the customer, depending upon the circumstances that are documented in the file. Clearly, in some circumstances the information on the file will be sufficient to demonstrate that the fear is not likely to have dissipated in the 12 months, or in the intervening period.

There may be a need to have an interview with the customer, in which case social workers undertake those interviews. I have not got data on the outcome of those interviews with me, I am sorry, but to my knowledge we have received only one complaint thus far in the department since those reviews commenced.

Senator CHRIS EVANS—How many people are we talking about here?

Ms Wilson—Around eight per cent of family allowance customers have exemptions. Those that have exemptions on grounds of violence are about 3.6 per cent.

Senator CHRIS EVANS—It is a fairly significant number of people.

Senator Newman—For quite a few people the threat of domestic violence can be at the very early stage of the break-up. It is not necessarily something that continues on, and the kids are not getting their fair share.

Senator CHRIS EVANS—The concern is not so much about the ongoing threat of domestic violence; the concern that has been raised with me is that it forces people to go through an interview process that relives the experience and the turmoil, sometimes many years down the track, when they have no ongoing relationship with the partner.

Senator Newman—It is pretty unfair for those kids if many years down the track their other parent is not supporting them. It actually enhances the total income available to that family. As you know, a lot of them live in poverty.

Senator CHRIS EVANS—What I am saying to you, Minister, is that this is what some of the parents are saying to me. You may think your view is superior to theirs but what I am doing is articulating their concern. I am really looking for the department to respond as to how they are dealing with that. The concern is from a couple of women who have been in contact with us about the trauma and the upset associated with being re-interviewed on a 12-monthly basis about domestic violence and their relationship with their former partner—whether this change is necessary, and whether they should be put through that.

I am not trying to dramatise things but this is a serious concern. There has been a change in departmental policy and I am trying to be sure that the change is justified and that we are not actually putting people through unnecessary trauma and upset. Ms Wilson, I am trying to get a feel from you as to what drove the change.

Ms Wilson—As I understand it, the concern that drove the change was to ensure that where domestic violence was no longer likely to be present and that resident parents no longer had a fear of it, they should be able to pursue child support and receive that additional financial assistance for their children.

In some cases there could have been a passage of many years since that exemption had been reviewed and the relationship after separation could have been re-established on a more amicable footing with contact occurring with the children and there not being any fear of ongoing violence. In these circumstances it would appear appropriate that the non-resident parent should pursue child support.

Senator CHRIS EVANS—But what are you saying about the circumstances where that is clearly not the case? The woman who has written to me is clearly traumatised by it and does not want any contact or involvement. Do you then take her view into account and not pursue the reviews?

Ms Wilson—The social worker will make a number of assessments prior to contacting a customer. In many cases, there is sufficient information on the file so they do not need to interview the customer. In other cases, because of the passage of time, it is appropriate to contact the customer. They will generally do that by phone in the first instance. We will undertake a visit to the customer's house, if that is necessary, or make an arrangement where the customer can be supported if they need support to participate in an interview and discuss the issue. But not all of those cases result in an interview.

Senator DENMAN—So the social worker is in the position of being able to arrange counselling for the person concerned, as part of this?

Ms Wilson—Yes.

Senator CHRIS EVANS—If you put it in a positive context that they might be ineligible for child support, but the context in which it was put to this person was that if they did not attend the interview and justify their position again their family allowance payment may be cut. Are both possible outcomes of the process?

Ms Wilson—If there is a decision taken that there are no longer grounds for that exemption, then the customer has an obligation to pursue reasonable maintenance action. If they are found not to be pursuing reasonable maintenance action, yes, they can lose the more than minimum rate of family allowance.

Senator CHRIS EVANS—So it is a bit more than just entitlement to child support, isn't it? If the decision of the department is that they need to pursue child support and, in the department's view, their concerns about contact with the former partner are not acceptable, then their benefits will be cut.

Ms Wilson—It is a decision of Centrelink. It is the department's policy. Centrelink social workers are investigating these cases and undertaking the reviews. If a Centrelink social worker found that there were, in their view, no longer grounds for that exemption then, yes, one of the outcomes could be that the customer is not eligible. However, in those cases the customer would have access to appeal rights as they would under any unfavourable decision taken in a Centrelink context.

Senator CHRIS EVANS—Yes, I am not disputing that. I am just trying to see whether the process is worth a candle, basically.

Senator BARTLETT—You would not have a situation where someone's exemption was removed without their being interviewed, would you? Would that be done just by looking at a file? I can understand your looking at a file and agreeing to keep the exemption.

Ms Wilson—I am sorry, Senator, I did not hear the question.

Senator BARTLETT—Would you ever have a situation where the exemption was removed—where they were required to seek child support without having an interview?

Ms Wilson—No, I could not envisage that happening.

Senator Newman—It is appropriate at this time to say that last year Centrelink produced a kit for community agencies that are dealing with people suffering domestic violence, and also for their own staff to help in training people to appropriately recognise the signs of people who have been victims of domestic violence and also appropriate ways of helping and supporting them. That was done concurrently with this exercise.

Senator CHRIS EVANS—I accept the point, Minister, but we are dealing with people where it has been established they have been victims of domestic violence—that is why they are on the allowance.

Senator Newman—Yes, but it is a bit like somebody who has a literacy problem. Frequently, they do not want to acknowledge that they have got a problem. People with a domestic violence problem do not always want to acknowledge it.

Senator CHRIS EVANS—No, the people we are talking about have already been classified by your department as being victims of domestic violence.

Senator Newman—But you are missing the point. I am sorry, I will make it a bit clearer.

Senator CHRIS EVANS—Maybe I am.

Senator Newman—If somebody originally had an exemption for domestic violence for pursuing their rightful entitlements under child support the situation may not have improved, but they may not want to acknowledge it any more; they want to put it behind them. They do not want to acknowledge that they still are in fear of that domestic violence.

Senator CHRIS EVANS—They may want to have nothing to do with the father.

Senator Newman—The ability of the social workers and the staff at Centrelink to recognise the denial process is important in accurately assessing whether they are still vulnerable to domestic violence and therefore the exemption should still remain. Not everybody is going to be in that position, but I am saying that that is why you need to train people to be more sensitive.

Senator CHRIS EVANS—Is it about denial, though? The woman who has raised it with me is not about denial; it is about her saying she made a very conscious decision that she wants no more contact with the perpetrator of the violence.

Senator Newman—I was just explaining to you that the relevance of a training kit for Centrelink people is because not everybody is going to react the same way. You may think if you are assessing it that this person is not vulnerable to domestic violence any more, but in fact they may well be. So, for good decision making, you have to make sure your staff are well trained.

Senator CHRIS EVANS—It seems to me the preliminary point is whether or not they ought to be put back into that situation. That is really what the debate is about.

Senator Newman—Do you suggest that we just leave everybody who has claimed it once to be in that same exempt situation forever, whereas everybody else in the community who is applying for family allowance has to go through the child support application route?

Senator CHRIS EVANS—I am not claiming anything, Minister.

Senator Newman—That is a logical outcome, isn't it?

Senator CHRIS EVANS—No, I am asking you why you have changed your policy. It was your policy up until January.

Senator Newman—Yes.

Senator CHRIS EVANS—So it was acceptable up till then. It may well have operated under the Labor government—I do not know. I am asking you to defend and explain the change in policy, and whether or not that creates an unfair burden and distress for people. That is what I am trying to tease out.

Ms Wilson—I might add, Senator, that the other underlying rationale for the policy change was a concern not to let the perpetrators of violence get away with it, in a sense; not to reward them by not pursuing child support in those cases forever more. It was trying to balance the needs of the children, the obligations of the non-resident parents and the needs of the resident parents. It was a twofold rationale.

Senator CHRIS EVANS—It is a question about whether these decisions are best made by the department or by, in this case, the mother of the children, or the person affected.

Senator DENMAN—So you are in the position to ascertain whether the perpetrator is likely to become violent, particularly towards the woman in this case, because you are pushing for a family payment from that person?

Ms Wilson—The social worker would assess a number of circumstances in each case. Relevant information would include whether there was any contact with a non-resident parent, whether there had been persistent threats of violence, whether the relationship was amicable, whether the children were having contact and whether there were still AVOs that were current. There is a whole range of things that a social worker would assess in coming to a decision about whether the requirement for a domestic violence exception needed to be maintained.

Senator CHRIS EVANS—Perhaps the best way to leave it at this stage is if you could provide us with as much information on notice as possible, Ms Wilson. I would like to know how many people have been already affected by the change; what proportion, if you have any statistics, have then applied for child support or lost entitlement as a result—I know it is early days, so I appreciate it is work in progress; some estimate of how many people are likely to be affected in the future; and any information you have on what proportion of cases have had a file review conducted without the pensioner being contacted. I guess I have flagged that we will have an ongoing interest in this issue.

Ms Wilson—Sure.

Senator Newman—So will we.

Senator CHRIS EVANS—From this information we have received it has obviously not been well received by one particular recipient. I know it is a difficult issue. I will leave it at that.

Senator Newman—Can I ask whether that person—who may be a constituent of yours; I am not sure—has been advised to seek a review of the decision? It is an appropriate thing to be suggesting.

Senator CHRIS EVANS—Their contact is based on not wanting to be drawn back into contact, involvement, with the former partner. They want to get on with their lives.

Senator Newman—They do not have to have contact.

Senator CHRIS EVANS—They feel that the process of the interview with the social worker, et cetera, has brought it back into their lives and that they are having to justify again and relive the justification and that sort of thing.

ACTING CHAIR (Senator Bartlett)—Any more questions on 1.3? Any on 1.4.? On 1.5? On 1.6? I have a question on 1.6—I might throw to myself. All this power—it is wonderful!
[4.35 p.m.]

Subprogram 1.6—Child support

ACTING CHAIR—I am wondering, with the legislation that went through recently changing the child support scheme, whether there are any processes in place to monitor the effects of the changes on custodial parents and non-custodial parents and their children, whether you are doing anything to monitor the impact of these changes, and whether there is a mechanism in place to ensure that the children of sole parent families are not worse off in any circumstances.

Ms Wilson—In terms of the legislative package, as you know the legislation went through just before Christmas. Most of the initiatives associated with that package have not as yet been implemented. July is the key date for the vast majority of them, and thereafter. Certainly we will be monitoring the impacts on both resident and non-resident parents, on payers and payees, and on children. That is part of the joint work of the child support area of the department and the Child Support Agency.

Ms Argall—If I could add to that, in the evaluation of the total package there was quite a significant analysis undertaken by the department and the agency where we were involved to analyse the impacts on both payees and payers.

ACTING CHAIR—I do not want to go back over the debate on legislation that has already gone through, as I am sure you do not either. But I just want to ensure that, as well as assessing beforehand what you think is going to happen, you are putting mechanisms in place to assess what does happen.

Ms Argall—Yes.

ACTING CHAIR—Good. There are no other questions on child support. On maternity allowance—subprogram 1.7? No questions under that. None on 1.8—family relationships services. None on 1.9. I have got you all intimidated, have I?

Senator CHRIS EVANS—You will come to a screeching halt soon.

Senator DENMAN—Senator Gibbs has put quite a few on notice, too.

ACTING CHAIR—We will move on to program 2—Support for economic and social participation. No questions on 2.1—Commonwealth-state disability agreement. No questions on 2.2—employment assistance, or on 2.3—access and participation. On 2.4?

Senator CHRIS EVANS—Bingo!

[4.38 p.m.]

Program 2—Support for economic and social participation

Subprogram 2.4—Disability support pension

Senator CHRIS EVANS—I want to ask about this provision for ex gratia payments for recipients whose payments are unintentionally reduced by the youth allowance regulations. Could someone explain that to me and tell me how many people fit into that category, how were they affected and have they all been compensated?

Mr Herscovitch—Essentially, what happened there was that the youth allowance legislation inadvertently broke the link between increases in the youth rate of disability support pension and the old Newstart allowance. The youth rate of DSP is tied to—or used to be tied to—the sum of the Newstart rate applicable to the person of that age, plus an allowance which was equivalent to the rate of child disability allowance. The abolition of Newstart allowance for that group effectively cut the link for indexation. So the government took a decision basically to make an ex gratia payment to ensure that that indexation applied. Legislation is being introduced to rectify that.

Senator CHRIS EVANS—So will the legislation fix the problem in the long term?

Mr Herscovitch—It will fix the problem.

Senator CHRIS EVANS—So the ex gratia is to do what?

Mr Herscovitch—Bridge the gap in rate, that is all. It was just an oversight.

Senator CHRIS EVANS—And how many people are we talking about in that category?

Mr Herscovitch—I thought I had those figures here, Senator, but I do not.

Senator CHRIS EVANS—Perhaps you could take it on notice. Are you confident you have been able to identify all those persons?

Mr Herscovitch—Yes.

Senator CHRIS EVANS—Is the figure of \$12.67 million for the provision of medical assessments, and reviews for disability support pension and other related payments, a normal sort of figure or is that affected by some sort of blow-out? It just seemed to be an awfully large number. Is it a large increase on previous years?

Mr Herscovitch—No, it is not. Under the arrangements we have had with Department of Finance and Administration over recent years they have given us a base figure of \$7½ million. That has been supplemented each additional estimates process for the last several years. The figure of \$12.67 million takes it up to a figure of about \$22.4 million, which is a bit less than 1997-1998, because in 1997-1998 there were some additional reviews for invalid pensioners. It is not a blow-out. But we are also discussing the issue of the correct base level of funding with the Department of Finance and Administration with the view to putting it on a sounder basis in future years.

Senator CHRIS EVANS—Yes, it seems to me your base ought to be higher.

Mr Herscovitch—That is why we are talking to the Department of Finance and Administration.

Senator CHRIS EVANS—Okay, thanks for that.

Subprogram 2.8—Carer payment

Senator CHRIS EVANS—Can I ask about carer payment for carers of profoundly disabled children? How is that going? As I understand, there were new provisions introduced. How are you going in terms of applications for that allowance?

Mr Herscovitch—I do not have those figures with me, Senator, to be honest. We can take it on notice. My last recollection is that the figures were approaching the estimated numbers, but that was a couple of months ago, and I would need to take that on notice.

Senator CHRIS EVANS—As I understand it, there was a bit of a debate about whether or not it was going to be too restrictive, so I am interested in how many applications have been accepted and rejected in respect of children under 16 and the basis on which the rejections were made. I am just trying to get the history of how this is going.

Mr Herscovitch—It is very early days, but we will get what we can for you, Senator.

Subprogram 2.9—Child disability allowance

Senator CHRIS EVANS—I want to ask some questions about the child disability allowance. I think you were doing an analysis of the child disability allowance and how it was going during the estimates last year in June. Do you have any up-to-date information on that?

Mr Herscovitch—We are in the process of undertaking an evaluation of the new child disability allowance assessment tool, which was introduced in July 1998. We are in the process of establishing a reference group to help us in that evaluation. We are going out to a number of advocacy groups to seek representation from them. We also have some health professionals and others on that group. We will probably be going out next week to those organisations.

Senator CHRIS EVANS—So that is an assessment of the evaluation tool.

Mr Herscovitch—That is right.

Senator CHRIS EVANS—What about the experience of application for eligibility for the allowance?

Mr Herscovitch—That evaluation will encompass that as well. We are looking at the whole experience with the child disability tool. That is the big change that has taken place. We will be looking at numbers.

Senator CHRIS EVANS—When will that be finalised?

Mr Herscovitch—It will be finalised in the second half of this calendar year.

Senator CHRIS EVANS—Are you able to give us any idea of the sort of experience you are having with that? I think we have had this discussion before at a briefing or what have you. A range of concerns has been raised about whether the eligibility is too strict, and there is concern about people having to go through the evaluation tool. Have you got any data on the experience so far?

Mr Herscovitch—No, but we have had some representations on specific conditions that people feel should be on the list of manifest conditions that give automatic entry to the program. The ones that spring to mind most quickly are cystic fibrosis and phenylketonuria, but we do not have any hard figures at this stage.

Senator Newman—Some people have misunderstood the fact that their condition was not included in the manifest list. They have mistaken that to portray it as meaning that they were not eligible. It is just that they were not automatically eligible; they had to be assessed. It is unfortunate because I think in the cystic fibrosis community that actually has been the problem.

Mr Herscovitch—That is one of the things we will certainly be looking at very closely in the evaluation.

Senator CHRIS EVANS—Weren't you doing an evaluation last year of the actual child disability allowance—not just the evaluation tool but the experience of who was getting the allowance and what appeals there were against decisions, et cetera?

Mr Herscovitch—There was an evaluation that has been going on for some years which led to the introduction of the child disability tool. The previous rules gave a very great amount of discretion and led to grants of CDA to a very wide range of people with conditions ranging from quite mild levels of disability to quite severe. That led to the introduction of the child disability tool. Also, between February and June 1998, we reviewed the existing population to ensure that they met the old rules because the government decided to grandfather those people who were eligible at June 1998 for five years.

Senator CHRIS EVANS—So you are not able to give me any acceptance or rejection figures on the allowance at this stage?

Mr Herscovitch—Under the new rules?

Senator CHRIS EVANS—Yes.

Mr Herscovitch—No, I cannot give you that at the moment. I will certainly have a look and see if there are some provisional figures that we can provide you with, but it is still pretty early days.

Senator CHRIS EVANS—Right. You mentioned cystic fibrosis. Have you had concerns raised about asthma, diabetes, attention deficit disorder and PKU?

Mr Herscovitch—Not recently. There was certainly a lot of attention paid to that leading up to the introduction of the new instrument and in the period immediately after, but certainly not very much recently, no.

Senator CHRIS EVANS—Is there any suggestion of reviewing the conditions that are included in the list?

Mr Herscovitch—Yes, that will be part of the evaluation that we are doing.

Senator CHRIS EVANS—So you are not just evaluating the tool, then?

Mr Herscovitch—Perhaps I should make it clear. In a sense, it is part of the tool. The tool includes a list of manifest conditions which give automatic entry to the program, and that list of manifest disabilities will be part of the evaluation.

Senator CHRIS EVANS—But there is no intention to move on any of these other conditions prior to that evaluation?

Mr Herscovitch—No, the evaluation will take place first.

Senator CHRIS EVANS—With some things it becomes quite obvious that an error was made; with other things you have a more finetuned, broader evaluation. I am just wondering whether it might have become obvious that particular conditions have not been properly handled in the new regime.

Mr Herscovitch—My own judgment would be that we have not reached a point where that case has been clearly made. As a matter of ordinary prudence, I think it would be sensible to do a proper evaluation of the whole process to ensure that the government makes correct decisions on that. I do not think we are in a position to make that judgment yet.

[4.49 p.m.]

Subprogram 2.4—Disability support pension

CHAIR—Could Senator Bartlett ask a question on the disability support pension, please.

Senator BARTLETT—I want to ask a question about a joint review—and I have received a letter from the minister on this just recently—that was undertaken with your department and the Department of Veterans' Affairs about the treatment of disability pensions under the Social Security income testing arrangements, as against the Veterans' Affairs disability pension, and an anomaly that exists between the way the two departments treat those pensions.

The minister kindly informed me that the review is an internal one. In the absence of being able to see the report itself, I was wondering whether you could tell me what sorts of issues the report considered in relation to that discrepancy between the two payments. Was it simply just a cost factor that precluded the government from wanting to address that particular issue?

Senator Newman—The cost factor obviously is an issue. I understand that it was a substantial amount of money, but I cannot recall the amount right now.

Senator BARTLETT—It was \$21 million.

Senator Newman—Thank you. It was a review by the officials of the DVA and my department. They were all people who have a great understanding of the issues involved. It is something that Mr Scott and I are really concerned to pursue, but at this stage we have not been able to. It is not a dead issue; that is all I would say.

Senator BARTLETT—I was going to ask whether it would be fair for me to assume that the government decided that it was not going to be able to pursue its policy commitment in that regard, but you are saying that you are still seeing what can be done?

Senator Newman—Yes. I would not want anybody to start breathing heavily thinking that the government was rushing to write the cheque straight away, but I think it would be desirable to move to that as and when it can. But, as you just spelt out the sum of money, it is not something you do lightly.

Senator BARTLETT—I appreciate that you would need to get reports that are for your eyes only, but it seems to me that this sort of report would not contain anything overly sensitive. Obviously, it gives costings but those sorts of costings are useful for all of us to see.

Senator Newman—I think it was a report that was prepared essentially for the two ministers for presentation to cabinet.

Senator BARTLETT—So it would outline other political considerations apart from just costs, et cetera?

Senator Newman—Yes.

[4.53 p.m.]

Subprogram 2.10—Newstart allowance

Senator DENMAN—Could you tell me how many people have not re-registered for Newstart allowance since the changes in the requirements?

Ms Winzar—What changes did you have in mind, Senator?

Senator DENMAN—You made changes to the requirements towards the end of last year, I think it was.

Ms Winzar—The only change I am aware of which might be relevant would be youth allowance. Is that what you are referring to?

Senator DENMAN—Yes.

Ms Winzar—In terms of the overall impact of youth allowance, there were some immediate outcomes in July when we implemented them that meant that some people had their payments cancelled. Since that time, there has been a slight reduction in the number of potential customers who have registered for payment. Some of those are self-selecting out of payment when they get their information from Centrelink about income and asset requirements and so on. If you want exact numbers, Ms Bourne might be able to help you with the precise figures.

Senator DENMAN—I am quite happy to put that on notice and get a state by state breakdown.

Ms Bourne—I will have to do that for you. I do not have that information by state.

Senator CHRIS EVANS—While we are here, as we have slipped over onto youth allowance, I was going to ask a series of questions about youth allowance. I am no expert in this area, but I wanted to see how we were going in terms of monitoring the impact of the youth allowance and its effect on the various groups of people impacted. Is the department able to help with that sort of analysis and the experience of youth allowance? What sort of information do we have available in terms of tracking that?

Ms Bourne—There is a formal evaluation that we will be undertaking for youth allowance over three years from implementation. It is a very extensive evaluation of a major change. We are also tracking information about changes and what has happened to customers during the change.

Senator CHRIS EVANS—Are you able to give us information on that? For instance, one of the debates, as I recall, was about 18-year-olds maybe having to return to school. Do you have figures on numbers impacted by that?

Ms Bourne—No, we do not. School is only going back right now, although the change came into effect from 1 January. The anecdotal evidence is that the numbers of young people actually returning to school are lower than many people anticipated. But, of course, they can undertake a range of other activities or can be exempt from the requirement.

Senator DENMAN—Are we talking here about young people who are redependent on their parents because they have returned to school?

Ms Bourne—The independence or dependence of a young person is not related to whether they are at school or not.

Senator DENMAN—No, but some of them have moved out of home and were getting benefits and have now had to move back home.

Ms Bourne—Yes, some will. I do not have any particular details on that.

Senator DENMAN—Could we have some?

Ms Bourne—I am not sure that we will. The evaluation may find out that there were changes, but as far as individuals are concerned, I do not have that data.

Senator CHRIS EVANS—Perhaps I could start with a general question. What are you able to tell us about the department's information on the impact of the allowance? Who is moving out of categories and into categories? I accept that some of your information may not have come through yet, but I am trying to get a feel for what you know is happening. Tell us what you know.

Ms Bourne—How long do you have? What do we know? We know that the actual number of young people who have gone on to youth allowance is slightly lower than we anticipated.

That basically was because of different ways of counting young people. The original estimates were done on information taken from Austudy. We discovered that those figures included a total count of all students who had been on Austudy in one year. Whereas, in our portfolio, we count students and the number in every pay day or over a fortnight.

Senator CHRIS EVANS—Do you have figures on that?

Ms Bourne—Yes, we have. The figures that I have are at 6 November. They were the most comprehensive figures we could have and they gave us a good breakdown. There were 291,827 students and 84,848 job seekers.

Senator CHRIS EVANS—What did you estimate the numbers to be?

Ms Bourne—We estimated 416,000 students and 144,000 job seekers.

Senator CHRIS EVANS—So it is considerably under the estimates.

Ms Bourne—Yes, about 70 per cent.

Senator CHRIS EVANS—Are you saying that that is solely accounted for by the mix up in the use of statistics for prediction, or is there something else going on?

Ms Bourne—No, at the time that the estimates were done, which was quite some time before implementation, the number of job seekers, young people who transferred from Newstart allowance or youth training allowance into youth allowance, had reduced substantially. So there is a much smaller number of those people coming across.

Mr Leeper—Ms Bourne has already talked about the difference in counting between Austudy and the way that Social Security counted year averages. There was also a general fall in unemployment over the calendar year period. There is a grandfathered group which was excluded from the count, which is some 29,000 18- to 20-year-olds, who are preserved in their entitlement to Newstart allowance, and there were about 6½ thousand people who were cancelled because of the effects of the parental means test. So those numbers were different from those originally anticipated. Overall the numbers are certainly lower than had been expected. I would certainly put the majority of the difference into the different ways of counting basket but there are still all those other effects—general economic effects, preserved group in the Newstart area—

Senator CHRIS EVANS—Things like the unemployment figure. I mean, the drops in unemployment are at the margin of that period, aren't they? Didn't you say there was a 70 per cent—

Ms Winzar—Overall from November 1997 to November 1998 the overall unemployment numbers dropped by around four to five per cent. In this particular youth allowance customer group, 18 to 21, we are talking about a drop of about 12 per cent, so it is much greater in that area. Now not all of that is due to youth allowance; there are some other related initiatives that might have played some part there.

Senator CHRIS EVANS—These figures you have given me, are they all over 18?

Ms Bourne—They are all youth allowance—18. If they are unemployed up to the age of 21 and they are students up to the age of 24.

Senator CHRIS EVANS—Are there students under 18 as well on youth allowance?

Ms Bourne—Yes.

Senator CHRIS EVANS—Are you able to break them down for me in terms of that 291,000 figure that you gave me?

Ms Bourne—Yes. For under 18-year-old students there are 130,792.

Senator CHRIS EVANS—And they are a subset of that 290,000?

Ms Bourne—291,000. There are 103,778 18- to 20-year-olds.

Senator CHRIS EVANS—So what else are you able to tell us in general terms, Ms Bourne or Mr Leeper, about the experience here? For instance, I gather there has been some issue about youths under 18 losing their entitlement to youth allowance if they do not attend school. How many of those lost their entitlement because they failed to return the form indicating whether they would be attending school, and have you any figures on whether some of that group have actually gone back to school now? I am trying to get a feel for what is happening in that area.

Ms Bourne—At this point, Senator, we do not know how many have returned to school.

Senator CHRIS EVANS—Do you have an estimate?

Ms Bourne—No, I do not have an estimate for that. I know that about 3,000 were cancelled because they did not have an exemption and they had not told us that they were going back to school. Some of those young people will decide now that schools and TAFE colleges are going back that maybe they have made the wrong decision and they may take up an opportunity.

Senator DENMAN—Quite a percentage of those young people perhaps need help to fill in forms. Do they come back to the department for that type of help?

Ms Babbage—There were a number of people who had difficulty with the forms. Some did not return the forms and, on receiving a letter from Centrelink, have since returned the form. Many have since come in and they have been back on payment and are either a student or are intending to study or have an exemption coded.

Senator CHRIS EVANS—You had 3,000 who lost their entitlement because you did not hear from them?

Ms Babbage—That is correct.

Senator CHRIS EVANS—How many have you subsequently heard from who have gone back on to the entitlement?

Ms Bourne—I will go back a step. There were about 10,000 that were originally cancelled and about 7,000 came back.

Senator CHRIS EVANS—Perhaps you should take us through from start to finish.

Mr Leeper—You asked a few minutes ago about what numbers we expected to return to education or training. The estimates are that around 9,000 young people aged under 18 who are unemployed are expected to return to educational training during the course of 1999. That is a number that has to have an eye kept on it to see whether the numbers are getting close to that estimate.

Senator CHRIS EVANS—Was that part of that original low estimation that you have now found—

Mr Leeper—I have adjusted for that. Originally, out of the 32,000 unemployed under 18-year-olds, around 9,700 were expected to come back. So we have adjusted that to take account of the actual numbers that have come through on youth allowance.

Senator CHRIS EVANS—I am not clear on what you are saying. Are you saying the 9,000 was the original figure, or 9,000 was the revised figure?

Mr Leeper—The 9,700 was the original figure. The 8,850, which I called 9,000 as a rough estimate, is the number then expected to return to educational training during 1999.

Senator CHRIS EVANS—Ms Bourne, you were telling us that you had cancelled 10,000 people off benefits who were under 18 because they did not notify you that they were at school. Is that correct?

Ms Bourne—Yes, on 31 December the young people who had not notified Centrelink that they had an exemption or that they were returning to school, or they had an activity agreement, were cancelled. About 7,000 of those have already come back, which leaves this outstanding group of 3,000.

Senator CHRIS EVANS—Of the 7,000 who came back, how are they broken down?

Ms Bourne—I do not have that information.

Senator CHRIS EVANS—You have indicated that there were three or so criteria which they could meet. I am trying to get a feel for whether they have gone back on benefits because they are undertaking activity tests, or have they gone back to school?

Ms Bourne—I do not have that information.

Ms Babbage—They are most likely to be people who have indicated to us that they are intending to undertake some form of study.

Senator CHRIS EVANS—That is by far the biggest group, is it?

Ms Babbage—Alternatively, they have been given an exemption for one of many reasons that you can get an exemption for.

Senator Newman—Many of them will not choose to go back to school but they might be doing the pre-TAFE or TAFE, which for many of them is perhaps a more satisfying option when they have already been kids who have left school early. They do not want to go, as they see it, backwards.

Senator CHRIS EVANS—So they have to apply for an exemption to meet one of those other criteria which is TAFE, or whatever?

Ms Babbage—Yes.

Senator CHRIS EVANS—On average, how long does it take them to get back onto entitlements?

Ms Babbage—Depending on the reason for non-return of the form, the majority were put straight back onto their entitlements provided they continued to be eligible for the allowance. For those that were cancelled because they had not given us any intention to study or had an exemption coded, when they came back in, provided they provided an intention to study or were given an exemption, they would have been put back onto payment.

Senator CHRIS EVANS—Did they suffer any loss in benefits by going off and then coming back on, or were they continued and back paid?

Ms Babbage—The majority did not suffer any loss in benefit.

Senator CHRIS EVANS—And those that did were for other reasons?

Ms Babbage—They would have been for other reasons, yes. However, I think the number in that category would have been fairly minimal.

Senator CHRIS EVANS—Ms Bourne, you were going well. Perhaps I am not phrasing the questions correctly, so if you want to tell us anything else that you understand about that matter then I am happy to hear it.

Mr Leeper—If you want some overviews of what the population looks like, Ms Bourne talked about a youth allowance population of about 375,000. Of those, around three-quarters are full-time students, the other quarter are job seekers or categorised as ‘other.’ Again, and not the same three-quarters, around three-quarters of them are classified as dependent. One-quarter is independent, which is about 86,000 people for the independent category. Just under half of those receive that payment of independence because it has been assessed that it is unreasonable for them to live at home. There are a whole bunch of reasons that go to that.

Senator CHRIS EVANS—Yes.

Mr Leeper—Just over half of the youth allowees receive the maximum rate—53 per cent. Sixty five per cent of youth allowees are paid an at home rate, and 35 per cent are paid an away from home rate. That is some indication of the populations.

Senator CHRIS EVANS—I wanted to understand the population. That is very helpful. Has there been a problem with the issuing of health care cards to people on youth allowance?

Ms Bourne—No, there has not. I do not believe there is a problem. Youth allowee job seekers have an automatic entitlement to a health care card. Students, however, because of their higher earnings limit—students can earn up to \$230 a fortnight before it has an impact on their payment—have to apply for a low income health care card. That requires them when they claim youth allowance to fill out a separate section of the form and to come back and reclaim because it could be that their income actually precludes them from getting a health care card.

Senator CHRIS EVANS—But that is not a change in process. Have there been any difficulties or hold-ups in issuing eligible people on youth allowance and Austudy recipients with health care cards?

Mr Leeper—I do not believe there would be any reason for there to be because under the previous arrangements Austudy students were also able to apply for a health care card under what is called the disadvantaged persons scheme. Those are the income limits that would be applied in the youth allowance case. It ought to be the same process.

Senator CHRIS EVANS—I had a note that someone had raised a concern about the issue of health care cards. I just wanted to ask whether there was a problem. Thanks for that.

In terms of the macro impact of the difference between the estimate and the numbers, what effects flow from that?

Ms Bourne—It has just made it that little more difficult to monitor at the beginning because the numbers were not quite what we were expecting. It means that of the people who were going to win, generally there are slightly fewer of those, but there are fewer losers too in those categories where there were changes that were going to impact.

Senator CHRIS EVANS—Are you able to identify the numbers that have been winners and losers at this stage?

Ms Bourne—Generally, yes. One of the major groups of winners was rent assistance for students. On 6 November, 47,716 students were receiving rent assistance for the first time. About 250 pharmaceutical students are receiving pharmaceutical allowance who did not receive it in the past. Almost 700 students are getting remote area allowance. For the 18- to 20-year-old group there was an original estimate that about 12,800 would be cancelled because of the impact of the parental means test. But in fact the actual cancellations in relation to that were 2,263, although Centrelink have advised that about 6,500 young people did not return their forms for the review before the implementation of youth allowance.

Senator CHRIS EVANS—Did I hear you correctly? The estimated 12,800 who were due to be cancelled—

Ms Bourne—Because of the parental income test. But there were fewer of those than we anticipated.

Senator CHRIS EVANS—And you have so far estimated that only 2,268 are actually affected by that measure?

Ms Bourne—Yes, plus the 6,500.

Mr Leeper—Those are the identified ones, yes, but there are a further 6,500 who failed to return forms. If people self-select out, if they understand that they will not meet the test, then there is no real point in them returning the form. So a goodly proportion of the 6,500 could well also be directly related to that cause.

Senator CHRIS EVANS—But even adding the two together there is quite a difference. Is that because of the total reduction of numbers?

Mr Leeper—It would be in the ballpark of that proportion.

Senator CHRIS EVANS—I just want to understand. There is nothing else happening? You think the 6,500 who self-selected out were not eligible and did not return the form?

Mr Leeper—Yes.

Senator CHRIS EVANS—So it is fair enough to estimate that the majority of those would not be eligible?

Mr Leeper—In the absence of any detailed information, yes. You asked about ways in which you would estimate the impact of the overall lower numbers. I should note that, given that the change in counting comes from the different definitions used between the Social Security and DEETYA systems, it is therefore likely that the majority of the population that is different are former Austudy recipients. So if there were any characteristics of that population which are fundamentally different from the former Social Security population, that is something that you need to look at in a distributional sense. The former Austudy recipients—if that is where the source of error is coming from—do have characteristics which are different from the population that Social Security would formerly have seen because those people were unemployed; the other ones were studying. That brings with it a whole bunch of socioeconomic and income differences. So there would be some differences, yes, but it is hard to isolate what they would be.

Senator CHRIS EVANS—Mr Leeper, that all sounded very cogent but I did not understand what the hell it meant.

Senator Newman—We knew more about our own existing customers who were young unemployed than we knew about the students who came across to us. We were reliant on another department's information about them. We perhaps did not have the full picture on them, in some ways, that we now are gleaning from them becoming our customers.

Mr Leeper—Let me try once more.

Senator CHRIS EVANS—It was not your fault. It is a sign of me getting tired. I am sure in *Hansard* it will be perfectly clear.

Mr Leeper—I would rather be clear, if I can. The population characteristics of the former Austudy group will be different from the population characteristics of the former Social Security unemployed under 18-year-old group—that is all I am saying. So, if it was fundamentally the Austudy population which may have been overstated, there may be some

differences in terms of the impact of the changes that would need to be looked at. That is an evaluation issue which is a major part of the work of Ms Bourne's branch.

Ms Babbage—I might just add that the point in time figures for students prior to the introduction of youth allowance are generally in the same ballpark as the number of students that we have now under youth allowance plus Austudy.

Senator Newman—I think the rent assistance figures are very satisfying ones because so many of those will be kids who would have had trouble getting away to study. That extra rent assistance has made it possible for families, especially if there are one or two kids and they might live in the north-west of Tasmania and they have got to go to Launceston or Hobart to study, for instance. For a family, that has potential to make the difference so if there is 46,000 or 47,000 kids who are getting that now it is really a significant result.

Senator CHRIS EVANS—When are we going to be able to get better figures on this impact in terms of returning to school? Is that a couple of months away?

Ms Bourne—I did try to contact one of the members of our community reference group for the evaluation—who is head of the secondary school principals association—to get a feel, because I heard yesterday that generally the numbers returning to school are lower than the principals were anticipating. We are going to have to do some research and get that information.

Senator Newman—If Senator Evans would like to pursue it any further, we are still, as you can see, at a pretty early stage, but we would be very happy to give you a briefing when we have a bit more to tell you.

Senator CHRIS EVANS—I am sure others will be interested. As I say, it is not an area I have got any expertise in but I was just trying to understand what was happening.

Senator Newman—Yes, I thought it might help.

Senator DENMAN—If a person is not eligible for the youth allowance, does that bar them from having any assistance under the government funded Jobsearch programs.

Ms Winzar—They can get assistance in terms of job matching and if they are at risk of long-term unemployment, of course, they can get up to intensive assistance as well.

CHAIR—I know we were doing 2.13 but is there anything on 2.11 or 2.12.

Senator CHRIS EVANS—No, we got on to youth allowance and I just joined in.

CHAIR—Any questions for 2.14, 2.15, 2.16 or 2.17?

[5.22 p.m.]

Program 3—Support for the retired community

Subprogram 3.1—Age pension

Senator CHRIS EVANS—I have some questions on program 3.1. There is this issue about income streams and products purchased prior to 1992 and changes in the means testing which I am sure, Mr Mann, you understand much more clearly than I do. I have been asked to raise the matter of available statistics on the impact of that recent measure on that group and how that is going. I am interested in what action people have taken to rearrange their affairs as a result of the measure and what your experience has been with that group.

Mr Mann—I have no data specifically about that group. I have general data on numbers affected by the income streams changes—reductions, increases, cancellations.

Senator CHRIS EVANS—Perhaps you might give it to us in general before we move on to the specific.

Mr Mann—This is the impact of the income stream changes on customers, both pensioners and Newstart customers. I will read this across. Starting with pensioners the number cancelled is 1,284; the number where there was an increase in pension is 46,267; and where there was a decrease 52,074. There are others with no change.

In terms of Newstart the numbers cancelled were 852, increases 2,884, and decreases 2,762. I am afraid that I cannot break that down into those people who held the products you referred to, but what I can say, however, is that with those types of products industry has been quite cooperative in trying to assist customers to either amend contracts or move to new contracts. Even when a contract may have been, in contractual terms, binding, there have been quite a few instances where industry have said, 'To allow you to adapt that contract to meet the new rules, we will allow this to happen.' There has been a reasonably flexible approach by industry.

Senator CHRIS EVANS—Has that been an industry association-led type of approach?

Mr Mann—There has been variations between companies, but I would say, broadly speaking, yes—both in the life office area and in super funds there has been a good attitude.

Senator Newman—Can I also add that it was led by very good consultative process from the department. I feel that has spread goodwill and the department and the industry have worked for a long time very well together before this was even finalised into a cabinet decision. I think the work that went into that is to be commended.

Senator CHRIS EVANS—Mr Mann, you said you were not able to break down the figures on the people with the prior to 1992 products, and I understand the difficulty of that. There was that provision for ministerial exemption if they were adversely affected. Has that been utilised at all?

Mr Mann—There have been a few applications. We have received 40 applications for ministerial exemption. None have been granted an exemption and perhaps I should explain why that is the case.

There are two main tests to get an exemption. One is that the contract is binding in the sense that if the customer tries to break the contract there are severe penalties attached. The second test is that the person suffers a disadvantage, and we have a test in terms of a person's income. None of those 40 have actually qualified, because in no case has there been a binding arrangement. This goes to the point that I mentioned earlier. Even where a contract is a contract in the sense that there are penalties, companies have actually made offers to people to amend contracts.

Senator CHRIS EVANS—Why would they be applying for an exemption if a company had been cooperative and let them rearrange their affairs?

Mr Mann—They may think that they could do better, and in some cases they may have had they retained the situation that applied prior to 20 September. They may have enjoyed asset exemption previously and they may also have enjoyed interest rates on that particular product that were higher than what they would get with the company if it was renegotiated.

Ms Paul—Or it may have been a timing issue where some of these people may have applied for an exemption and then over a period found that their provider has been more flexible than was expected.

Senator CHRIS EVANS—Have the 40 all been rejected? Or are some still under consideration?

Mr Mann—Some are still under consideration, but the 40 I mentioned have been rejected.

Senator CHRIS EVANS—Do you expect more to come in?

Mr Mann—Yes, we do.

Senator CHRIS EVANS—Is there a time limit on that?

Mr Mann—No, this pertains to people who had products at a certain time, and they must also have entered into those products prior to the budget announcement. There is certainly a limited population.

Senator CHRIS EVANS—No time limit on them applying for the exemption?

Mr Mann—I think that is right. I am not sure.

Senator CHRIS EVANS—I am trying to understand whether it is going to be an ongoing issue, but one would assume that most of the applications would have come through by now?

Mr Mann—Yes, and most people would have rearranged their affairs fairly quickly. It was a fairly prompt response generally.

Senator CHRIS EVANS—Thank you for that. Can you give me an update on the pension bonus scheme?

Mr Mann—It took effect from the middle of last year. We were a bit late in getting it off the ground because of slow passage of legislation but it took effect from 1 July, effectively. Of course, it will be a year before anybody can accrue a bonus and get benefits, so that will be the middle of next year. Numbers have been a bit slower than we had anticipated—that is, the uptake has not been quite as strong. We plan to go out later this month or early next month to promote the program a bit more. We think we have not quite got the message out there about how this program works.

Senator CHRIS EVANS—How many have registered for the scheme currently?

Mr Mann—About 8,000 to 9,000.

Senator CHRIS EVANS—What is involved in the registration?

Mr Mann—We ask people who wish to participate in the scheme to register with Centrelink. It is simply to establish with Centrelink that they are at age pension age and hence can qualify. There is no testing at that stage. Rather, it is just to establish that they can potentially benefit and to ensure that they understand how the program works. We ask that they register within three months of turning age pension age. If they do that we can backdate them to when they turned pension age. However, if they do come in later, as long as they can demonstrate that they have some continuing attachment to the work force we would have them registered from the day that they came in.

Senator CHRIS EVANS—It has been put to me that the understanding is that if you do not register within three months of reaching 65, you fail the eligibility. That is not right then, is it?

Mr Mann—That is not right, no. What is the case is that normally we would not backdate somebody. If you come in a year after you turn pension age, so long as you can demonstrate to us that you have maintained involvement in the labour market Centrelink will register you, but it is only from the point when you came in to apply—we would not backdate. So the penalty of not registering within the three months is that we are not going to backdate you, rather than that you are off entirely.

Senator CHRIS EVANS—It does not rule you out of entitlement altogether.

Mr Mann—No it does not.

Senator CHRIS EVANS—The other issue that has been raised with me is the problem whereby a person accesses social security payments when sick or when some other ‘life event’—to use the terminology—occurs, but they have not given up work. Do I take it that they therefore are automatically taken off the scheme?

Mr Mann—Generally it is true that if a person is on a social security payment then they cannot qualify for the scheme. There is discretion, however, in this area in certain circumstances. I am not confident absolutely about that discretion and I will have to get back to you on that.

Senator CHRIS EVANS—I would appreciate you taking that question on notice. It has been raised with me that there is a discrimination, in the sense that a person registered for the scheme who falls ill and applies in the normal course of events for sickness benefit, or what have you, is automatically therefore taken out of the scheme even though it is their intention to return to work, and in fact they may return to work but you automatically cut them out of the pension bonus scheme. I would like to know whether that is true.

Senator DENMAN—I have had that problem raised with me too.

Mr Mann—I will clarify that.

Senator CHRIS EVANS—I can understand how it might happen, in that generally the rules about such things are designed for people under 65 and it may not have been thought of in the interface between the two schemes. The concern has been raised with me that people could have been enrolled in the scheme, worked for a couple of years and, through some circumstance, then have to go on some sort of social security payment and lose their entitlement to the pension bonus.

Mr Mann—The rule is that you must work around 20 hours per week. It was assumed in arriving at that figure that that gives allowance for people, over an average year, to have some days off, some period off for sickness.

Ms Paul—I think it is 20 hours a week over 48 weeks, so there was some assumption about part-time work, in effect, potentially as a minimum.

Senator CHRIS EVANS—Perhaps if you could just take the question on notice that might be useful. Was there a target for the scheme?

Mr Mann—In terms of uptake, yes, there was. We had allowed for an uptake in the first year of 60,000, coming right down to around 15,000 the year after. But that big uptake has not happened, as I said, for a variety of reasons, probably publicity—we think it will take a bit of time for people to understand this—as well as the fact that we got off to a slow start. Yes, it is rather lower than we had anticipated.

Senator CHRIS EVANS—What was your ongoing uptake estimate—15,000 a year?

Mr Mann—I think it is 15,000.

Senator CHRIS EVANS—Thank you for that.

CHAIR—Any questions on 3.2, 3.3, 3.4? Any questions on program 4.1, 4.1.1, 4.1.2 or 4.1.3? As there are no further questions. I thank the minister, and Dr Rosalky and all the officers, and the secretariat and Hansard. I advise that written questions have been placed on notice by Senators Denman, Gibbs, Allison, Bartlett and Evans. Thank you very much indeed.

Committee adjourned at 5.36 p.m.