



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Consideration of Budget Estimates

WEDNESDAY, 30 MAY 2001

CANBERRA

BY AUTHORITY OF THE SENATE

SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE
Wednesday, 30 May 2001

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

Senators in attendance: Senators Allison, Calvert, Denman, Chris Evans, Faulkner, Gibbs, Knowles, Ray, Tchen and West

Committee met at 9.08 a.m.

FAMILY AND COMMUNITY SERVICES PORTFOLIO

In Attendance

Senator Vanstone, Minister for Family and Community Services

DEPARTMENT OF FAMILY & COMMUNITY SERVICES

Executive

Dr David Rosalky, Secretary
Mr Wayne Jackson, Deputy Secretary
Ms Lisa Paul, Deputy Secretary

Executive Directors

Virginia Mudie, Partnership Framework
Helen Fleming, Chief Legal Adviser
Barry Wight, Corporate Facilities & Services
Robyn McKay, Family Capabilities
David Kalisch, Economic & Social Participation
Kerry Flanagan, Community & Locational

General Managers

Alan Law, CRS Australia
Catherine Argall, Child Support Agency

Assistant General Managers

Trevor Sutton, Child Support Agency
Shiela Bird, Child Support Agency

Assistant Secretaries

Alex Dolan, Budget Development
Andrew Herscovitch, Ministerial & Communications
Glen Halloran, National Manager, National Disability Services
Keith Henry, Family & Children
Cate McKenzie, Participation Policy Branch
Richard Lansdowne, Information Strategies
Tim Youngberry, Financial Strategies (Acting)
Gary Dunn, Centrelink Relationships Branch
Jeremy Nott, Family Relationships Branch

Susan Thomson, Disability Service Reforms (Acting)
Tricia Rushton, Youth and Students
Judy Raymond, Simplification Taskforce
Roger Barson, International
Jackie Wilson, Office of Disability
Jenny Bourne, Partnership & Service Delivery
Jeff Pople, Family Assistance Office Unit
John Powlay, Child Care Benefits
Joan Corbett, Child Care Services
Gwenda Prince, Seniors & Means Test
Glenys McIver, Seniors & Means Test
Lyn Woyzbun, Risk, Audit & Compliance (Acting)
Barry Smith, Community
Shirley Douglas, Parenting & Employment Programs (Acting)

Centrelink**Executive**

Ms Sue Vardon, Chief Executive Officer
Ms Jane Treadwell, Chief Information Officer
Mr Graham Bashford, Deputy Chief Executive Officer, Business
Mr Paul Hickey, Deputy Chief Executive Officer, Business Capability

General Managers

Mr John Wadson, General Manager, Major Projects
Ms Carolyn Hogg, General Manager, Service Integration Shop
Mr Vic Rogers, General Manager, Business Assurance Services
Ms Christine Hagan, General Manager, Centrelink Call
Mr Mike Goldstein, General Manager, Contestability & Contracts

National Managers

Mr Tony Schell, Business Practices
Mr Mark Wellington, National Manager, Business Integration
Ms Marcia Williams, National Manager, Welfare Reform
Mr Peter Fisher, National Manager, Disability and Carers
Ms Michelle Gunasekera, National Manager, Employment Services
Ms Trisha Moran, National Manager, Debt Services
Mr Hank Jongen, National Manager, Communications and Marketing
Mr Grant Tidswell, National Manager, Families and Children
Mr Robin Salvage, Acting National Manager, Rural and Housing
Ms Helen Skrzeczek, National Manager, Youth and Students
Mr Allan Gaukroger, Chief Finance Officer
Ms Mandy Ritchie, National Manager, Resource Management
Mr Phil Richardson, National Manager, Detection and Review
Mr Graham Maloney, National Manager, Centrelink Call, Operations
Dr Helen McKenna, National Manager, Performance Assurance and Evaluation
Dr Margaret Browne, National Manager, Retirement
Ms Olga Fijalkowski, National Manager, Infrastructure Services

Mr Denis Bayada, National Manager, Families Tax Reform IT Project
Mr Luke Woolmer, Business Manager, Privacy and Information Access

Australian Institute of Family Studies

Mr David Stanton, Director

CHAIR—I declare open this public hearing of the Senate Community Affairs Legislation Committee considering the budget estimates. The committee will commence examination of the Family and Community Services portfolio. I welcome the minister, Senator Vanstone, and officers of the Department of Family and Community Services and Centrelink. The committee will be working from the portfolio budget statements, although using slightly different procedures to those applied to the consideration of the previous department. I propose firstly to call on general questions on the portfolio overview, although I think Senator Faulkner would like to kick off with some questions on Centrelink immediately.

Senator FAULKNER—I can ask general questions that relate to that.

Centrelink

CHAIR—Fine. We will see how we handle that, because the plan was that the committee would then consider the estimates for Centrelink and AIFS, followed by the departmental budget and non-budget measures which will be called on seriatim as listed in the PBS at pages 159 to 202. I will then call for general questions relating to the departmental outcomes by outcome and output groups 1 to 3 as listed on pages 47 to 157. Minister, do you have an opening statement?

Senator Vanstone—Only, Madam Chairman, how nice it is to be here with you on the third day of this committee sitting and how officers are ready, willing and able to answer your questions.

CHAIR—Thank you, Minister. At this point may I recognise the fact that we are without one of our public servants, one of our regular attendees, today. That is Ross Divett. I was most disturbed to hear of his recent death. The committee would like to pay tribute to the fine work that he provided to this committee over a considerable length of time and his involvement in Centrelink.

Senator FAULKNER—Madam Chair, I would associate the opposition with those remarks that you have just made in relation to Mr Divett. Minister, my questions go to two areas. The first probably fits in general questions and I will try to slip in and ask a couple of questions when Centrelink is at the table. I am only trying to do it this way because there is another committee meeting at the same time. I did want to ask about the seminar—that is my word; I do not know if it is the correct description—that took place earlier this week that went to outlining to senior officers of Centrelink the details of the McClure report. I think that occurred on Monday of this week. I would like, very briefly, the details of that. I am probably using the wrong terminology with ‘seminar’, but I am sure one of the officers can assist us.

Ms Vardon—On Monday I called in the managers from all over Australia to hear about the welfare reform initiatives, Australians Working Together. It is the first time it has ever happened in our organisation that I have called people in from all over Australia, but there was such a big policy shift involved for us as an organisation and such a lot of good challenges coming our way that we thought that we should give it to the managers directly rather than having it filtered through a number of channels. We thought the best way to do it was to hear from the departments who had put budget proposals that had been successful and came our way. It was very successful, in the sense of making sure that everybody found out about it. It was at the suggestion of one of our managers that we should do it and I think

overall—although we probably will not do it again because it is not the sort of thing you do lightly—it was highly successful in making sure that our people received a very positive understanding of their new role.

Senator FAULKNER—Is it best described as a seminar or as a briefing?

Ms Vardon—It was a whole day of briefing and conversation.

Senator FAULKNER—But if I use the terminology ‘briefing’, that is reasonable? I just do not know how you packaged it.

Ms Vardon—I, as the CEO, invited all our managers to come in to hear this very important change in our policy.

Senator FAULKNER—But what did you call it—a briefing?

Ms Vardon—I am not sure we called it anything. It was a briefing for the managers from their CEO about what was expected of them.

Senator FAULKNER—This involved senior officers of Centrelink?

Ms Vardon—It was mostly directed at managers of our sites all around Australia.

Senator FAULKNER—How many would have come to the briefing?

Ms Vardon—There were about 530 people in the room; 470 of them were managers of call centres and office sites.

Senator FAULKNER—And what was the balance?

Ms Vardon—There were about 60 managers from Canberra, who had various responsibilities, and—I have not had a look at the exact breakdown of figures but I heard someone talk about this—about 470 managers were expected from all around Australia.

Senator FAULKNER—Was there any publicity about the briefing in the media?

Ms Vardon—No. It was something that a CEO within an organisation did to inform the organisation. It was not about publicity or promotion or anything else like that. It was a particularly important internal communication.

Senator FAULKNER—I just did not see any publicity. I was not sure whether Centrelink had put out a media release about it or something like that.

Ms Vardon—I have meetings all of the time in our organisation. These are not for public information in any sense. They are about corporate management.

Senator FAULKNER—Sure. I appreciate you would have meetings all the time. You would not have many that involved 530 people, though, would you?

Ms Vardon—No, it is the first time that we have ever done it, and I did it quite deliberately to make sure that something as big as this was passed on directly to the people.

Senator FAULKNER—What would the cost of convening this briefing have been?

Ms Vardon—We have not done the final analysis. I always had in my mind it could cost up to half a million dollars, but I do not know the final answer.

Senator FAULKNER—But it is fair to say that half a million dollars is a ballpark figure for the briefing?

Ms Vardon—It was a figure that we considered carefully before we went ahead and made the decision.

Senator FAULKNER—Would you be able to table for the benefit of the estimates committee what the program was at the briefing?

Ms Vardon—Certainly. I am very happy to do it. We had a very tight program. We could probably even do it today, but I do not have it with me.

Senator FAULKNER—If you could. For the benefit of the committee, you might very briefly touch on the highlights for us.

Ms Vardon—I was the person who was in charge of it. We have it. Thank you. Our chairman, John Pascoe, came and introduced Minister Anthony, who is the minister for Centrelink, who spoke for a period of time. I had invited two people from the non-government sector who were also on the consultative committee to come and speak: Elaine Henry, who is the Chief Executive Officer for the Smith Family, and Elizabeth Morgan, who have been on both the welfare reform committee and the government's reference committee. I wanted them to tell it straight to our people what the non-government sector expected of them. Then I spoke about what it meant for us, what my expectations of the managers were. Then DEWRSB and FACS came and spoke about their particular projects and what they meant for us. Jane Halton spoke about the whole of government and how the package all fitted together. Carolyn Hogg, who is one of our senior managers, talked about what we were doing to implement the changes. Then we had a variety of speakers, about 10 to 12 of them, who spoke for about 10 minutes each on our expectations in relation to recruitment, resourcing, information technology, staff training, indigenous measures, linking it to disability, other disability measures, and what it meant for employment, parenting, and the Working Credit program.

Senator FAULKNER—Thanks for that, and you would not mind tabling something that outlines that in more detail at some point? I would appreciate that. What about feedback, Ms Vardon? Have you had much feedback from those that were involved in it as to its effectiveness and utility?

Ms Vardon—I have spoken to many managers. I have also spoken to area managers. I have had a lot of email feedback from managers saying that they were very happy with it. The feedback I have had has been extremely positive.

Senator FAULKNER—The reason I am asking these questions to try and understand a little bit more about it is that some negative feedback filtered through to me and I wondered whether you would have an assessment of whether you thought the half a million dollars spent on this exercise was value for money.

Ms Vardon—I consider it to be an extremely positive investment, and I do not regret it for a single minute. I am surprised that you have had negative feedback. I am not a person who avoids negative feedback. I mostly get it very quickly inside our organisation, and I spoke with people from north Australia, central north Queensland, Tasmania, South Australia and Western Australia—I have had an email back from Western Australia—all of them saying, 'Thank you for having it. It was really important to get it direct. We understand how big the challenge is that we have.' So if there was some negative feedback I think it would be of a very minor nature.

Senator FAULKNER—Are you doing any formal follow-through or assessment after the event with those who attended it?

Ms Vardon—These are managers of our organisation who are carrying the implementation responsibility. We will continue to go, as we always do, around Australia and talk about our

new responsibilities, and we will work with the managers, but we now have the benefit of them knowing exactly what our expectations are of them without it being filtered. We will continue to pursue their responsibilities and help them make sure it happens.

Senator FAULKNER—I am wondering whether you were planning on any more formal way of assessing feedback or asking for assessments from those who attended of the usefulness of the briefing.

Ms Vardon—We are not doing it formally, but I have spoken with a lot of area managers, as I said, and as far as I am concerned we consider it to have been a success.

Senator FAULKNER—After the event, given it is a very substantial amount of public money—half a million dollars—that has been spent on this exercise in major travel costs and so forth, was any thought given to whether it might be worth while making that sort of assessment?

Ms Vardon—It might be, but we do not actually plan to do it again. We always made a conscious decision that the change that was going to be required of us was almost as big as the change to create Centrelink, and there was a fair bit of investment in the making of Centrelink. But we do not anticipate that we will be calling our managers in again in the foreseeable future, because this was a one-off.

Senator FAULKNER—Was any thought given prior to convening the briefing to touching base with the managers or the likely attendees to see if they thought this might be a useful exercise?

Ms Vardon—In fact, the suggestion for it came from the managers, and I acknowledged Mike Bennett, the manager of our Launceston office, who, when we brought in some managers recently to talk about this, said, 'It would be really helpful if you would do it,' and the feedback that I had was that we were listening to the managers and wasn't it a great idea that we actually listened and followed up on one of their suggestions.

Senator FAULKNER—I appreciate you would not know this at the moment, but would you be able to take on notice the final costs of the convening of the briefing.

Ms Vardon—Yes.

Senator FAULKNER—You might disaggregate that into travel and whatever the other general categories were that might have been involved in that.

Ms Vardon—We are happy to do that. We did not see this as a subterranean compensation at all. We knew there was a cost, but for us it was an investment.

Senator FAULKNER—There is one other issue that I will have to try to come back to at a later stage, Madam Chair, as I have mentioned to you. That relates more specifically, I think, to Centrelink. Thank you, Ms Vardon.

Senator CHRIS EVANS—Could I ask some general questions of Centrelink. I do not know whether these are overview questions or specific, but I really wanted to go to the budget measures. Are we at that stage?

CHAIR—We are going to do the overview from pages 7 to 14, which include the strategic priorities and portfolio and future trends. It is entirely up to you as to whether you want—

Senator CHRIS EVANS—You mean for FACS and Centrelink?

CHAIR—For FACS and Centrelink, but if you want to actually deal with Centrelink just go straight to it.

Senator CHRIS EVANS—Can I just start by asking some general questions about the Centrelink budget and where we are with efficiency dividends and revenue, et cetera. Mr Hickey, I gather, as you have come to the table, you are the man. I just wanted to understand, first of all, what was happening with the efficiency dividend, to see if I have understood that correctly. Does that continue? Are there any changes as a result of this budget on the efficiency dividends?

Mr Hickey—No, the situation with respect to the efficiency dividends is as it has been and as is reported in the PBS. The only increase in the dividend is the standard one per cent efficiency dividend that is applied to all agencies and departments.

Senator CHRIS EVANS—You had a helpful graph somewhere, which I have lost.

Mr Hickey—There is a table on page 249.

Senator CHRIS EVANS—Yes. The standard efficiency dividend is the one per cent applied to all government departments?

Mr Hickey—That is correct.

Senator CHRIS EVANS—What is the special efficiency dividend?

Mr Hickey—That was the dividend that rose to 10 per cent, which was set by the government on the establishment of Centrelink.

Senator CHRIS EVANS—And that is now applied as a flat 10 per cent across all the out years—10 per cent of what the figure was at the time.

Mr Hickey—It has been effectively removed from the base of Centrelink in the early years of its establishment. All we are doing here is reporting on the impact of those dividends.

Senator CHRIS EVANS—That stays at \$139 million, does it, for the two years?

Mr Hickey—That is correct.

Senator CHRIS EVANS—Could you explain the IT dividend to me?

Mr Hickey—Yes, that was the dividend that was applied to agencies when the government implemented its policies on IT outsourcing, and again that is an amount that has been removed, once off from Centrelink's funding base, and it stays at that level now into the forward years.

Senator CHRIS EVANS—That is because of all the savings we made on IT outsourcing, is it?

Mr Hickey—It was part of the government's budget decisions at the time.

Senator CHRIS EVANS—That then gives us the annual totals, which show it rising to \$285 million in the final year of the four-year outcome. Is that fair? Have I understood that?

Mr Hickey—That is correct.

Senator CHRIS EVANS—When I then look at your revenue projections, could you just take me through what they represent.

Mr Hickey—If you turn to pages 242 and 243, there are a number of factors at play there. It includes of course the accumulation of the standard efficiency dividend. It includes the impact of the government's policies on Australians Working Together. It includes funding to implement other budget initiatives. It includes changes to our revenue as a result of fluctuations in customer numbers. So there is a series of impacts on our revenue at any point

in time that obviously change significantly over the period of the forward estimates. What you are seeing here is the net effect of all of those changes.

Senator CHRIS EVANS—I just wanted to understand that was the case. There is nothing else I have to add. In a sense, that is what Centrelink expects to get into its bank account in those years, is it?

Mr Hickey—That is right, yes.

Senator CHRIS EVANS—It basically shows a slight increase in income over the next couple of years to a peak in 2002-03, and then beginning to fall back again in the next two years slightly?

Mr Hickey—That is right, yes.

Senator CHRIS EVANS—The peaking in 2002-03 is brought about by what?

Mr Hickey—Again, as I said, a combination of measures, but the two most significant factors are the significant investments that the government is making in the Australians Working Together package and, at the same time, some reductions in our revenue estimates because of assumptions about a decline in the number of unemployed that we would be servicing from the numbers in this year's budget. There are a couple of countervailing influences there.

Senator CHRIS EVANS—I thought the budget had predicted an increase in the unemployment rate.

Mr Hickey—Yes, but we are talking about 2002-03 and out. There is an increased forecast in the numbers for the next financial year, 2001-02, and then some assumptions being made about reductions in the average number of NSA beneficiaries from then on.

Senator CHRIS EVANS—Is that an assumption about unemployment rates, or is it an assumption about clients you are servicing for other reasons?

Mr Hickey—It is assumptions about clients we are servicing.

Senator CHRIS EVANS—So it is not necessarily reflecting an assumption of a fall in unemployment?

Mr Hickey—That is not the only factor, no.

Senator CHRIS EVANS—Does it include an assumption about the fall in unemployment?

Mr Hickey—Yes, it does.

Senator CHRIS EVANS—I presume you are not going to tell me what the figure for that is?

Mr Hickey—To the extent that it is available to us, we can provide that to you, Senator. The revenue that we receive at the moment is based on the average number of beneficiaries on Newstart allowance and Youth Allowance employment. Those numbers are contained in the budget for the current year. To the extent that they are underpinning our numbers in the future, we would be able to provide those to you.

Senator CHRIS EVANS—I would appreciate that. So there is an increase in 2002-03 of \$98 million over the previous year. Is that right?

Mr Hickey—Yes.

Senator CHRIS EVANS—That is driven, you say, by greater payments from the government to you as a result of investment in Australians Working Together. Is that fair?

Mr Hickey—Yes, that is right. If you look at 2001-02 and 2002-03 as being the two important and, in a sense, most predictable years from a revenue perspective—from our perspective—the biggest impact from Australians Working Together comes through in 2002-03, but in 2001-02 we also have a number of other significant budget initiatives announced by the government which we are required to implement which increase our revenue in 2001-02 for the implementation task, which then tail off in the following year, but then Australians Working Together kicks in in the second year.

Senator CHRIS EVANS—Which are those, in general terms, that give you the increased workload and revenue in 2001-02?

Mr Hickey—Announcements about new arrangements with respect to international social security agreements and additional compliance measures implemented in this budget are the two major elements of it.

Senator CHRIS EVANS—Are the increased compliance measures the activity test for Work for the Dole?

Mr Hickey—No. It is principally enhancements to our data matching capability with other federal agencies and some improvements in some of our investigation capability.

Senator CHRIS EVANS—So you are getting more from FACS for that program because you need to invest in technology?

Mr Hickey—That is correct. There are implementation costs involved in year 1 which tail off in subsequent years. Then in year 2 the Australians Working Together impact starts to really come through in the numbers that are here.

Senator CHRIS EVANS—What are the cost drivers for Australians Working Together, in general terms?

Mr Hickey—Principally, the employment of staff to fill the roles of personal adviser and the other capability requirements for implementing that package.

Senator CHRIS EVANS—So those staff costs start to come in in 2002-03?

Mr Hickey—There are some costs in 2001-02 but relatively minor. The major implementation period is from 1 July 2002 and on.

Senator CHRIS EVANS—Do you have a table in here of your staff numbers for the out years?

Mr Hickey—For the out years, I do not think so. We can provide you with those. On page 241 is the first year impact, but we could provide you with the corresponding numbers for the subsequent years.

Senator CHRIS EVANS—I would appreciate that. Did you say the table on page 241?

Mr Hickey—Down the bottom, average starting level for the current year, 21,180; next year, 21,430.

Senator CHRIS EVANS—And you have figures for the out years?

Mr Hickey—Yes, we would be able to provide you with those.

Senator CHRIS EVANS—If you could provide those, that would be good. So there is a slight increase in staffing for this coming year. What is driving that?

Mr Hickey—Implementation of the government's budget decisions that I just referred to, other than Australians Working Together—there are some minor impacts towards the end of

the financial year for Australians Working Together—and some forecast increase in the number of Employment Services staff.

Senator CHRIS EVANS—Employment Services staff?

Mr Hickey—To cater for the increased forecast in the number of people on unemployment benefit.

Senator CHRIS EVANS—What are the budget measures that will require extra staff in the next financial year?

Mr Hickey—They were the compliance measures and the international social security agreements that I referred to.

Senator CHRIS EVANS—Are they likely to be front desk officers, or are they likely to be people doing research and development of IT and that sort of thing?

Mr Hickey—Some of them will be field staff, particularly in respect of the compliance measures, but a significant proportion of that funding would go into the development costs within the I&T and the central office areas.

Senator CHRIS EVANS—For the personal advisers announced in the budget, what are the numbers for each of the years when you think they will come online? Most of them are in 2002-03, but do some come online before that?

Ms Williams—The numbers are for 2002-03, 412; in 2003-04, 818; and in 2004-05, 855.

Senator CHRIS EVANS—Could you explain to me the logic behind the rollout or the change in numbers?

Ms Williams—It actually relates to the customer numbers that are being phased in over that period of time, so it is based on the estimates of those actual customer numbers and when they actually attend Centrelink.

Senator CHRIS EVANS—And you have a relationship between the number of staff you have employed and the number of customers that are coming online?

Ms Williams—Yes.

Senator CHRIS EVANS—What is that ratio?

Ms Williams—There is around an average of 700 per personal adviser.

Senator CHRIS EVANS—One personal adviser to 700, so we could work out, if there were 412 on the books, that you would be looking to have a client base of 412 times about 700?

Ms Williams—Around that, although there are variations, obviously. That is an average, and with some of the groups—for example, the particularly at risk groups—obviously you would be looking at more time spent with those.

Senator CHRIS EVANS—So the rollout of the staff is related to the numbers of people you intend bringing onto the program?

Ms Williams—Yes.

Senator CHRIS EVANS—What sorts of positions are they? What sorts of skills is it envisaged these people will have? Are they social workers or employment officers?

Ms Williams—These are our customer service officers. The difference, particularly in the types of skills we are looking for, is the engaging skills—their being able to discuss with the

customer particular issues which may be barriers to their ability to participate in the economy. And so it is a particularly focused effort on actually interviewing these customers and talking to them in detail about some of those, and not being the expert but being able to be the broker of the right sorts of interventions that could address some of those issues before actually hit things like the Job Network. So the barriers are up early, addressing them early.

Ms Vardon—We are looking for people with special skills. We are looking now to see which courses in the tertiary sector may well train people to the best degree so that we can go and recruit from that area.

Senator CHRIS EVANS—That is what I was trying to get a feel for, because it sounds, from what I have heard about the program, it requires—not specialist—certainly fairly delicate skills.

Ms Vardon—Not everybody is going to be suitable for these jobs. They have to be able to sit in the shoes of the person on the other side of the desk, and they have to be able to understand legal issues, housing issues and health issues and how they all relate to the person's problems. It will require a special set of knowledge and a special kind of personality, and an ability to get on very well with people and not be judgmental.

Mr Kalisch—One aspect that you do need to take into account when you are doing some of the sums around how many people will be looked after by a personal adviser is that many of these people are then referred on to other case managers in other programs, such as intensive assistance in the Job Network and such as the community support program. These people will actively be managing these people for a large amount of the time and then having ongoing contact with a personal adviser in Centrelink. They will be working cooperatively with other case managers in these other programs.

Senator CHRIS EVANS—So it is not the boon for social workers it first appears, Mr Kalisch. Is that what you are telling me?

Mr Kalisch—Perhaps not, but I would not discount the role that social workers can play in terms of this program.

Senator CHRIS EVANS—I was just trying to get an understanding. For instance, what staff level are they? Are they customer service staff level?

Ms Vardon—Yes.

Senator CHRIS EVANS—They are not likely to be specialist psychologist social workers, but more customer service officers who you have assessed as having the relevant attributes. Is that right?

Ms Vardon—Yes, and there are a number of very good community service courses out there that we have checked out already that seem to give people a very good understanding of the citizen in their environment and how to understand how all those things impact on a person. We would be looking to recruit from that sector rather than the high end of the specialist continuum.

Senator CHRIS EVANS—Better off sending some politicians on that than *Boot Camp*, perhaps. When will the recruiting for this start?

Ms Williams—They are looking at starting recruitment around April 2002, to be able to spend the time obviously making sure we can get those people on deck. That is for the first phase.

Ms Vardon—We are actually now thinking about recruiting differently. We have done a lot of recruiting recently and we are now looking to bring in a wider set of skills for our new recruits in preparation essentially for a big change later.

Senator CHRIS EVANS—With a view to some of them perhaps moving into that area as part of that?

Ms Vardon—Yes, there will be some new people from outside, but we also want some of our own experienced staff who have those skills and capabilities already. We need to have both experience inside our organisation and freshness, in a sense, from outside.

Senator CHRIS EVANS—I think the only other one—apart from your additional staffing budget measure—was this capital upgrade one, was it?

Mr Hickey—The capital item, Senator, that is referred to on page 239 is part of the additional funds that were required to implement the Australians Working Together package and other associated budget measures. It represents that element of the total cost of implementing those measures that would be used by us to build software applications, IT systems, to implement the measures and, under the accrual accounting principles, are reflected in our accounts as capital transactions rather than expense items. We build them and depreciate them over the life of the system rather than expensing them in one year. It is really an accounting issue.

Senator CHRIS EVANS—But it is effectively for software for those programs, is it?

Mr Hickey—Yes.

Senator CHRIS EVANS—Is that spread over the four years as well?

Mr Hickey—There is an element of capital in each of the four years, Senator. Again, we can provide you with the out-year figures.

Senator CHRIS EVANS—Yes, I am just trying to understand how it works, that is all. Yes, I will take that on notice. I appreciate that. I love that table 1.1 on page 235, (E=C+D). It reminds me of failing my algebra exams.

Mr Hickey—Yes, that is one for the Department of Finance and Administration.

Senator CHRIS EVANS—Yes. I did fail Leaving mathematics, and now I remember why.

Senator Vanstone—I think we will make it a personal commitment, Senator, to make sure that next year there is no such ridiculous table.

Senator CHRIS EVANS—It may well make sense to somebody else.

Senator Vanstone—I think it is informative to the person who drafted it. Since the person who drafted it has all the information, they do not need it, do they?

Senator CHRIS EVANS—I think it is fair to say that the department can rest easy; I will not be questioning them closely on that table. That will do me for the overall stuff.

Senator WEST—Can I ask about Centrelink agents, please. Where you have got a neighbourhood centre, or some organisation acting as an agent for Centrelink, are they faxing forms to Centrelink?

Ms Vardon—Yes.

Senator WEST—Do they receive any reimbursement for that?

Ms Vardon—They do.

Senator WEST—All of them?

Ms Vardon—Those who are designated Centrelink agents do get paid. There are some community organisations that might fax something as a matter of their community service, but people who are core Centrelink agents get paid.

Senator WEST—Do they receive a confirmation slip back? Do they receive some confirmation back from Centrelink that the fax has been received?

Mr Bashford—We will have to take that on notice, Senator.

Senator WEST—Thank you. We have just been approached by the Bohlevalle Community Centre in Thuringowa, who say they are faxing Centrelink forms for individual clients on a daily basis but receive no financial support to carry out this work. Are they an agent or not?

Ms Vardon—Our office in Townsville has organised for some community organisations in the suburbs to have Centrelink information in their neighbourhood houses, for want of a better word—I have been out to one of these agents and I know what they look like. They may well be sending daily information back as part of their community service. That is why I put the rider on it before. They are not official agents. It is a community outreach service that our office has done to make a convenient information base in the local community.

Senator WEST—These outreach programs, whilst Centrelink takes material out there and accepts the faxes back from those organisations, provide no assistance to those who are actually participating in the outreach.

Ms Vardon—I would have to take it on notice. I would have to see what it was that the manager of our Townsville office has arranged with them, Senator. But they are not agents in our traditional sense.

Senator WEST—If Centrelink is providing a visiting service in, say, one of those outreach places, does that centre receive any reimbursement for the costs incurred?

Ms Vardon—I need to take that on notice. I do not know. I will find out from the manager of Townsville.

Senator WEST—That is a specific one, but it is also a general question. I would like to know if, as a rule, when a place is used as an outreach centre and there is a visit from Centrelink, reimbursement takes place to those centres. I can think of places where there are outreaches that operate on basically the smell of an oily rag and, whilst it might only be two STD calls that are made, or a couple of STD faxes that might be sent, that \$10 or \$20 per week, per fortnight or even per month can have a fairly major impact upon their operating finances.

Ms Vardon—There are two things there: if our officers go to an outpost site, they usually take their own laptop computers, so I am not sure that we would pay—

Senator WEST—When you log in the laptop and you go online, from my experience the dollar signs keep clicking up very fast. It is not difficult for a whole day to build up a \$100 bill.

Ms Vardon—I understand that, and I can think of places where our people go out, like some of the university student counselling units and the student union units at universities, where we actually pay for special phone lines to be put in and we pay for our own expenses. If it is a serious exercise by us where we go regularly out to a place, then we will pay. But if it is—

Senator WEST—Or you have your own telecard and you are going through a telecard.

Ms Vardon—Yes.

Senator WEST—But I would like to know those details.

Ms Vardon—I will try and give them to you. We have, of course, extensive outreach all over Australia, in women's refuges and all sorts of other places. But we might be able to get you, in general terms, what it is that we do.

Senator WEST—I would appreciate that, and in specific terms about Bohlevale.

Ms Vardon—Yes.

Senator WEST—Also apparently they ran a vacation care program and received a debt notice in 1999 from Centrelink in relation to its vacation care program. You might like to follow that up for me too, please.

Ms Vardon—Certainly.

Senator WEST—Can I ask about grants that Centrelink may administer?

Ms Vardon—We do not actually administer grants.

Senator WEST—You do not have any grant programs within your agency?

Ms Vardon—No. Family and Community Services administer grants.

Senator WEST—That is okay. They administer them as well or do you have any involvement with the administration?

Ms Vardon—No.

Senator WEST—Okay.

Senator CHRIS EVANS—As a complete surprise, I thought we would have a chat about the Auditor-General's report.

Ms Vardon—Certainly. I was waiting for it.

Senator WEST—Wondering why we were taking so long.

Senator CHRIS EVANS—Perhaps the best way to start, Ms Vardon, is for you to give us Centrelink's view of the report and your response to it. I could ask a couple of specific questions and you would probably want to put something on the record anyway. So what is your assessment of the Auditor-General's report? Do you agree with it? What action have you taken? Rather than ask a series of specific questions, I thought you might like the opportunity to respond and then we will take it from there.

Ms Vardon—Thank you. I had thought about making a statement about it but on reflection I think it might be better to have a conversation with you. The first thing I want to say is that the recommendations of the Auditor-General's report we support very strongly because they actually represent things that we have wanted to have done for a long time. My comment on the actual audit—I am going to try and be balanced about it—is that we made some mistakes as the audit was progressing in that we did not insist on quality control over the audit.

Senator CHRIS EVANS—You mean quality control of the audit?

Ms Vardon—Of our contribution to the audit. I want to start off by saying that, if you look at the reviews that are done by FACS and Centrelink of the age pension, and if you take into account all of the downstream controls, the error rate of staff alone is 1.4 per cent. One has to then take that in contrast to the rather larger figures that came out of the ANAO report, which

the Auditor-General was very firm to qualify heavily and say that you had to be careful not to extrapolate from this small sample to the whole of the population and so on.

The reality is that we do the age pension really well. The age pension has associated with it, though, a large number of procedures which have been brought over from Social Security which we have not really challenged. If you do a compliance audit against those 200 steps, it is inevitable that you are going to find that our officers do not follow every single step. There is actually no requirement for us to follow every single step but there was an assumption made that it was so and we did not challenge that first assumption. I think that was our first error. If we have a look at those cases, and we actually revisited them ourselves, if you look at one of the assumptions that says that we were not able to establish proof of identity properly, we may not have been able to establish it on the papers but in reality, when we checked out the people, there was in fact a hundred per cent accuracy. We did actually look after the right person but we did not follow the right steps totally according to this very long check list.

We spent some time with the Auditor-General. We presented our evidence, which came up with quite different results about accuracy, whether things were right or wrong. We also sent in two very experienced officers to have a look at the cases and they made quite different conclusions, because they looked in more depth into the cases. We can talk about that in great detail. We have got people here who can explain that. In summary, while we agree with the recommendations of the Auditor-General because they are sensible about processing and streamlining and so on, we would have to say that there is some difference between us about their findings. In fact, the Auditor-General's report foreshadows that. So we are not in conflict.

One of the things that we did ask was for the Auditor-General to have another go at looking at this particular cohort of people and look at not just the new claim but the whole end-to-end process. He has agreed, and in June they are going to start the whole audit again. We will feel a lot more satisfied about that, because we think that some extreme conclusions can be made which were not intended and which we are in fact still challenging with the Auditor-General. I do not want it to appear that we are in conflict. What I want to say is that we should have taken a closer look at the conclusions that were being made about the files, because when we subsequently checked those files we found quite different answers.

Senator CHRIS EVANS—I am having difficulty with that explanation, not that I am disputing what you say, but it seems to me what you are saying is almost that the Auditor-General got it wrong. 'We agree with the recommendations but we think he got it wrong, but we are not going to challenge it.' I thought, 'Hang on, if he is wrong, you ought to challenge it; if he is right, you ought to accept it.' If he is wrong, I do not quite understand your saying, 'We think he is wrong but it doesn't matter,' or 'I don't want to appear as if I am in disagreement with him.' The reputation of Centrelink, people's confidence in the fact that they are getting paid correctly, has been severely undermined. I do not think anyone would dispute that, by the publicity surrounding the Auditor-General's report. Was he right about that or was he wrong?

Ms Vardon—He was right in the recommendations which said, 'It is time for you and FACS to get together to have a look at the process that is associated with how you grant a pension.' He was right to say that we were measured by a set of standards that we ourselves had set and he made no comment on whether those standards were appropriate or not. We agree with all of those things, that there needs to be a cleaning out of process, and we are—

Senator CHRIS EVANS—Do you agree that you get 50 per cent wrong?

Ms Vardon—No, we do not agree that we get 50 per cent wrong. When you introduce the real person or the customer into the equation, we actually get it right. We make an administrative error of 1.4 per cent.

Senator CHRIS EVANS—This is important. I do not want to appear to be rude but I do want to nail this down. You say you make a mistake rate of 1.4. He says you make a mistake rate of 50 per cent or 50 point whatever it is. It seems to me that is a fairly fundamental difference. In terms of proper public administration in this country, we ought to work out who is right rather than—

Senator Vanstone—We can see the point that you cannot see all that we have not appropriately explained and we will move on to do that.

Ms Vardon—The reason that I have brought John Wadeson to the table is that he understands the social security system better than almost anybody I know.

Senator CHRIS EVANS—He is the one who does!

Ms Vardon—He is the one I rely on to give you an explanation of the difference between the 1.4 per cent and the 52 per cent.

Senator CHRIS EVANS—Do not feel under any pressure, Mr Wadeson.

Mr Wadeson—The way the audit was set up was to take an approach to measuring accuracy that was by defining the process, which is the traditional method in which our own internal measurement systems work. For example, the PAC and QOL systems that are referred to in the audit report are both based on saying, ‘Was this step followed? Was that step followed?’ The argument is that if the process is complete then the chance that the outcome, the payment to the customer, will be right is the highest. While taking the same framework as our own internal systems, audit really took a very detailed view of that process. In fact, the questionnaire that a claim with all the appropriate modules could go through had 250 questions on it.

That approach to process is one way and, were all those steps followed, there is no doubt that that would have the greatest chance that the outcome would be correct. But it is not true to say that, because some parts of the process are not there as specified at that level of detail, the outcome will be incorrect.

Senator Vanstone—Can I just give one example of what I have been told. I have not checked this but I assume it to be right. We have this range of modules and you only ask the questions in that module if there was not an appropriate answer to one question in a previous module. It says, ‘Tick. You’ve got to now go to this series of questions,’ for some people. The answers there might lead you to another series of questions. Apparently in some of those some questions are repeated. You can understand that counter staff do not ask the same question four times. They have it once in the form and they do not ask it in all the others.

Mr Wadeson can give you more detail about those sorts of errors that are picked up. If you and I looked at it we would say, ‘Look, you have asked the same question twice. I don’t see why someone does have to fill it in twice,’ or three times or whatever it is. It is a function of these forms being so complex and having so many questions that some time ago I asked the department to set up a simplification task force to go through all of these; not just the aged pension, the whole lot. We will be starting with Newstart and age pension because they involve the largest groups of people, so they are the obvious ones to try and get right as soon as you can.

They are going to go through all of the processes and say, with respect to everything we do—every form we ask people to fill in, every question we ask them—‘Why are we doing this? Do we already have this information? Can we already access what we’ve got? Have we asked it before? What’s the legislative requirement for this information to be provided?’ Whilst I do not yet have a formal report from that group, I am expecting that the simple task of going through and looking back on all the additions to process and saying, ‘How much of this do we really have to do?’ will not only make it easier for customers, because it must be death defying going through it all, but also for the Centrelink staff who deal every day with people in need. They have to put them through a series of hoops that might not be necessary. That has to be an improvement on both sides, both in terms of customer service and the tasks given to Centrelink people.

Senator CHRIS EVANS—I can see that you are running this argument that there is a sort of technical non-compliance with the law that has resulted from officers doing what might be more practical than technically correct in the sense of not asking questions twice or what have you. I accept that argument. As for the references to the breaches of social security law by the Auditor-General, I can accept there might be a greyness about whether or not they have technically met the requirement to ask the person they have dealt with three times whether they are who they are, or whether they still live at that address, or some sort of technical thing like that.

I remain unconvinced about situations where the Auditor-General says, ‘Could not assure payment at the right rate, from the right date, to the right person with the right product.’ That is not a question of technical law or whether they asked all 250 questions. That is saying they did not get the money right and they did not get the operative date right. These are fundamental key issues here. They are not technical issues. Did they get the right amount of money from the right time? According to the Auditor-General, on half the new claims you did not get it right.

Ms Vardon—We want to talk about that because we redid the cases and we found different answers. Mr Wadson, if you are happy, we will continue with that.

Mr Wadson—If I could break up the issues of payment into some categories, first there were the start date errors. It was quite a significant group. I think the Auditor-General said 12.7 per cent had the wrong commencement date. The period of the audit was the period between the introduction of pay cycles in July 1999, I think, and the SSAA, which came in in March 2000.

Senator CHRIS EVANS—The what, Mr Wadson?

Mr Wadson—This is the Social Security (Administration) Act. It was March 2000. Prior to July 1999 there was a curious arrangement with pensions: you were either eligible on the day if that was a payday or you were not eligible until the following fortnight. We had been expecting that the SSAA would have come in at the same time but it did not; it came in nine months later. So we had a period when, supposing I walked into the office and I said, ‘I want to claim age pension today. I’m eligible, I’m 65,’ the process at that time was that you had to lodge what was an intent to claim. You had to sign something to say, ‘I intend to claim age pension,’ and then you could be backdated to that date.

What we have seen in this sample was not an error as such. I think the staff thought they were doing the right thing and it might have even been true right across the offices. If the customer came into the office, they were given a claim form. The claim form was dated. There was a note made on the system that the customer had been in and would be back for

their appointment, which would be a few days later, and that was acceptable. That in fact does not constitute an intent to claim, and the auditors said all these are overpayments. They are all very small, all within the time between when they came to the office and when they made the appointment. With some, of course, there were weekends in between, so you would get up to three and four days of payment for most of them.

Of course, when the SSAA came in in March 2000, the process that these officers were following became legal and this was a problem that would not occur today. It related to nine months where there was a different legislative framework. This is a process based audit. What those officers should have done is, rather than give—

Senator CHRIS EVANS—Are you saying that it would be legal now and not legal then? Are you saying that they got it right or they got it wrong?

Mr Wadeson—They got it wrong because they should have taken a signed form from the customer. Rather than just giving them a form and making a note on the system that they had been in, they should have got a signature, and they did not.

Senator CHRIS EVANS—But did they get the right money on the right date?

Mr Wadeson—That is what the audit called the wrong date. Because they were backdated to the day they came into the office to collect their form, the audit said—and legally correctly, of course—they were paid from the wrong date. If you look at the amounts you will notice that despite the large number, the amounts involved are very small because they were all being backdated to effectively the day they first came into the office to get their form. In some areas that used the right process we are not seeing any of these because they got a signed form, called an intent to claim, from the customer. We would argue that you would not see that occurring with 12.7 per cent of cases today because the process that these officers were using was validated by the SSAA. I think the average payment was \$64.

In the main, the staff were trying to backdate the people's claims. They were 65, they had met all the other requirements, and they were backdated to the date when they first came into the office. I suppose if we had been able to we probably should have interviewed them on the day, but usually it is a few days afterwards.

Senator CHRIS EVANS—Is that the only bit you want to explain to me?

Mr Wadeson—That covered the 12.7 per cent of payments that are referred to as start date errors. Then we have a larger group the audit said comprised 5.1 per cent wrongly accepted, 13.5 per cent with payment rate errors and 17 per cent with possible payment rate errors. If you add all those together, you come up with 35.6 per cent. The auditors gave us the codes so we could identify those and we have had the opportunity to work back through the casework.

What the audit also concluded, because it was based on looking at process, was that a failure in process of a certain sort would lead to an incorrect payment. We have had the advantage of going back and looking at what actually happened. If you asked us to put a figure on how we relate to the 35.6 per cent, we would probably say that, of that figure, about a third actually led to payments in error. What we had was the advantage of going back and looking at what had happened after the officer had got the advice from the Audit Office and then got involved in a conversation with the customer. Some of this is quite simple.

Senator CHRIS EVANS—What do you say about the error rate, Mr Wadeson? Do you still stick to the 97 per cent that you put in your annual report, or would it be fair to revise that down?

Ms Vardon—One of the things that we have to work out with FACS is: what is it that we are reporting as accuracy? We would say that we have to develop an accuracy tool, and it is not terribly satisfactory. We have traditionally used what was PAC and now is QOL. I might say, though, that this audit was done just as we were transferring from one tool to the other, and we had hardly had a chance to get the new tool working.

Senator CHRIS EVANS—There is always some change at Centrelink, though, as you well know.

Ms Vardon—That is right.

Senator CHRIS EVANS—A new computer system or a new government initiative.

Ms Vardon—But we had already decided that the PAC tool was not a good tool. It was not satisfactory. It was not measuring properly what it was that we were doing, but it was the only tool that we had. We changed to QOL, which does some things but it probably does not give the best understanding of accuracy. I think we need to form another measurement altogether. But if you just look at that 95 or 97 per cent, and if you look at the downstream reviews, the facts are that we do really well in this and we get it right mostly all of the time, which is what the PAC tool showed. But in fact they are not apples and apples; they are apples and oranges. We really have to go back and rethink how it is that we report this.

Senator CHRIS EVANS—Maybe we should come at it another way. What is the process for dealing with an Auditor-General's report? They come in and have a look at your systems?

Ms Vardon—Yes.

Senator CHRIS EVANS—You assist them with that, obviously.

Ms Vardon—Yes.

Senator CHRIS EVANS—Do you attach a team to assist them, or a senior manager?

Ms Vardon—Yes.

Senator CHRIS EVANS—Who did you appoint to that job?

Ms Vardon—It was done under the auspices of our retirement community sector.

Senator CHRIS EVANS—So the head of that section was responsible for ensuring access for Auditor-General's to all the records they needed, et cetera? I do not want you to necessarily name the officer; I am not trying to personalise it.

Ms Vardon—That is the usual way. We made the national manager responsible for that. We had 13 ANAO studies going on in our organisation at the one time last year, so we were pretty busy. That was because we represent such a large amount of government; about half of those were cross-government surveys and half of them were other ones. We usually do quite well.

Senator CHRIS EVANS—Now you know how your customers feel about all the forms you give them.

Ms Vardon—We are very sympathetic about that.

Senator Vanstone—I am very sympathetic about it, not only from the customers' point of view but from the point of view of the people who have to get the information filled in. You made a remark—and I do not think you were being pejorative—about something always changing at Centrelink. I think that is a good thing. They have millions of people to deal with, many of whom have changing circumstances, so that is a multiplier on the complexity. We sit

here and make decisions about, ‘Should this be this level or that level? Who should get an entitlement?’ and we have a committee hearing about it, we think we have done our job and off it goes. Then, out there, there are thousands of people who have to implement it for millions of people, with either actual regulations or internal Centrelink regulations that have been made, to try to comply with what we have decided, when we think it is the end of the matter.

They get, to put it in a Queenslander’s term, the rough end of the pineapple. We sit here and make the policy decisions and feel happy with ourselves. You have a go at us and change some entitlement, and we say, ‘Oh, they’ve done this,’ and then we think it is finished—and it is not. In a practical sense, it has to go out, and these are the people that have to apply what we have decided, on a day-to-day basis, to millions of people in a very changing environment.

Senator CHRIS EVANS—I do not underestimate the complexity of it, Minister, but equally that is why we have the Auditor-General to work out whether they are doing it efficiently and effectively and whether we are getting good use of taxpayers’ money. That is why we are interested in that process.

Senator Vanstone—I do not deny that, and Centrelink, as I say, have asked the Auditor-General to come back and do it a different way. They have actually asked for more auditing. They are not trying to hide it or lock him out or something. They have said, ‘Come back and do it again, but why don’t you do it over a longer time period?’ There is no walking away from wanting to get it right. The Auditor-General said this was a small part, limited to the application process, and did not look at all the downstream things. It was a very limited application, and they have recognised that and acknowledged that in their report.

Senator CHRIS EVANS—They also made some fairly damning criticisms. That is why I want to understand the process.

Senator Vanstone—I am not criticising that.

Senator CHRIS EVANS—I am happy for you to put whatever you want on the record, Minister, and I do not underestimate the complexity of Centrelink’s task. I was making the point about changes because I think there has been a lot of major change and I am sure that does not help an organisation in the sense of settling things down. That might be just a function of the modern world, but every time we have a new computer system or a new payment system we have a problem because we have to manage that change. Usually, because the legislation is late passing the Senate, the deadline is very short.

Senator Vanstone—You are blaming us for that?

Senator CHRIS EVANS—No, I am blaming the Senate generally—the processes of democracy. It has happened under successive governments. All I am saying is that those things put stresses on, and I think Ms Vardon has given evidence before that those things have impacted on the ability of the organisation to deliver then on its side of the bargain. Be that as it may—

Senator Vanstone—I am not wanting to interrupt you. I think I have been pretty good for the last two days in keeping my mouth shut and I will try to maintain that, but I hope, when we do have some concrete things to say as a result of this simplification task force, that you are right there with us saying what a good idea some of them are. They are not party political things. They are just about getting the administration in the terms of the people who have to apply what you and I decide and implement it. It is simplifying that.

It is a classic example of where government—not in the Liberal-Labor sense, just government generally, including Centrelink as a part of that—does not actually have to spend a truckload of money to do something new or to do something better. Quite often it simply means sitting down and looking at what you are doing and reorganising the way you are doing it. I am sure that out in Bob and Mary Stringbag land, voter land, if I put out a press release announcing some change we are making that will be this great simplification, it will not stop the trolleys in the supermarkets. It is not something that would be appreciated out in voter land. It is only the people who are interested in public administration who will say something, and so I will be looking to you to give warm endorsement to these changes.

Senator CHRIS EVANS—Senator, I have voted for much more of the government's social security legislation in the last few years than I am at all comfortable with, so I am sure you will get our support for any reasonable measures.

Senator Vanstone—These will not require legislation. I will just really be looking for some positive endorsement of work well done.

Senator CHRIS EVANS—I am sure we can get there for that. The process is that Auditor-General's come in and you assign an officer to facilitate it. What do Auditor-General's? They look at your files and they talk to officers?

Ms Vardon—The first thing they do is to go through a scoping study with us to have a look at what it is that they are looking at, and we normally make some comments about that. They are in charge of what it is that they look at, but we make some comments about that, and this did happen in this exercise.

Senator CHRIS EVANS—You agree the parameters of what they are going to look at?

Ms Vardon—Yes.

Senator CHRIS EVANS—They go ahead and look at it and then they take that away with them and write a report? I am not trying to put words in your mouth. I have a broad understanding but I do not—

Ms Vardon—In this case they take a sample, or they go and investigate whatever it is that they are having a look at.

Senator CHRIS EVANS—Do they choose the sample or do you choose the sample?

Ms Vardon—They have the right to choose the sample and so they work out, usually with ABS or some other person, how they want the sample compiled.

Senator CHRIS EVANS—And you do not have any arguments with the sample process?

Ms Vardon—No, we did not have any argument. Did we have any argument?

Mr Wadeson—I think it is fair to point out that it is what they have called a stratified random sample. It is explained in great detail in the appendices to the audit what they mean by that. The outcome in terms of the audit was that the proportion of claims that were rated by them as very complex in the sample of the 353 cases they audited was, I think, about 45 per cent or something. That compared with around 20 per cent previously. The way they did it was to look at 1,300 claims taken over a period of months and then categorise them into simple, complex and very complex.

Senator CHRIS EVANS—Are those your categorisations or theirs?

Mr Wadeson—They did that themselves. It is outlined in the report.

Senator CHRIS EVANS—They are not ones that you use internally?

Mr Wadeson—No, these are terms that were invented for this audit. I think we were probably consulted in the preparation of this, and we have no dispute with the categorisation that they came up with. In fact, I think it is quite a useful bit of work they have done here, because they have categorised some 1,300 claims taken over a period. But the effect of the stratification meant that we were dealing with a much bigger proportion of what they called ‘very complex’ claims than what was in the 1,300. So, yes, it was random, but it was a stratified random sample, which meant that we ended up with more complex claims.

Senator CHRIS EVANS—So, basically, you did not like their sample.

Ms Vardon—We did not challenge the sample, Senator.

Mr Wadeson—I would not want to say that the degree of change was such that you would argue it changed the results, but it was of note to us that we ended up with that result.

Dr Browne—The point we are trying to make is that, when you look at the results, you have to understand that the sample was weighted towards the complex end.

Senator CHRIS EVANS—That is almost like saying, ‘We were wrong and we don’t like the process. But, yes, we were involved, we were consulted.’ Is there something wrong with the Auditor-General’s sample, or not?

Mr Wadeson—No, not in our view.

Senator CHRIS EVANS—So they did the sample and, as I understand it, they take it away and they do a report.

Mr Wadeson—They would then call for the files, which they did.

Senator CHRIS EVANS—Did they find them all?

Mr Wadeson—There is a comment in the report that they went for a larger sample than they actually needed—all this is written up. I think there were 39 that they did not get initially and then 14 arrived later, but they had enough to, in their view, start the exercise.

Senator CHRIS EVANS—So once they got the files they started the exercise.

Mr Wadeson—They then started the exercise, yes.

Senator CHRIS EVANS—Did they do that at their office or at your office?

Mr Wadeson—I do not exactly know where they do that, but it is not done in the offices. In the case outlined in the audit they focused on offices that they could later return to and talk about the results. So after they had got through their assessment of what was on the files, they went and conducted visits to the offices.

Senator CHRIS EVANS—They then followed up and talked it about with the officers from whom they had got the files; is that right?

Mr Wadeson—Yes. One of the reasons for the stratification was to give them enough cases in a number of offices so that they could actually mount a visit—that is, so they had enough cases in one office to go and talk to the staff about them. They did not want to end up with 353 cases; they could have ended up with one out of nearly every office in the country.

Senator CHRIS EVANS—No, but the process was that, after doing the analysis, they went and talked to your officers about what they found and how it worked.

Mr Wadeson—That is right, yes.

Dr Browne—My understanding is that they visited 16 of the CSCs and followed up, but they did not follow up on every CSC.

Senator CHRIS EVANS—But there was this interaction between the officers on the ground, as it were, and them?

Dr Browne—In some cases.

Senator CHRIS EVANS—So that gave them some feedback. Did they then discuss it with senior management at Centrelink, or did they just go off and write the report?

Mr Wadeson—There are exit interviews at various points in this process, and then they come back and we go through an issues papers process.

Senator CHRIS EVANS—That is what I want to take you through. Perhaps you could describe that process of what happened. I do not want to know how many officers they spoke to, but what about the broader process? They spoke to officers and you had exit interviews. What are they?

Mr Wadeson—I am sorry, Senator, I probably need our chief auditor here to make sure I have the technical terms right. Perhaps he could correct me if I get it wrong. There was an exit interview which the area manager attended in the four areas that were particularly subject to the audit. Then they moved on through issues papers and into the more formal audit process.

Mr Rogers—My unit coordinates the relationship with the ANAO. The general process with an audit is the consultation about the existence of an audit to start with—the scope—and we have a chance to comment. But, effectively, it is between the Auditor-General and the JCPAA as to what is audited. At the stage of entry into Centrelink they specify how they intend to approach the audit, and Centrelink has an opportunity to comment on methodology and on things like sampling frame and so on. But, again, what is decided is totally up to the Auditor-General's team.

During the conduct of the audit, the relevant team in Centrelink has most of the day-to-day relationships with the ANAO's team. Many of the questions that normally arise get addressed at that stage. Typically, what they are trying to do is talk about matters of detail that the team that they are talking to has the knowledge and the expertise to answer on, with broader issues being left to a later stage in the process. The key stage that that involves is the issue of a set of issues papers—there can be one or there can be many—and Centrelink gets a chance to comment on those issues papers. That leads to an exit interview, when any major items are discussed. That is commonly the stage, where an audit needs caveats or it has gone astray in some way, when it is corrected.

Senator CHRIS EVANS—Did that happen, Mr Rogers?

Mr Rogers—Yes, there were comments on issues papers and a number of fairly significant issues were raised at that stage.

Senator CHRIS EVANS—What sorts of issues? Were they resolved between the parties?

Mr Rogers—There were voluminous issues raised and, in the end, the arbiter on what is accepted is the ANAO. They take that material away and cogitate, and it is entirely their call as to what they do with it. The next thing we see is in fact the issuing of a proposed report.

Senator CHRIS EVANS—You raised a large number of issues with them at the exit interview stage.

Mr Rogers—Yes.

Senator CHRIS EVANS—I do not know whether this is one for you, Mr Rogers, or not, but are you saying to me that you thought a lot of those issues were not adequately taken into account by the Audit Office?

Mr Rogers—There definitely were issues raised at that stage that we did not see resolved in the draft report that was subsequently received. That, itself, was a matter of subsequent discussion with the ANAO.

Senator CHRIS EVANS—When did you get the draft report on this?

Mr Rogers—It was on 28 March, I believe, but I will check. Sorry, as a result of the comments we made on the one received in January, we received a second draft report on 28 March. That in itself was a—

Senator CHRIS EVANS—Can we just do it in sequence? When did you get the first draft report on which you were asked to comment or allowed to comment?

Ms Vardon—It was on 29 January.

Senator CHRIS EVANS—Did you meet then with officers from the Auditor-General, or did you just provide a written response?

Ms Vardon—I wrote a letter to the Auditor-General and I spoke to the Auditor-General.

Senator CHRIS EVANS—So you wrote a letter and followed it up with a—

Ms Vardon—I hand delivered it to the Auditor-General.

Senator CHRIS EVANS—In person?

Ms Vardon—In person.

Senator CHRIS EVANS—When was that, Ms Vardon?

Ms Vardon—It would have been 28 days exactly after 29 January.

Senator CHRIS EVANS—You had 28 days to respond?

Ms Vardon—Yes.

Senator CHRIS EVANS—So you turned up in person on the last day?

Ms Vardon—Yes.

Senator CHRIS EVANS—I am sure he was suitably intimidated. What was the essence of your response?

Ms Vardon—The essence of my response was outlined in a letter. I am entitled, under the Audit Act, to have a lot of comments and I gave those comments to the Auditor-General. They were in relation to the fact that it was a compliance audit, and I was concerned that it did not take into account the experience of our staff, who can make judgments. I also raised the point that it focused only on one component of a much larger risk management approach designed to minimise the risk of incorrect payments, which meant that it was a point of time; it did not take into account all the downstream processes as well.

I commented about the fact that we did not necessarily expect one of their people to follow every single rule; they were not all legal rules. We thought that the report was alarmist in the sense that it could lead to the conclusion that large numbers of pensions were wrong, when that was in fact not the case; and that there is a whole lot of customer service interaction when in fact we do not require our staff to write down every single thing on the file at that stage. Our staff are able to assure themselves of the accuracy of the information by talking to a

person or looking at other information, but they do not necessarily put it all down in writing. There were other issues.

Senator CHRIS EVANS—Are you prepared to table the letter for the committee, Ms Vardon?

Ms Vardon—I do not know about that. I think it is a letter to the Auditor-General.

Senator CHRIS EVANS—I am sure it is a letter to the Auditor-General.

Ms Vardon—Yes, but I am not sure that I ought to table a letter to the Auditor-General.

Senator Vanstone—I think, Senator Evans, you will understand that where there is an appropriate opportunity provided for people to comment on draft reports and it is an advantage to the Auditor-General to have those comments—

Senator CHRIS EVANS—I am not going to pursue it at this stage. I asked whether she wanted to do it or not.

Senator Vanstone—I just make the point that when it is made in the proper context, if every time those letters are tabled, not in your hands—I do not suggest that—but in some other hands they are set up as being a war between one party and the other, when in fact what it is is both parties trying to do a good job vis-a-vis accountability. I think that would be a bad thing for the Auditor-General and a bad thing in this case for Centrelink.

Ms Vardon—We have tried to keep our conversation at a professional level over this.

Senator Vanstone—Successfully.

Senator CHRIS EVANS—I do not know, I have not seen the letter.

Ms Vardon—It is very polite. When I started, I said there was a failure on our part to raise these issues—for quality control in a sense. The issues that I raised were essentially raised too late. All the issues I raised in that period of time should have been raised at the beginning of the audit.

Senator CHRIS EVANS—Are you saying they were not raised at the exit interview?

Ms Vardon—They were not raised to the extent that I would have wanted them raised. Some of them were, but we have learned a big lesson from this about how we should challenge the assumptions up front so that we have an agreed position between the Auditor-General and ourselves earlier on, rather than come in late at the end and challenge some of the basic assumptions.

Senator CHRIS EVANS—But you were concerned that the report was, I think you used the word, ‘alarmist’ and that would have an effect on your reputation in your customers’ view.

Ms Vardon—We were mostly concerned about causing alarm with the older people. We were not concerned about our reputation at that stage. It was not the big driver. What we did not want was hundreds of thousands of older people in Australia getting concerned their pension might be wrong.

Senator CHRIS EVANS—I did not mean to use the reference to reputation as a bad thing. Obviously reputation that you deliver services efficiently is important to the organisation and important to the taxpayer.

Ms Vardon—Sure.

Senator CHRIS EVANS—So you provided both written and verbal feedback at the end of that commentary period, which would have been at the end of February. What happened then? They provided a second draft. Is that normal?

Ms Vardon—They came back with a second draft, which we commented on.

Senator CHRIS EVANS—Is a second draft the normal process?

Mr Rogers—No, it is very unusual to have a second draft.

Senator CHRIS EVANS—So you obviously had some impact.

Ms Vardon—We were invited to speak with the Auditor-General's senior staff about our concerns about the second report, and we got a good hearing. I tabled another letter. By this time, I was asking the question, 'How long does it take for the downstream controls to kick in?' That was because, if you interpret it from the original audit, one could assume projections out of wrong payments, which did not take into account downstream controls. I wanted to know how long it took for the downstream controls to click in so that any leakage into the outlays, for want of a better word, would have been stopped or plugged.

It was at that point that we called in one of our most experienced people who could understand the record. The electronic and the paper records together in the social security system are very complex. I am not talking about the process, I am talking about how the records are put together, where information is recorded all through the common platform and how people make judgments. It was at that point that we discovered that some of the conclusions in relation to telephone allowances were quite wrong. Where there was an underpayment or overpayment of telephones allowances, instead of it being 9.9 per cent, we calculated it at 3.2 per cent, and that 3.2 per cent was actually very small.

We were then very concerned about the whole of the quality of the decision making that made judgments about whether we were accurate or not, even in the first place, even in the new claims, so we sought from the Auditor-General the customer record numbers so that we could do the whole survey again. We had a sample of 81. We did that sample. We found a great variation in our conclusions. Then we sought the whole of the 354. We revisited them and we found quite different interpretations.

Senator CHRIS EVANS—I just got a bit lost in the process here. When did you get the second report?

Mr Rogers—On 28 March.

Senator CHRIS EVANS—And did you get a further 28 days to respond to that?

Ms Vardon—No, we had six days.

Senator CHRIS EVANS—So the work you are talking about that you initiated to go back onto the files themselves occurred after your response to the second report. Is that right?

Ms Vardon—It was before the response to the second report because it was after the first report that I started to ask the question about how long it takes for the downstream controls to kick in.

Senator CHRIS EVANS—So you had the information about your own investigations into the trial group before you responded to the second report? I am just trying to understand the sequence here.

Ms Vardon—Yes. We took that information to the meeting at the Auditor-General's office, from an analysis of 81 files.

Senator CHRIS EVANS—You got the second report on 28 March. You had six days to respond. You responded by virtue of a meeting. Is that right? Or did you write as well?

Mr Rogers—It was actually six working days, so 6 April was when the—

Senator CHRIS EVANS—So on 6 April you fronted up. At that stage you had your own research into 81, which was a subset of the 300 or so that they looked at.

Ms Vardon—Yes. It was a cross-sample right through.

Senator CHRIS EVANS—And you basically thought they were wrong and you were right and you had been very unfairly treated. Isn't that right?

Mr Wadson—I think the way I put it, Senator, was that we had been given 81 cases from one of the auditors who had decided they would write a special report back to the officers. So they went into what they saw as the problems in the new claim, and they had gone to extra trouble, if you like, to explain it to our staff. So we had a fairly detailed view about 81 cases, and of course when we went back in and looked at that information and looked at what was on the system, we started to see what you would argue was the impact of the customer. Of course, when you do an audit, that is the one person you do not talk to. The officers had gone back to the customer, and then we could fit together a process, and some of this was quite simple.

One that sticks in my mind was when a customer had coded that they had a home equity conversion loan. It was coded on the system as a home mortgage. The auditor concluded that that was an error or possible error because they are treated differently and it is a different income test or asset test—I am not sure which. When the office rings up the customer the answer is, no, it was always a home mortgage because a lot of customers describe their home mortgages as home equity conversions. It is a commonly used term. So you see that sort of simple thing in these cases.

In other cases you see something like the telephone allowance example, where because of the way the audit was done, moving through a series of questions, they asked whether this record set up for the customer, bearing in mind they are a telephone subscriber. If the audit found that, no, the record was not set up for the customer, then they concluded there was a payment error. Of course, when you process telephone allowance, if you set up the record for the other partner it automatically pays both. Our customer service officers know that, so they only set up one part of the record because it automatically pays both. So the audit conclusion that there was a payment error because there was not a record there was wrong in that case. We saw examples like that in this work.

Other sorts of examples in this area would be where they have what they would call an error in the assets—which is fair enough for them to pick up—but in this case the person was being assessed under the income test. Once again, you are seeing what are described as errors of process but when it is sorted out with the customer it did not result in a payment error. Of course, we did find real payment errors in this sample.

Senator CHRIS EVANS—What was your figure on payment errors?

Mr Wadson—After we went back to the Audit Office with the evidence of what we had seen in the 81 cases, they enabled us then to identify all customer records where there had been either a wrongly accepted/rejected claim, a wrong payment error or a possible payment error. So we ended up with a bigger group where we had the customer reference number and we had a one or two line explanation of what audit had found wrong with that particular claim. We were given then the opportunity to work through the cases. The Audit Office

accepted that we should do that on the basis that we needed to understand the implications of all these things ourselves.

Senator CHRIS EVANS—So you went back to 6 April and said, ‘You got it all wrong.’

Mr Wadeson—No, we did not. I think the term we had used, Senator, was that the picture the audit painted of processing was a much stronger representation of errors than justified what we were seeing when we looked at the case work we had. We are not saying it was wrong; it was just that we felt that it was stated much more strongly than we felt was justified.

Mr Rogers—The language of the earlier drafts spoke far more about payment error, whereas the finals clarified it much more tightly as being about processes. I heard, Senator, earlier on you mentioned about this being about not following the law. The key thing to remember is that it is a test of compliance against the social security law, the guide and also any relevant internal guidelines they could interpret from our systems. The procedures being tested against there are quite a wide range.

Mr Wadeson—Most of the errors that the audit officers identified are actually against a document that is a Centrelink internal document, called RETIDOC. RETIDOC is available to all our staff on the system. It is described as a reference document and RETIDOC sets out the whole module process. If these questions are triggered, a module will be issued—the module will be filled out and everything will be recorded and every question answered. The reality for many of our staff is that, when they are doing this work all the time, the questions get into their head. They know when they come to the investments what the key questions are and they think if they have the key documents from the customer they need and a signed claim form they will enter that data in virtually in conversation with the customer and using the customer’s documents. The ReadyDoc process is one that obviously, if everyone followed it, it would be terrific. But the reality of processing is that for experienced staff it would be a lot of work that really would not contribute to the outcome. These questions are in their heads; they have the key customer documents; they put them on the file; and they get the right rate.

Senator CHRIS EVANS—What happened at the meeting on 6 April? Why was this not resolved?

Mr Rogers—Basically we went through a number of issues. It was the first meeting at which very senior staff at the Audit Office had the auditors and the executives leading the audit in the room considering the issues in detail. After that discussion, it led, among other things, to the agreement to provide the customer reference numbers for the 354 cases so that we could satisfy to ourselves the extent of the real implications out of these processes issues. They were provided and they led to this process that Mr Wadeson has described. Subsequently, Centrelink wrote again to the Audit Office putting out the results of our check of the record. This would have been early May. So that was part of the information they had in finalising the report that was tabled on 17 May.

Senator CHRIS EVANS—Would they have got that information in time?

Ms Vardon—Yes.

Senator CHRIS EVANS—They were expecting that information?

Mr Rogers—They were expecting us to comment. We went away to examine the cases.

Senator CHRIS EVANS—Let me get it clear. You had the meeting. You went away from the meeting telling them that you would get the information of your analysis of the effect of the cases. You forwarded that to them on 6 May, you said.

Mr Rogers—No, 11 May.

Ms Vardon—We had not done the analysis for 354 by that time.

Mr Rogers—Early results from the examination of the cases.

Senator CHRIS EVANS—Yes, but you forwarded it to them on 11 May. The report was released on 17 May.

Mr Rogers—But the important change that occurred between early drafts and the final ones is that the audit report very carefully describes as process errors things that they were inclined to emphasise the likely payment incorrectness. As Mr Wadson has said, if you take a strict auditing approach and if you take, as your guidebook, the law, the guide from Family and Community Services and the internal RETIDOC and you take an attitude that all processes should be followed, then the audit will produce error rates of the kind that it did.

So the ANAO audit, in what it did and as it is more carefully expressed in the tabled version of 17 May, says that we have got these process errors. There are questions that then follow from it as to whether the processes are currently significant in terms of payments; whether they are significant in terms of what the Department of Family and Community Services and the minister actually want of Centrelink and, more importantly, are willing to pay for in the year 2001. I think that is the core issue in this.

If I took my team and hired unlimited expertise and went back over the 354 cases, I will guarantee you that I would find more procedural errors and I would find more errors by the auditors. Because of the nature of the kinds of issues involved—residence, relationships, assets—and if you tie the facts in with procedures, this is almost like driving behind you on your journey home. I reckon I could probably find breaches of the Traffic Act on most stretches of the road.

Senator CHRIS EVANS—That is an aspersion on Comcar for a start. You are in deep trouble now. You do not muck with those blokes.

Senator Vanstone—And women.

Ms Vardon—The point of it, in the end, is that the Auditor-General had to bring down the report. It had been going on for a long time. He took into account some of the things that we have said and agreed that there should be another audit. For that we are very pleased because we will now be able to up-front have the debates about our concerns, rather than later in the course of events. The other thing is that, even though there was some alarm in the nature of how it was reported, the older people were not concerned. If you take as a guide the call centres, first of all, we hardly had anybody ringing with a concern but we had many older Australians ringing to say that they did not believe it, that they got such good service from us, that their pension was all right, and they wanted to thank us for the way we were looking after them.

The issue I was most concerned about—alarm—seems to have been reduced. We are still concerned about how we are accountable for the quality of our decision making. That still is unresolved and we are working with FACS to make it happen. We are looking forward to a new audit based on a look at the whole of the system. We will put on people who understand the whole of the system.

Senator CHRIS EVANS—I think Mr Rogers said that you were pleased that they had made some changes. It begs the question: what did the first draft say? It is pretty hard to say anything other than this is a highly critical report. I am not going to labour this, but the sort of explanation you have given about technical issues is not reflected in this at all. This is quite a

damning report on the operations of Centrelink. The first conclusion was that you could not ensure payment at the right rate, from the right date, to the right person, with the right product. That is pretty unequivocal and, quite frankly, is not challenged by some of these arguments about technicalities.

Ms Vardon—But that report also talks about the material error being 0.05—something very small.

Mr Wadeson—It has a figure in there of what they estimate to be the dollar error, which I think is one point something per cent.

Senator CHRIS EVANS—When I first read the report I thought, ‘Centrelink have been telling me for years they have got a 97 per cent accuracy rate’—it is in the annual report, and we have had a few discussions about that. We then have the Auditor-General, who we use as part of the mechanisms of checking on operations of departments, saying that they got half the pensions wrong and that goes to rate, date and products. It is a fairly stark contrast in opinion.

You have taken me through the process. You are clearly unhappy with the process of the Auditor-General, but you admit you made some mistakes in the early stages of not perhaps being hands-on enough. Nevertheless, it seems from the description of the process you did get two or three opportunities to have a full and frank discussion with them about the audit. And still the report is in no doubt about saying you do not do it right and there is a large error rate. It seems to me, from a member of parliament’s point of view, either the Auditor-General is completely hopeless and has got the systems wrong, or the Auditor-General is right and your pension systems are way out of whack and not accurate. I cannot in my own mind say, ‘The Auditor-General is doing a great job. That system is working well and Centrelink is working well.’ I do not think that conclusion is open to me, and I am not quite sure which conclusion to make.

Ms Vardon—Can I just pull apart what it is you are talking about with the 95 per cent, because that is another big debate. That 95 per cent is a reporting against a check of 130 items in a 220 item test. It also looks at new claims, changes of address, circumstances which change further on down the track. That particular thing measures the whole of the spectrum of the payment system. The Auditor-General was looking at the new claims. We have a great respect for the Auditor-General, and I would not ever want to be seen to be not supporting him. As I have said already, we have had 13 audits and we do quite well. This was the first audit that I have been involved in where we fundamentally disagreed with the findings, and we will continue to pursue that.

Senator CHRIS EVANS—What about the audit of the special benefit? Was that the Auditor-General or was that an internal one?

Ms Vardon—Funnily enough, I wish that we had gone back over that. Now that I know how to do one of these audits, I want to go back and do the special benefit one again, because I think we let that pass but—

Senator CHRIS EVANS—But do you see my point of view?

Ms Vardon—I understand what you are saying.

Senator CHRIS EVANS—You told me they were wrong when they did the special benefit.

Ms Vardon—No, we never said they were wrong; we said it was a complex payment, hardly anybody ever bumped into it and we made a lot of changes afterwards.

Senator CHRIS EVANS—I do not want to verbal you, but clearly you disagreed with some of the conclusions, and you explained to me why I should not be concerned about a highly critical report of the administration of that benefit—round 1. Round 2—we get to the pension payment and, again, I should not be concerned that a highly critical report says you are not getting it right. I am starting to think there is something here.

Ms Vardon—The Auditor-General would not wish you to make those conclusions, because he said you could not extrapolate that conclusion from this sample, from this particular study.

Senator CHRIS EVANS—No, there is impact from a couple of audit reports and your explanation is that basically they are wrong; you are right, and I need not be concerned about the conclusions. While some of the evidence today has been very plausible, and I am sure it is correct—

Ms Vardon—We would ask you to consider the random sample reviews that are done also by Family and Community Services, which report that the staff only administrative error is 1.4 per cent. That is when you take into account the whole of the downstream impacts. One of the concessions—I think it is probably a concession, and I say that respectfully—from the Auditor-General is that he wishes now to have a look at this again, taking into account the downstream effects. You cannot look at the whole of the system by just new claims; you have to look at it from end to end, in a sense, to see how it is protected.

We are able to demonstrate to you that some of those so-called errors were in fact very small and hardly had any impact on the outlays at all. We also brought to your attention that, when we had a look at the customers and brought that in as a new dimension, in fact we had got it right. An audit on the papers does not necessarily mean an audit on the facts.

Senator CHRIS EVANS—Just by way of aside, Ms Vardon, there are a lot of aged care providers who will be very pleased to hear you say that and will be quoting you all around Australia as the Department of Health and Aged Care goes through their paperwork for their RCS claims with the 40 extra staff they got in this budget. It is a debate we have in another sector where it is purely on the paperwork. It is not about the care given to the residents; it is about whether you have the paperwork right. What you have just argued is what has been argued against the Commonwealth bureaucracy in that case. I do not want to labour the point, but it seems to me inappropriate for Centrelink, if it has such fundamental concerns with the report, to advise that it is accepting the recommendations. There was no sense, in my reading of the report, that Centrelink maintained a fundamental disagreement with the findings of the report. Have I missed something? Maybe that is a flaw in the process. That is why I want to investigate this.

Ms Vardon—I think we need to be careful about what it is that we are concluding. The Auditor-General said that the impacts on the outlays, in spite of all of these things, were very low, around about two per cent. We do not want two per cent, but it is very small, as something for us to be concerned about.

Mr Rogers—\$2.52 million plus or minus \$3.3 million from an annualised expenditure of \$160 million.

Ms Vardon—We would even challenge that because, when we talked about the projections from start date, we were talking about \$64, not an error that goes on forever.

Senator CHRIS EVANS—For the purpose of the discussion, I am happy to concede that, but I think there is a wider point about errors, whether or not it is just a cost to the budget or

whether people are getting paid what they are entitled to and all those things. What I am trying to concentrate on is the process at the moment, because what we have got is the Auditor-General and lovely broad recommendations that are all endorsed. Every department always says, 'Very happy with the recommendations,' and we all go off happily. I do not get any sense that Centrelink thinks that the Auditor-General basically got it wrong.

Ms Vardon—The other point that I have not made today is that this was a sample taken at the end of 1999 and the beginning of 2000. Before that and subsequent to that, we have been on a huge campaign inside our organisation, which we call the 'getting it right' campaign. We have mandated six important steps to protect the outlays that should be done by every person, and we are monitoring that and we are encouraging it and we are making sure it happens. It goes to things like making sure that proof of identity is done properly. Those are the kinds of issues that the Auditor-General raised in this report—that we didn't get the proof of identity checks right. The fact is that everybody, those 354 people, were who they said they were. We have done checks. When you introduce the real person, whatever the POI limitations might be, we got it right—we got the right person.

To assure the government, subsequently, we have made sure that every one of our staff, all of the time, goes through all the POI checks and it is all recorded. There has been a huge lifting up, if I can say, in our organisation over the last little while. This is a point of time audit; it is basically an old audit, in a sense. But there are some things on which we agree with the Auditor-General because they are broad brush recommendations—you need to simplify the process, you need to get a better quality measure, you need to do a whole lot of other things. All of those things we agree with. These are not things that are in dispute.

Senator CHRIS EVANS—The central finding is in dispute, is it not? You have basically disputed here today at length the central finding of the Auditor-General.

Ms Vardon—We have.

Senator CHRIS EVANS—You do not accept the central finding of the Auditor-General's report, do you?

Ms Vardon—We do not accept the level of the errors that he has defined, and we do not accept that the estimations that he has made of impact on the outlays is necessarily correct.

Senator CHRIS EVANS—When Mr Anthony is out there saying, 'All aged pensioners are now being paid at the correct rate', that is based on advice from Centrelink, is it?

Ms Vardon—Attached to the statement of the minister was the information on the reviews that are done which assured the government to the extent of 1.4 per cent. We are not 100 per cent correct. We do make an administrative error, but it is very small and it usually gets picked up quite quickly.

Mr Wadeson—Senator, in the way in which the key finding is phrased, the ANAO talks about the words 'to provide an assurance about'. When you look at what flows from that, his discussion is in terms primarily of our relationship with Family and Community Services. Up until 1997, in fact under the old DSS when the network was separate, there was no accuracy measurement system at all. In 1997, we moved to introduce a national working system which was literally taken with the network, translated across and became part of the agreement, as the Auditor-General has noted, with Family and Community Services. That is the area—and we have been acknowledging this with the Department of Family and Community Services for a couple of years—that has to be addressed and revisited as to that term assuring the client department. It is not easy work. What this audit has demonstrated is that it is very hard to

define accuracy in a way that satisfies everyone's agenda here and then measure it on a consistent basis and report on it.

Senator CHRIS EVANS—I accept that point, Mr Wadson. What I am trying to get to, Ms Vardon, is: is there something wrong with the Auditor-General's systems as well? You have told me about your 'getting it right' campaign but the tenor of the contribution today is that we ought to be doing that for the Auditor-General. Are you satisfied that the process is appropriate in terms of the Auditor-General's reports or do you think there need to be improvements made? Everything you have said today seems to indicate that the Auditor-General's report does not, you think, fairly reflect a proper assessment of your systems.

Ms Vardon—I do not want to be caused to make extreme statements. We have made some recommendations to the Auditor-General which say that we would like him to have a specialist team inside our organisation who can understand the complexity of the system. We are not using complexity as an excuse. We are saying though that you cannot make quick judgments on the basis of someone coming in who may not know the system, who leads an audit team with a particular view. You cannot do it in a quick snapshot like that; you have to have a lot of expertise associated with it. We failed to enhance the expertise that was required to make the decision, so we accept the responsibility that we didn't give perhaps the right range of skills to that team. I am not in a position to comment negatively on the Auditor-General. In fact, we got the sorts of results that come from our not introducing our concerns early enough in the process.

Senator CHRIS EVANS—What about the process whereby you have a one line response to the recommendations? It seems to me that the Auditor-General's report doesn't accurately reflect your response to it. In fact, it totally misrepresents your response. I am not saying anyone is misrepresented in the sense of your position, but I do not think having one line answers that say you agree with the recommendation reflects at all—

Ms Vardon—He did put in other comments that we made. It is not my wish to go into a public match with the Auditor-General when we accept some of the responsibility.

Senator CHRIS EVANS—That is fine, but it is my job to ascertain whether the systems we have in place are serving us well and whether or not the Auditor-General's role—and it is something that we will take up with the Auditor-General. You say other pensioners were not all that alarmed. That is good. That is probably because the reports were on the finance pages or the press coverage of this was a bit esoteric for some people—and there may be a range of other reasons. But I was alarmed by it—'Centrelink gets 50 per cent of one of its largest programs wrong—cannot pay people the right money, from the right date, with the right product.' I don't know what the minister's reaction was, but I bet he was a bit alarmed when he first heard about it. It is a cause for alarm and whether the pensioners who were in receipt of these were upset or not is one issue—if they were not upset, that is a good thing—but I am trying to nail down the extent of the problem, and it seems to me there is a genuine disagreement between you and the Auditor-General about the extent of the problem.

Ms Vardon—Also, the Auditor-General qualified his conclusions by saying that you cannot extrapolate from these cases anything to do with the whole of the pension. I think that is of some comfort to us. I am not going to go through all of the concessions that he made, but he did make many. I think both he and Centrelink are looking forward to a different sort of audit where we can both be better.

Senator CHRIS EVANS—Quite frankly, Ms Vardon, that does not reassure me at all. If the Auditor-General says, 'I only looked at 350 cases and they got 50 per cent wrong, but you

can't extrapolate that,' that is fine. Maybe you only got 25 per cent wrong, but that is not reassurance. If you got 50 per cent of a relatively small sample wrong, that is a reason for concern.

Ms Vardon—But we did not actually get 50 per cent wrong. The payments were not wrong. The processes were not followed exactly. That is the only thing that that says. It does not say the payments were wrong at all.

Senator CHRIS EVANS—That is what I am trying to nail, because that is not the take you get from the Auditor-General's report. I accept what you have said about that.

Ms Vardon—No, it is the take that you get from the Auditor-General's report. He did not say they were wrong. He said they relate to documentation and they do not impact on the pensions. That is what he said and that is what we take comfort from. He actually was commenting on process.

Senator CHRIS EVANS—Maybe it is because I get a lot of documentation across my desk, but I usually cut to the executive summary and the first conclusion. I do not know what other people do. Quite frankly, that whacks me in the eyes. That says:

In particular, Centrelink could not assure payment at the right rate from the right date to the right person with the right product for approximately half the new claims for the aged pension assessed during the audit sample period.

Ms Vardon—But the important word there is 'assure'—assure to Family and Community Services that we were doing that according to all of their processes. It does not say that we made wrong payments.

Dr Rosalky—Senator, I know you have been discussing Centrelink.

Senator CHRIS EVANS—Join in.

Dr Rosalky—There are two things on my mind. There is a question here about what the Auditor actually did say. I have been listening to the words you have been using there. I do not have the report in front of me. But, as I recall—and this is very important to what we are doing as a response to it—the Auditor accepted that FACS and Centrelink had an agreed set of procedures that constituted a process to assure accuracy and that, in the Auditor's view and in the Auditor's necessarily narrow sample look, he found what he believed to be about half the cases where at least one of those rules was not followed properly and therefore, using the language of the agreement between us, could not complete the assurance process. That is why he says 'could not assure' that all the payments would be made right. And the extrapolation is not a statistical extrapolation of a whole sample. He is using that word in the sense of being able to go to the end point and saying, 'This will lead to 52 per cent of people being paid wrongly,' because there were lots of other processes that Ms Vardon and Mr Wadeson have been describing.

Senator CHRIS EVANS—He said the payment errors were 13.5 per cent.

Dr Rosalky—He did have an estimate of where he thought there was material error in the actual payment. Mr Wadeson has explained a lot of those—timing is one he described.

Senator CHRIS EVANS—Payment rate errors— 13.5 per cent. Adverse effect on Centrelink customers; overpayment; review of overpayment; hardships through underpayment—there is nothing equivocal about that.

Dr Rosalky—No, the point I was making was that the core of this process from our point of view is that there was, in the Auditor's findings, a breakdown in the processes that have

been agreed between us as being important to give assurance of accuracy. A number of things have happened and have been happening ever since Centrelink was formed, and are actually happening as a result of this audit. Some of the very important ones are—and they have both been mentioned; that is why I have not been intervening—a reconsideration of what is a proper risk-managed measure of accuracy, especially in a world where we are moving into electronic communication and the whole process is changing rapidly, to come back to an earlier theme. The second point is one that the minister raised, that the whole rules base is rapidly being overtaken by events such as systems developments and other things. In fact, it is that very process of the rules to a large extent becoming obsolete in some areas that has led to some of these procedural errors. I think both of those reviews are critical to what is happening here.

From my perspective, as a purchaser from Centrelink, we have been raising questions of accuracy as a fundamental issue for us from day one and Centrelink have been responding from day one in terms of listening to our concerns. They have changed the tool that they have been using. They have changed the philosophy inside Centrelink about getting it right. The chief executive has put a lot of her own personal authority behind getting it right. None of that has resulted in 100 per cent accuracy and never will, but it is giving a strong focus on getting procedures right. I think we still have quite a lot of work to do, and the value of the audit is that it has revealed a number of those areas where we have to improve the measures of accuracy, the rules base, how the tools are applied and how we engage as purchaser-provider. A lot of that will reveal some substantive areas of error, as the officers on my left have already referred to.

But one of the reasons I wanted to go through that process was that you asked before how do you as a senator respond to a critical report. My concern, if I were in your shoes, would be: have the organisations responded and are they looking at the substantive issues and fixing them? I think that—not only post that audit but ever since Centrelink was formed and the purchaser-provider relationship has been in place—we have been addressing it. I think this audit will help us address it better in the future and it raises some significant issues. But they are being looked at and addressed; they are not being ignored at all.

Senator CHRIS EVANS—I think the reason why I am a bit less inclined to just accept that view is because of what we heard with special benefits. This is the second occasion we have had this debate. I have been reassured again that the Auditor-General maybe did not quite understand and did not properly analyse it, and the error rates are not what they seem. Quite frankly, my response to this report would have been a bit like Ms Vardon's—I would have delivered the letter personally. To now downplay the level of criticism, while I might understand it, I do not think is right. I think the findings of the report are serious, are highly critical and go to quite major issues of substance. If that is not right, then, as I say, there may be questions for how the Auditor-General operates, and I think it is something we want to ask the Auditor-General about, because they cannot both be right.

Dr Rosalky—I did not dismiss the results, by the way, in what I was saying there.

Senator CHRIS EVANS—No, I know that.

Dr Rosalky—What I was describing was substantive responses to substantive issues that the Auditor has raised, which are not simply the fact that people in Centrelink make errors. It is that the system is either overly complex or measuring the wrong things or has not kept up to date with risk-managed procedures, and I think all of that is relevant to you.

Senator CHRIS EVANS—I think all that is relevant. I do not think that is all the Auditor-General says, though. I think that is a subset of what the Auditor-General says.

Mr Wadeson—In respect of the so-called payment rate errors, the Auditor-General in his report states how they went back to the officers to discuss the results, and they did do that. The thing that was missing in that, though, was that the discussions became more a presentation of their findings, and we must accept responsibility for that. That is why we cannot be saying that the audit got it wrong. We should have at that stage taken the Auditor-General's people into the casework. We should have brought up every record and said, 'Let's have a look at what's happened since we got your advice,' but instead it turned into, 'Well, they're the Auditor-General's views.' But the Auditor made the offer for us at that point, at the return visits to the officers, to take up issues with him.

That did not happen to the degree that was required, and Centrelink must accept a degree of responsibility for that. I am not saying that it would have necessarily reshaped the whole audit, because the methodology was to look at a very detailed process map and assess it against that process. But, in our view, it might have led to some of the concerns about payments not being as dramatic as they are presented in the report.

Senator CHRIS EVANS—Can I return to the subject that worried us and that we were reassured about during the special benefit example, which was this missing files issue. As I understand from the report, it noted that, of the 410 new claims, 39 files could not be found. Is that right?

Mr Wadeson—I think that is the figure in the report, Senator, yes.

Ms Vardon—But 14 were subsequently found.

Senator CHRIS EVANS—Fourteen came up later; that is right. I was going to do you justice by mentioning that. But that seems on an initial look that about 10 per cent of the files could not be found in the first instance, and I am just wondering what your response to that is. Why is it that so many could not be found?

Mr Wadeson—Getting back to the nature of the sampling part, Senator, there were a lot of complex cases here. In these cases, these files would be constantly on the move. A characteristic of a complex case is that the customers are coming back to us all the time. These are people with quite complex investments which they continue to restructure. Our staff are engaged in a constant to and fro with CAOs, with FIS officers and others. The reason these files cannot be found is that they are literally in transit. It does represent a problem for us to find them.

Senator CHRIS EVANS—Is there a difference, though, Mr Wadeson, between in transit and not being able to be found?

Mr Wadeson—The CAOs, for example, are based upon a complex system. The complex assessment officers are either in the area or often outside the office, and it does make it hard within the audit time frames to come up with these files.

Senator CHRIS EVANS—What were the audit time frames?

Mr Wadeson—I am sorry. I cannot tell you, Senator.

Senator CHRIS EVANS—We are talking about months, though, aren't we?

Mr Wadeson—I do not have the figures.

Senator CHRIS EVANS—We are not talking about a couple of days, are we? We are talking about weeks for the process of the audit.

Ms Vardon—Yes is the answer.

Senator CHRIS EVANS—And a large number of files were not able to be located during that period.

Ms Vardon—It does not mean, though, Senator, that they were missing files or lost files.

Senator CHRIS EVANS—No, just that we could not find them.

Ms Vardon—We have a number of specialist staff, as you have heard, who also have to access these files. They are not files that stay static in an office.

Senator DENMAN—Are these files from various offices or one particular office?

Ms Vardon—No, these files were from all over Australia.

Senator CHRIS EVANS—We accept that. You have given evidence before. These are files that are located in different places.

Ms Vardon—Yes.

Senator CHRIS EVANS—But the question is: can you find them? The answer seems to be no, and I am just trying to tease out why.

Ms Vardon—There are only a few that could not be found. The vast bulk of the files were able to be found.

Senator CHRIS EVANS—It must be hard to manage a complex case if you cannot find the file, and I would have thought that is the most difficult management tool, is it not? As a starting point, if you cannot find the file, it is hard.

Mr Wadson—In fact, Senator, all the stuff is on the system these days as well, so most of those sorts of inquiries that you might get are on the system. The other thing I should say about our files is that we are progressively moving to off-site file storage, and that is having a big advantage. Another characteristic of this group was that many of them were coming off other benefit types, so they had other files. As part of this consolidation we are actually trying to put them all in the one file, which we think is going to mean that in the future we will have a lot more success in finding the file. If you have multiple files on these cases, and the Auditor-General is interested in one, there might have been a previous benefit file and that could be part of the process as well. We do expect it to get better in the future. Because the files will not leave that off-site file storage unless under much more fairly careful management, we should have much more success in being able to track them down for all these sorts of purposes.

Ms Vardon—Since the special benefit, we have opened up three or four new filing sites, the most significant one being in Chullora, where we are putting six million files into that site, and they will not move. All the pieces of paper that were required to be put on files have been sent to Chullora and they are being filed on the site. If the whole of the file is needed, then it is properly couriered out and marked out, and a new TRIM system, which is a marking system for where the file is stored, has been introduced. And we are looking forward to every single file in Australia in the next two years being in a static place in a proper filing shed.

Senator CHRIS EVANS—In Chullora?

Ms Vardon—Chullora takes the Sydney files, and that is six million. It is a lot of files to track and to catalogue.

Senator CHRIS EVANS—All right. There is one other unrelated matter. We got a call yesterday. Is there some proposal to close the South Melbourne Centrelink office?

Ms Vardon—We do not want to close the South Melbourne Centrelink office. Our lease has expired and we have looked all over that area for a piece of property and we cannot get any; so we have put the staff into the Windsor office. We are not closing it because we want to; we just cannot find another piece of property in that area.

Senator CHRIS EVANS—And Windsor is nearby, is it?

Ms Vardon—Yes, I think it is a couple of kilometres away.

Mr Hickey—It is about five kilometres away, Senator. The problem is one of renegotiating the existing lease, where the lease terms that have been put to us after the lease expires at the end of June this year are in our view quite extravagant and it is not economic to maintain that office. The Windsor office is in reasonable proximity and served by public transport.

Senator CHRIS EVANS—So there is no decision to actually close the South Melbourne office? When you find suitable premises it will be relocated?

Mr Hickey—At this stage we have conducted two searches through public advertisement for suitable alternative space within the immediate vicinity of the existing office, but that has turned up nothing suitable. The decision we have made then in those circumstances is to relocate those staff to the Windsor office.

Senator CHRIS EVANS—I am trying to get from you, though, whether that decision therefore means that effectively South Melbourne is closed, not to reopen, or that the decision is that basically South Melbourne will reopen when you find suitable premises. Which is it?

Mr Hickey—At this stage the decision is to close the existing office and relocate the services to Windsor.

Senator CHRIS EVANS—So it is a closure.

Ms Vardon—We are still looking—

Senator CHRIS EVANS—I accept you tell me why that has happened, but effectively it is a closure of the South Melbourne office. Is that right? It will remain closed?

Ms Vardon—Without a piece of property we are closing an office. I am not sure that we have closed off forever. We are moving out of that site. It could well be that the Windsor office opens another small site back in that particular part of the world which is certainly part of the inner Melbourne strategy.

Senator CHRIS EVANS—I just want to be clear. I am not trying to—

Ms Vardon—I just cannot give you a definite answer.

Senator CHRIS EVANS—I just was not clear from your original answer whether or not what you are saying to me is that South Melbourne has closed temporarily, in effect, because you are still looking for a site, but it seems what you are really saying to me is that South Melbourne has closed and that you might make a decision about services in that area some time down the track.

Ms Vardon—We are not saying it has closed forever at all. Apart from the property problems we are having, there is an inner city Melbourne strategy to work out how we can actually outpost more of our people into community sites all around Melbourne. We are waiting for our area manager in that area to come back to us with another proposal. In fact, we

might be opening more sites in Melbourne. So I just cannot comment on that specifically without the big strategy.

Senator CHRIS EVANS—But in terms of the factual situation, South Melbourne closes when?

Mr Hickey—30 June.

Senator CHRIS EVANS—And at this stage there is nothing else reopening in that area. Clients from that area should access the Windsor office. Is that fair?

Ms Vardon—Yes, but it is not firm and fixed forever.

Senator CHRIS EVANS—Nothing is.

Senator DENMAN—What are the numbers of clients in the South Melbourne office, approximately?

Ms Vardon—I do have the figure in that folder. Perhaps I could take it on notice for you.

Senator DENMAN—And the Windsor office as well.

Ms Vardon—Yes. We are happy to give those figures to you. I can give it to you right now.

Senator DENMAN—Thank you.

Ms Vardon—The South Melbourne customer service centre was servicing 17,153 customers. The majority of the customers are in the following categories: disability payment, 5,691; aged pension, 5,535; families, 2,206; Newstart/Job Seekers, 1,534; youth allowance, 665; carer allowance, 209; Austudy, 146; wives allowance, 111.

Senator DENMAN—Is it going to be difficult for the aged pension group particularly to access the Windsor office?

Ms Vardon—It should not be. A lot of the older people access Centrelink via the phone anyway. The office actually has sufficient accommodation to look after our staff and our customers. They are not going to be squashed in it. It is a new office and it has lift access between floors for people with disabilities and so on.

Mr Hickey—And it is serviced by public transport.

Senator DENMAN—That was my concern. So public transport is easily accessible?

Mr Hickey—Yes.

Ms Vardon—But people also have the choice of going to Richmond and Newmarket, so that is not their only option. They can actually go to two other places.

Senator DENMAN—Okay. Thank you.

CHAIR—Any further questions, Senator?

Senator DENMAN—On Centrelink? Yes, I have a few. I have asked about phone waiting time before. As I have said before, there is a public phone outside my office—the office overlooks the public phone, so the staff are watching all this. People come in and complain about the waiting times. It is up to an hour sometimes. Is anything being done about this?

Ms Vardon—Senator, the general manager is going to talk about that in a minute. We have had a peak of demand on the call centres. That has been difficult and longer than we anticipated. Some of the delays are caused by the calls being quite complex, and so they are taking a longer period of time. In fact, that is the biggest challenge that we have had; calls that used to be able to be dealt with quickly are now taking longer. We have just put on 780 extra

staff into call centres to try and get the phones answered. The queues are not looking too bad at the moment, except for employment. We are trying to work out what to do with that. I will ask Christine Hagan to give you a bit of an understanding of what she is doing to reduce that wait.

Senator DENMAN—Thank you.

Ms Hagan—Senator, as Ms Vardon said, the call volume over the last 12 months has increased by 21 per cent, which has been a pretty significant increase in our workload. We have put on an extra 780 staff, which represents a 20 per cent increase of our overall staffing; so we think the staffing improvement is commensurate with the workload improvement. They are not all aboard yet—we have about 300 still in training. So we are not seeing the full effect of that yet, but we are certainly seeing some improvements. I am anticipating that it will make a big difference having those extra staff aboard.

Senator DENMAN—So you expect those call times to lessen. How long will it take?

Ms Hagan—I would like to think it will be in the next two months, but the staff reach full capacity, in terms of being able to handle customer inquiries, after about six months. We train them for a month at least before they go onto the phone, but it takes a bit of time to get them up to speed.

Senator DENMAN—Yes, I understand.

Ms Vardon—The people of Australia clearly want to contact us by phone. We are anticipating 25 million phone calls next year. It was 13 or 14 million, I think, when Centrelink started.

Senator DENMAN—If they are contacting you by phone, that must lessen the load elsewhere. Is that right?

Ms Vardon—People like to use all the channels. One of the reasons that we have not opened the technology channel, or the IT channel, is that we know that if we did that people would use that as well. People are still coming into our offices, but a lot of people are ringing us—as I said before—just to have a chat once a fortnight and ask: ‘Is my money in the bank?’

Senator DENMAN—I know the feeling, Ms Vardon. It happens all the time.

Ms Vardon—And we understand that we are their only friend for many of them, and they just keep ringing.

Senator DENMAN—Do they use dual channels, like phone and then come into the office?

Ms Vardon—They use everything.

Ms Hagan—From the recent customer survey we did, about 73 per cent of customers are saying that they finalise the reason they contacted us over the phone in the first call. So, for the most part, we are able to satisfy them on that phone call.

Senator DENMAN—I have another question on a different issue. This is a constituent issue. I will not go into all the details, but it took 13 months to resolve an issue of overpayment by Centrelink. The information provided was correct. The people attended the Social Security Appeals Tribunal. Then there was another overpayment. Still the information was correct. This matter was resolved through our office in the end. Surely this sort of thing shouldn’t be happening.

Ms Vardon—It is extremely hard for me to comment without more facts, Senator.

Senator DENMAN—I have quite a lot of detail here which I will not—

Ms Vardon—That would hardly constitute good service, in my view.

Senator DENMAN—No, absolutely. There are no names here—

Ms Vardon—I would be interested to have a look at it from the point of view of what systems were going wrong, what was going wrong, because it is something we do not like.

Senator DENMAN—Thank you.

CHAIR—Any further questions for Centrelink?

Senator CHRIS EVANS—No.

CHAIR—That being the case, I thank you, Ms Vardon, and the officers. We will have a break so that we can gather our thoughts before calling on the Australian Institute of Family Studies.

Proceedings suspended from 11.31 a.m. to 11.50 a.m.

Australian Institute of Family Studies

CHAIR—I call the Australian Institute of Family Studies, please, to the table and call on Senator Evans.

Senator CHRIS EVANS—Thank you. Madam Chair, I wanted to ask some fairly general questions of the Institute of Family Studies about their role in relation to the government, their research program, et cetera. I think, since I have been on this committee, we have not actually had the Institute of Family Studies appear before us, so that is why we requested them on this occasion. It is one of those things that, with so much to do at estimates committees time, some of the statutory authorities get missed. I am not sure whether coming before us is taken as a good sign or a bad sign. You will probably see how the experience goes, Mr Stanton, and decide then. Could you just give me a bit of an outline of how you set your research role, and the processes by which you arrive at what it is you do.

Mr Stanton—It is a pleasure to be here. Thank you. Your question in relation to how research priorities are established: initially, of course, we operate within the framework of the law, the Family Law Act, and that gives us a broad remit to study issues to do with family stability in Australia. The institute operates through a board, and that board also has a role to play in the establishment of our research program. The institute has a three-year research program. When that research program was established we went through a process of consultation. We prepared a short issues paper outlining the nature of the research that we intended to undertake, and then a more detailed research paper was prepared and has been issued and distributed. That paper would have been endorsed by the board and discussed by the board, guided by the board, and discussed with the minister.

The key components of that research strategy: if you take it from the macro to the micro level, the macro level related to issues to do with family and society. There we are very interested to undertake research in the area of social capital and citizenship, and we have done a number of projects in that sphere.

Senator CHRIS EVANS—When you say ‘they’, the board or the government? You referred to ‘they’. You said ‘they’ were interested in doing research into family and social capital, et cetera. Do you mean the board?

Mr Stanton—A number of people had made suggestions in that area.

Senator CHRIS EVANS—I just want to understand who you were referring to then.

Mr Stanton—I do not recall exactly, but I can indicate to you that in establishing a research program, including in relation to an issue such as research on social capital, we would have consulted quite widely. The institute would have consulted widely; our research manager consulted widely. We had discussion on that subject with our board. Time was set aside where we discussed the nature of the research, what we were planning to do. We modified, to some extent, our research program as a result of those discussions. Then we issued an outline of the nature of the research that we were planning to do.

If I take this social capital as an example, I can continue with it. We issued a review of some of the key conceptual issues involved in this area. We hosted a conference which drew together key academics and people involved across departments at the federal level. Following that, we prepared a book, which was a book on social capital which had a collection of essays on the theoretical, conceptual and practical issues involved in social capital measurement. Now we are proceeding to undertake a survey to try and draw some of this theoretical literature into practical effect, and try to assess whether this is a practical concept, and seek to measure what has happened with elements of social capital within the Australian setting, and the relationship with families and communities generally.

Senator CHRIS EVANS—Just so I understand the process, you used social capital as an example. I have no particular interest to follow that one. But, for instance, did the decision or the suggestion about making social capital a key issue arise from the institute, from that original preliminary issues paper, was it a request from government or was it a decision that the board came to independently?

Mr Stanton—My understanding is that it was a suggestion of research staff at the institute. The nature of the project as originally proposed—and I am going on an understanding; I was not there at the time—was modified as a result of extensive discussion with key stakeholders.

Senator CHRIS EVANS—When you say it was modified, was it modified in terms of the direction of the research or suggestions about the methodology or the function? Was the debate around the actual issue, or was the debate around whether there ought to be an opinion survey or a commissioned thesis or what have you?

Mr Stanton—It can be in relation to both. We are quite open to hear suggestions in relation to both practical and conceptual issues.

Senator CHRIS EVANS—So what period does the current three-year research program cover?

Mr Stanton—The program will come to a conclusion in approximately June of next year.

Senator CHRIS EVANS—June 2002?

Mr Stanton—Yes.

Senator CHRIS EVANS—So it commenced in 1999?

Mr Stanton—That is right.

Senator CHRIS EVANS—What has been the major concentration of this research program?

Mr Stanton—When I commenced to outline the nature of the program, I started in the area of our work on broader issues to do with family in the society, which is at a macro level. The next area coming down towards the micro is in relation to marriage and family. In this area, we have been conducting and analysing a study called the Australian Divorce Transition Project—ADTP—and we have been undertaking research on a sample of men and women who

were divorced at a certain stage, and we have been seeking to assess their post-divorce circumstances and a range of other factors associated with divorce. They have been published progressively in our journal, the *Family Matters* journal, and in our research paper series. That program will be coming to an end, and we will be looking to pick up other areas of research in that area of family and marriage.

The more micro level of research work of the institute has been in the area of parenting and children. That is the third key theme of our research. There we have been undertaking research on cross-cultural issues involved in parenting and in child care, and we have been involved in a small longitudinal study of children called the Australian Temperament Project, which has followed a group of children who were born in 1983. We have been undertaking a series of assessments of those children progressively.

Senator CHRIS EVANS—You mentioned that your concentration on marriage and the family would continue into the next program. Has that decision been made about your next project, your next three-year cycle?

Mr Stanton—In the broad I would expect that issues to do with family and marriage, just by virtue of our broad, legislative remit will continue to be major issues of focus of the institute. We are already starting to work through areas where we would like to see further research undertaken. In that area of marriage and the family, there are at least two key areas that we are interested in. One is issues to do with the Family Law Pathways. As you would be aware, there has been a Family Law Pathways task force, and we are looking to the outcomes of that review to identify key policy issues where research will be of relevance.

The second would be in the area of what you might call positive family relationships. A lot of work of researchers in this sphere have concentrated on the impacts of divorce and family breakdown. We are also interested to study and to better understand what makes for stability in families and family relationships and for more positive outcomes in families. They are just two examples where we would be seeking to undertake more detailed studies.

Senator CHRIS EVANS—Has a draft issue paper for the next program been circulated yet?

Mr Stanton—No, not yet.

Senator CHRIS EVANS—When would that be likely to emerge?

Mr Stanton—We are to have some discussions on this issue at our next board meeting, which will be in August. We will be discussing there the structure and nature of the planning cycle. The research plan is not static. As we go along there is room to vary it. Of course it is influenced by key priority areas that warrant research attention, as well as the availability of key staff that have the skills that are able to be applied to these issues. We have been through an active recruitment campaign and have recruited new staff in the last 12 months, which has meant that we have modified some of our research activities, particularly in the family and society area. Some of those projects have been started fairly recently and they will continue through the next period.

Senator CHRIS EVANS—When you say you are recruiting new staff, is that because you have extra funds or because you have had other staff leave?

Mr Stanton—Not through extra funds, Senator, but through restructuring the existing staffing and arrangements that apply within the institute, as well as a result of retirements within the institute.

Senator CHRIS EVANS—You have had some staff turnover recently, have you?

Mr Stanton—Yes.

Senator CHRIS EVANS—Is that driven by you, the institute, making decisions about changes of emphasis? You explained it by saying that as a result of change of staff you have been able to do other things. Is this a proactive thing in that you have actually encouraged staff to leave, or replaced staff or reorganised staff, with a view to a different emphasis?

Mr Stanton—As a consequence of setting up our new plan and our focus for our research activities, we followed on from that to review the overall staffing structure and the nature of the work undertaken by researchers and others at the institute. We moved to a three-program structure in terms of the programs I have already referred to: family and society, marriage and divorce, and parenting and children. For each of those programs we established a senior position in charge, a principal research fellow, and we proceeded to go through an advertisement for the selection process.

Senator CHRIS EVANS—Was this back in 1999?

Mr Stanton—Yes, 1999. In that process we advertised and we selected, and there were other consequential staffing structural issues that arose from that. So, yes, we went through a staffing review.

Senator CHRIS EVANS—That was two or three years ago, though, wasn't it?

Mr Stanton—It started early 1999.

Senator CHRIS EVANS—I assumed we were talking about some staff changes and changes in direction in the last year or so. Was that right?

Mr Stanton—Yes.

Senator CHRIS EVANS—You structured around your new research plan back in 1999. I know that your deputy director, Dr Peter Saunders, has left, and I thought you were saying to me that in more recent times there has been some other reorganisation.

Mr Stanton—In more recent times the change in staffing has arisen from vacancies rather than restructuring. The head of our area of research on family and society, Dr Ian Winter, went from the institute to be the research manager at AHURI, the Australian Housing and Urban Research Institute. Therefore we were able to advertise his position. We selected, as a result of that, Dr Mathew Gray, an economist from the Australian National University. The position of research manager has fallen vacant with Peter Saunders having completed his contract and that position has been advertised. We are in the process of filling it.

Senator CHRIS EVANS—Did he leave or did the contract end and wasn't renewed?

Mr Stanton—The contract ended.

Senator CHRIS EVANS—And wasn't renewed?

Mr Stanton—Was not renewed.

Senator CHRIS EVANS—So you are searching for a new applicant for that position.

Mr Stanton—That is right.

Senator CHRIS EVANS—When did Dr Saunders leave?

Mr Stanton—Peter Saunders left, from recollection, in September. He went on leave pending the end of his contract in September of last year.

Senator CHRIS EVANS—When did his contract end?

Mr Stanton—I think his contract ended in early December.

Senator CHRIS EVANS—How long had he been with you?

Mr Stanton—His original contract was for two years.

Senator CHRIS EVANS—Had he served two years?

Mr Stanton—He did not serve the entirety of the two years but close to it.

Senator CHRIS EVANS—Sorry, I thought from what you said that he went on leave pending the end of his contract. Did he finish his contract or didn't he?

Mr Stanton—My understanding is that he completed his contract.

Senator CHRIS EVANS—He had a contract for two years and he completed that contract?

Mr Stanton—Yes.

Senator CHRIS EVANS—But he went on leave before the expiry of that contract?

Mr Stanton—Yes.

Senator CHRIS EVANS—Was that sick leave or annual leave?

Mr Stanton—It was recreation leave.

Senator CHRIS EVANS—It was leave he was entitled to?

Mr Stanton—Yes.

Senator CHRIS EVANS—Have you filled his position?

Mr Stanton—Initially the position was filled on an acting basis. Associate Professor Ann Sanson, a professor of psychology from the University of Melbourne who is in charge of one of the program areas, has been acting in that position. I have had discussions with the board about the nature and duties of the position to be advertised. The position has subsequently been advertised and a selection process is under way.

Senator CHRIS EVANS—When was the position advertised? Quite recently, was it?

Mr Stanton—I do not have a date before me but it would have been in the newspapers in early April.

Senator CHRIS EVANS—Quite recently. Is Professor Sanson still acting in the position?

Mr Stanton—Yes.

Senator CHRIS EVANS—She is normally head of which section?

Mr Stanton—Ann Sanson is normally the principal research fellow in charge of the parenting and children group. She is a very distinguished person with extensive research qualifications and skills.

Senator CHRIS EVANS—I have read some of her material. When would you expect that position to be filled?

Mr Stanton—I would expect the selection process to be completed within the next three or four weeks. Availability, as often is the case in these sorts of positions, can be difficult, depending on where the person is working and what arrangement they can come to. As it has been with other appointments, it may well be a matter of seeking a person who would require leave from their academic post.

Senator CHRIS EVANS—I accept that. I am just trying to get a feel for when you are likely to fill the position. So that is in process. Who makes the selection—the board, or have you got a selection panel?

Mr Stanton—There is a selection panel which will comprise me as the chair, a board member who is Professor Donald Chalmers, professor of law from the University of Tasmania, and a third person. This is a Senior Executive Service position within the Public Service Act and therefore the third member will be an independent person who is essentially the representative of the Public Service Commissioner. The third member of the committee is Ms Lynelle Briggs, currently a division head in the health services area of the Department of Health and Aged Care.

Senator CHRIS EVANS—On her way to Transport. We said farewell to her yesterday.

Mr Stanton—Indeed.

Senator CHRIS EVANS—I think she was glad to leave us, too, to be honest. So there is you as the chair and three—

Mr Stanton—Two others.

Senator CHRIS EVANS—I thought you said—

Mr Stanton—Me as chair and two other members.

Senator CHRIS EVANS—I thought we had the Public Service representative, Professor Chalmers and Lynelle Briggs.

Mr Stanton—Three in total, yes.

Senator CHRIS EVANS—You plus three.

Mr Stanton—Me as chair, Professor Chalmers and Lynelle Briggs.

Senator CHRIS EVANS—Is Ms Briggs the independent Public Service representative?

Mr Stanton—Yes.

Senator CHRIS EVANS—Sorry. I thought you were describing them as separate people.

Mr Stanton—No.

Senator CHRIS EVANS—Sorry, my error. Does that have to be ratified by the board?

Mr Stanton—The conditions that apply to a position of this nature would be the same as would apply to any SES appointment in the public sector. The decision is that for the agency head—which is me—but the Public Service Commissioner must satisfy herself with the probity of the process, as advised by her member of the committee. That is as it applies under the new Public Service Act.

Senator CHRIS EVANS—Yes, I think I have been down this track with the HIC before. I just wanted to be clear, though. Does that mean you take it to the board before you confirm it, or not?

Mr Stanton—Yes.

Senator CHRIS EVANS—That is more for their advice than for decision making processes, is it?

Mr Stanton—Yes.

Senator CHRIS EVANS—So unless they raise some particular objection the view of the selection committee would be upheld.

Mr Stanton—Yes.

Senator CHRIS EVANS—That is the advice I had from the HIC when we had a similar question. So that is how you are handling Dr Saunders's replacement. Will they be offered a two-year contract as well, or is this a permanent position?

Mr Stanton—The position could be filled either as a permanent continuing position or on a term contract basis. My expectation, sitting here, would be that we would seek to appoint someone on a term contract basis, say three years to four years. It would depend on the interests of the applicants and what arrangements they are able to make with their employers.

Senator CHRIS EVANS—Why was Dr Saunders on two? Was that something negotiated between you two then?

Mr Stanton—I was not there, Senator. I do not know the basis for his original contract. Peter was on leave from the University of Sussex in the UK, where he was a professor of sociology. Often these things are a matter to do with the view of the host or owning academic institution.

Senator CHRIS EVANS—All right. I will go back to your research program as I got a bit off the track. Do you do all your research internally, or do you commission outside research work?

Mr Stanton—If you think of the structure of our research activity, we would take the view that we have a core set of research activities that are funded by our appropriation. The priorities there are set by me in consultation with key staff and in association with the board. We also have research which is contract research. We can tender for contract research and we do so.

Senator CHRIS EVANS—How much of that work do you do? This is tendered by other organisations or—

Mr Stanton—We can tender to other organisations for research. In the current financial year it would represent some \$660,000 worth of contracted research. Of that there is a major funded task which is to run the Child Protection Clearinghouse on behalf of the Department of Family and Community Services. We have won that contract on a competitive tendering process.

Senator CHRIS EVANS—What is that worth to you?

Mr Stanton—That is worth about \$270,000 a year. That is a continuing contract which is scheduled to go for the next three years with a capacity to review it again. There is one part of that which is a fairly substantial block.

Senator CHRIS EVANS—Yes. The rest is from state governments, companies?

Mr Stanton—It can come from many different locations. We did some work for the Family Law Pathways task force for the Attorney-General's Department. We have done work for others as well.

Senator CHRIS EVANS—Are there any restrictions on who you do work for?

Mr Stanton—No. There is a restriction in the sense that, in discussion with the board and with ministers, we take the view that it is good for the institute to be able to draw extra revenue to its activities, but you have a core set of research activities and it is important that those contracted research activities are complementary to the ongoing core activities and do not detract from them. That is the guidance I have been given by the board.

We also can contract out some of our own research, but it is not a common thing. There may be an area where we do not have particular expertise for a particular project or for a component of a project. It may be, for example, that for some sophisticated statistical analysis we may need to contract in some support, or it may be due to unusual developments that have occurred. In the past some work associated with the Australian Divorce Transitions Project was subcontracted, or contracted out, on account of the fact that one of the key senior researchers involved died, so we contracted out some of the activities.

Senator CHRIS EVANS—I think you get from FACS about \$3.7 million or something.

Mr Stanton—Yes.

Senator CHRIS EVANS—So the contract work is a sizeable but not huge part of your income.

Mr Stanton—Yes.

Senator CHRIS EVANS—Do you have any plans to extend that role in the sense of building a bigger income stream from contractual work?

Mr Stanton—It is not necessarily something you can plan for. It will, in part, depend on the availability of key contracts arising. For example, the institute is very interested in two major projects that have been funded—one has been funded in recent times and the other is subject to tender. The first was the housing, income and labour dynamics Australia study, a major longitudinal study of families, studying their housing, income, labour dynamic issues. In relation to that study the primary successful tenderer was the Melbourne Institute at the University of Melbourne, but we were a partner to that so we are working closely with them and the Australian Council for Educational Research. But this is a longitudinal study, a substantial one—the whole project is some \$6 million or \$7 million. Other projects of a like nature can occur in the future.

Senator CHRIS EVANS—So you do have partnerships with other organisations?

Mr Stanton—Yes.

Senator CHRIS EVANS—Is it fair to say then the majority of your work tends to be Commonwealth government generated, even though it is contracted from other than FACS?

Mr Stanton—I think that is a fair statement.

Senator CHRIS EVANS—So you do not have a big, private market—McDonald's or whatever are not on your customer list?

Mr Stanton—No.

Senator CHRIS EVANS—Do you have any private non-government work?

Mr Stanton—We have work with universities, but we do not have any private sector purchaser at the moment.

Senator CHRIS EVANS—They will tell you they are increasingly non-government. All right. I am just trying to get a feel for the range.

Mr Stanton—There is nothing to stop us from tendering for such work. If you think of some of the areas of our natural competitive advantage, we are doing research on issues to do with family breakdown and family formation and we would hope that research in these areas contributes to the processes of policy development and informed debate. It is not commercial in nature.

Senator CHRIS EVANS—But obviously FACS is your major source of income.

Mr Stanton—Yes.

Senator CHRIS EVANS—Do FACS have an official member on the board?

Mr Stanton—Yes, the Department of Family and Community Services has a member on our board, Ms Robyn McKay.

Senator CHRIS EVANS—Is that by right? Is it a designated FACS position on the board?

Mr Stanton—No, there is nothing in legislation that sets one of the board appointments aside for the department, but it is sensible.

Senator CHRIS EVANS—A custom and practice sort of thing.

Mr Stanton—Yes, a sensible practice. Of course, we are part of the Family and Community Services portfolio and have been since the creation of the portfolio in 1998 and we work very closely with the department across the whole array of our research interests, because it is a very broad area of research interest.

Senator CHRIS EVANS—Can you describe for me your relationship, not the state of it but the formal reporting mechanisms? You have got members of the board. They are there as an appointment and they are appointed, I presume, because of FACS's interest but they are appointed in their own right so you are not reporting to them per se.

Mr Stanton—No.

Senator CHRIS EVANS—Do you report to the secretary, Dr Rosalky?

Mr Stanton—The arrangement with the Institute of Family Studies is that it is an independent statutory authority and I report, through the board, to the minister. That is not to say I would not always appreciate and be guided by the secretary of the department, should he feel it necessary to help me.

Dr Rosalky—I think something of the order of 80 per cent of the revenue that the institute gets is directly appropriated. It is not through the department, so it actually stands quite separate from the relationship with Centrelink. It stands as a separate statutory authority within the portfolio.

Senator CHRIS EVANS—Yes. I was assuming that the majority of their work informs your work in the sense that—

Dr Rosalky—It is of professional relevance, more than contracted work. It is not contracted.

Senator CHRIS EVANS—Yes. That is an important point to make. I was trying to understand the relationship but, in terms of government departments being interested in the work they do, I assume you take a fairly keen interest in the research work they do.

Dr Rosalky—We do.

Mr Stanton—We do research in relation to a number of Commonwealth departments, not just FACS. For example, we have done work with the Attorney-General's Department and we are continuing to work with them. We had a major funded contract with the Department of Health and Aged Care where we were given the task of evaluating the effectiveness of the government's Youth Suicide Prevention Program. This was a major contract over a number of years directly with Health and Aged Care.

Senator CHRIS EVANS—Are any other officers from any other departments on your board?

Mr Stanton—No.

Senator CHRIS EVANS—Who else is on the board?

Mr Stanton—The board members comprise—

Senator CHRIS EVANS—I can get the list. I want to get a feel for what their backgrounds are, not too detailed.

Mr Stanton—I am a director of the institute and a full-time member so I am on the board. The chair of the board is Ann Henderson. Then we have three distinguished academics—Professor Don Chalmers, professor of law; Professor Alan Hayes, who is a professor in the area of early childhood development and Professor Frank Oberklaid from the Royal Children's Hospital, University of Melbourne—Robyn McKay from the Department of Family and Community Services; Diane Gibson, who is the chief executive officer of Relationships Australia; and Louise Staley is a member of the board.

Senator DENMAN—Could I ask if those members are representative of all states? I know Don Chalmers from my home state is, but what about the others?

Mr Stanton—We have representation from Tasmania, ACT, New South Wales and Victoria. We have had representation in the past from Western Australia. Professor Schwartz was a board member from Murdoch University. We have had representation from the Northern Territory, so it has varied over time.

Senator CHRIS EVANS—As long as you had a defence against the Tasmanians you were safe, Mr Stanton.

Senator DENMAN—No, we have a very eminent Tasmanian on the board.

Senator CHRIS EVANS—The last person was who?

Mr Stanton—Louise Staley.

Senator CHRIS EVANS—Who is she, sorry?

Mr Stanton—Louise Staley is an industrial analyst. She is deputy chair of the Australian Film Commission and worked with National Mutual, now AXA, although she has since left them.

Senator CHRIS EVANS—None of these appointments are laid down in the statute? I assume the director is laid down, but the other six are appointments by the minister?

Mr Stanton—All appointments to the board are appointments made by the Governor-General on recommendation of the Executive Council.

Senator CHRIS EVANS—There is no requirement that one be representative of an academic institution, one be—there are no subsets of—

Mr Stanton—No.

Senator CHRIS EVANS—What relationship do you have with the minister in terms of developing the institute's research program? You say you report to the minister. Do you go with a draft of the research program or anything like that?

Mr Stanton—In relation to the ongoing aspects of our relationship, we report through our annual report in terms of our progress. In terms of the development of a research program, the

research program was discussed with the minister and she made suggestions and comment and generally was pleased with the approach that we were taking.

Senator CHRIS EVANS—I presume this was Senator Newman at the time.

Mr Stanton—Yes.

Senator CHRIS EVANS—I am interested in the process. Does the minister's input then get reported to the board as part of that decision-making process of the board? I guess the board finally signs off on the research, direction and program. Is that fair?

Mr Stanton—Yes.

Senator CHRIS EVANS—I do not necessarily mean Senator Newman on that occasion, but does the minister provide formal input to that or is it more a case of you have the discussion and you relay the discussion to the board?

Mr Stanton—It is more of that nature. The legislation provides that the minister can direct the board. Were that to be the case, I would need to be able to identify in the annual report that the minister has given you particular directions, but there have been no such directions in recent knowledge.

Senator CHRIS EVANS—Usually the power of direction means it is unnecessary. There have been no directions about such things from past ministers in your time at the institute?

Mr Stanton—No.

Senator CHRIS EVANS—I will take you to the process you will apply to the next research plan. How will you consult more widely than just board members and the minister? One of the things you would be interested in is what other people are doing.

Mr Stanton—Senator, I would not wish to leave you with the impression that we only consult with the board and the minister.

Senator CHRIS EVANS—This is your opportunity.

Mr Stanton—Yes. We do consult very broadly. It is a continuing interest of the institute to hear views and suggestions for areas of research and people are certainly not shy in coming forward and making those suggestions. We get them every day of the week. The board's view was that they were keen that we have a more planned approach to our research activities. Rather than trying to take on the waterfront, we should have some clear priorities, some major projects that we were going to focus on rather than a smorgasbord approach that had been taken in the more recent past. We would seek to communicate widely about the development of a plan. We do that through our conference. We have a major conference once every two years which is in part a research based conference. We receive a lot of suggestions and feedback in the process of that conference.

Senator CHRIS EVANS—Which was your latest one?

Mr Stanton—The last conference was held in Sydney in July of last year on the issue of family futures. We covered all aspects of family research at that conference. The last research plan was facilitated by preparing a short preparatory issues paper that was distributed freely and widely. It was distributed on our web site, so we solicited a lot of feedback from that. We have feedback from community groups. We have feedback from members of parliament. We had a meeting—

Senator CHRIS EVANS—What is the nature of your contact with members of parliament? One of the reasons I am asking these questions is that I have not actually bumped into the institute very much in my career here—

Mr Stanton—We provide copies of our *Family Matters* magazines to all members and senators and welcome feedback from members and senators. Mr Swan has visited the institute with his advisers and had a session on our research priorities and his interests and concerns from research priorities in the families area. Mr Swan also attended parts of our research conference.

Senator CHRIS EVANS—Yes. More generally, do you have any contact line with the committees?

Mr Stanton—No.

Senator CHRIS EVANS—There is no formal interaction with the parliament other than us calling you before estimates.

Mr Stanton—Other than the presentation of our annual report. Of course, we are not adverse to briefing or being involved further with members and senators. Of course, we do have interaction with the committees of the parliament where they call for evidence. People approach us if there is a particular issue where they feel our expertise can contribute. They would ask us for submissions in relation to a particular piece of legislation that has been referred to the committee.

Senator CHRIS EVANS—Are you comfortable with that? I know some of the research institutes and some of the statutory authorities a bit wary about that. Are you comfortable with it? Could you get into a question then about government policy versus research data? I had this problem with the Australian Institute of Health and Welfare just not wanting to cross the border of providing policy advice, but merely research. Is that a constraint for you as well?

Mr Stanton—I think that our role should be one of drawing to notice of those committees what is the evidence we have gathered from our research and what it shows, or in addition to that, what does our knowledge of research show in relation to these issues. I would not be coming to such a committee and offering a personal policy view as such.

Senator CHRIS EVANS—We have not used you probably as much as we should have in some of the inquiries I have been on. I was just wondering whether that was possible and whether they were comfortable. I suppose that would only be on the basis of research that you had published and was publicly available anyway, in a sense, would it?

Mr Stanton—Or research that is under way where we may have been able to assist. For example, we have been doing research on a small longitudinal study called the Australian Temperament Project. It has some information in it about predictors of drug use, and this has been of interest to various committees.

Senator CHRIS EVANS—Is this the one that got some publicity today or yesterday? Is that the one?

Mr Stanton—No. We have been able to assist some committees with some preliminary results from our research even though it has not yet been published.

Senator CHRIS EVANS—You run your big conference once every two years. What is the next one going to be on?

Mr Stanton—The topic and location have not been set yet, in part because we are looking to the linkage between that conference and other international conferences scheduled in

Australia. The International Sociological Association Conference is scheduled for Australia in July next year. We would normally have had our conference in July. We are looking at the issue of competing conferences, because we seek to regain our revenue from these conferences, so we have to think about our positioning in the nature of the year.

Senator CHRIS EVANS—You generally would plan those things at least a year in advance.

Mr Stanton—Yes. We have an understanding that we would run it in the alternate years to the Social Policy Research Centre's conference and that is in July of this year, so we are planning for next year, but it is getting to be a crowded agenda.

Senator CHRIS EVANS—Yes, I always find if you have it in Darwin in the middle of winter is a good tip.

Mr Stanton—It is not good for revenue.

Senator CHRIS EVANS—It always doubles the attendance. Is that the only conference you run?

Mr Stanton—There is nothing to inhibit us having other conferences. We have a regular seminar series. We have a seminar monthly and we have had some very interesting presentations. That is open to the general public. We usually get a good turn-up of academics and others interested. We have had presentations on the proposed Aboriginal health survey in Western Australia, comparative studies of family payment arrangements in the UK and other countries. In addition we do run special seminars where we may be seeking to advance a particular research issue or trying to identify what the researchable issues are. We ran a seminar in consultation with Family and Community Services and key providers at one stage about how you evaluate marriage education. We drew together all those who were involved in this sphere to try to work out a conceptual basis as to how we might advance the research issues, rather than just the practical issue.

Senator CHRIS EVANS—Did you run one recently on work and family? Was that one of yours?

Mr Stanton—I am also a member of the National Marriage and the Family Council, and that council was supportive of holding a family and work conference. That conference was held in Sydney and this was primarily hosted by the Department of Family and Community Services. My colleague will be able to explain in detail about it. The Institute of Family Studies, for the purpose of this conference, was formally commissioned by the Department of Family and Community Services to seek to undertake a study that paralleled a study by a woman called Ellen Galinski. Ellen Galinski is a US researcher, a very well regarded researcher, who had undertaken research on children's perspectives on work force participation, return of mothers and fathers to employment. We sought to replicate or undertake a parallel study using an Australian sample at the behest of the Department of Family and Community Services. We reported on that piece of research, as a piece of commissioned research, at this conference.

Senator CHRIS EVANS—To characterise it as one of your seminars or conferences is not correct?

Mr Stanton—No.

Senator CHRIS EVANS—Your involvement was purely to present a research paper which you had done on a commissioned basis for FACS. Is that right?

Mr Stanton—That was the business arrangement, but we were supportive of the running of the conference, and supporting the conference generally.

Senator CHRIS EVANS—But you were not responsible for funding it or whatever—

Mr Stanton—No.

Senator CHRIS EVANS—Apart from, as you say, being supportive, your concrete contribution was this paper. Was this a contract? This was not part of your normal funding arrangements, this was a contract with FACS?

Mr Stanton—That is right.

Senator CHRIS EVANS—When was that entered into?

Mr Nott—From memory, that contract would have been entered into around January this year.

Senator CHRIS EVANS—What was the contract for?

Mr Nott—It was, as Mr Stanton was saying, to replicate some aspects of overseas research. FACS was keen to promote some additional debate around work and family issues, particularly the family aspects of work and family issues. We became aware of the US research carried out by Ellen Galinski and it seemed like a useful angle to bring to the Australian debate.

Senator CHRIS EVANS—You effectively asked them to replicate the methodology for a group in Australia—is that right?

Mr Nott—That is right.

Senator CHRIS EVANS—Was the instruction to actually adopt the same methodology, or were they given some leeway as to it?

Mr Nott—There was some leeway in it, but we were certainly keen to test the results from the US so that if we were bringing the results to Australia we had some idea about whether they actually translated to the Australian circumstances.

Senator CHRIS EVANS—How much did you pay for that work?

Mr Nott—From memory, that was around \$35,000.

Senator CHRIS EVANS—So you paid them \$35,000, and when did they have to have that work ready by?

Mr Stanton—Today.

Senator CHRIS EVANS—30 May. Is that right?

Mr Stanton—The contracted arrangements were that we had to prepare and deliver a paper at this conference and we met that time scale. Then we had to prepare a draft report summarising the more detailed findings for lodgment with the department, which I understand is today.

Senator CHRIS EVANS—Right. Who did you get to do the work, Mr Stanton?

Mr Stanton—We utilised an existing staff member, Dr Virginia Lewis, a psychologist.

Senator CHRIS EVANS—That was presented. I have only actually read the press reports of the work and then the reaction to it. I have not actually seen the document. I presume that paper is available.

Mr Stanton—Yes.

Senator CHRIS EVANS—It is probably in my in-tray, to be honest, but I have not actually read it. When was the conference held?

Mr Nott—From memory, I think it was early April.

Senator CHRIS EVANS—I would not use that phrase ‘from memory’ as a device at estimates, Mr Nott.

Mr Nott—Yes, 2 May.

Senator CHRIS EVANS—I am not being critical. It will get you into strife, basically. It is a bit of friendly advice. FACS organised the conference. Is that right?

Mr Nott—That is right.

Senator CHRIS EVANS—Was it one of these things where you had to register and pay \$100 to go or was it just a sort of community service thing you did?

Mr Nott—We were asking people to pay \$200 to attend but there was also an extensive list of free attendance for people working in community organisations.

Senator CHRIS EVANS—Were there other papers presented, as well as by Dr Lewis?

Mr Stanton—Yes.

Mr Nott—The keynote speaker was Dr Ellen Galinski from the US. There were a number of other speakers from Australian circumstances in the afternoon.

Senator CHRIS EVANS—Dr Galinski was brought out as well, was she?

Mr Nott—Yes.

Senator CHRIS EVANS—I did not realise that. Did you pay to bring her out?

Mr Nott—Yes.

Senator CHRIS EVANS—What did that cost you?

Mr Nott—It cost around \$35,000.

Senator CHRIS EVANS—\$35,000?

Mr Nott—Yes. That included air fares and her charges for delivering the speech.

Senator CHRIS EVANS—I am in the wrong business. \$35,000 as a package to bring her out for the speech. Did she do anything for you apart from that one speech?

Mr Nott—Yes. She delivered a similar presentation to a business forum held the next day and she participated in a very wide range of press interviews.

Senator CHRIS EVANS—A business forum—that does not sound like their usual cup of tea. What sort of business forum was it?

Mr Nott—It was a session organised again by a couple of the members of the Marriage and Family Council, Professor Graeme Russell and Belinda Curtis in Sydney. It essentially invited a range of business representatives and other people to talk about the implications of the Galinski research for business.

Senator CHRIS EVANS—Was that sponsored by FACS as well?

Mr Nott—Yes, but the cost of that was very low, other than Dr Galinski’s fee.

Senator CHRIS EVANS—Yes. We have a new measure now for what is expensive and not, I think, Mr Nott, so you had better tell me what you thought was very low for the cost of the business forum. Do you have a figure for that?

Mr Nott—I do not have it in front of me. I will have to take that on notice.

Senator CHRIS EVANS—Take it on notice for me. Are you telling me it is in the order of a couple of thousand dollars or something? Don't guess if you don't know. Was it less than \$10,000?

Mr Nott—Less than \$10,000.

Senator CHRIS EVANS—Yes. The Marriage and Family Council organised it and you underwrote it. Is that right?

Mr Nott—That is right.

Senator CHRIS EVANS—Who was invited to that?

Mr Nott—It was run through a list of the business contacts that Professor Russell and Belinda Curtis from AMP had in Sydney. They had been involved in work and family issues for quite some time and they have a wide range of business contacts they draw on at different times.

Senator CHRIS EVANS—Are you able to describe the nature of the people invited? Are they senior managers of AMP and Shell, or are they HR sort of operatives?

Mr Nott—Generally HR, I think. We might have had one senior representative from AMP.

Senator CHRIS EVANS—You funded the business forum and her visit. What did the conference cost you, or did you break even on the conference?

Mr Nott—We are still investigating the final cost. It would have been over \$50,000 but we do not have final figures yet.

Senator CHRIS EVANS—Is that the net cost to the department?

Mr Nott—Yes.

Senator CHRIS EVANS—Perhaps you could take on notice for me the exact costs of the conference, bringing Dr Galinski out there, the cost of the commission work and the cost of the business forum. If you could take that on notice it would be helpful.

Mr Nott—Yes.

Senator CHRIS EVANS—I think, Mr Stanton, you were telling me that Dr Galinski spoke at the conference. Dr Lewis spoke at the conference. Who else spoke at the conference?

Mr Nott—I do not have the names in front of me. I will take that on notice too.

Senator CHRIS EVANS—Did the minister speak?

Mr Nott—The minister introduced the conference.

Senator CHRIS EVANS—Which minister?

Mr Nott—Minister Vanstone.

Senator CHRIS EVANS—I still have not quite worked out the split between the ministers in this area. Is it still allegedly the policy and admin type split?

Senator Vanstone—Yes.

Senator CHRIS EVANS—What is the likely follow-up from this? You said earlier that the department was keen to facilitate a debate about work and family issues and particularly the family aspects. What is the ongoing program for that? Obviously Dr Galinski has one piece of research with one attitude. Is a broader debate going to occur?

Mr Nott—Yes. This was very much a first step in the area of work and family for us. The Marriage and Family Council had identified work and family and lifelong relationship learning as its two priorities for the year. The conference was a sort of down payment on the work and family aspects of that. Potentially there are some aspects that came out in the conference we could pick up, further research around how work and family issues are affecting Australian families, particularly in organisations that have put in initiatives relevant to work and family, like flexible work practices and so on. There is also an OECD study that will be carried out over the next six months on work and family. Australia is one of the participants in that.

Senator CHRIS EVANS—Is it? When is that going to start?

Mr Nott—A background paper will be prepared for the OECD working party. The working party will visit in August and a report will be drafted after that.

Senator CHRIS EVANS—They usually commission someone locally to do it—hack work is not the right word.

Mr Nott—We are currently tendering for someone to do the background report.

Senator CHRIS EVANS—They recently did a very good one on child care but they got someone to do it locally, didn't they?

Mr Nott—Yes.

Senator CHRIS EVANS—That is a tender process and FACS runs the tender for that, do they?

Mr Nott—FACS is running the tender process for that.

Senator CHRIS EVANS—We might take a step back. What is the Marriage and Family Council? I know Mr Stanton is on it.

Mr Nott—The Marriage and Family Council was established as part of the government's national family strategy. It was a response to the *To have and to hold* report. It was to examine issues of relevance to families and relationships.

Senator CHRIS EVANS—Is it a council that reports to FACS or is it independent? I have never come across it.

Mr Nott—It has about 10 members. It has a couple of academic representatives, including Mr Stanton. It has one departmental representative, which is me. It has representatives from a number of relationship education organisations and a couple of business reps.

Senator CHRIS EVANS—What is its charter?

Mr Nott—I do not have the terms of reference with me, but it was initially set up to advise on relationship issues, to oversight the government's voucher and kit pilots—which were completed last year—and to advise on aspects of the development of the Stronger Families and Communities Strategy.

Senator CHRIS EVANS—So part of its charter is to advise on the Stronger Families and Communities Strategy?

Mr Nott—It advised on some aspects of it.

Senator CHRIS EVANS—I thought you said set up a separate consultative group on that in each state, or is my memory wrong?

Mr Nott—That is right. The Marriage and Family Council involvement was really particularly around relationship issues, and very early on for the most part.

Senator CHRIS EVANS—Is the Marriage and Family Council to continue?

Mr Nott—That is an issue that is with the minister.

Senator CHRIS EVANS—There is a sense, is there, that it was used in the early development of some of these issues? I do not want to put words in your mouth, but for this to continue there is a need for a bit of a new charter. Is that fair?

Mr Nott—I do not have a view on that, Senator. It has been useful to have the advice from those people in the development of policy in these areas.

Senator CHRIS EVANS—All right. It is probably in the published documents and we have not come across it, so could you take it on notice. I would appreciate the charter and the membership of Marriage and Family Council.

Ms McKay—I stepped forward to clarify that. Marriage and Family Council is an advisory council to Minister Vanstone. It is not an advisory council to the department.

Senator CHRIS EVANS—As it is an advisory council to the minister I presume it was set up as an advisory council to Senator Newman originally.

Ms McKay—That is correct.

Senator CHRIS EVANS—Is there a statutory basis for the council?

Ms McKay—No.

Senator CHRIS EVANS—If one does not have a statutory basis for such things, how does one form them? What underpins it? If the selection process, the appointments, the charter are not done by statute, is it just that the minister writes to them and invites them to be on the council?

Ms McKay—The terms of reference for the council and its membership are determined by the minister who makes those appointments. I understand that those appointments are considered by cabinet prior to the appointments.

Senator CHRIS EVANS—Is there any funding of the Marriage and Family Council?

Mr Nott—No, there is no direct funding.

Senator CHRIS EVANS—So it is just an advisory group. Are there sitting fees paid by some Remuneration Tribunal decision or something?

Mr Nott—Yes.

Senator CHRIS EVANS—So the only cost to the Commonwealth is the sitting fees they pay. Is that fair?

Mr Nott—Sitting fees and transport and travel costs.

Senator CHRIS EVANS—In terms of how often they meet or whatever, is that a decision for them in consultation with the minister?

Mr Nott—Yes. They have been meeting around four times a year.

Senator DENMAN—Do the Marriage and Family Council have any input into publications—for instance, the drug publication that went to all families recently? Do you have any input into those things?

Mr Nott—No.

Senator DENMAN—Thank you.

Senator CHRIS EVANS—Mr Stanton, does all the work you do for FACS come as a result of a tender process? Like the Galinski Australian work, is it just a straight ‘We’d like you to do this work. Can you do it?’ job, or is it a tender process?

Mr Stanton—It can be the full diversity. It can be a full, open, competitive tendering arrangement. Certainly if it is a significant amount of money, that is typically the way it is handled. It can be by selective tender or it can be by direct commissioning of a task or it can just be by agreement. There are some cases where we would see benefit in bringing together particularly the policy advisers, analysts and researchers in the department to ensure that they have a policy perspective in their research programs, and equally to draw to the notice of the policy advisers the latest research findings and how that can contribute to their advice to the minister. There have been a number of occasions where we have done things on a joint cooperative basis.

Senator CHRIS EVANS—That is not a for fee thing; that is just an informing their work type of arrangement?

Mr Stanton—Yes. For example, we got together with the department to look at how to go about developing indicators to measure the effectiveness of certain changes, such as with the Stronger Families and Communities Strategy. We were looking at what evidence was available on key indicators and how you would measure things. It was a fairly theoretical discussion but it was a worthwhile discussion that we joined in.

Senator CHRIS EVANS—It is a question of trying to ensure that what you do informs the department’s work.

Mr Stanton—That is very important to us.

Senator CHRIS EVANS—It is a very important function, I am sure. Just going back to the Lewis work, was that a tender process or did they just contact you and by arrangement you did that work?

Mr Stanton—I think it was by direct commissioning. It is for the department to say about the process.

Mr Nott—There were significant time pressures on this project and it was a fairly small research effort, so in this case we did not run a competitive tender.

Senator CHRIS EVANS—What were those time pressures, Mr Nott?

Mr Nott—The Marriage and Family Council were keen to have the conference as soon as they could, but to meet a deadline of having the research reasonably advanced by May we needed to get the research happening as soon as we could. It was identified as an issue in January.

Senator CHRIS EVANS—Why the need to do it so quickly, though? Is this because the Marriage and Family Council was committed to having done some work by the end of the financial year?

Mr Nott—The Marriage and Family Council's term finishes at the end of June and they were keen to have something happen before they finished their term.

Senator CHRIS EVANS—A marker on the sand. All right. This may be one for you, Senator Vanstone; I am not sure. Is the decision about whether the Marriage and Family Council is to continue currently with the minister?

Senator Vanstone—Senator, I have not resolved that matter yet.

Senator CHRIS EVANS—It is a matter that is at your discretion and with you at the moment.

Senator Vanstone—As you know, I have only been in the job a few months but I think they have done a great job and been very useful. My inclination would be to continue it but I need to sit down and actually make a decision on it.

Senator CHRIS EVANS—It does not sound as if they are costing a lot either, so it is one of those easier decisions—

Senator Vanstone—It is not costing a lot and I think they are—

Senator CHRIS EVANS—compared to most other things in your portfolio.

Senator Vanstone—They are doing a very good job.

Senator CHRIS EVANS—Just one other thing. Lawrence Mead was brought out to Australia. Who financed that?

Mr Stanton—Lawrence Mead was brought to Australia to give a keynote speech at our conference in July of last year.

Senator CHRIS EVANS—That was the Family Futures Conference.

Mr Stanton—That is right.

Senator CHRIS EVANS—You met the costs as part of the organising costs of that, did you?

Mr Stanton—We met the costs but it was also supported by the department of employment and workplace relations. We were the primary funder of the arrangement. We also brought another academic out from the UK. At the conference was had a keynote presentation in each of those three key streams that I spoke of earlier. Lawrence Mead, who was well known in the area of welfare to work, gave a presentation in that area. He also provided to us two articles for *Family Matters* and a book chapter for our book on welfare reform.

Senator CHRIS EVANS—This is the book of essays you have commissioned, is it?

Mr Stanton—Yes.

Senator CHRIS EVANS—Has that been published yet?

Mr Stanton—Yes.

Senator CHRIS EVANS—Did DEWRSB sponsor the conference or sponsor Lawrence Mead?

Mr Stanton—We were the primary sponsor. We brought him to Australia to give a keynote presentation at our conference. DEWRSB were keen to have him involved in certain of their activities, so they helped pay for the costs.

Senator CHRIS EVANS—They did not help pay for the cost of the conference—

Mr Stanton—No.

Senator CHRIS EVANS—purely for Lawrence Mead.

Mr Stanton—You see, he went to Melbourne and had some discussions with some of the employment providers.

Senator CHRIS EVANS—What were the costs of his trip and how did you share it?

Mr Stanton—It was approximately \$10,000 of which some \$2,000 was provided by DEWRSB.

Senator CHRIS EVANS—Perhaps you might like to take that on notice for me, Mr Stanton. Obviously, if there is a major discrepancy, you might like to alert me, if you check your memory and find it is not right.

Mr Stanton—Sorry, I should have had the—

Senator CHRIS EVANS—No, no.

Mr Stanton—I thought it was very good value. Here it is.

Senator CHRIS EVANS—He certainly comes a lot cheaper than Dr Galinski, especially if you can get DEWRSB to pick up part of the tab.

Mr Stanton—The total cost was \$7,246.62 of which the Department of Employment, Workplace Relations and Small Business contributed \$2,800.

Senator CHRIS EVANS—Thanks for that.

Mr Stanton—So the net cost for us was \$4,406.

Senator CHRIS EVANS—Did you make a loss on your conference?

Mr Stanton—We did not fully cover all our costs on the conference. We would like to. It is an important, large conference and, where we can, we seek to cover the bulk of the costs. We covered about 85 to 90 per cent of the costs of the conference.

Senator CHRIS EVANS—So what was your loss on it? What was the sort of loss you ran on it, then?

Mr Stanton—The money loss?

Senator CHRIS EVANS—Yes.

Mr Stanton—It would have been about \$20,000.

Senator CHRIS EVANS—They are very expensive to run.

Mr Stanton—They are, yes.

Senator CHRIS EVANS—I will leave it at that. Thanks for that. It has been very helpful.

CHAIR—Thank you very much.

Proceedings suspended from 1.01 p.m. to 2.10 p.m.

CHAIR—We will now proceed with outcome 1. Senator Evans is going to lead the battle.

Senator CHRIS EVANS—We have discussed the debt issue a couple of times. I do not know, Dr Rosalky, whether we might do that in terms of child care at the same time. As I understand it, there is an issue about potential debts being raised on family tax benefit parts A and B.

Dr Rosalky—Reconciliation processes?

Senator CHRIS EVANS—Yes. Is that the word?

Dr Rosalky—We could discuss that together.

Senator CHRIS EVANS—It might be useful, if the officers are here. I am not sure how much of it will go over, but it just seemed that there might be some advantage in not trying to do it twice, that was all.

Dr Rosalky—A couple of officers are next door. They will have to come in.

Senator CHRIS EVANS—I am open to advice. If you tell me that they are two separate issues or processes, we will do them separately, but I thought they were probably driven by much the same things.

Dr Rosalky—I think there is enough parallel in the processes, and they are covered by the same area, so it might be worth while doing it that way.

Senator CHRIS EVANS—I suspected that might be the case. Maybe we ought to start and see how we go.

Dr Rosalky—And Robyn McKay, who is the executive director for Stronger Families in the department, covers the various areas that are responsible for FTB reconciliation and child care benefit reconciliation.

Senator CHRIS EVANS—Congratulations, Ms McKay!

Dr Rosalky—She won the long straw.

Senator CHRIS EVANS—We have had a bit of a discussion about this before, but certainly my officers and other officers are just starting to get a bit more feedback from clients about this issue. A woman contacted me the other day. She had decided, after the birth of a child, to go back to work and realised she had run up an FTB, a tax benefit B debt, and wrote to me and rang and discussed that. Can somebody take me through the process by which one can accrue a debt during the course of the year.

Ms McKay—The reason that it makes some sense to take both family tax benefit and child care benefit together is that they are both part of the new tax system and payments are based on estimates of taxable income for the current year. A customer will provide an estimate of income in order to receive family payments either through Centrelink or through the tax system in the course of the year, and those payments need to be reconciled against actual taxable income at the end of the year. As happens with tax payments, you can receive more or less than your entitlement in the course of a year, depending on the estimates of income that you have provided.

Senator CHRIS EVANS—Just so that I get an idea of the scope of the problem, can that be a problem with family tax benefit A? Are family tax benefit B and child care the only areas where you could have this debt or reconciliation problem?

Ms McKay—Family tax benefit part A and part B and child care benefit are all based on estimates of taxable income.

Senator CHRIS EVANS—There are three ways effectively, then, that you could end up with a debt problem or the need for reconciliation at the end of the financial year. Is that right?

Ms McKay—There are three payments.

Senator CHRIS EVANS—And the estimation system is the same for all three?

Ms McKay—Yes, that is correct.

Senator CHRIS EVANS—The principles, anyway. All right. I know you have been working to try and manage the issue of potential debts arising. What is your current take on the size of the problem?

Ms McKay—I will ask Jeff Popple to take you through the steps that we have taken in relation to communications with customers.

Mr Popple—We have undertaken a range of communication activities during the year, starting in March last year, when we sent out an information magazine called *More help for families*, which detailed the new arrangements, including the reconciliation process. We then backed it up during the year with a number of publications, one being the *Family Buzz* magazine, which came out from FAO and from Centrelink late last year and which went to about two million Australian families. The Australian Taxation Office also produced a leaflet on behalf of the Family Assistance Office which went out to about 1.9 million taxpayers, again detailing the reconciliation process, and there have been a number of other leaflets that have been sent out with Medicare cheques. We made the *Good Health* video program. There is a range of other information on our web site which is made available, there are leaflets in all the Family Assistance Office outlets and a range of other communication activities to inform people about the reconciliation process.

Centrelink have also had a process wherein people who ring up or contact Centrelink about family payments are reminded of the need to update their estimates and make certain they are as current as possible. All this has been aimed at people adjusting their estimates during the year so that they are as close as possible to what their actual income is going to be. We have had a very good response to that. A large number of families have changed their estimates during the year to keep up to date so that they do not end up with an overpayment at the end of the financial year.

Senator CHRIS EVANS—I appreciate that, and I know you have been working on those strategies. How many people are we talking about who are likely to have been overpaid or who have incurred a debt? I know you are working hard to reduce that and using your contacts with them to do that, and it struck me that the CCB is probably a bit harder, in the sense that you do not have as much direct contact with them as some of these other client groups.

Mr Popple—CCB is caught up in that same process. When we send out magazines like *Family Buzz*, that also goes out to CCB customers.

Senator CHRIS EVANS—I give the example of private health insurance, the first scheme—PHIAC or whatever. I was at a meeting the other day and a bloke was entitled to a health care card and did not know. You might have told them a thousand times that they are entitled to it. It makes you wonder why we spend so much money on advertising, because it does not seem to necessarily get through. Who are the families potentially affected by this? What is the size of the problem? Is this your area, Mr Henry? In terms of the numbers, who are we dealing with here?

Mr Henry—I do not think it is possible to estimate a number. It relates to the practice of people in estimating their annual income and how they are approaching that. As Jeff has outlined, Centrelink are trying to assist families in doing so. Until we see the first-year effect, it will not be possible to tell how accurate families have been in estimating the annual taxable income that they have provided to Centrelink and that Centrelink have based the payments upon.

Senator CHRIS EVANS—That is why I did not ask you that question, though. How many families do we pay family tax benefit A to?

Mr Henry—1.8 million.

Senator CHRIS EVANS—How many do we pay part B to?

Mr Henry—1.2 million.

Senator CHRIS EVANS—And how many do we pay CCB to?

Mr Powlay—Half a million.

Senator CHRIS EVANS—Do we know how many of those people in each category have adjusted their estimations for income during the year?

Mr Henry—Mr Tidswell might be best placed to answer that.

Mr Tidswell—In terms of the total estimate changes that we had in the financial year?

Senator CHRIS EVANS—Yes. I am trying to get a feel for who might be affected by the change to this estimation system. We know now totally how many families are in receipt of these payments. Do you know how many families have changed their estimates?

Mr Tidswell—The data that we have since the last time we took some data on 4 May is that we had 833,000 families changing their estimate for this financial year.

Senator CHRIS EVANS—Could that be double counting, with someone doing it twice or three or four times, or is that separate?

Mr Tidswell—Yes, they could have changed their estimate more than once.

Senator CHRIS EVANS—So that is not necessarily 833,000 families?

Mr Tidswell—No, 833,000 families have changed their estimate this financial year.

Senator CHRIS EVANS—So you have more changes of estimates than that? I am just not sure that I have expressed this well. What I am trying to say is: is that the number of families who have changed their estimates or the number of changes in estimates, assuming that some people have changed more than once?

Mr Tidswell—That is the number of families; they may have changed it more than once.

Senator CHRIS EVANS—Sorry, I know you answered the question correctly, but I was not sure whether I had made myself clear. So there are 833,000 families who have made a change, but the number of changes in income estimation—

Mr Tidswell—May be higher.

Senator CHRIS EVANS—Would certainly be higher, I suspect.

Mr Tidswell—Yes.

Senator CHRIS EVANS—Have you got a figure for that?

Mr Tidswell—No, I do not have that figure with me. We could try and get that for you, though.

Senator CHRIS EVANS—You can take that on notice. Thank you. Does that cover all three categories?

Mr Tidswell—Yes, it does.

Senator CHRIS EVANS—When someone contacts you to change their income estimation, how do you handle it? What do you do?

Mr Tidswell—Families ring us or walk into our customer service centres, and we go through a process to help them get their estimate right. We then change that estimate and that affects their payments.

Senator CHRIS EVANS—But, if someone comes in to change the estimate, you automatically will deal with A, B and CCB as a matter of course on the one visit?

Mr Tidswell—Yes, exactly.

Senator CHRIS EVANS—People do not have to contact you separately on that assessment?

Mr Tidswell—No.

Senator CHRIS EVANS—What would trigger them coming in to change their estimation?

Mr Tidswell—As we pointed out, there is quite a lot of contact with families to advise them about that in a variety of ways, plus some targeted mail-outs to help people respond accordingly.

Senator CHRIS EVANS—How do you decide who you are going to target?

Mr Tidswell—We looked at a whole range of events and thought that there were certain families and certain groups who might be more vulnerable, and we sent out letters accordingly.

Senator CHRIS EVANS—Can you give me an example?

Mr Tidswell—Certainly an example is people who are at the threshold, going from the maximum rate through to the taper rate through to the minimum rates. So it is the people more vulnerable to income change affecting their rates.

Senator CHRIS EVANS—You looked at their income range and thought that they were a reasonable target group?

Mr Tidswell—That is correct, yes.

Senator CHRIS EVANS—It was not that you looked at the form of that particular family and thought that the family involved part-time or casual work or anything of that nature?

Mr Tidswell—No. In terms of the numbers we are dealing with, it was fairly arbitrary in that sense.

Senator CHRIS EVANS—That is fair enough. What is the extent of the direct mailing that you have been doing as a result of that targeting process?

Mr Tidswell—We started that targeting process in November-December last year and had mail-outs through to March this year. I do not have the exact figures in front of me, but there was a range of mail-outs in terms of 234,000 families, CCB customers and approximately 150,000 FTB part A customers.

Senator CHRIS EVANS—Have you completed that program for the financial year?

Mr Tidswell—Yes, we have.

Senator CHRIS EVANS—There must be a point, really, where it passes its use-by date.

Mr Tidswell—That is correct.

Senator CHRIS EVANS—Even if there is a change made for the last couple of weeks, it is not going to have any material effect on their situation.

Mr Tidswell—Yes, that is right.

Senator CHRIS EVANS—So we are really almost in a situation now where they are locked in. Someone may change, but it is going to have a very small impact on their assessment. Another issue has been raised with me. If someone contacts you and says, ‘I estimated my income and it actually went up by \$100 a week three months ago because I took on an extra night shift; I forgot to tell you,’ what do you advise them to do then?

Mr Tidswell—What we are trying to do is ensure that people have a buffer so that they overestimate, the aim of which is to get a top-up at the end of the year. It is about building in a buffer and taking that into account so that—

Senator CHRIS EVANS—Do you encourage them to falsely estimate?

Mr Tidswell—We encourage them to overestimate, to have a buffer. This is to ensure that there is some capability for rise and fall in income.

Senator CHRIS EVANS—If I rang you up and said, ‘I was on \$30,000 a year and it’s gone up to \$32,000, and I’m late telling you. I’ve been on the higher rate for a while. I can’t afford new pencils; they get stolen from me,’ would you say to me, ‘Estimate your income for the rest of the year to be \$34,000 or \$35,000?’

Mr Tidswell—That is correct, yes. It depends, when you come through to change the rest of it, what particular cycle of that financial year you need to do that in. What we are trying to build is a ‘what if’ calculator, which you could plug in to come up with a result that would always give you a top-up situation. The aim of it is really to help people estimate their income and deliver the best result.

Senator DENMAN—What if that family comes back in more than once, as you have indicated people do? Is the same process gone through again?

Mr Tidswell—Yes, we would work through the process. That is one of the things that has taken us some time—to help families get their estimate right. It has caused us some increased call wait time in our call centres, because of the complexity of it, and we try to get it right to make sure families get it fixed.

Senator CHRIS EVANS—But, from what you are telling me, you are not asking them to estimate their income; you are asking them to make an estimate about their taxation liability. That is quite a different thing, isn’t it? Aren’t you encouraging them to lie?

Mr Tidswell—No. We are suggesting that you need to build in a buffer to take into account any extra income you might earn.

Senator CHRIS EVANS—So it is a formal government policy that they build in a buffer?

Mr Tidswell—Yes.

Senator CHRIS EVANS—Where is that expressed?

Ms McKay—We are looking to an outcome here. We are looking to have families paid as closely as possible to their exact entitlements by the end of the year so that there are no major overpayments or underpayments. We are encouraging families to err on the side of caution so that they end up with a top-up at the end of the year rather than an overpayment.

Senator CHRIS EVANS—When I come in and say that my income has changed and that it has gone up to \$32,000, you do not want me to honestly put that on my form—you want me to say \$34,000 or \$35,000? Do they sign these things?

Ms McKay—You have a choice of what income estimate you provide. If the customer wants to seek to minimise the amount of variation in the family payments they are entitled to from the family payments they are actually paid, they may choose to provide a higher estimate of income to achieve that outcome by the end of the year. That is the free choice of the customer.

Senator CHRIS EVANS—I am just trying to get my head around this. Do you make them sign the declaration?

Mr Tidswell—Not in all circumstances. People will do that over the phone—

Senator CHRIS EVANS—If I come into the office, do you give me a form that says ‘Change in estimation of income’?

Mr Tidswell—The form is quite complicated. There are a lot of details in there in relation to fringe benefits tax, net property losses, other income, et cetera. You go through that and sign it.

Senator CHRIS EVANS—I accept the form is complicated, Mr Tidswell. What is the answer to the question? Do you make me sign the form to say that this is my new estimate of income or not?

Mr Tidswell—Yes, but we will take that estimate over the phone as well.

Senator CHRIS EVANS—Does that require you to make a declaration as part of that? Can someone produce a copy of the change in income estimation form?

Mr Tidswell—Yes, I can get a copy of that form.

Senator CHRIS EVANS—Okay.

Dr Rosalky—We are talking here about income estimates which the customer offers. By their very nature, they are making an assessment about an outcome for the year. There is uncertainty to it. What Centrelink officers are doing is giving advice to people about managing a risk, explaining to them some of the consequences and saying—

Senator CHRIS EVANS—Tax advice?

Dr Rosalky—They are saying, ‘If you’re not sure, you may do it this way.’ It is advice, and it is only an estimate of the income. It is not a legal statement that says, ‘This is my income,’ because they do not know.

Senator CHRIS EVANS—But they are not providing advice on their income, are they?

Dr Rosalky—They are providing advice on how to handle the estimation process.

Senator CHRIS EVANS—They are providing advice on their taxation liability.

Mr Powlay—It is not a question of tax liability. Customers are being asked to estimate their taxable income, not the subsequent tax liability that flows from that. It is their gross income for the year, their assessable income. They do not need to estimate their tax liability.

Senator CHRIS EVANS—Yes, but I take it from what Mr Tidswell is telling me that they are encouraged to misrepresent their income on the form.

Mr Powlay—They are making an estimate of their annual income. In the example that you gave, if your income was \$30,000 and it has now gone up to \$32,000, if that occurred at some

time during the year, your total annual income for the year will not be \$30,000 or \$32,000 but somewhere in between. Where it is depends on when that change occurs. People are providing an estimate of income on which a provisional entitlement can be calculated.

Senator CHRIS EVANS—But do you ask them when they come in? I understood Mr Tidswell was saying that you do not say to them, ‘No, give us a declaration of what your income is,’ but you try and enter a calculation to say what their income for the year will be and then adjust the rate they claim at—which is quite a different thing, isn’t it?

Mr Tidswell—That is correct, but I think a lot of families have taken that opportunity—they understand the system—and are changing their incomes as a result and are getting the entitlements they deserve.

Senator CHRIS EVANS—I am sure some of them are. Ms McKay certainly made the point that it is a decision for them whether they can afford to forgo a drop in family tax payments at the time versus the fear or likelihood of a debt at the end of the year. I can see why people would legitimately try and inform them about that choice. I was just a bit concerned about what that meant for what you are encouraging them to do in terms of declarations to you about income.

Mr Tidswell—It should be pointed out that there has always been a number of families receiving family payments on income estimates. In this situation we have encouraged people to overestimate so that they can get a top-up. Previously they could not receive that top-up, so the new system is much fairer in that way.

Senator CHRIS EVANS—The question of fairness is a judgment that we are always told not to invite public servants to make, so I will not get into that one with you. I am very keen on clearly understanding what advice you are giving and on what basis you are giving it. You said that was policy. I asked where that was laid down. I think I have not yet got an answer to that. This is an instruction you are providing to Centrelink officers to encourage people to overestimate to balance their entitlement.

Mr Tidswell—Not so much that but to take into account any allowances, increases in income over that period of time or windfalls that might come their way, to ensure that they have a buffer. It would be on a case by case situation. For some who are on a very stable income you would suggest it should be pretty close to what they received in previous years, but for people earning quite a lot of overtime and who have second and third jobs or whatever they need to build in a higher buffer. That is what we suggest people do.

Senator CHRIS EVANS—You keep using phrases like ‘windfall’ and ‘buffer’. The corollary of that is to say you are encouraging them to claim less than they are entitled to, isn’t it?

Mr Tidswell—Not necessarily.

Ms McKay—No, not at all, because what you are entitled to will be paid to you at reconciliation at the end of the year.

Senator CHRIS EVANS—That is not the point, though. You are encouraging them to claim less now in the hope that they will get paid more at the end.

Ms McKay—We are making clear to families the consequences of particular income estimates that they provide. If they overestimate their income then they will be entitled to a top-up at the end of the year. If they underestimate their income, they will be paid more than they are entitled to in the course of the year. It is a choice that families make themselves.

Senator CHRIS EVANS—That is not right. You said to me that the policy was to encourage them to underestimate. Which is it—is it a choice they make themselves or is it your policy? It cannot be both.

Ms McKay—I believe it is a choice they make themselves. They are informed by Centrelink that, if they wish to receive a top-up at the end of the year, the way to achieve that is to overestimate income in the course of the year.

Senator CHRIS EVANS—But you make it sound—if they would like to have a top-up at the end of the year—as if that is not actually resulting in a reduction at that point in time in terms of their fortnightly payments, which clearly it is.

Ms McKay—Yes, it is.

Senator CHRIS EVANS—Is there or is there not a policy decision to encourage people to overestimate?

Mr Popple—The income estimate is only a means through which they get their correct payment. Centrelink is trying to get people their correct payment during the year, or as close as possible to their correct payment during the year, so that they have a nil outcome at the end of the financial year. If you came to us at the beginning of the year and said that your income was going to be \$30,000 and then after three or four months your income went up to a higher level and you forgot to tell the Family Assistance Office about that change in income and then you came to Centrelink in about January and said, 'My income went up to \$34,000 three months ago; I forgot to tell you about that,' then they will say to you, 'Fine, we can now adjust that to \$34,000, but because you neglected to update your income earlier it means you will probably have an overpayment at the end of the year. If you prefer, you could change that estimate now to a slightly higher rate and you will have a nil outcome at the end of the year.' The estimate is just a means to an end. The estimate is just a way in which the family receives their correct payment throughout the year—that is all it is. It is not in itself a particularly legal thing. It is just a mechanism through which the family receives their correct payment, and then that is reconciled at the end of the financial year.

Senator CHRIS EVANS—I accept that is the process. If I were on unemployment benefits and I were as loose about estimations and signing things about estimations, then I suspect I would be in breach and have my unemployment benefits denied to me. You are telling me you encourage them to sign a form that misrepresents their income.

Mr Popple—No, it is not misrepresenting their income. It is an estimate that they are providing. The other thing that Centrelink advises is that it saves them adjusting income in the future if there is a further income increase that they are not expecting during the year, or they might not have taken account of the fact that they might get a bonus towards the end of the financial year. It is just allowing for all eventualities. At the end of the day the choice is with the customer.

Senator CHRIS EVANS—What I would like to know is—and I still have not had an answer to this—what is the policy decision and what is the advice provided to Centrelink officers of what to tell people to do or what advice to provide?

Mr Powlay—The policy, as I understand it, was outlined by Ms McKay: the aim is to help customers get their estimate of their end of year income as accurate as possible so that they receive throughout the year the level of entitlement that they should.

Senator CHRIS EVANS—At the end of the year?

Mr Powlay—Yes. Their entitlement paid throughout the year is as close as reasonably possible to the outcome at the end of the year.

Senator CHRIS EVANS—Could someone provide me on notice, please, the instructions given to Centrelink officers about this matter—the training manual or the advice? Clearly you have done a lot of work on this area in the past few months.

Mr Tidswell—Yes, I will do that.

Senator CHRIS EVANS—I would appreciate having a look at that—also the form and the advice about what obligations fall upon the customer in providing those estimations of income and what force or standing they have inside the social security system. The approach is to say, ‘Well, if there has been a change, you can change your estimate of income, receive less than you have been receiving in terms of fortnightly payments and therefore hopefully at the end not incur a debt.’ Clearly there are going to be some people who are not able to do that, or for whom it is too late in the year to make that adjustment, or who cannot afford the reduction in the fortnightly payments. This is an option that is probably easier achieved earlier in the financial year than late in the year—we discussed that earlier. Are there other options for people to take in terms of managing that process?

Mr Tidswell—They can cancel their payment.

Senator CHRIS EVANS—What does that mean?

Mr Tidswell—They can request that their payment be stopped.

Senator CHRIS EVANS—Altogether?

Mr Tidswell—And then claim the rest through the taxation system at the end of the year.

Senator CHRIS EVANS—Again, I suppose it would be up to the individual circumstances and when they did it as to whether that solved their problem for them, but they could still end up with a debt or be owed money—but that is an option. How many people have taken up that option?

Mr Tidswell—I do not have those figures, and I am not sure that we would have, but we do know anecdotal advice of a number of families choosing that option to get a mixed delivery of family payments, both in fortnightly payments and then deciding to cancel their payment and tidy it through their income tax return.

Mr Powlay—In the case of child care benefits, the other option some families take is to take the minimum amount of child care benefit throughout the year, which is set at that minimum regardless of income, and then claim the rest through the end of year reconciliation process. We do not have figures on how many people are choosing that option, but we do know that about 20 to 25 per cent of families getting a child care benefit are on that minimum rate.

Senator CHRIS EVANS—That does not necessarily tell you anything about—

Mr Powlay—No. Some may be on the minimum rate because their income is so high they should be on the minimum rate, but others will have chosen that as a preference.

Senator CHRIS EVANS—But you are not able to break that down for me? So it could be one per cent under 25 or it could be—

Mr Powlay—We do not collect details on why people do that.

Senator CHRIS EVANS—You offered me a figure, and I was trying to make sense of how reliable it was as a measure. So all we know is that that is the maximum. We do not know anything else further on.

Mr Powlay—That is right; that is the maximum. That is also a group who obviously cannot incur any adjustment at the end.

Senator CHRIS EVANS—Did you say that some people have taken this option to cancel their entitlement to family tax benefit parts A and B?

Mr Tidswell—I have listened in on calls, in particular on family tax benefit part B, where, for want of a better word, the dependent spouse or partner gets a job and therefore decides it is in the best interest to cancel that payment and deal with it through the taxation system. I think families are starting to work through the various permutations as we give them the advice and make those decisions.

Senator CHRIS EVANS—Do you have any figures on the numbers who have cancelled?

Mr Tidswell—We would probably have figures on the number of families that have cancelled, but for what reason would be the difficult—

Senator CHRIS EVANS—Perhaps you could take it on notice for me.

Mr Tidswell—We could see what we could find for you.

Senator CHRIS EVANS—I am happy for the caveat if you say that is not necessarily for that reason. I would be interested to know how many have cancelled. What other reasons would they have cancelled for?

Mr Tidswell—There is a number of reasons. The child might have moved out of their care. They might have gone overseas. There is a variety of things. I would have to look into what all the fields would be, but there would be a variety of those events.

Mr Powlay—Earlier you asked what the other alternatives were. There is another instance that, in effect, is an alternative—and that is that people who are receiving an income support payment from Centrelink do not have their income reconciled. They receive the maximum child care benefit while they are on income support and they do not have any of that period reconciled. That is not reviewed at the end of the year in terms of their income.

Senator CHRIS EVANS—Could you say that again for me, Mr Powlay? I am sure it was perfectly intelligent, but it did not click with me at all.

Mr Powlay—Anyone who is receiving an income support payment from Centrelink will receive the maximum child care benefit assessment. At the end of the year, any period of time they were on income support would not be revisited in terms of that entitlement. That entitlement to the child care benefit is, in effect, a final entitlement for them. It is not a provisional entitlement.

Senator CHRIS EVANS—So if for the last three months they have had a job worth \$60,000 a year, it will not mean they will incur a debt for the nine months they were on—

Mr Powlay—That is correct.

Mr Henry—The same principle applies to sole parents under FTB. Because there is no income test for it, their income can change and it does not apply.

Senator CHRIS EVANS—Mr Henry, is that the only group in your area—the sole parents?

Mr Henry—We are talking about significantly large groups here. We have 500,000 sole parents. There is a very long range on which people are paid the base rate of payment for family tax benefit part A. Therefore, income changes within that range would not affect their payments. Even if they had an increase of income within the range at which they are paid the base rate of payment, a change in income would not affect their rate of payment, so no debt would accrue. That is another largish group of about 700,000 of our clients.

Senator DENMAN—What about maintenance? Let us say a sole parent is not getting maintenance because of all the sorts of family complications there often are and then they receive their maintenance in a lump sum. Does that come under what you are talking about?

Mr Henry—Maintenance is a different category to income estimation, but maintenance will ultimately be reconciled through these processes.

Senator CHRIS EVANS—A constituent raised that with me the other day. They had not been in receipt of child support payments because the payer had not been paying and then they got one lump sum back payment or whatever through, I think, the Child Support Agency. Would that be counted as income?

Mr Henry—It depends. The likelihood is that we are going to have lots of customers who will receive top-ups through that mechanism, which they would not have under previous arrangements. Remembering that this is an annual payment, it actually depends on—

Senator CHRIS EVANS—I am happy to say that we top-up some of these debts. So you are saying to me is that it will get counted?

Mr Henry—Yes.

Senator CHRIS EVANS—So their entitlements, which are based on their income for that six-month period of whatever, will be affected by a payment for child support or—

Mr Henry—That is right. The amount of payment of child support that you actually receive will be taken into account.

Senator CHRIS EVANS—And that is child support received in that financial year.

Mr Henry—Yes.

Senator CHRIS EVANS—Can someone tell me how those reconciliations are going to occur? I heard Mr Powlay speak at a conference the other day. I will come to him about the child care benefit, but I presume—

Mr Powlay—I am sure it was very clear.

Senator CHRIS EVANS—I walked in late, Mr Powlay. At the time, they were more interested in you reconciling their CCB claims, as I recall. We will get to that later.

Mr Popple—At the end of the financial year, individuals submit their tax return. An assessment will be made on their taxable income for the financial year. That information will be matched with Centrelink's records on how much family tax benefit part A that family has been paid. If there is a secondary income, that will also be taken into account. That information will be sent back to the Australian Taxation Office. In the return which comes back to the individual, if there is a top-up payment, that will be included in their tax return if we have all the information available at the time of reconciliation. If there is an overpayment, that will be deducted in the first instance from their tax refund, if they have one, or the tax refund of their spouse, if their spouse has indicated that they are happy for that to occur and if

they have the spouse's income at the same time. Otherwise, they will be notified of the overpayment they are due to pay.

Senator CHRIS EVANS—What was the last bit?

Mr Popple—They will be notified if they have an overpayment at the end of it.

Senator CHRIS EVANS—So, basically, it will be included as a straight part of their taxation assessment for the year. So if they were well organised and put it in on 1 July, you will have to be dealing with that issue in July so the Taxation Office can meet its responsibilities in terms of taxation returns?

Mr Popple—Yes, 14 days.

Senator CHRIS EVANS—Are you confident that systems are in place to deal with that as part of this year's taxation return?

Mr Popple—We have no reason to doubt that they are not.

Senator CHRIS EVANS—The only difference seems to be that there is a provision for effecting the taxation liability of the spouse. Is that the only difference to a normal taxation return equation?

Mr Popple—That is right; it is the only variation. We expect a large number of people to actually make their claim for the family tax payment as well through the tax system. So they would be claiming for the first time family tax benefit parts A and B.

Senator CHRIS EVANS—Yes, that is right. What is your estimation of the numbers who are going to do that?

Mr Popple—We do not know but we estimate that the number is around 400,000, which is consistent with our previous payments.

Senator CHRIS EVANS—What is that as a percentage of the total client base?

Mr Henry—If you take 2.2 million as the total being paid family tax benefit, 400,000 is about 17 per cent or 18 per cent going through the tax system and about 82 per cent going through the fortnightly payments via Centrelink's Family Assistance Office.

Mr Powlay—The process for child care benefit is slightly different.

Senator CHRIS EVANS—Just so I have got this clear, Mr Popple, will you again take me through how you move to a situation where you can affect the spouse's taxation return. Do they have a 'my partner and I put in returns quite independently of each other' sort of thing? Do you have to sign a declaration?

Mr Popple—Yes. You have to get your spouse's consent for any overpayment to be taken out of your tax return.

Senator CHRIS EVANS—You have to do something joint now for the Medicare surcharge, don't you?

Mr Popple—My understanding is that they sign the tax return.

Senator CHRIS EVANS—As I was saying that, I recalled that the Medicare surcharge works out the two incomes together.

Ms McKay—That is necessary in this case because family tax benefit is based on income of the family, not income of an individual.

Senator CHRIS EVANS—Yes.

Mr Popple—As I said before, the reconciliation in terms of determining overpayment or underpayment depends on both tax returns being available at the same time. You might have a situation where, if there is a delay, there might be a final reconciliation where they get the second tax return of the spouse or the customer.

Senator CHRIS EVANS—Does the customer choose against which partner the tax assessment is made? Is that how it works?

Mr Popple—The family tax benefit part A is done on the basis of the total family income. I am sorry; I am not quite certain if I understand your question.

Senator CHRIS EVANS—To ensure fairness, say there is \$1,000 owing to that family as a result of family tax benefit parts A or B, who do you pay the money to? How do you determine who you pay it to? Whose return do you hold it against? It is a technical question.

Mr Tidswell—There is always a primary customer and, in terms of a family, another partner or multiple partners. We would have a primary record for the primary customer, so the top-up would flow to that primary customer. In the situation that Mr Popple is talking about, where there is an overpayment, the partner may elect for that overpayment to be taken from their income tax return.

Senator CHRIS EVANS—Would that be the primary customer's tax return?

Mr Tidswell—It could be both.

Senator CHRIS EVANS—Let us put it this way: I do not know I owe you money, right? I put in my return and I do not know that I have run up a debt on family tax benefit part B by failing to correctly estimate my income. How do I know who—

Mr Tidswell—It depends on lodging together—that is, both partners in that situation lodging together. Then the top-up payment would go direct to the primary customer, using the actual taxable income of both partners. If there is an overpayment, the overpayment would go to the primary customer unless their spouse or partner had indicated that they were prepared to enable their taxation return to be affected by the overpayment and give consent for taking money out of that income tax return.

Senator CHRIS EVANS—But I am asking how they know that. Is that on the tax form?

Mr Tidswell—Yes, that is correct.

Senator CHRIS EVANS—That is what I am trying to get to.

Mr Tidswell—It is in the tax pack.

Senator CHRIS EVANS—The tax pack will now say that you can make that election at the time of filling in your tax return?

Mr Tidswell—That is correct.

Senator CHRIS EVANS—But, if you have a debt, it can be shared or attributed to one of the partners.

Mr Tidswell—That is correct.

Senator CHRIS EVANS—I suppose the only drawback with that would be if you have a relatively small debt. At the end of the day, you might not be sure which one of you is going to be in front with the tax office and which one is going to be behind. Do you have to make the election on the application?

Mr Tidswell—That is correct. You would not have an exact idea of how it would all work out until the system had run.

Senator CHRIS EVANS—Centrelink is not in any position to tell them that either.

Mr Tidswell—It is both sets of information coming together at that point in time to deliver a result.

Senator CHRIS EVANS—I am trying to think of it from the customer's point of view and how they can manage the potential of maybe having a debt between the partners or an overpayment. They do not have full knowledge when they lodge the tax return, do they?

Mr Tidswell—That is correct.

Senator CHRIS EVANS—In a sense they make a best guess about how they want to handle it. One of them might be owed \$200 and be happy to have it off but less happy if they were not in front with the tax office before that equation. What are the arrangements for making clear what has happened in terms of people's taxation returns? You have obviously made some changes to the tax pack and the forms. In terms of the advice that will flow to taxpayers, will there be an explanation?

Mr Henry—There is a substantial segment in the tax pack that will address those issues, inform customers of the process and what happens as part of it.

Senator CHRIS EVANS—What about when they get their return? Will it specify, for example, 'Income tax, \$500 in front; social security, \$200 behind; net tax return, \$300,' or something like that?

Mr Popple—The outcome of reconciliation will be indicated on the notice of assessment. If they have received a top-up payment, it will indicate that on the notice of assessment.

Senator CHRIS EVANS—Will it say, 'Family tax benefit part B, \$300,' or something like that?

Mr Popple—Something like that, yes.

Senator CHRIS EVANS—It will be clear that the source of the top-up payment or debt is other than their income tax arrangements. Is that fair?

Mr Tidswell—What you will see on your income tax notice of assessment is the whole list of events in your income taxation history—all the build-up. There will be a line transaction in there with a debit or credit amount attributed to the family payments. It will be clear, and there will be advice on the back of the notice of assessment about what to do in certain cases.

Senator CHRIS EVANS—So that will be expressed as a separate item and it will fold into the totality of their tax advice. Mr Powlay, perhaps you could tell me how it is going to work for the child care benefit.

Mr Powlay—The difference with child care benefit is that the reconciliation is not as integrated with the tax system as it is for family tax benefit. The process for child care benefit will be that once the family's taxable income is known—that is, both partners have lodged taxation returns and had them assessed—that information will be passed to Centrelink. Centrelink will then do the comparison between what the child care benefit entitlement should be based on the actual income, compared with what has been paid to that person via fee reductions during the year. If there is an amount owing to the person, a top-up, that will be paid by Centrelink into the person's bank account—the 'person' being the one who was liable

to pay the child care fees and to receive the reductions. Or, if there is an amount owed by the person, they will be notified of that by Centrelink.

Senator CHRIS EVANS—This is not going to be part of their taxation return system at all?

Mr Powlay—That is right. It just relies on the taxable income information being passed from the ATO to Centrelink.

Senator CHRIS EVANS—What is the time frame for how you are going to manage it in the child care benefit?

Mr Powlay—The reconciliation for child care benefit will not occur in any case before 1 October 2001. The reason for that is that, in doing that comparison between what the person should have been paid based on their actual income and what they were paid by way of fee reductions, Centrelink needs to obtain the details of what they were paid by way of fee reductions from the quarterly acquittal claims that the child care services submit to Centrelink. There is obviously some delay from the end of the financial year to when those claims are submitted and assessed by Centrelink, so that period allows time for those child care usage figures and for information about what fee reductions the person received to be gathered by Centrelink.

Senator CHRIS EVANS—So will you notify CCB customers on 1 October or from 1 October?

Mr Powlay—In order for someone to get a notification of their reconciliation under child care benefit, Centrelink needs to have the advice from the tax office about the family income. That depends on when both partners or a single parent put in and have their tax assessment notices done—that has to happen first—and also when they have that information from the child care service. They should have the information from the child care service by October, but it may be later for some families who have not had their tax assessments done by that time. We know that many people do not have their tax assessments done by October.

Senator CHRIS EVANS—If I am a parent in this category, what do I have to do when I get my tax return in terms of reconciling my CCB?

Mr Powlay—When you get your tax return?

Senator CHRIS EVANS—You have implied that, if you do not get your tax return in, you do not get your CCB adjusted. What does the client, the parent of the child, do?

Mr Powlay—If you have been receiving the child care benefit fee reductions throughout the year, you do not have to do anything. It will happen automatically once you have lodged your tax return and that has been assessed by the tax office. I would expect you to get a tax assessment notice from the tax office with your refund or whatever it is. Then, shortly afterwards, you will get either an advice of payment or an advice of overpayment from Centrelink. You do not need to do anything extra. The only parents who would have to do something extra would be those parents who have elected not to receive child care benefit by fee reductions. In that case, they would need to lodge an application for a lump sum of child care benefit with Centrelink.

Senator CHRIS EVANS—And that is separate from their tax return?

Mr Powlay—Yes.

Senator CHRIS EVANS—The parent does not have to do anything, but what triggers your dealing with the CCB reconciliation for that family or that parent? They file their tax return.

The tax office then does what? How do you know they have filed their tax return? How do you reconcile it from your end? What do you do?

Mr Tidswell—We have built into our systems the capability to connect into the taxation system. We have a mutual client database in the sense of tax file numbers. Say a family has lodged their income tax returns and they have been sorted out with the family tax benefit, we will park that income result while we are waiting for the reconciliation of the child care benefit information to come in from providers. In a sense, we will just merge that in and then deliver the advice to the family, either in a top-up or an overpayment.

Senator CHRIS EVANS—Before you can issue people with an assessment of whether or not they have an overpayment or an underpayment in terms of child care benefit, you need two things to happen. You need them—on some occasions it would be two parents—to have lodged a taxation return and had it assessed, and you need to have successfully reconciled the CCB returns for that financial year from the provider. Is that right?

Mr Powlay—Yes, that is right.

Senator CHRIS EVANS—Given the difficulties you are experiencing with CCB reconciliation of returns for providers—a subject which no doubt we will have a chat about later—what is a reasonable estimate of the time frame for this process? You say you cannot do it before 1 October. Is that because you think that is the earliest you will get CCB reconciliations?

Mr Powlay—Yes. We think that is the earliest time at which we are confident we have the vast majority of child care usage details received and assessed by Centrelink.

Senator CHRIS EVANS—But you would not want to assure me that you would have them all by then?

Mr Powlay—No, you are correct in that. I should say that we are doing a great deal to make sure that we will have them all by then.

Senator CHRIS EVANS—I do not want to get into the detail of the CCB; we will do that at the appropriate section. I am not trying to be unfair to you, but I think it is reasonable to assume from the experience you have had—and we have discussed it before and it is on the public record—that there have been some problems. It seemed to me reasonable to assume that that might impact on the ability to deliver on the reconciliation. I am really trying to get out of you a sense of when most people will get their reconciliations done and whether you think there will be long delays with some of them in terms of getting that reconciled or whether you think by the end of October most of them will be done. I would like just a bit of an estimation of how you think at this stage that is likely to proceed.

Mr Powlay—My estimate is that the problems we have had with acquittal of the returns from the child care services will not delay the reconciliation beyond October. Those problems are coming well under control and improving all the time but, as you said, I would not be able to give you a cast-iron guarantee that every one of the 10,000 child care services is able to have lodged their return and had it acquitted by that date.

Senator CHRIS EVANS—But we would expect the vast majority of people to have their reconciliations completed in October and to have been notified?

Mr Powlay—Subject to them having lodged their tax returns, yes.

Senator CHRIS EVANS—Yes. So the average Joe Blow who puts it in in July or August should be in a position to know in October what the reconciliation for the child care benefit for the year is?

Mr Powlay—That is correct.

Senator CHRIS EVANS—Do we assume that those who have nothing to gain or nothing to fear from you will not hear from you?

Mr Powlay—I am not sure I understand that.

Senator CHRIS EVANS—If you do not owe them money and they do not owe you money, do they regard silence as a good sign?

Mr Tidswell—We would be sending a note about a nil adjustment and an advice that that process has been gone through. We would provide that advice to families, regardless of win, lose or draw.

Senator CHRIS EVANS—Everyone will get an advice?

Mr Tidswell—Yes.

Mr Powlay—If they do not hear from us, they should take that as a signal that it has not happened.

Senator CHRIS EVANS—You are talking about the pluses and the minuses, but I assume a lot of people fall into the category of not being affected.

Mr Powlay—That is right. Many will.

Senator CHRIS EVANS—I am just trying to ascertain whether or not you will tell them that. They will be advised. Has the department done any work on what it sees as being the outcome at the end of the year? Do we expect 30 per cent to have a debt and 40 per cent to be in front? Has any broad work been done on family tax benefit A, family tax benefit B and the child care benefit as to what the parameters of these are? I know that Mr Henry told me before it is the first year, et cetera, but obviously you know, for instance, who is claiming through the tax system and who is claiming fortnightly. What do we know about how this is going to pan out at the end of the year?

Mr Henry—I do not think anyone exactly knows. It really does relate to a whole set of assumptions about what customer behaviour might have been. I do not think I could put a figure before you.

Senator CHRIS EVANS—But you must have done some work, for instance, on how much you are paying out and what you estimate you are paying out in terms of family tax benefit B and CCB. You have your monthly figures of expenditure and you have had your projected figures of expenditure. Does that tell you anything?

Mr Henry—As I think I said in the last estimates hearing, we are paying out very much exactly what the government told the people in the budget last year that it would be spending. We budgeted on \$9.9 billion of family tax benefit expenditure and that is pretty much exactly what we are paying out.

Senator CHRIS EVANS—You have no idea at all what is going to happen at the end of the year?

Mr Powlay—Senator, as I said earlier, there are some groups to whom clearly nothing is going to happen. We know that. We know, for example, that people receiving the minimum rates are not going to be affected by any overpayment. People receiving the maximum rate, by

and large, are unlikely to receive any overpayment. We know that a substantial number of families have revised their income during the year. We expect that they are less likely to incur any problem at the end of the year.

There are also other groups such as in child care benefit. There are people that we pay special child care benefit to where we cover the whole child care fee because the child is at risk or the family is experiencing some one-off hardship. Those records will not be reconciled. So whilst no-one has any basis to estimate what would happen at the end of the year, because we are basically estimating how good other people's estimates are going to be, we do know that there are a large proportion that are going to have no effect.

Senator CHRIS EVANS—That helps answer the question, Mr Powlay. That was useful. How many of them are there? We can quantify those, can't we?

Mr Powlay—In child care benefit it could be around 60 per cent where it would not have any effect.

Senator CHRIS EVANS—What about in family tax benefit parts A and B, Mr Tidswell?

Mr Tidswell—We have not done any work in that area. You could talk to Mr Henry, I would suggest.

Senator CHRIS EVANS—You are not able to describe for me the groups who you know will not be affected? For instance, didn't we say those who had been on benefits for the whole year were not affected?

Mr Henry—Yes, Senator. There are 500,000 customers on income support who would not be affected by changes in income. There are 700,000 people at the base rate who will not be affected. There is the sole parent group under family tax benefit B who will not be affected by changes in income, and there are of course all the tax claimants who will get, by definition, exactly the entitlement. And part of the issue here is that this is a system designed to make sure that people get the same entitlement whether they claim as fortnightly payments or through the tax system, and there are 400,000 of those.

Senator CHRIS EVANS—And the sole parent group? How many of those were there?

Mr Henry—It is about 600,000 of the FTBB customers.

Senator CHRIS EVANS—Are those all mutually exclusive figures?

Mr Henry—Not completely, but pretty substantially in the groups that I have defined to you there, Senator.

Senator CHRIS EVANS—So it would be reasonable to assume that there is not much crossover between those four groups?

Mr Henry—Not on my FTB clients. There would be some crossover with some of John's CCB customers.

Senator CHRIS EVANS—That is about 2.2 million who should not be affected at all. Is that right?

Ms McKay—That is how many there are in total.

Mr Popple—There would be a crossover between the sole parents on FTBB and some of the ones on FTBA.

Senator CHRIS EVANS—What do I conclude from that, Mr Popple?

Mr Popple—The figures Mr Henry gave you for the maximum rate on income support of 500,000 and the base rate of 700,000—that is about 1.2 million—of those, they are unlikely to have an overpayment or a top-up because the income shifts would be so great as to make it unlikely. I am uncertain of the interaction between those and the sole parents on FTBB.

Senator CHRIS EVANS—You think it is not fair to be able to throw those two groups in and also say that they would be excluded?

Mr Popple—With the sole parents and FTBB, no.

Senator CHRIS EVANS—Why not?

Mr Popple—We do not know from these figures where they fit on the FTBA ones.

Senator CHRIS EVANS—Is there another way of explaining that, Mr Popple? You work with the stuff every day and no doubt it is clear to you. I am not quite grasping that.

Mr Popple—Sorry. I think I was trying to explain to you the interaction between the figures that Mr Henry gave you. Perhaps it is easier if I just leave it by saying that on FTBA there are two groups of people who are very unlikely to get a debt or get a top-up payment. They are the maximum rate income support customers and those receiving a base rate payment, and they come to about 1.2 million.

Senator CHRIS EVANS—And that is on A. What about on B?

Mr Popple—On B, Mr Henry has told you that, of the sole parents, about 600,000 were unlikely to get an overpayment. What I was saying was that I do not know what the relationship of the 600,000 on B is with A. They likely receive an FTBA payment as well, but I do not know what group they are.

Senator CHRIS EVANS—It would be unwise to throw the two together and say they would all be excluded?

Mr Popple—Yes, that is right. As Ms McKay pointed out, if you do, you get up to about two million, which is roughly the total population.

Senator CHRIS EVANS—I got to 2.2 million; I thought we had eliminated the problem. I thought I had done well, fixed the problem for you.

Mr Popple—Thank you.

Mr Henry—There will be some crossover. Those figures are telling you that we do not know exactly and that a minority of FTBA and B customers face the prospect of an adjustment on these sorts of bases. We also do not know exactly how many of them will get a top-up. Some recovery will have to be made within it. Nonetheless, if you aggregate those figures, even allowing for a degree of crossover, I, like you, would be delighted to think that it was going to be 2.2 million. Allowing for the crossover, it is a smallish proportion—we just do not know exactly how large that is—who are likely to end up with the prospect of an overpayment. John mentioned 60 per cent for child care. For us, I really could not put a figure on it, but the people who will not be adjusted is a higher proportion in family tax benefit than 60 per cent.

Senator CHRIS EVANS—I think Mr Powlay actually said 60 per cent were excluded, so there was a potential of 40 per cent.

Mr Henry—That is right.

Senator CHRIS EVANS—Yes.

Mr Henry—I am saying that for us it is higher than 60 per cent but it is hard to say what it is.

Senator CHRIS EVANS—The proportion that would be excluded from the potential is higher than 60.

Ms Henry—Yes. In my opinion, it would be reasonably higher, but I have trouble putting an exact proportion on it given the amount of this which are judgments about how people have estimated their income.

Senator CHRIS EVANS—What was your experience under the old family payment system in terms of people's estimation and their accuracy?

Ms McKay—Under the old family payment system there was no opportunity for top-ups. Consequently, people may well have underestimated their income to ensure that they received what they were entitled to. The number of overpayments in the last year of the old regime was 44,000, I think. Is that right, Grant?

Mr Tidswell—The figures I have are 70,000 but we will confirm.

Ms McKay—We will need to confirm that, Senator.

Senator CHRIS EVANS—What are you saying to me about that then? What were you saying in terms of what that represented as a proportion of people who ended up with—

Mr Tidswell—What I understand the figure represents is that in the last financial year there were 70,000 families affected by income estimate debts who were receiving family payments.

Senator CHRIS EVANS—Because of the nature of the system they were all debts, weren't they?

Ms McKay—That is right. There is some difference between us about the exact figure, and we will take it on notice.

Senator CHRIS EVANS—I would have gone for 51,832. So there you go—we are not even close. Mr Powlay, in terms of child care, we have no guidance at all, do we, from past experience?

Mr Powlay—No, there was no income estimate process under the old child care assistance, or CR regime.

Senator CHRIS EVANS—Do you have figures for the number of changes in income estimation or changes in income declarations for CCB?

Mr Tidswell—Yes, I have those figures. I do not have them here with me at this point in time, but I can get them before the end of the day.

Senator CHRIS EVANS—I appreciate that. Thank you. What is your sense of that, Mr Tidswell or Mr Powlay? Are they at the same sort of rate as in the family tax payment area or greater or lesser?

Mr Tidswell—I thought a little lesser in percentage terms than family tax benefit.

Senator CHRIS EVANS—Intuitively, I would have thought because of the way it is paid people would be less likely to—

Mr Powlay—Yes, people are not necessarily using child care for the whole year either.

Senator CHRIS EVANS—Yes, and not necessarily thinking about child care as part of their income estimations to assist them. It is a relationship with the provider in some ways rather than with you, as it were.

Mr Powlay—Yes, although I would mention, Senator, that we have provided a lot of information to child care providers to pass on to parents about this issue. We have provided them with posters, et cetera, reminding parents to keep their estimates up to date.

Senator CHRIS EVANS—Yes, thanks for that.

Senator WEST—What grants are there in outcome 1 that you handle?

Ms McKay—In outcome 1 or outcome 1.1, Senator? We are dealing here with family assistance and family support.

Senator WEST—Are there any grants in 1.1?

Ms McKay—Yes, there are.

Senator WEST—I am happy to do it as the whole of outcome 1, if you want to.

Ms McKay—I think we will take them one at a time. There are a number of grants programs in outcome 1, and we will deal first with the family support grants programs.

Mr Nott—There are basically four sets or categories of grants that we administer in the family relationships branch. The first is the Family Relationship Services Program. I am not sure how much detail to go into.

Senator WEST—Who gets grants for that?

Mr Nott—About 100 community organisations to run counselling, mediation, adolescent mediation, family therapy, family skills training, relationship education.

Senator WEST—What is the process for applications for those grants?

Mr Nott—Any new money that has been allocated in that area in recent years for the most part has been allocated by tender.

Senator WEST—You say ‘for the most part’. What about those not allocated by tender?

Mr Nott—There are some very small amounts that we have administered in other ways for other reasons. For example, there was an organisation in Melbourne whose premises burnt down not too long ago, and we provided them some money to help rebuild the premises. It is of that nature—exceptional circumstances.

Senator WEST—What is the appropriation? How much?

Mr Nott—It is about \$47 million, of which about \$25 million is administered on behalf of the Attorney-General’s Department in that area. The Attorney-General’s Department funds the mediation services and some of the counselling services—around half of the counselling services—and we administer the program on their behalf.

Senator WEST—Was that \$47 million all expended by 1 January this year?

Mr Nott—No, they are paid in quarterly payments through the year.

Senator WEST—Are the quarterly payments paid in advance?

Mr Nott—Quarterly in advance.

Senator WEST—So there would be no money left in the bickie tin at all.

Mr Nott—No.

Senator WEST—How much has been set aside for the next financial year?

Ms McKay—It is \$62.869 million. It is on page 51 of the PBS. Table 2.1.1 breaks them down by program.

Mr Nott—That table contains the FACS grants to those organisations.

Senator WEST—That is what that table is, is it? Where do I find the \$62.869 million?

Ms McKay—In the second column—subtotal, under Appropriation Bill (No. 1).

Senator WEST—I have found it, yes.

Mr Nott—So within that total the grants to family relationship support organisations—the ones that I have been talking about—will be \$27.615 million next year.

Senator WEST—The Stronger Families and Community Strategy is obviously getting a big increase from \$600,000 to \$18 million.

Ms McKay—They were announced in the last budget, Senator.

Senator WEST—Last week?

Ms McKay—No, the budget before that one.

Senator WEST—What is that grant program going to involve?

Ms McKay—That involves several initiatives under the Stronger Families and Community Strategy—the Stronger Families Fund, the Early Intervention Parenting and Relationship Support Initiative.

Senator WEST—What format is that going to take?

Ms McKay—That takes the form of a number of projects that have been developed through community development type processes. We will probably come to a number of these questions under outcome 2 of how the Stronger Families and Community Strategy is being implemented. It is being implemented through a process of expressions of interest and development of proposals based on expressions of interest.

Senator WEST—This has become confused. It is appearing under output 1, but it is going to be administered under outcome 2. Is that right?

Ms McKay—Not entirely, no. That may have been a bit misleading, Senator. There are funds that have been appropriated under outcome 1 and funds that have been appropriated under outcome 2. We are administering them jointly between my group, the Family Capabilities group, and the Community and Locational group within FACS. By and large, these are being administered in program management terms by one branch, which is located in the Community and Locational cluster. They are also being developed by our state and territory officers, who are located in the Community and Locational cluster. The way we administer things within FACS is for efficiency, and I suppose achievement of the outcome purposes; the way we account for them in the PBS is actually in the way that they have been appropriated.

Senator WEST—What criteria will be used for the calling of these expressions of interest? How will they be assessed? What is the time frame?

Ms Flanagan—Senator, the Community and Locational cluster has responsibility for administration of the Stronger Families and Communities strategy—the joint initiatives administered by that. Are these questions directed at Stronger Families and Communities?

Senator WEST—That is the one that is getting \$18 million.

Ms Flanagan—Okay. What has occurred, Senator, is that a process has been set up where there are state and territory advisory groups that have been appointed in each state and territory. They have wide-ranging membership drawn from community groups, academia, some business representatives, and they also have each of our state and territory managers as members of those groups. They actually assess applications that have been made. There are a number of ways that applications can come to these groups: some are, in effect, self-identified—so people apply, put a funding application in—or the state and territory have been asked to identify areas of need to target, and we then work with those particular communities to come up with applications for this money. The applications are then considered by the state and territory advisory groups and they recommend which ones should proceed to the minister.

Senator WEST—Did you say there were three ways? There is self-identification and identification by the working groups or advisory groups of areas of need. Was there another way?

Ms Flanagan—That is pretty much the two main methods by which they would be identified.

Senator WEST—What will be the criteria for identifying the areas of need?

Ms Flanagan—Each of the state and territory advisory groups have been asked to come up with a targeting plan in terms of identifying areas of need. There are government priorities that have been identified, and I can give you the documentation around the funding applications as to what the government is looking to fund under this particular strategy.

Senator WEST—Yes, can you give me the government priorities, please? That would be most helpful. Do we have a list of who is on these advisory groups?

Ms Flanagan—We do, Senator, and I can get those to you.

Senator WEST—Thank you. That would be most helpful.

Senator DENMAN—You just spoke about targeting plans. They may vary from state to state if each state is coming up with its own targeting plans. Is that true?

Ms Flanagan—Yes, Senator, that is right. We wanted a local level input as to which communities—

Senator DENMAN—So there may be common factors, but there may be different factors.

Ms Flanagan—Indeed. That is right.

Senator WEST—Has some breakdown—or break-up—been given of where the \$18 million is going to go or how it is going to be distributed?

Ms Flanagan—Yes. Each of the states has been given a notional allocation based on—I am looking to Mr Smith to back me up here—what is called I think the SEIFA index, which is a widely used index in terms of need. There is also some indigenous money that has been targeted, and there is another index that we are using to target indigenous money within the strategy. Five per cent of the money has been put aside for what we call national priorities, which might be innovative projects that might have national significance that could be applied across the country.

Senator WEST—Mr Smith, do you have something to add?

Mr Smith—No.

Senator WEST—What is the SEIFA index?

Mr Smith—It is an ABS mechanism for identifying areas of advantage and disadvantage.

Senator WEST—Is that notional allocation available to us?

Ms Flanagan—Yes, Senator, we can give you that.

Senator WEST—How are the national priorities going to be determined?

Ms Flanagan—There is another part of the strategy. Stronger Families and Communities Partnership has been set up to advise the minister, and they, in effect, have oversight across the whole strategy. So, while they do not consider individual applications, they do think about how the targeting plans look against the wider priorities. They are also there to advise the minister on innovative projects, et cetera. They would probably be used to look at how the national priorities might be set.

Senator WEST—You said a partnership.

Ms Flanagan—It is called a partnership, yes.

Senator WEST—Who is on that?

Ms Flanagan—I can give you the list of who is on that, but it is chaired by Elaine Henry, who is CEO of the Smith Family. Its membership includes Dr Graham Vimpani and others. We can give you that list.

Senator WEST—If you have that now, it would be helpful. What guidelines, what criteria, have been developed for the distribution of all this money?

Ms Flanagan—Again, Senator, we can give you the guidelines. They are publicly available.

Senator WEST—Yes, please, I would like that. Will this program involve any advertising?

Ms Flanagan—Yes, Senator, it does involve advertising.

Senator WEST—What sort of advertising program are we looking at?

Mr Nott—There is a specific amount allocated to our communications strategy under the Stronger Families—

Senator WEST—Yes, I should say communication strategy these days. That is the ‘in’ phrase, isn’t it? Thank you.

Mr Nott—It was \$8 million over four years. That money will be used to run a range of promotional activities and is also intended to promote some things that are not just promotion; it is intended to promote some of the elements of strong families and good parenting and involvement in communities. At the moment, we are in the process of finalising some market testing of messages around that, after which we plan to go to the Ministerial Council for Government Communications to seek approval to appoint an adviser and develop the strategy further.

Senator WEST—With this \$8 million over four years, what is the four-year period?

Mr Nott—Four years from the last budget.

Senator WEST—This is the budget—

Mr Nott—Not the budget just gone, but the one before.

Senator WEST—So we are already one year into this strategy?

Mr Nott—That is right.

Senator WEST—Do you have a timetable for money expenditure?

Mr Nott—No. That is one of the issues that we will need to engage the ministerial council in, I think.

Senator WEST—But you must be looking at something. What is your druthers?

Mr Nott—The initial expenditure was intended to be largely over the first two years and then tapering off. We have been slow getting this off the ground because it took a while to develop the elements of the Stronger Families and Communities Strategy projects, and it was difficult to do the communications around it without having that clear. For the past four months or so we have been testing messages, which is a precondition to going to the next phase.

Senator WEST—When do you think we will see the ads appearing?

Mr Nott—I would have thought we would see some ads appearing over the next year and continuing into the following year.

Senator WEST—So the timetable for the application and assessment process has not been designed, has not been resolved yet?

Mr Nott—No, that is right.

Senator WEST—Has the timetable and assessment process been designed for the other parts of the program?

Ms Flanagan—Senator, there is one other element that has some communications money around it, and that is the International Year of the Volunteer. As you would appreciate, we are halfway through the International Year of the Volunteer, so all of the communications money for that initiative will be expended this year.

Senator WEST—What is budget for the communication strategy for the International Year of the Volunteer?

Ms Flanagan—We can get you that figure fairly quickly. I think we have it here, Senator.

Senator WEST—Does the \$8 million for the communications strategy come out of the \$18 million, or is that separate from that?

Mr Nott—The \$8 million is departmental funding and does not appear in the administer tables.

Senator WEST—Is there any other departmental funding in relation to these projects that are supplementary to the \$18 million?

Mr Nott—There would have been funding for staffing with some of these initiatives.

Senator WEST—Thank you. It basically covers all of the grants in this area on page 51.

Ms McKay—No, Senator. Under output group 1.2, youth and student support, there are grants programs associated with Reconnect and Youth Activity Services. There are grants under child-care support as well. There are some also some grants under the National Secretariat Program.

Senator WEST—That is where you provide money to support peak bodies, secretariats—

Senator CHRIS EVANS—Which program is that under?

Ms Bourne—It is under the National Secretariat Program.

Senator CHRIS EVANS—Sorry, which output?

Ms Bourne—We have funding under each output.

Senator CHRIS EVANS—I want to know where to ask questions about it.

Ms Bourne—Under outcome 1 we fund the Australian Early Childhood Association, and next year the Australian Early Childhood Association and the new Australian Federation of Family Services.

Senator WEST—Australian Federation of Family Services?

Ms Bourne—It is the new families peak body.

Senator CHRIS EVANS—Is that the disability one?

Ms Bourne—No, it is not replacing one. It is a brand new one that was announced by former minister Newman in January this year.

Senator WEST—If it is a peak body, who does it represent? What organisations does it represent?

Ms Bourne—It is in the process of being established at the moment. Minister Newman asked the Child and Family Welfare Association of Australia, the National Foster Care Forum and the Association of Services Supporting Australian Families to work together to establish the new federation. Currently they have a grant to establish the new organisation. We expect it to be incorporated by 1 July this year. Then they can receive their funding. The view is that they will represent the needs of all Australian families. It is very much chicken and egg at the moment. It does not have any members yet because it does not exist, but we anticipate that it will spend a substantial period of time in the first year gathering members and establishing all the arrangements that they need.

Senator CHRIS EVANS—That is true of your new disability peak as well, isn't it?

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—What have you called that?

Ms Bourne—The Australian Federation of Disability Consumers.

Senator CHRIS EVANS—Who have you told to join that?

Ms Bourne—Under the new structure next year in the secretary support program, the existing bodies will be members of the new federation. Minister Newman wrote to them in January and charged them with setting up the new federation.

Senator CHRIS EVANS—All funded disability groups?

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—I understood you to say that ACROD had left them out on their own. Is that correct?

Ms Bourne—Sorry, not ACROD, because ACROD is already a peak body of the sector.

Senator CHRIS EVANS—It was included in the original proposition, as I recall, wasn't it?

Ms Bourne—I was not in the area at the time, Senator. I understand ACROD has always been separate as a representative of the services, whereas the new organisation is Federation of Disability Consumers.

Senator CHRIS EVANS—I am not sure that was true.

Ms Bourne—As I said—

Senator CHRIS EVANS—No, I am not arguing with you but I seem to recall that at one stage they were going to get lumped in as well. So ACROD is being funded separately?

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—Who are they chartered to represent?

Ms Bourne—They represent disability service providers.

Senator CHRIS EVANS—As far as you are concerned, that is the relevant peak for service providers.

Ms Bourne—Sorry, Senator?

Senator CHRIS EVANS—All disability service providers ought to regard ACROD as their disability peak.

Ms Bourne—From discussions only yesterday with ACROD, I understand their view is that about 80 per cent of service providers belong to ACROD. There is one other small group that some service providers belong to.

Senator CHRIS EVANS—What about employment service providers? Are they under the ACROD heading as well?

Ms Bourne—I understand so.

Senator CHRIS EVANS—I am not asking you who they are members of; I am asking who you say the bodies are that you fund. As I understand it, this is a direction from the minister about which groups will be funded and who they will represent. This is not a choice thing. It is not a free unionism matter. It is compulsory unionism, isn't it, in the sense that the minister has said, 'You will belong to and be represented by that peak'? I am not trying to make a political point but, as I understand the system, the government has told people that, 'That is the body we are going to fund. If you want to be represented under the peak representation, you have to belong to that body.' I am happy for you to use your own words if that is not right.

Ms Bourne—The government had a view that the peak bodies would represent views of particular sectors. There are six sectors that are represented: welfare, disability, family, community, children and homelessness. Then there are bodies funded at the top of each of those organisations to be the primary source of advice to government on policy issues around those matters. People can choose to join those organisations.

Senator CHRIS EVANS—But government is saying it will only fund that peak and will deal with that peak; is that right?

Ms Bourne—Never exclusively, Senator.

Senator CHRIS EVANS—You are going to fund them exclusively though, aren't you?

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—So the funding is exclusive; the relationship is broader, is it?

Ms Bourne—Yes, Senator. We expect that there will be many people who are members of these peak bodies who are not funded by us at all. For example, in the families area there are no bodies that are funded at all at the moment.

Senator CHRIS EVANS—But in terms of peak representation, the government is actually saying, 'This is the structure.' You are creating a structure of peak body representation, aren't you?

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—You have created two new organisations.

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—These are not flowers blooming from the ground up. Government has determined that there shall be a body called the Federation of Disability Consumers.

Ms Bourne—Yes, Senator.

Senator CHRIS EVANS—You have created that, you are going to fund it and people can decide whether they would like to join it or not. At the moment it has no members.

Ms Wilson—Maybe I can just talk about the disability consumer organisations. I am sure you are aware that we already have this thing called the National Caucus of Disability Consumer Organisations. The Australian federation is largely taking on that role and more. It is assuming a membership as its starting point in terms of its operation. What it is trying to do, largely also on the basis of feedback from those disability consumer organisations, is allow for a whole range of other consumer groups and/or individuals to join up and expand the consumer base that it represents.

Currently, caucus is also only funded to undertake secretariat work, and there has been a feeling across all of the disability consumer organisations—which is what I know more about—that there is much more that needs to be done in terms of collective work on key issues happening in the disability sector. The funding being provided to the federation is also a significant increase on what was previously provided to caucus so they can do some of that joint work on key issues.

Senator CHRIS EVANS—I am trying to get it clear in my own mind. Thanks for that. I knew some of it but I did not know it all. That was helpful. These two or three new bodies being formed by a decision of the government. How does that happen? Are you creating a company or a legal entity?

Ms Bourne—Yes. They will be legal entities, incorporated bodies, with a constitution and board, CEO, et cetera.

Senator CHRIS EVANS—Who is doing all that work to form them?

Ms Bourne—In the case of the families, it is the Child and Family Welfare Association of Australia, the National Foster Care Forum and the Association of Services Supporting Australian Families. In the disability consumers group, caucus itself has set up a working party with the addition of the Australian Association of Deafness, AAD. They are working together to establish the new federation.

Senator CHRIS EVANS—Are you doing the legwork? Have you registered the name?

Ms Bourne—No, Senator, it is up to the working group to do that. We have provided them with a grant to do this work, over and above the work that they already are doing within their organisations.

Senator CHRIS EVANS—Is there anybody you have ceased to fund as a result of this new structure?

Ms Bourne—No, Senator. In fact, the funding increased by something like \$560,000-odd to the whole sector. There was generally an increase in disability, family and community,

although I understand that the National Council of Intellectual Disability had a slight reduction in their individual payment by about \$6,000.

Senator CHRIS EVANS—They are not one of your six peaks though, are they?

Ms Bourne—No, this is one of the support bodies.

Senator CHRIS EVANS—Who are you funding apart from the six peaks now under this program?

Ms Bourne—The peak bodies and the Australian Association of Deaf, Blind Citizens Australia, National Council of Intellectual Disability, Deafness Forum of Australia, Head Injury Council of Australia, the National Ethnic Disability Alliance, Physical Disability Council of Australia and Women with Disabilities Australia. They all receive \$120,000, apart from a couple that receive an extra \$40,000 for the particular communication needs of their customers.

Senator CHRIS EVANS—There will be one peak disability group—apart from the other eight we are funding.

Ms Bourne—There will be one peak body. These are sector bodies, Senator.

Senator CHRIS EVANS—I am the first to admit that they have separate issues and needs. I was going to mention to the secretary, Dr Rosalky, that we had a discussion with health and aged care about some of the difficulties in now finding so many programs and budget measures coming up under different outputs. We seem to have become even more confused this year than last year in terms of being able to identify what came up and when, and what was the most appropriate way to deal with it.

The chair, Mr Podger and I had a discussion about whether or not we actually arrive at a system before the next round of estimates that reflected some sort of agreed program for dealing with measures that would inform all senators and your staff. Again, there are a lot of members of staff required to sit here for long periods and they are not sure when their issue is coming up. Equally, the senators want to pop in to talk about disability service funding organisations but have no idea whether that is output 1, 2, 3 or 4 and when it is likely to be raised. We might be able to do some work on something that at least is indicatively produced so that people know with a bit more clarity when to raise particular programs under the various output headings.

Dr Rosalky—I was actually thinking along the lines you are speaking about while both senators have been raising questions. While the documentation is under an outcomes basis, under the accruals—and that is what these expenditures lead to in the different outcomes we are pursuing, be it families or communities—there are often identifiable processes and decisions of government such as the Stronger Families and Communities Strategy that, by their very nature, straddle some of those outcomes. There was a single process for managing the program that Ms Flanagan has been describing to you. The grants to the peaks bodies crosses all three areas because of their nature. There probably are some identifiable components such as Australians Working Together that cross outcome 2 where we could give integrated information.

Senator CHRIS EVANS—I thought it might be helpful if we could between us, before we start, work that out a bit better. It might save you a lot of staff resources and save us going around in circles. That is something we might take up after the hearings in an exchange of letters or something.

Ms McKay—Senator West, for the sake of completeness I would like to draw your attention to the fact that we do fund a number of other bodies in the families area for secretariat services. Given that we were covering all of that, I wanted to make it clear that we fund the Lone Fathers Association, the Council of Single Mothers and their Children and the Secretariat of National Aboriginal and Islander Child Care, and there are three sectoral bodies in the family and relationships area that also receive program support for secretariats.

Senator WEST—Maybe there is a list of secretariats that you support somewhere that you can bring. Does it appear in the annual report?

Ms McKay—Yes, I think it does, but it is probably easier for us just to provide the committee with a list of them on notice.

Senator WEST—Yes, and any variations of those. Some of them will just have been getting secretariat grants for decades and they are likely to continue to get secretariat grants for decades. That is fine, but I am looking to see where there are variations taking place. Are there any other grants in this area I need to know about? Have we mentioned them all?

Ms McKay—I have drawn your attention to all the grants under outcome 1.

Senator WEST—Do any of those have communication strategies that we have not mentioned attached to them?

Ms McKay—I do not think so.

Senator WEST—On that \$18 million one, we do not know the time line yet for reception of those expressions of interest and the announcements of the grants.

Ms Flanagan—Senator, do you mean in terms of the timing of the grants themselves or the communication strategy that goes with them?

Senator WEST—Both.

Ms Flanagan—In terms of the grants themselves, it is an ongoing strategy. Now that we have set up the mechanisms, the state and territory advisory groups are meeting regularly, looking at applications and putting recommendations through. To date 38 projects have already been approved. I understand that there are another 108 that have been put through the groups themselves and are awaiting approval. They are working up another 1,000 or so. The tap has been turned on, in effect, and the projects will roll out on an ongoing basis now.

Senator WEST—What approval is necessary for these grants?

Ms Flanagan—The minister decides where the grants will go.

Senator WEST—How are the announcements handled?

Mr Smith—Usually through a ministerial media release but also through letters of notification to the organisations.

Senator WEST—I have asked you for the criteria against which the minister will be measuring that, haven't I? You are going to get that for me. Presumably, with 38 having gone out, there is already a template there.

Mr Smith—As indicated before, there is a full, publicly available community kit which sets out the criteria. There is also a guide which is used to measure against in regard to these, and each of them is also measured against the area of the strategy that they are promoting.

Senator WEST—Are we getting some build-up of applications ready for an announcement just prior to the election?

Ms Flanagan—As I have said, it is an ongoing process. Grants have been made since January this year and the process will just roll on. The groups meet regularly to look at applications, and you would appreciate that there has been quite a build-up of applications while the process has been set up. As I understand it, around 2,000 applications have been put in for funding, so they are slowly working through those.

Senator WEST—What amounts of money are we talking about? You are telling me that 2,000 applications have been received, and that we are talking about \$18 million. What amounts are we talking about?

Mr Smith—There can be a very wide range of amounts. Sometimes it is as small as \$5,000 or \$6,000 up to something in the vicinity of \$1.3 million over three to four years. It depends on whether it is a local project or whether it is an international project.

Senator WEST—When do you think the bulk of those grants will be made?

Mr Smith—In terms of the grants, the amount of money—the administered resources—for this particular financial year was quite small. In terms of what we call linked initiatives around the family fund and Local Solutions to Local Problems, the range of those was around \$4.5 million. Over the next three years there is something of the magnitude of \$30 million, but it builds up to a larger amount of money in the fourth year because it is a developmental program. A lot of the projects do have to go through a developmental process, and that is the reason why the amount of money in the first year is reasonably small. The second year builds up, but the money actually builds up to the third and fourth years, which is where most resources are.

Senator WEST—That will be financial year 2002-03 and 2003-04?

Mr Smith—Correct. As was indicated, there is no fixed time of the year when we call for applications for projects. There is a continuous process because it is a grassroots developmental process where we engage with the communities to develop the ideas into full proposals, put them forward for assessment and then for recommendation and then for funding. Therefore, it is a continuous process.

Senator WEST—Do you have a monthly calendar that identifies the number of applications received each month?

Mr Smith—Yes. We have a central database which receives every idea—every proposal—and that is registered. That provides print-outs of ideas that are coming through and which states and territories they come from.

Ms Flanagan—You would appreciate, though, that there is, in effect, a stock that is already there that we are working through as well. There is stock that is coming through the process, but there is also a significant stock that the groups are working through at the moment.

Senator WEST—I think I might leave it there at this stage, thank you.

Ms Flanagan—To follow up on the question that you asked earlier on about the communications money for the International Year of the Volunteer, the amount of money in the year 2000-01 is \$1,637,000 and in year 2001-02 the amount is \$1,215,000.

Senator WEST—And how much of that \$1,600,000 has gone?

Ms Flanagan—I would suspect that most of it has gone, Senator.

Senator WEST—But you are not sure?

Ms Flanagan—No.

Senator WEST—Would you like to confirm that for me?

Ms Flanagan—Yes.

Senator WEST—Given that the International Year of the Volunteer only goes until 31 December this year, you still have another \$1.215 million to be spent in six months, or less than six months. When is that going to be spent?

Ms Flanagan—In the International Year of the Volunteer, which is this calendar year.

Senator WEST—You are not going to spend it all in December? It would be rather pointless, wouldn't it?

Ms Flanagan—No, it has been spent progressively throughout the year. I do not know whether you are aware, but themes have been identified for each month of the year. For example, I think in April it was youth. I might have my months wrong, but in September it is around emergency services. There is publicity and communications around those particular themes as we work through the year.

Senator WEST—Can I have a copy of that calendar along with the money that is associated with it, please?

Ms Flanagan—Yes.

Mr Smith—There is an International Year of the Volunteer web site that contains all of those themes. It also contains the processes for applying for any funds. It also indicates work that people are doing. It is quite an interesting web site to have a look at.

Senator WEST—That is good. I will check the web site, but I want the money that goes with it as well. It is an important aspect of it. Have I missed out on any other grants, asking about the amounts of money, et cetera, or have I got the lot in this area?

Ms Rushton—There is a National Illicit Drug Strategy. The department has \$11.3 million over four years to assist communities and community organisations to support families dealing with illicit drugs. We are administering that money through a series of memorandums of understanding being negotiated with state governments, and then they are providing grants to community organisations to do various projects. That is in place in a number of states and currently being negotiated with New South Wales and Queensland.

Senator WEST—And that is going through the states?

Ms Rushton—There are memorandums with state governments and then we work collaboratively with them to deliver that.

Senator WEST—When is that money going to roll out?

Ms Rushton—It is rolling out now.

Senator WEST—It is over four years. Is that a bit less than \$3 million a year?

Ms Rushton—Yes. There are about three years to go on that, and it has taken a while to negotiate with the states. Some of them are already in place and so they are starting the programs. Some of them are coming online.

Senator DENMAN—On that issue, could I have a breakdown of how much of that money is going to each state, please?

Ms Rushton—I will take that on notice, Senator.

Senator DENMAN—Thank you. Will the programs in each state vary or will they be the same?

Ms Rushton—They do vary.

Senator DENMAN—Can I have that too, please?

Ms Rushton—Yes.

Senator DENMAN—Thank you. I am particularly interested in the Tasmanian stuff, of course. Is it a state committee that is advising you on the Tasmanian use of that illicit drug money?

Ms Rushton—I understand it is a collaborative committee. I will give you that information, too, Senator.

Senator DENMAN—Thank you.

Senator GIBBS—Will there be a government committee in each state?

Ms Rushton—That \$11.3 million is part of a much larger National Illicit Drug Strategy project. This small amount, compared with the big amount that we are administering, is managed through these processes with the states and then there are various ways that they are spending it according to the memorandum. I can give you that information.

Senator GIBBS—Thanks very much.

Senator CHRIS EVANS—I have one quick general question. You have four-year outlays for the budget measures, but we do not have the four-year outlays for each of the programs. Is that right? I know that Health and Aged Care gave us a handout with the program by program four-year outlays. I am just trying to look at the document. I know we have them for the budget measures. Do we have them for the other programs, or do we only have the two years for them? They were not available on budget night apparently as a result of some Finance directive or something.

Dr Rosalky—There is a Finance recommended approach to how the estimates are presented, but I will ask Mr Dolan from the Budget Development Branch to elaborate on that for you, Senator.

Mr Dolan—The guidelines of the portfolio budget statements, as you indicate, provide that budget measures are provided four years out. As for other measures, we provide them for the final estimates for the year just passing, 2000-01, and the budget estimates for 2001-02, and that is the basis on which we provided figures in the PBS.

Senator CHRIS EVANS—That is right, and I guess what I am asking is whether we can have them for the out years for the other programs. What Health and Aged Care did is actually send up the four-year forward estimates in a separate sheet.

Dr Rosalky—We can produce those sorts of estimates. I guess it is always a question of how far it is broken down. We can present something to you, broken down by major areas of expenditure, if that would be satisfactory.

Senator CHRIS EVANS—Yes. Obviously we are interested in the programs but, as I say, it just helps. What you give us for the budget measures, but for the other programs, is a very useful tool in working out where we are going with each of the programs and, as I say, I think after we had the debate last year, Health and Aged Care just presented it as a back and front thing on the program, but it just allows us to know where the money is going in the out years. I do not think Finance proscribe you from doing it but they tell you what you should present, I gather, and people stick to the letter of that.

Dr Rosalky—We can provide a breakdown over four years.

Senator CHRIS EVANS—Thanks for that.

CHAIR—I think what we might do now is have a 10-minute or so break just so we can sort out where we are going because there may be some of the officers here whose services we may not require, so it could bear with us and we will get the show on the road again about 25 past.

Dr Rosalky—Presumably it is principally on outcome 3—

CHAIR—We will still be on 1.

Senator CHRIS EVANS—That is if we are dealing with budget measures under outcome 3, are we? Is that your understanding?

Dr Rosalky—So it is budget measures generally, is it, and outcome 3 that you want to be covering after this break?

Senator CHRIS EVANS—I think we are still on outcome 1 and there are a few more general things. We are just trying to work out what else is left, what we have. I notice there are officers, for instance, from child support here. I know I do not have any questions on child support. Rather than have everyone sitting here, we were going to try and work out among the committee what we did not want to cover so at least you could send those officers home. Part of the problem, Dr Rosalky, is that we are never quite clear we have the right outcome, so you are sort of a bit nervous about that because, as I say, we then get to outcome 3 and someone says, ‘No, you should have done that in outcome 1.’ That is why I think if we could get a bit of agreed running order next time we will be in a lot better position in terms of you managing your side of the equation as well, and less confused senators. We just wanted to have a chat ourselves about what ground we want to cover. I suppose the good news for you is that I think we will probably finish tonight, so you can have tomorrow off.

Ms McKay—Senator Knowles, could I just ask Senator West if she is satisfied that we have covered everything she needed to know under the grants question, because I drew your attention to a number of grants but we did not actually unpack them. Are you satisfied with the answers that you got from us on that?

Senator WEST—No, I would like all the grants unpacked.

Ms McKay—Here? We can take each of those grants one by one and answer questions about them, and we have not done that. I am asking you whether you want to do that.

Senator WEST—I would like it, but on here I would particularly like communication strategies and the program delivery timetables as to when that is likely to be taking place.

Ms McKay—Unless Senator West asks us specific questions about each of them or unless we take on notice the delivery timetables for all of them, and the communication strategies associated with them, I am not sure we have satisfied the committee.

Senator WEST—That is the thing, you will not have. The other problem is of course that this is in bits and pieces. I do not know where all the grants are hidden. I do not know where they are located—I do not mean hidden in any pejorative term—to even begin to identify which ones there are. I think you have a fair number.

Dr Rosalky—I think the officers were going through the list. Ms Flanagan brought to my attention a moment ago that because you were asking where all the grants were, there was one program that we did not mention there on the—

Ms Flanagan—It is the Family and Community Networks Initiative, which we administer, that is shown in outcome 1. It was just the general question about what level of detail you want to go into and whether you want to touch on each grant program.

Senator WEST—I am interested in knowing how much of this current financial year's money has been spent, what is allocated for next financial year and the calendar of disbursements that are expected to be made, and also communication strategies around those grants, and if there are going to be some grants and there are going to be some communication strategies, when is the advertising going to take place and what is it going to look like?

Dr Rosalky—To the extent that we know that, we will put that information together for the grant programs.

Senator WEST—There is an election coming later this year. I am wanting to look at it also in relation to where that is possible, but also caretaker conventions and being able to monitor that they are being abided by.

Dr Rosalky—Fair enough.

Senator WEST—That is what I am after.

Ms McKay—So we take on notice to provide you with a timetable of expenditure and the communication strategies associated with each of the grants programs in outcome 1?

Senator WEST—Well, it is going to be the whole portfolio.

Dr Rosalky—We will do it for all three outcomes for the department.

Senator WEST—Thank you.

CHAIR—Dr Rosalky, you are clear on that?

Dr Rosalky—I believe so. Thank you.

CHAIR—Ms McKay, are you clear on that as well?

Ms McKay—I am certainly clear on it with outcome 1, and that is the one I am responsible for, Senator Knowles.

CHAIR—That is right. You can go. We will just pull up stumps for a short while.

Proceedings suspended from 4.19 p.m. to 4.50 p.m.

CHAIR—At this stage Dr Rosalky has thought it best that we proceed until at least the dinner break with everyone still here, because there may be a number of questions that will cut across areas. We propose to proceed with issues surrounding the family payment, then the budget measures and then some of the other output groups. Senator Evans, would you like to start for us, please.

Senator CHRIS EVANS—Thanks, Madam Chair, and I thank the secretary for his cooperation in trying to plan our program. It highlights the debate we had earlier: we really need to work out where things come up. The proposal that we go to budget measures after family payments will allow us to cover most of the ground, because a lot of that will pick up the welfare reform issues. If we have a general discussion there, that will probably cover 99 per cent of the ground, and we will see what is left standing.

I wanted to ask some questions about family payment issues. I want to start with the new tax system. The claim was made that, under the new tax system, there would be an increase in family payments of about \$2.353 billion in 2000-01, rising to \$2.641 billion in 2002-03. That was part of the explanatory memorandum for the bill, and part of the government's claims that

the new family assistance packages would involve \$2.4 billion extra. First of all, was that claim to include benefits delivered through the tax system under the old system?

Mr Henry—Yes, Senator, that was an all-up assessment. If you refer back to the documentation provided at the time, we have made it pretty clear that it was an all-up \$2.4 billion through that set of decisions that applied to both the family tax benefit and the child care benefit.

Senator CHRIS EVANS—Is there any way of looking at the budget papers and seeing whether that \$2.4 billion has been spent in 2000-01?

Mr Henry—We could construct information related to it, Senator, but in addition the amounts would include further amounts of indexation provided. In relation, as I have said, to my program, which is the predominant part of it—family tax benefit—the projections were for an expenditure of \$9.9 billion, which was an increase of over \$2 billion. Some of the increase was from the child care benefit; mostly it was from the family tax benefit. That \$9.9 billion that was anticipated for expenditure in 2001 is being exactly met. We will probably spend just a bit more.

Senator CHRIS EVANS—So you are basically on outlay. Have your projections for the out years changed?

Mr Henry—Much of that is driven now by further demography and rates changes. The main change that you will see in the estimates, on page 51, is an increase of some \$600 million in this financial year for the family tax benefit. That is partly for the demographic change, and it is also the 5.8 per cent increase in benefits that will be delivered for the new financial year—the indexation that will take place for the financial year.

Senator CHRIS EVANS—Which figure are you referring to, Mr Henry?

Mr Henry—If you come down the page, under ‘Family tax benefit’, the estimate for 2000-01 is this \$9,885,671,000 and then the next year’s figure is \$10,465,000,000. That is an increase of \$580 million.

Senator CHRIS EVANS—That is partly for the 5.8 per cent CPI adjustment.

Mr Henry—Yes.

Senator CHRIS EVANS—And it was partly, you said, some demographics?

Mr Henry—We are still getting some increase in customer numbers—numbers of children paid—and we are also getting an increase in take-up because the previous 10 payments were pretty obscure to some of our clients. Some clients were aware of the smaller payments; they are now able to apply for them in a rather more simplified fashion. We have taken in the best part of about 100,000 extra clients over the course of this financial year.

Ms McKay—But given that indexation is 5.8 per cent, the bulk of that is actually indexation.

Mr Henry—Yes.

Senator CHRIS EVANS—Are the 100,000 new clients a result of population growth or are they those people who you have picked up who were not in the system at all.

Mr Henry—A bit of both. The underlying demography is not quite that strong. I have some figures here I can provide. At the start of the financial year the number of children under FTBA was 3.3 million and it is now 3.5 million, which would be about 100,000 extra families, because there is an average of two children per family under FTBA.

Senator CHRIS EVANS—Are you able to provide us with a table that summarises the outlays by payment type under the old system and the new?

Mr Henry—That is difficult to do accurately, because some of these are tax payments as well, and they were not attributed. I can certainly do it for ours, but it would tell you that in 1999-2000 we paid about \$7.1 billion and then you would add on some further for family allowance and family tax initiative, and then you would have to add on some others. They are quite hard to extricate, but we could attempt to do so.

Senator CHRIS EVANS—Would you mind doing what you think is reasonable and sound?

Mr Henry—Yes.

Senator CHRIS EVANS—I do not expect you to extrapolate beyond your competence or what is reasonable.

Mr Henry—As you can imagine, with 10 payments now into my two, and two into Mr Powlay's one child care benefit, there is a fair amount of work involved.

Senator CHRIS EVANS—Mr Powlay has no excuse; he has just got two and one. It's easy for him!

Mr Powlay—No problem, Senator.

Mr Henry—Certainly, we can provide estimates. It certainly seemed to us that the \$2.4 billion was a very robust figure in terms of what had been provided.

Senator CHRIS EVANS—You say it would be hard for you to quantify or tabulate the tax system changes. Is that right?

Mr Henry—Yes.

Senator CHRIS EVANS—Why is that?

Mr Henry—In part, because it is a matter of how much is just about to be delivered in end-of-year lump sum payments for the 400,000 clients who have all claimed lump sums at the end of the year. That is still in the realm of estimation, if you see. Also, extracting the precise figures out of the system in relation to each individual payment in the tax system is quite difficult. But I could seek to work with the Australian Taxation Office to do so.

Senator CHRIS EVANS—I would appreciate that. You have given me some figures already, showing that you would expect about 17 or 18 per cent to use the tax system only.

Mr Henry—That is right.

Senator CHRIS EVANS—What about those who will use this opportunity to reduce their tax instalments throughout the year? Have you had any figures on that?

Mr Henry—No, I do not. That should perhaps be a question directed to the Australian Taxation Office—it is a figure, again, that I could ask. One of the issues around tax instalment deductions is that there are good figures on how much is being deducted at large; it is harder in that system to ascribe it all to a particular purpose, particularly a minority purpose. There are not very many clients who are choosing to take their payments as tax instalment deductions. The vast majority are either claiming now as fortnight payments or—just as likely—claiming as a lump sum payment through the tax system at the end of the financial year. Tax suggested to me that there might be 10,000 or 20,000 people claiming through tax instalment deductions. I have asked for the correct figure. I will seek it again.

Senator CHRIS EVANS—Thank you. Can you give me what you can, on what you have got available?

Mr Henry—Yes.

Senator CHRIS EVANS—Does that mean we do not have any idea of the dollar amounts for family tax benefit parts A and B that are likely to be claimed through the tax system?

Mr Henry—I would need to ask tax exactly what figure they have in the system. The figure is, as I understand it, over \$1 billion, in addition to \$9.9 billion we have paid this year through this portfolio as fortnightly payments and the \$10.5 billion we expect to pay next year.

Senator CHRIS EVANS—Do you think more than \$1 billion will be claimed through the tax system?

Mr Henry—Yes.

Senator CHRIS EVANS—Is that in line with your estimates?

Mr Henry—Yes, but I would really want to check with tax as to what their situation was.

Senator CHRIS EVANS—I am not holding you to the discussion. What about an understanding of the payments through the tax system prior to the changes—are we able to nail those down?

Mr Henry—The main ones are dependent spouse rebate and the sole parent rebate. Again, I do not have that information. I can seek it from the Australian Taxation Office. These were, of course, never FACS payments; we have inherited it.

Senator CHRIS EVANS—I appreciate that. I am just trying to compare apples with pears, to make a comparison of the old system with the new—what we are spending and where we are spending it and how the claiming is different.

Mr Henry—That is right.

Senator CHRIS EVANS—I appreciate you said you would take it on notice and try to get the exact figure, though, for 1999-2000 of what we spent on dependent spouse rebate and sole parent rebate out of the tax office.

Mr Henry—And the constituent elements that gave rise to family tax benefit. I think that is the question you are asking.

Senator CHRIS EVANS—Yes.

Mr Henry—I have undertaken to try to provide the information.

Senator CHRIS EVANS—I am just saying conceptually there is no reason we are unable to get a dollar figure for those—is there?—subject to you asking the tax office.

Mr Henry—Subject to asking the tax office, and—

Ms McKay—It depends on how they have collected it.

Mr Henry—It depends on how they have collected the information. I can answer for what I have collected and what is within this portfolio and I could certainly ascribe to its veracity, but I would need to work with tax colleagues to provide that information if we want it in a reasonably detailed, broken down way.

Senator CHRIS EVANS—Thanks for that. What are the indexation arrangements for the new payments?

Mr Henry—It is indexed once a year in relation to CPI. The indexation payments that we will be making—the 5.8 per cent increases that will occur on 1 July—relate to CPI adjustments for the period 1 January to 30 December 2000. In other words, there is obviously a lag, because of the need to—

Senator CHRIS EVANS—But it is a once-only annual 1 July payment for the previous calendar year?

Mr Henry—That is right. It is an annual payment paid on annual estimates and it is indexed on 1 July each year. It will be indexed, as I say, for 1 January to 30 December 2000. That is a 5.8 per cent increase in all payment thresholds and in all payments.

Senator CHRIS EVANS—Mr Powlay, that is the same for the child care benefit, is it not?

Mr Powlay—Yes, it is exactly the same.

Senator CHRIS EVANS—I knew you were paying 5.8. I was not sure in which year you were calculating it. It was the calendar year, was it not?

Mr Powlay—It is exactly the same situation as Mr Henry described.

Senator CHRIS EVANS—What were the index arrangements that applied to the old payments?

Mr Henry—I do not have them all with me. If you wish me to I could—

Senator CHRIS EVANS—They were a combination of six monthly, though, and—

Mr Henry—The truth is there was a great range of different arrangements at different times. There were different arrangements again for what was paid through the tax system. Successive governments have also made changes to those arrangements over time. I could—

Senator CHRIS EVANS—No, I can check easily enough. The major ones were six monthly, were they not?

Mr Henry—No. The major one was family allowance, which was annual but was then based on a financial year basis. We have now for this payment moved to a calendar year basis, because we have moved the time of indexation.

Senator CHRIS EVANS—When was that adjusted?

Mr Henry—1 January.

Senator CHRIS EVANS—Was that on the previous calendar year or on the previous financial year?

Mr Henry—The previous financial year.

Senator CHRIS EVANS—So they were moved on 1 January up to 30 June?

Mr Henry—Yes.

Senator CHRIS EVANS—You are moving it on 1 July up to 30 December?

Mr Henry—That is right. Because you are changing times, when the system was brought in an additional indexation payment was paid for the six months to cover the gap.

Senator CHRIS EVANS—How was that paid?

Mr Henry—That was just included in the rate of payment. It was added to the rate of payment in the government's undertakings, about an additional \$140. The government had made a set of undertakings. Those undertakings were honoured, and the payment was also adjusted for the extra six months of indexation. This issue has arisen in a number of quarters,

and we have answered different questions from different quarters in relation to that extra indexation that occurred on 1 July 2000.

Senator CHRIS EVANS—Is this a bit like the old change in the pension payment argument?

Mr Henry—I do not know what it is a bit like.

Senator CHRIS EVANS—That change in the pension date. A lot of people lost out on the pension, and I am still getting correspondence about it.

Mr Henry—What can be said categorically is that at the time of change it was ensured that the gap that would otherwise have occurred was covered.

Senator CHRIS EVANS—You have intrigued me now. The government made guarantees about increases in payments, but you are saying to me that in calculating the actual change in payments you have factored in the CPI.

Mr Henry—That is entirely true.

Ms McKay—So it was embedded in the first payment.

Mr Henry—It was embedded in the first payment, I think, yes.

Senator CHRIS EVANS—So you are saying that when that payment came in on 1 July it was a combination of what the government had promised plus the CPI?

Mr Henry—That is right.

Senator CHRIS EVANS—I suppose that was not transparent in the sense that when the payments were struck you just struck a new rate—

Mr Henry—The payments were just struck as a rate. I do not think our customers would have been expecting or expected to look at that and try and do the calculation.

Senator CHRIS EVANS—That is what I am saying. I am not saying it was not transparent and someone covered it up; I am trying to understand. It was not immediately apparent that that occurred, because at 1 July there is a new rate for a different payment.

Mr Henry—That is right, and it was adjusted. Of course, it was also an adjustment from the sum of a set of previous payments as well.

Senator CHRIS EVANS—Yes, so you would need to be an economist with strong mathematical bent to—

Mr Henry—The spreadsheets are interesting.

Senator CHRIS EVANS—We have different tastes, Mr Henry. I have never found a spreadsheet interesting in my life.

Mr Henry—To those who are interested in such things.

Senator CHRIS EVANS—Which way up do they go? You say you have answered queries about this before. Have you got documentation or answers to questions from the parliament somewhere where you have answered that?

Mr Henry—No, not parliamentary questions, but media interest, customers raising questions in correspondence, et cetera.

Senator CHRIS EVANS—So you have got a written explanation of that?

Mr Henry—I could seek to use one, if you would be assisted by it.

Senator CHRIS EVANS—Would you mind? That would be helpful. It will save me trying to take you through it now, and that way we will have it on the record. It sounds as though you have had to do it on a previous occasion.

Mr Henry—Yes, Senator. It really will not add to the workload. We would be happy to do it.

Senator CHRIS EVANS—Thank you. That solves that problem for me. I want to ask some questions about the treatment of larger families under the new system. I have had a few queries raised about treatment of larger families. I should see if Senator Harradine wants to join us, because this is an issue he has pursued over the years. Could you explain to me what has happened in terms of their income free areas and those sorts of things?

Mr Henry—When the family tax benefit was brought in on 1 July 2000, these payments provided additional assistance—that is, higher maximum rates and higher minimum rates, et cetera—and it also relaxed the income test. For family tax benefit part A—which I think is the main one that is being referred to here—the income threshold was increased from \$23,800 to \$28,200 per annum and the taper rate, the rate at which payments are withdrawn, was reduced from 50 per cent to 30 per cent. That actually made a very substantial difference to a lot of clients above the taper rate. They were the essential and main changes, but they are very substantial changes indeed to this system. They were both very significant changes.

Senator CHRIS EVANS—That was for families generally, was it?

Mr Henry—Yes, that is for all families. It is applied and then the taper is reduced for families from \$28,200, so the taper is taken away for additional income above that. There is a 30 per cent taper applied to that until you reach the base rate of payment, which was, for this current financial year, \$37.38 per fortnight, or nearly \$1,000 per year. The maximum rate of payment for a child under 13 was \$116, \$3,000 per year. Depending on the number of children you had, you would receive the maximum rate at that income, and for income above it the payments would be tapered away. But for a different sized family—for instance, for a family with seven children receiving maximum rate FTBA—that is \$21,000 tax free per year, which is what they would get at \$28,200.

Senator CHRIS EVANS—Did the old family allowance have a sliding income free area based on the number of children?

Mr Henry—It did, Senator.

Senator CHRIS EVANS—That is not in the current system.

Mr Henry—It is not, Senator.

Senator CHRIS EVANS—How does the number of children impact under the new system?

Mr Henry—It means that the taper rate applies over a longer range for families with more children. The government had undertaken—say for a seven-child family; there was considerable publicity around one of our families of such a group—that you would at least get \$140 more than you would have under the previous system. That actually delivers, for a seven-child family, pretty close on \$1,000 a year of extra assistance. But then it depends on your income. It tapers away from the \$28,200. Obviously for a larger family—I am not sure I have figures here before me—the taper applies over a longer range, because you are starting out at a larger amount of payment—as I said, for a seven-child family, a \$21,000 payment, which you would receive at a family income of \$28,200.

Senator CHRIS EVANS—Did the larger families receive less benefit from the increase in the income free area under the new system?

Mr Henry—No, I do not think you could say that, Senator.

Senator CHRIS EVANS—How would you characterise it, then?

Mr Henry—No, all families received a benefit. It can vary as to where exactly, as happens whenever you change taper rates, wherever you are in an income scale. If you make these sorts of changes, it can deliver a relatively higher benefit to you at certain income ranges. As for any successive government making changes to reduce taper rates, or change them, or to increase income thresholds, it will vary across the field. This will vary according to your income and your number of children.

Senator CHRIS EVANS—I accept that. I am not trying to put anything out of context or whatever. You do not need to be overly defensive. I am just trying to understand it, because I have had a couple of large families say to me that the large family supplement only increased by about 4c per week for each eligible child; some of them were saying they were worse off. This is extremely complex. You deal with it every day and you seem to be the only one that understands it all. I appreciate your assistance, but I am trying to get my head around what they are saying to me and what you are saying to me.

Mr Henry—The proposition you are putting to me, Senator, is that larger families are disadvantaged by this. I do not think that applies at all. Some would think that they do not do as well as they would have wished, but, for example, this income scale for a seven-child family means that you would still be getting above maximum rate up to an income of—I would need to check the exact figures, Senator, but I think it is something close on \$60,000 or \$70,000. It has delivered considerable benefits across the scale for these groups.

Senator CHRIS EVANS—So you are saying that their concern might be that they have not done relatively better as a larger family than a smaller family?

Mr Henry—That is right.

Senator CHRIS EVANS—Is that fair to say then, that the larger families—

Mr Henry—It depends which income group you might choose, Senator. What you cannot say is that it disadvantages larger families. You can, in any—

Senator CHRIS EVANS—I am trying to take the pejorative stuff out of it actually, so I understand it. I am not saying anything like that. I am trying to tease out with you what it means. Are you saying to me that, for instance, a family with four children might have got the same increase as a family with seven children?

Mr Henry—Depending on their income scale.

Senator CHRIS EVANS—Yes.

Mr Henry—But they would still be better off than they would have been under the previous system.

Senator CHRIS EVANS—Under the old scheme, right.

Mr Henry—In every case—considerably, if they were in these income streams.

Senator CHRIS EVANS—I am just trying to understand what they say. It could be that there is a family who had seven children and a family who had four children, and that, depending on where they are on the income scale, a cameo that could be drawn up by somebody would say they got the same level of increase. Is that right?

Mr Henry—Yes, Senator, and in each case you could also look at cameos that showed that a family at certain income scales with seven children did better than a family income—

Senator CHRIS EVANS—We all know who selects the cameo that determines how you view these things. We have been there, Mr Henry, and we have done that.

Mr Henry—No, it could be, Senator, we try to represent reasonable ones, which tend to be—our average family size is two children.

Senator CHRIS EVANS—I am supposed to be the politician here. You are supposed to be the bureaucrat. I am trying to be non-political and you are being political. I am trying to understand it. You seem to be adding the pejorative stuff. I will get Senator Harradine down if you are not careful, and we will be here for a lot longer on this issue.

Mr Henry—But, Senator, this payment now covers more than 90 per cent of Australian families with children. We cover 2.2 million families with the best part of four million children. Therefore, you are covering a huge range of situations across Australia—single and double incomes, different sizes of income, separated parents. It really does cover a very wide range of circumstances.

Senator CHRIS EVANS—Let me put this to you: if the family was large enough, would it have been possible for there to be no increase in their income free area? Is that the way the taper worked?

Mr Henry—I would need to check that one for you, Senator. I must admit I am not absolutely sure on that. I would rather take that question on notice.

Senator CHRIS EVANS—If you would.

Mr Henry—It would certainly have needed to be quite large. I would prefer to check that and respond on notice.

Senator CHRIS EVANS—What was the change to the large family supplement, then, in percentage terms?

Mr Henry—At the time that the system was brought in, there was not a major change to the large family supplement. It had been considered that for larger families the guarantee of at least \$140 per week per child under FTBA was a significant increase in the total benefit that would be provided to larger families.

Senator CHRIS EVANS—What happened to the large family supplement, then?

Mr Henry—It was indexed in the usual way. I am trying to recall the exact figures. It went up from about \$7.80 to \$8. That is my recall, Senator.

Senator CHRIS EVANS—I think the others went up by four per cent. Did it go up by four per cent?

Mr Popple—I believe so, yes, Senator.

Senator CHRIS EVANS—Someone put to me that it had not been indexed like the other payments.

Mr Popple—I will check that, Senator, but it is my understanding that it went up by the four per cent.

Mr Henry—I would prefer to check that one too, Senator.

Senator CHRIS EVANS—Could you take that on notice, if it is not right.

Mr Henry—We are just about to index it again.

Senator CHRIS EVANS—It will get this 1 July indexation?

Mr Henry—Yes.

Senator CHRIS EVANS—And it will get the 5.8 per cent?

Mr Henry—Yes. I am sure I had the figures somewhere on the large family supplement, but I am just missing it. Yes, it is just about to go up from \$7.98 per fortnight to \$8.40 per fortnight, \$219 a year.

Senator CHRIS EVANS—All right. I think I will run up the white flag on that. I will have a good read of the *Hansard*. Thanks for that.

[5.22 p.m.]

CHAIR—Thank you very much. We will move on to budget measures.

Senator CHRIS EVANS—Dr Rosalky, I thought the starting point would be for someone to explain where the \$923 million offsets are coming from on the welfare reform package. One of the processes shadow ministers have to go through is to justify to people any savings if they want to have initiatives come the election campaign. I would like a bit of advice on how to find these things, so I thought I would start there.

Dr Rosalky—I will ask Mr Kalisch to give you the general picture on the offsets, Senator.

Senator CHRIS EVANS—Thank you.

Mr Kalisch—As you would be aware, Senator, with past government processes, such as when the Newstart allowance was first introduced in the 1990s, and with Working Nation, there were program offsets calculated. They were largely due to a number of factors, and those factors are common in this package of Australians Working Together. It was around improved incentives to work, improved incentives to participate and increased assistance. The focus of this package is very much around providing people with improved capacity, improved incentives, improved assistance to allow them to become more competitive in the labour market and to also see increases in their earnings. Essentially, the program offsets that are shown in Budget Paper No. 2 reflect the whole package—that is, not just the measures in this portfolio but also the measures in the Employment, Workplace Relations and Small Business portfolio, as well as the measures in the Education, Training and Youth Affairs portfolio.

Senator CHRIS EVANS—The \$923 million is the across portfolio figure?

Mr Kalisch—It is across portfolios, and it covers the estimated savings from the total package of Australians Working Together of \$1.7 billion.

Senator CHRIS EVANS—Can you break down that figure for me?

Mr Kalisch—What we can do is give you a little bit of information around the general aspects of that figure. It was a figure that was constructed after a fairly intensive process. It is a figure that does not allow much breaking down in terms of detail. I will explain that in some detail for you.

Senator CHRIS EVANS—Good.

Mr Kalisch—Essentially, the vast majority is from people going back to work and increasing the amount of work they are doing. It is around \$600 million of the \$923 million.

Senator CHRIS EVANS—That means savings on Newstart, does it?

Mr Kalisch—Savings on Newstart. It is also savings from some of the other payments, such as parenting payment, particularly with the initiatives that were announced for parents. There were also some savings from disability support pension in terms of people with disabilities going back into employment. It does really span some of these different payment groups. It is also some of the payments such as partner allowance, mature age allowance and widow allowance. We have very little contact with those people at this stage and this package does introduce a much more thorough process of calling them in for interviews, asking them what assistance they need and providing them with that assistance. People who are older on payments, particularly, are on non-activity-tested benefits. We do not really have any interaction with them aside from entitlement questions, and that is fairly rare at this stage.

Senator CHRIS EVANS—Six hundred million dollars is savings in income support payments?

Mr Kalisch—Yes, future income support payments, largely from people going back to work, as well as increasing the amount of work they are doing. There is a related figure of \$300 million in terms of more people reporting income. There is an element there of people who are currently working that we do not know of at the moment who will be declaring as a result of a more intensive process and also as a result of some entitlement reviews and more intensive activity with people on certain payments.

Senator CHRIS EVANS—Is the \$300 million in addition to the \$600 million?

Mr Kalisch—That is in addition to the \$600 million, so we are getting up to around \$900 million now.

Senator CHRIS EVANS—When you say ‘reporting income’, do you mean they will still be on income support but not as much income support?

Mr Kalisch—Yes. One of the ways that you would be aware of, no doubt, is that a lot of savings are not so much generated by people going off payment completely, particularly with the very long taper range that we have in some of our payments, such as parenting payment. The more common way in which savings are generated is through people increasing their income or reporting income to us and therefore getting a lower rate of income support payment. It is not just the number of people that is important here but also the average rate of payment. We are expecting that to go down as a result of people earning more and having higher disposable incomes.

Senator CHRIS EVANS—Are the reviews you were talking about a part of the \$300 million or is that another figure?

Mr Kalisch—That is included in the \$300 million.

Senator CHRIS EVANS—And they were what sorts of reviews, again?

Mr Kalisch—Largely entitlement reviews. In particular, through having greater contact with some people, no doubt they will disclose changes of income, changes of circumstance, and we will then adjust their payment.

Senator CHRIS EVANS—Are you able to break down the \$600 million between Newstart, parenting and DSP, et cetera?

Mr Kalisch—It is very difficult to make those distinctions, and I will dwell on that for a short while. One of the things that we are aware of from some of the international evidence—particularly on some of these welfare to work programs—is that individual initiatives themselves have an impact, but that also there are what we would probably call package

effects: where you have a number of elements that work together, they then produce an impact that is more than the sum of the parts. These estimates have tried to take that into account, as well as some of the other displacement and standard calculations you use in producing offsets, but that does mean that you cannot then decompose it into the elements. Once you build it up, it becomes almost impossible to then reconcile it down to the component parts again.

Senator CHRIS EVANS—It is pretty good if you can get a budget process where you say, ‘Well, it is a bit hard to explain and there is a bit of a packaging effect, Minister. Just give me \$600 million.’

Mr Kalisch—This has gone through a fairly rigorous process with the department of finance. We have gone through this in a robust way.

Senator CHRIS EVANS—I am sure they put you through the wringer. That is why I am sure you must have provided a bit more than the generalities you have given us so far, to have got them to agree to it.

Mr Kalisch—We can certainly talk about some of the aspects that have led to the bringing together of those estimates but, at the end of the day, once we come to that figure of \$923 million, it is then very hard to decompose it. They have certainly agreed to some of the elements that we used to bring that figure together, but they have also agreed that this is a very conservative estimate, that a number of the component parts have not been taken into account fully, as we—and our colleagues in DEWRSB or DETYA—would have expected. So it is, at the end of the day, also a fairly conservative figure. I have certainly noted Senator Vanstone’s comments that the actual outcome from this package may in fact be quite a bit greater than the \$923 million in the budget papers.

Senator CHRIS EVANS—So you may be able to save more than \$923 million on income support?

Mr Kalisch—That would certainly be everyone’s objective, because it would reflect more people going back into work and earning more income. This is not rocket science, if I could take the liberty of saying that.

Senator CHRIS EVANS—Where did the \$23 million come from? There was an old story about the Defence budget, where they approved \$10 billion for new aircraft and then argued for 10 hours over a \$300 shed, because they could all understand how much a \$300 shed was worth and that you could get it cheaper down the road. You got the \$900 million pretty easily: what is the \$23 million for?

Mr Kalisch—There was a sum of nearly \$600 million and another of just over \$300 million, and the actual remainder was around \$30 million, which is due to anticipated savings from the imposition of financial sanctions.

Senator CHRIS EVANS—Is that the breaching stuff?

Mr Kalisch—It is breaching and, as you would expect with more intensive processes—particularly for unemployed people on Newstart—and more active arrangements for older people as well as some of the other groups, there is an estimate built in for financial sanctions. That is around four per cent of that total, and that is around the \$30 million mark I was just mentioning.

Senator CHRIS EVANS—How are those savings realised?

Mr Kalisch—They are realised through the imposition of financial penalties, essentially—the breaching aspect you were mentioning.

Senator CHRIS EVANS—So those are the dollars forgone as the penalty?

Mr Kalisch—Those are the dollars in reduced payments.

Senator CHRIS EVANS—So \$30 million is the estimate for that. Does that all come from Newstart clients?

Mr Kalisch—The vast majority comes from Newstart clients.

Mr Jackson—The important point to make, I think, is that that is an estimate, not a target. The objective of many of the changes that have been made in this package is, of course, to minimise the extent to which financial sanctions are necessary at all. A number of aspects of the package are working towards that, because that is not consistent with the overall outcomes that the package is designed to achieve. Mr Kalisch talked earlier about doing better on the savings in the first two categories he mentioned, but we would hope that that level of financial sanctioning will not in fact be realised, because the package will win people's cooperation and assist them to make progress towards social and economic engagement.

Mr Kalisch—Just picking up on that and taking it a bit further, that should not be seen to question the robustness of the estimate. Even if we do not achieve that level of savings in terms of breaching, we expect that people will be more actively engaged and, therefore, more likely to be reporting income and/or going into work. Therefore, there would be a corresponding increase in the—

Senator CHRIS EVANS—I am sure that is right. If you have got to find \$900 million, \$30 million is the least of your problems.

Senator Vanstone—Let us try to be a bit positive about this.

Senator CHRIS EVANS—I am only saying that, in terms of the size of the problem, \$30 million out of \$930 million is not the big end of town, is it?

Senator Vanstone—No, but the big end of town part of it is because we really do believe that, if you invest more, you will help people springboard back into the economy. We expect that 96 per cent of the savings will come from people going off benefit because they have found a job. We are committed to those outlays, whether we find those savings or not. They are not savings made from cuts or penalties. On the basis of the past experience of DSS and DWRSB and its other incarnations, 96 per cent of that is what happens when you have compulsory interventions with people and put more in. I do not know what experience you have had with the finance department, but I can assure you that my quite genuine view is that those savings are very conservative estimates. I do not know whether I have been bitten by the welfare reform bug and now believe everything Patrick McClure says about how, if you put more money in, people will bounce back. I do not know whether I am looking at it through rose-coloured glasses, but I do believe in it, and I think Finance have been very conservative in the savings they have estimated.

Senator CHRIS EVANS—I remember your speeches on Working Nation, Minister. I am just glad to see this conversion to the investment theory.

Senator Vanstone—We could have a debate on the difference, but I will save that for another day, except to say that I am not expecting that, under welfare reform, we send big burly blokes to training projects in Cairns to learn how to make stuffed fluffy toys, to the point that they get—

Senator CHRIS EVANS—You did demonise that program for many years. It is interesting that many of the Work for the Dole initiatives you have now adopted seem to be picking up a lot of those investment theories.

Senator Vanstone—No, no, no. Let me tell you about the stuffed fluffy toys. We want to give the right help to the individual at the right time. The right help for a big burly bloke is not to put him in the fluffy doll and stuffed toy program so that he gets so tense that he picks up the sewing machine and smashes it, because he does not want to do what he regards as demeaning and stupid work. There was a whole series of those under Working Nation, those ridiculous programs people were put on. The attitude was: just keep people busy and pay them government money. There is a big difference—

Senator CHRIS EVANS—I think some of the people who are pulling weeds on Work for the Dole have a similar view.

Senator Vanstone—You might need to speak to Mr Abbott about Work for the Dole projects, but I can assure you that the investigations I made into Working Nation—and not only investigations on particular projects—showed me that we are not looking at anything like that. To be fair, ACOSS would rather we were putting more money into work creation projects where the job will not be there when someone has finished that six months of it, so they then have to go and find a real job. Our money is going into helping them find, get ready for and be competent to take on real jobs. I think there is a real difference there. I do not want to keep you here any later than necessary, but I am happy to have a debate with you about this any time. The Australians Working Together program is fundamentally different from Working Nation.

Senator CHRIS EVANS—Well, we are going to try to find out about it.

Senator Vanstone—Okay.

Senator CHRIS EVANS—Are you able to break down the \$600 million across the programs at all?

Mr Kalisch—It is very difficult to do that, Senator, because of some of the cross-component impacts. I would really have to look at some of the detail and perhaps get back to you on it.

Senator CHRIS EVANS—I think it is a legitimate question, particularly in relation to DSP and some of those areas where, as you know, there is quite a deal of concern. I would be interested to know what you think you will save in terms of DSP clients. Even if you cannot give me the exact figures, what is the nature of the DSP contribution to these savings?

Mr Kalisch—I can talk about the generalities more easily, if you are not looking for a specific number down to the decimal point of millions of dollars. In terms of the generalities, the vast proportion of savings are expected from people on Newstart and also on parenting payment. There are much more limited savings from people on disability support pension, reflecting the nature of the client group. They are essentially a lot more difficult to assist. They need a lot more assistance, which this package does deliver. However, at the end of the day, in terms of outcomes as measured by reduced payment rates and reduced numbers on benefits, the figure is nowhere near as sizeable as for those other two groups.

Senator CHRIS EVANS—But I thought that one of the focuses of the government, certainly the former minister, was on the DSP group itself. It was one of the major reasons for welfare reform. Now you seem to be sort of downplaying that group as being a bit hard.

Mr Kalisch—I suppose one thing I was downplaying was the impact from this set of budget measures. No doubt you are aware that we have a number of trials and pilots that are still in play at the moment, and they will be coming to fruition towards the end of this year. We would expect to be providing the government with options for further steps to reforming employment services and other initiatives in the disability area in coming budgets. Welfare reform is not just this year.

Senator CHRIS EVANS—But you are not pretending to me that those are going to make a huge difference. Employment services stuff is about business viability as much as anything else.

Mr Kalisch—It is partly business viability but it is also partly around getting better outcome linkages, moving away from a block grant system to a system based on outcomes.

Senator CHRIS EVANS—I do not think anyone has ever pretended that those things are going to deal with the growth in the DSP numbers.

Mr Kalisch—No, but it will impact on it. The other thing that you are no doubt aware we are also looking at is the assessment and contestability trial, which would also provide us with more information about proper assessments for people with disabilities, particularly with the focus on better understandings of capacity for work.

Senator CHRIS EVANS—What in this package deals with the issue of those persons who have ended up on the DSP as a result of effectively labour market barriers to people with injuries versus those with severe disabilities? This was one of the key issues I thought we had identified as a problem in the DSP numbers.

Mr Kalisch—It is very hard to disentangle what the impacts are that have created the rise in disability support pension. One of those dimensions you mentioned of labour market factors is certainly pertinent to the growth over the last decade. One of the aspects in this package that is very exciting is around the early intervention support, particularly for people who are in some of the main feeder groups into disability support pension. We know that a lot of people going onto disability support pension come from Newstart allowance, particularly from the Newstart incapacitated group. This package has a specific measure that highlights assistance, early intervention and better assessment for that group so that, hopefully, they are getting the assistance they need at that time rather than at the moment being largely left on the Newstart incapacitated group. Their conditions may deteriorate and then they fall eligible for DSP one, two or three years down the track. This package does have a specific early intervention element to try and slow that growth from that major feeder group.

Senator CHRIS EVANS—You give us a ballpark figure of \$600 million back to work savings and then \$300 million for reporting income—those, if you like, going part way back to work or part allowance. What assumptions drive these estimates? How many people need to go back to work to save you \$600 million?

Mr Kalisch—I would need to take that on notice. It would depend a bit on what period you expect them to stay off payment and what payment they are on. We do have different rates in our payments. I could draw some scenarios for you.

Senator CHRIS EVANS—I cannot believe that Finance did not ask you this question. I am sure they are much more thorough and hard-nosed about it than I am being.

Senator Vanstone—Finance do not always ask much. They often just tell you.

Senator CHRIS EVANS—Did Finance tell you how many people that would represent?

Mr Kalisch—No.

Senator CHRIS EVANS—It is a pretty reasonable question. You say to me that we are going to save \$600 million by people going off Newstart, parenting allowance, DSP. I suspect, even with my limited maths, I could do a rough equation about how much we pay them in income support per annum and say, ‘Well, you said you were going to save \$131 million in the second year’—373, divide it by the income support number and work out a number. I suspect I or Mr Swan will do that if you do not tell us.

Mr Kalisch—I will take that on notice and see what I can get back to you with.

Senator CHRIS EVANS—It just seems reasonable to have a view about what the assumptions underpinning these savings are. It is not like a press release. This is a budget measure, telling us this is a realistic representation of Australia's finances, \$900 million to be saved, but—

Senator Vanstone—He said he will take it on notice and get you what he can.

Senator CHRIS EVANS—I do not think that is quite good enough, Senator. It is reasonable for this estimates committee to say, ‘Hang on, what are the assumptions that underpin \$900 million of savings?’ I do not expect everything down to the second decimal point. but I do think it is reasonable to ask, ‘How many people are we talking about? What numbers of people would we have to have assisted under this program in order to make \$600 million worth of savings?’

Mr Kalisch—In terms of numbers assisted, we can get you that information measure by measure, if that information is available. The one difficult part comes to actually ascribing the impact you are expecting from those individual components for individual client groups. We can tell you what the inputs are to the programs, and that is quite easy, and give you the slant on that. The other thing we can provide you some information on is around the Australian and international experiences that we have used to draw up these assumptions.

Senator CHRIS EVANS—Yes, that would certainly be interesting.

Mr Kalisch—For example, some of the experience we have had with pilots we have been running in Australia give us clear understandings of numbers of people that are already active, numbers of people that are reporting income and numbers of people that do benefit from certain types of assistance. But there are also some unknowns in these packages because there are some new elements.

Senator CHRIS EVANS—As I say, I think it is reasonable to get a handle. I accept you may not want to break it down by payment type, but I think it is reasonable for us to say we are going to get \$600 million savings and that means there are 60,000 fewer people on income support as a result of these measures.

Mr Kalisch—Yes.

Senator CHRIS EVANS—What about movement between the groups? Are there assumptions there about movement between the groups, like from DSP back onto Newstart?

Mr Kalisch—Yes, and also some assumptions that people will stay on Newstart rather than going onto DSP. You really need to look at each of the individual measures as to how they impact on people, but there are some of those assumptions built in and that is built into the costings.

Senator CHRIS EVANS—Are you able to share those with us?

Mr Kalisch—In terms of the major ones, perhaps looking at the DSP group, which is the group you have just been focusing on, there will certainly be increased numbers of people on Newstart rather than disability support pension as a result of some of the intervention measures. We also are assuming that some people who would otherwise have gone onto DSP but instead go onto Newstart would then, because of the more active interventions, move out of the system. So there are a few shifts one way and the other.

Senator CHRIS EVANS—How many of the current DSP profile do you think would be on Newstart as a result of these changes?

Mr Jackson—That question was about the current group. This measure is primarily focused around people coming to the system in the future from Newstart, incapacitated and so on, as well as potentially some review activity of the existing group. But it would be true to say that its major focus is about those newly applying in future.

Senator CHRIS EVANS—That is a good point. I appreciate that. What assumptions are we making then about what impact the measures will have on that group, that cohort, those coming on?

Mr Jackson—That is the subject, I think, of Mr Kalisch's indication earlier of looking at the sort of thing that might be able to be provided.

Mr Kalisch—Two dimensions we are aware of where there would be some impact were around the changed assessment processes for disability support pension, particularly with greater focus on use of external providers for dealing with the work capacity assessment, changing what we are expecting from treating doctors and also increased training at Centrelink. That is one component. There are also the early intervention measures that I was talking about for those who are currently on Newstart incapacitated, who would then not flow into DSP.

Senator CHRIS EVANS—What sort of assumption then underpins your ability to impact on those numbers?

Mr Kalisch—In terms of client numbers, certainly the changed processes for DSP claims affect all new DSP claims, which is around 100,000 per annum. That would also impact on about 50,000 people who are reviewed on DSP each year. In terms of the Newstart group that would be influenced by this early intervention strategy, that is around nearly 60,000 people. So there are significant numbers there.

Senator CHRIS EVANS—That is 60,000 you think would be on Newstart rather than on DSP?

Mr Kalisch—No. That is just the people who would be impacted by these processes. That is not in terms of the people who would have different outcomes. I will just see if I have some of that information.

Senator CHRIS EVANS—Is that 60,000 of the 100,000 new claims?

Mr Kalisch—No. The 60,000 is currently in the Newstart group. This is one of the complexities: we are actually dealing with two payment types here. There is the 100,000 that newly claim DSP each year, as well as 50,000 reviews of people on DSP each year, that would be affected by the assessment process. There is also the 60,000 who are currently on Newstart incapacitated who would get access to this early intervention strategy and better assessment of their work capacity.

Senator CHRIS EVANS—Would they be reviewed or are they just early intervention strategy?

Mr Kalisch—They would be reviewed at that stage, reviewed regularly and also, where applicable, directed to appropriate early intervention.

Senator CHRIS EVANS—What assumption underlies your change in mixture of those 100,000 a year going onto DSP? How many of them would you expect to go onto Newstart instead?

Mr Kalisch—It is probably fair to say that the vast majority of those who would be rejected for DSP would probably go onto Newstart.

Senator CHRIS EVANS—Yes, but of the 100,000 who come onto DSP currently, how many do you expect to continue to come onto DSP?

Mr Kalisch—We would expect there to be an effect of the order of 4,000 people not getting onto DSP in a full year from that 100,000.

Senator CHRIS EVANS—So 4,000 of the 100,000 that would otherwise have come on would go onto Newstart instead?

Mr Kalisch—Yes.

Senator CHRIS EVANS—You would expect also that some of the group on Newstart who were to flow through, not to actually flow through at all?

Mr Kalisch—Yes. There will certainly be some that will lose their Newstart incapacity status because their conditions will improve over time. That will also, because they are a major feeder group into DSP, not then move into that. I am not aware that we have built that into our assumptions. We have not taken that next step in terms of future savings. This is perhaps one area where I can provide a distinct example where the costings may well be very conservative.

Senator CHRIS EVANS—You would expect a lot less Newstart—

Mr Kalisch—I would hope that 100,000 number of new claims to be affected, that that would be lower in future years.

Senator CHRIS EVANS—Because they were getting some active intervention while they were on the Newstart file?

Mr Kalisch—Yes.

Senator CHRIS EVANS—In terms of the parenting payment and the partner allowance, what are your expectations of the effects there?

Mr Kalisch—Sorry, Senator, was it partner allowance or parenting?

Senator CHRIS EVANS—I would not mind running through them all, not the detail but what you think the impacts are going to be.

Mr Kalisch—Perhaps I can summarise the main programs and what we expect to run there. In terms of partner allowance, they will be provided with the opportunity to come in for a voluntary participation planning interview. We currently have a pilot running for mature age jobless people, which is helping us work out roughly the levels of activity amongst that group and also some of the expectations that we might foresee from an intervention with that group. We will be asking them to come in. It is purely voluntary, but we understand from our pilot experience that we will probably get in the order of about 20 per cent turning up to Centrelink

to get the advantage of a Centrelink personal adviser to develop a participation plan for them and also to refer them to appropriate assistance. We are expecting a reasonable positive outcome from that process. People on partner allowance up until July 2003 can remain on that payment. There will be no new claims by people for partner allowance from July 2003. We expect the majority to claim Newstart allowance instead and get access to assistance and a more active regime.

Senator CHRIS EVANS—The partner allowance is to be phased out, anyway. How many are on there now?

Mr Kalisch—It is about 92,000.

Senator CHRIS EVANS—Do you expect a few more will come on in the next two years?

Mr Kalisch—Yes, and they will be saved on partner allowance. They will not be removed from that payment, it is just closing off the grants.

Senator CHRIS EVANS—Grandfathering or grandmothering.

Mr Kalisch—Mostly grandmothering.

Senator CHRIS EVANS—And then you expect up to a 20 per cent take-up rate for the services you are offering?

Mr Kalisch—Yes.

Senator CHRIS EVANS—What is your assumption about how much you might save or how many you might be able to move onto a situation where they are not on benefits but on part benefits? Are these people you expect to move into the part benefit category?

Mr Kalisch—There will be some that will move onto part benefit and some that will move completely off benefit, but one of the difficulties with making an assumption here is that they will benefit from that assistance at the voluntary interview. They will also get assistance from the Working Credit, which provides an incentive to go back to work, so it is very hard to disentangle those two elements to give you a figure for this client group. That is why I was saying that this is a very complex area to give client breakdowns. We are basing it largely on our pilot experience, which shows that a number of people do benefit from that, even at very old ages. I would have to say that the partner group are not necessarily amongst the group that you would typically say are very old. They really do span across the age range.

Senator CHRIS EVANS—Okay. What about for parenting payment?

Mr Kalisch—There will be a number of different measures for them. There will be information provided to all people who newly claim parenting payment, around what assistance is available, what incentives are available, what local services are available. That will be provided to everyone in the form of what we are calling a participation pack. From September 2002 we will start rolling sessions of annual interviews for people with school-age children. We will be starting that assistance targeted first at people with a youngest child aged 12 to 15. That will then be extended in July 2003 for people with school-age children of a younger age of six to 11. Then that will be an ongoing annual requirement.

People who are on parenting payment and attending these interviews will get access to whatever assistance they have need for, particularly through a new transition to work program, through expanded places in disability services, rehabilitation, voluntary work and literacy and numeracy programs. They will also get the benefits of the Working Credit for people on parenting payment and also of the literacy and numeracy supplement if they need to undertake that form of training.

Senator CHRIS EVANS—What are your estimates of the numbers likely to move off parenting payment, and work?

Mr Kalisch—In generality it again comes back to the difficulty of providing you with precise estimates. In general terms, we have expectations based on our experience with JET and based on the general labour market experience of parents—particularly parents with school-age children, who are entering the labour force—that we will have considerable success and that in fact the parents will have considerable success finding work and increasing their levels of work. One thing that you are no doubt also aware of is that our current parenting payment customers have the largest level of reported earnings of any client group in our working age population—in fact, of any of our payment types—so there is already a high level of labour market experience. We expect that with further assistance, particular fairly tailored assistance, we will get even better outcomes for them and they will get even better outcomes for themselves and for their children.

Senator CHRIS EVANS—What are the rough assumptions, then—that people will move off the parenting payment into work and that that will be one of the big savings areas?

Mr Kalisch—Yes. As I indicated earlier in our discussion on this offsets issue, parents as well as the Newstart groups are the two main groups where we expect to make the major savings in income support and where there will be the greatest success in terms of people going back to work and increasing their levels of earnings.

Senator Vanstone—If you think back to what has been done in the past by both governments—I am not trying to make a political point here—what we have done with what in the old-fashioned terminology are referred to as sole parents has been a bit silly. We have basically paid them some money on a fortnightly basis and just forgotten them. We have not worried, until the accident of the child's biological date of birth triggers off a letter that they get sent that says, 'Look, by the way, now you're expected to return to the workforce.' They have been ignored all that time. For women particularly, since they form the bulk of these recipients, if you consider an office work situation—and I do not mean by that to typify that people on parenting payments who are women are office workers, but it is a good example to use—they can let their skills fall down by just not having access to equipment and using them and the other work/social skills that come with working. A simple word processing skill can fall—new programs come out, and you are not up to date. But then new skills come in. Email, for example, is used a lot more now in offices than it ever was before. Before we got into government, there were not these little things that you can have on your desk so that someone can email you with the appropriate questions.

Senator CHRIS EVANS—They were the good old days!

Senator Vanstone—They might have been the good old days. I remember the assistant clerk telling me that I could not bring a mobile in with an earpiece so that someone could be watching and give me a few outside tips on what to ask your ministers at the time. Things change. Not only can these women lose or have a diminution of their existing skills but there are new skills that they need to pick up. To show an interest once a year, especially to the six to 13s, and offer advice on what sort of things there are around, if it was at least to maintain their existing skills, would be something. If there is a chance to keep up with whatever the skills are, additional skills that are required or networking skills, they have a much greater chance of easing back into the workforce.

Then of course there are the six hours required of people with their youngest child aged 13, and I do not think that is unreasonable. I read a statement from one of your colleagues—not

you, of course, because you probably would not make a stupid statement like this; it might have been a Democrat, actually—who said something ludicrous like, ‘Oh, they’ll make them leave children at home on their own.’ I do not know whether they thought we were going to make *Home Alone* movies or wait for children to be attacked! That is just ridiculous. This department has long experience of dealing with things like this, and it would be a cumulative total so that holidays and things like that can be taken into account.

All of this works out, I reckon, to be much easier for that person to transit back into the economy or transit through that period of time when they want to spend more time with the child than this ridiculous notion that both parties had that you could just pay them some money and then send them a letter saying, ‘You’ve got to work.’ That is crazy. I think they will warm to this—I will not say, ‘Like cats to cream’. I think it is a great idea, and it will really help people transit through that period instead of being ignored like they did not exist other than as a person to whom we should send money.

Senator CHRIS EVANS—That leads me to the question I was going to ask about the \$191 million for parents returning to work: is that all JET money?

Mr Kalisch—It is a range of money. That is essentially money for this portfolio. It will be money that we use for a number of purposes to provide money to Centrelink to establish new personal advisers—so additional personal advisers for parents.

Senator CHRIS EVANS—This is not double counting of the money that they have for extra staff for Centrelink.

Mr Kalisch—No, this is in addition to what they have currently for JET advisers and JET child care and all the other things. This is new money.

Senator CHRIS EVANS—But they also got a staffing increase—700 or 800 advisers. This is a different set again, is it?

Mr Kalisch—This is from that 850. There will be an element that will be directed towards providing more opportunities for parents. It is within that funding for the 850.

Mr Jackson—There are different ways that you can present it. The figure you are indicating is one way of presenting the aggregate impact across these measures on Centrelink resourcing and so on. This measure is talking about those aspects that go to a particular client group that draws in components from various specific measures.

Senator CHRIS EVANS—I am not really concerned about how it is represented; I am just trying to make sure I understand it. Is the \$191 million the same money as in the Centrelink budget for advisers, or is it different money?

Mr Kalisch—The money that is going to be provided to Centrelink for their personal advisers will be drawn partly from this bucket of money of \$191 million, partly from the bucket of money for older or mature age workers as part of this package, partly from the bucket on help to participate as part of this package and partly from the new measures for people with disabilities as part of this package. What we have given you in the budget documents is each of the elements broken down by program group. Of that a portion will go to Centrelink for personal advisers. That then builds up to form the total resourcing they need to set up 850 personal advisers.

Senator CHRIS EVANS—As I recall from this morning, it was represented as increased income for Centrelink. Is my memory right, or did I get that wrong?

Mr Kalisch—It will be increased income for Centrelink but then we are also expecting them to do something with it.

Senator CHRIS EVANS—Yes, but it is represented in this year's budget as income to Centrelink; is that right?

Mr Kalisch—Yes.

Senator CHRIS EVANS—And it is represented also in this budget as expenditure on this program.

Mr Kalisch—It goes towards this program and then we appropriate it; we pass it over to Centrelink.

Mr Jackson—The additional revenue figure you saw is a composite across a number of the measures that are presented here by client group. It is the aggregate impact across those client groups.

Mr Kalisch—Perhaps I can help you out a little bit here. Of that \$1.7 billion for the total package across the portfolio, about \$480 million of that is going to Centrelink.

Senator CHRIS EVANS—And that is all for their advisers?

Mr Kalisch—For their advisers, as well as for other measures such as systems upgrades.

Senator CHRIS EVANS—But that \$480 million includes part of the \$190 million that is represented under your helping parents return to work?

Mr Kalisch—Yes.

Senator CHRIS EVANS—That is clear.

Mr Kalisch—Very transparent.

Senator CHRIS EVANS—Yes, either that or double counted—I am not quite sure which, yet.

Mr Kalisch—It is not double counting.

Dr Rosalky—It is not double counting. It is appropriated to FACS by these different measures, programs that relate to the client groups and the outcomes we are talking about. What Centrelink described to you this morning was the total revenue that goes to them, and most of that comes from here. Some of it will come from DEWRSB's appropriations also.

Senator CHRIS EVANS—How much of the \$191 million in this split budget item is to fund extra advisers at Centrelink?

Mr Kalisch—That is a good question. I will get someone to get that level of detail out for you.

Senator CHRIS EVANS—Would you like to press on while they are doing that?

Mr Kalisch—Perhaps we will press on and come back to that.

Senator CHRIS EVANS—You are going to give me the break-up of the \$191 million, but some of that is to go on extra JET services. Is that right?

Mr Kalisch—Some of it is to go on additional program places.

Senator CHRIS EVANS—JET program places?

Mr Kalisch—Perhaps we can clarify what you mean by JET. JET—

Senator CHRIS EVANS—No.

Mr Kalisch—Perhaps you do not want to go there.

Senator CHRIS EVANS—No, because I have had this argument with Senator Newman. I want you to tell me what you say you will spend the money on. We have had this argument before about what is and is not a JET place and why the government says they are there and I say they are not. You tell me.

Mr Kalisch—Perhaps I can let you know what I understand by the JET program, so you are aware where we are going from there. The JET program, as it currently operates, has a number of distinct strands. It provides an interview and other assistance, monitoring referral for parents who come in through the door at Centrelink. It also has some money to purchase pre-vocational training or other distinct education and training needs, largely from the TAFE sector. There is also some money available for sole parents to reduce the gap in some of their child care fees. Essentially, that is the JET program as we understand it.

That understanding of that program assistance will still be available for parents and will in fact be expanded, in that we will have more people coming through the Centrelink door for interviews, for assessment, for referral, for monitoring. We will have increased numbers of program places that we can refer them to, and they will also be able to access a new program being developed in the Employment, Workplace Relations and Small Business portfolio called a transition to work program. That will pick up some of the existing elements of their Return to Work Program as well as the pre-vocational funds.

Senator CHRIS EVANS—Just so I am clear, my recollection of JET was that you funded it by the place. Is that not right?

Mr Kalisch—There are different ways in which the funding is made available. There are a number of different lines of funding for JET. There is certainly funding to Centrelink for their JET advisers. There is funding for the pre-vocational training and there is also funding for the child care component available to JET participants.

Senator CHRIS EVANS—Those three streams are funded separately, are they?

Mr Kalisch—Yes. In fact, outside of this \$191 million there is some additional funding for increased numbers of parents accessing that JET special child care fee assistance.

Senator CHRIS EVANS—That is why I have been having a great deal of difficulty working this out. On budget night and since in the budget papers none of that is very clear at all. So I do want you to take us through that.

Mr Kalisch—It is actually separate dollars in addition to this \$191 million.

Senator CHRIS EVANS—In some of the press releases they are rolled in together, they got confused with the out of school hours places as well.

Mr Kalisch—That will largely be available also for this group going through the parenting payment processes, particularly those with school-aged children.

Senator CHRIS EVANS—I am not accusing anybody of double-counting, but I do want to be very clear what it is we are funding and what extra services we are providing.

Mr Kalisch—There is certainly no double-counting in the numbers.

Senator CHRIS EVANS—What are we buying in the way of JET components out of this \$191 million?

Mr Kalisch—Out of this \$191 million we are purchasing more advisers for parents. That is on top of the existing JET advisers.

Senator CHRIS EVANS—Is this different from what you are paying Centrelink?

Mr Kalisch—Yes, this is in addition to what we are paying Centrelink for JET advisers.

Senator CHRIS EVANS—So you have got the Centrelink advisers.

Mr Kalisch—Yes, there will be increased numbers of personal advisers in Centrelink for parents. That is reflecting the increased numbers that we will expect to flow through this program.

Senator CHRIS EVANS—You are getting me that figure.

Mr Kalisch—Yes.

Senator CHRIS EVANS—In addition, you will put on more JET advisers.

Mr Kalisch—Perhaps it is a matter for Centrelink to really talk about the nomenclature.

Mr Jackson—Could I chip in here? The personal adviser role is very much modelled around the JET role and an expansion of that sort of role that Centrelink are going to be playing. Mr Kalisch has gone on to explain how there will be additional opportunities provided in this transition to work program that will be run in the DEWRSB portfolio and the ability of the personal advisers to refer people into that brokerage arrangement for those that have more intensive needs than can currently be met through the existing JET arrangements. The personal adviser role is very much a furtherance of the JET role that is played for a smaller group of people currently. That is, in broad terms, where that comes from.

Mr Kalisch—For example, specific areas where the personal advisers will be used will be explicitly around those who have the annual interview requirement—that is, parents on parenting payment who have school-aged children. We know fairly clearly the numbers that are currently on those payments at the moment and the numbers that are flowing through each year. It is a fairly easy algorithm to work that out.

Senator CHRIS EVANS—As this is all very easy then, you can tell me what we are buying with the \$191 million, because I am not at all clear now.

Mr Kalisch—I can give you a fair sense in terms of some of the placements. Of the \$191 million there is about \$125 million going to Centrelink. That will be for personal advisers for the people going through these annual interviews. It will also be, I think, for an expanded claim process.

Ms Williams—It is also for systems development. Some of the system support that needs to be done for the personal advisers will actually be built as part of the parenting initiative. It is also for additional specialists to support them. One of the understandings of having a personal adviser role in place is that some of the issues picked up in those interviews will require specialist assistance—so more of the social workers, more of the occupational psychologists, more FISOs for assistance with financial support.

Senator CHRIS EVANS—Do you have a break-up of that? How many personal advisers are you going to fund and how many specialists?

Ms Williams—I have it for the personal advisers, but I do not have the specialists. I can take that one on notice.

Senator CHRIS EVANS—What are the personal adviser numbers?

Ms Williams—Out of the total I told you this morning of 412 in the first year, around 113 are for the parenting initiative; of the 818 in the second year, around 367; and of the 855 in the third year, around 370 are for the parenting initiative.

Senator CHRIS EVANS—Thank you. So that is \$125 million of the \$191 million. Where is the rest going?

Mr Kalisch—The rest is coming through increased program places, essentially. I can run through some of those examples for you. For some of the major ones I can give you the details down to the single place: life skills courses, 7,850; volunteering places, 8,200; training programs, 8,800; tertiary education places, 2,260; literacy and numeracy places, 2,400; job search training, 9,400; intensive assistance, 13,700; Work for the Dole, 2,380. There is also some additional disability employment assistance—that is in the order of 11,000 places—for parents. In total, there are about 80,000 new funded places over the four years.

Senator CHRIS EVANS—Is that for parents of children with a disability?

Mr Kalisch—No, that is for parents with a disability. One of the things we have found from some of our recent pilots, particularly for the parenting payment group, is a relatively large amount of undisclosed disability. Having more intensive assistance and more intensive working with some of these client groups has certainly increased our understanding of what people need and the type of assistance they need. We have then used that information on which to base the program assistance that is made available as part of these budget measures.

Senator CHRIS EVANS—So those program places are purchased with the rest of that \$191 million; is that right?

Mr Kalisch—Yes.

Senator CHRIS EVANS—Is that over the four years?

Mr Kalisch—That is over the four years, and then there is a further amount, largely in the Education, Training and Youth Affairs portfolio, also specifically for parents. But that is not in that \$191 million, that is in addition. That is around \$50 million in that portfolio and that would be reflected in their portfolio budget statements.

Senator CHRIS EVANS—Will there be extra JET officers employed as part of that, or not?

Mr Kalisch—There will be extra personal advisers who will have a similar role to the current JET advisers.

Senator CHRIS EVANS—This is the point Mr Jackson was making: is it expansion of the old JET adviser role but under a new guise?

Ms Williams—It is just—

Senator CHRIS EVANS—This is troubling you a little bit, Ms Williams. That is not the way you want to put it?

Ms Williams—No, it is not. The JET advisers are specialist positions that we would be using to refer to, and there is an element built into the personal advisers of some of those specialists. The personal adviser role itself is not expert; they are not the specialists. They are the ones that actually broker which specialist assistance or which sorts of assistance people should be referred to. It is based on the JET model but it is not the JET model.

Senator CHRIS EVANS—So you would say the extra JET advisers will come as part of the specialists you were referring to.

Ms Williams—And part of this measure particularly looks at some higher level personal advisers, if you like, that are similar to the JET adviser, who would deal with the more

complex parenting cases and would also deal with some of the mentoring of those personal advisers, supporting them with the more complex cases.

Senator CHRIS EVANS—Thanks for that. Do you want to tell me a little bit about the widows allowance, or is that part of the mature aged workers initiative?

Mr Kalisch—There are a number of elements for widows. As I mentioned, they were one of the groups that would be invited to come in for the voluntary participation planning interview, starting from September next year. Again, that would be purely voluntary but we expect that a number would come in and take advantage of that assistance. Therefore, a number would also increase their prospects of going back to work and/or increase their earnings.

Senator CHRIS EVANS—The widows is a grandmothers clause already, isn't it?

Mr Kalisch—Sorry?

Senator CHRIS EVANS—Are there new entrants on the widows program?

Mr Kalisch—There are, but it is also a program that is being phased out. There are a number of eligibility criteria and I will try and get those for you.

Senator CHRIS EVANS—I thought the widows allowance was essentially being phased out. Is that right?

Mr Kalisch—It is phasing out. There are still reasonable numbers within that program, as we speak.

Senator CHRIS EVANS—Are they entitled to stay in that program?

Mr Kalisch—Yes, until they—largely—reach age pension age. There are two main criteria. A woman needs to be aged 50 or over and to have been widowed, divorced or separated since turning 40, with no recent work force experience. It is that order of criteria—not the easiest. The other aspect that will affect widows is that people who newly claim widows allowance after July 2003 will be asked to come in for an annual interview, in much the same way as we are doing the annual interview for parents with school-aged children.

Senator CHRIS EVANS—I presume we do not expect big savings out of this group, then, either?

Mr Kalisch—Not large savings, but certainly some savings. It is only reasonable, certainly on the basis of our experience with the pilots, that we will get some impact but, again reflecting largely the age of the group and the fact that they do not have any recent work force experience as part of the condition of payment, it will be more difficult than, say, the parenting group to get back into work.

Senator CHRIS EVANS—What are your assumptions about them coming off Newstart?

Mr Kalisch—Newstart is where it starts to get a little bit tricky in the way of how these estimates processes are operated, in that a large number of measures impacting on Newstart take place in the Employment, Workplace Relations and Small Business portfolio, particularly with the changes to the sequencing of employment services and some of their expanded programs in terms of job search training and Work for the Dole. It is probably better to refer questions to that portfolio.

Senator CHRIS EVANS—I am not so much interested in the measures at the moment, I am interested in what assumptions you made.

Mr Kalisch—The broad assumptions?

Senator CHRIS EVANS—I gather they are going to make quite a large contribution to the \$600 million.

Mr Kalisch—Yes.

Senator CHRIS EVANS—And to the \$300 million.

Mr Kalisch—In broad terms, there are really two main measures from this package that will impact on Newstart allowees, and where we expect considerable outcomes. The first is helping people find jobs, which is largely the employment services changes—better sequencing of employment services, standardised job search training at three months, mutual obligation at six months, and expanded program places. The other main area where we are expecting fairly good outcomes for people on Newstart allowance is from the working credit, in terms of the improved incentive that they will have, in particular, to get back into work. As you are aware, the Newstart income test is much tighter than that operating for pensions, and therefore we are expecting a fairly significant result from that Newstart group in terms of increased reporting of earnings. They are really the two main elements that are contributing to a fairly sizeable impact on that client group. Other elements also will have a small impact.

Senator CHRIS EVANS—Can I ask you about the mature-age worker budget measure. I am probably going to regret this, because I suspect it is like the previous one, but is the \$146 million again this combination of what is going to Centrelink and what has been spent on other programs?

Mr Kalisch—Yes.

Senator CHRIS EVANS—Do you want to explain it to me, then?

CHAIR—Senator, I note the time. Do you want the explanation before or after dinner?

Senator CHRIS EVANS—It depends whether the officers feel they need their dinner first. I will go with the officers' call, Madam Chair.

Mr Kalisch—Perhaps we can give you some information which we have readily to hand.

Senator CHRIS EVANS—I am going to ask you about the same thing regarding the age pension bonus and so on as well, so maybe you will need dinner to find the right pages. I forewarn you that that is what I will be asking about when we come back.

CHAIR—So is that all right?

Senator CHRIS EVANS—Yes, that is all right.

Proceedings suspended from 6.29 p.m. to 7.35 p.m.

CHAIR—We will resume where Mr Kalisch left off.

Mr Kalisch—As I recall, Senator Evans, the question you asked before the dinner adjournment was about the break-up between the different elements of the measures for mature age workers. I can give you a couple of different ways to look at this. Around \$100 million of that total of \$146 million is funding for Centrelink. The FACS component of that \$146 million is \$131.4 million. There is some extra funding for DETYA in terms of education and training places of \$14 million. Then there are some increased places that we are also purchasing.

I can also refer you to the information that is in *What's New-What's Different*. We have also sought to break it up in terms of the costs for the specific components. The voluntary participation interviews have a cost of \$15.1 million over the four years. The participation planning for widow allowees has a cost of \$3.6 million; \$2.2 million for closing off mature aged and

partner allowance; and \$81.6 million for the flexible activity requirements for older Newstart recipients. Then there is \$44 million for funding more assistance places. They are all four-year figures. That breaks down that \$146 million in a couple of ways.

Senator CHRIS EVANS—How much of that is going to Centrelink?

Mr Kalisch—\$99.8 million.

Senator CHRIS EVANS—What is that purchasing from them?

Mr Kalisch—That is largely purchasing personal advisers and other assistance from Centrelink. As I explained earlier, the personal advisers are going to be available for people going through the voluntary participation interviews, for the people having the regular annual interview, if they are new claimants of widow allowance, as well as for extra assistance and extra time that Centrelink is going to be taking in terms of determining the new flexible activity test requirements for older Newstart recipients.

Senator CHRIS EVANS—So only \$40-odd million of that is actually for services over the four years?

Mr Kalisch—Yes, increased places. I suppose it is also fair to say that the money going to Centrelink is actually for increased services from that organisation but not necessarily increased places in terms of other programs.

Senator CHRIS EVANS—What are the broad assumptions we are making about those workers over 50 returning to work?

Mr Kalisch—We are using some of the information that we know from the pilots we are currently running for mature age workers. I think it is also fair to say that we also know from those pilots and that experience, as well as from our broader understanding of this group, that they are going to have a much harder chance getting back into work and reporting income. So we have certainly got much more modest expectations in terms of outcomes for this group of people.

Senator CHRIS EVANS—That is the point though, is it not? This is a group that has real structural barriers to re-entering the workforce, and we are going to spend \$100 million on advisers, who will advise them that there are real structural barriers. I am playing devil's advocate, but it is a question of what are we actually doing that is going to get them a job. I reject the view that it is all because they are work shy or not trying. There has been a number of reports and a pretty broad indication that a lot of these workers are people who are very genuinely trying to get work, but the age discrimination creates a barrier to them getting back in. I am looking for what are the things we are doing structurally that are going to overcome those problems for them.

Mr Kalisch—Perhaps there are a couple of things that I can say in response. Firstly, we have got an ageing society, and these are very much the sorts of people that we just cannot afford to leave unemployed and left alone. They really do need to be brought back into the economy, into the labour market, where possible. Often these people are left alone too long. They do get onto these non-activity tested payments and payments that do not provide them with access to assistance. For example, people on mature age allowance do not have access to a lot of the Job Network assistance, except for job matching. They are physically barred from accessing a lot of the other more extensive assistance through the Job Network.

What we are looking at here is quite a change of approach in terms of providing people with access to assistance they have not had before as well as intervening much earlier. Another element in the package that is in the DEWRSB portfolio is better assistance up-front for

people facing retrenchment as well as for people who have just newly been retrenched, hoping again to have a strategy of early intervention, rather than waiting for people to be out of the workforce for a long period of time.

The other thing I should say in terms of outcomes is that we expect the group that is participating in the voluntary planning interviews—the group that takes up that offer and comes in and establishes a participation plan and then will be referred to assistance—to be fairly highly motivated and we expect to get some quite reasonable outcomes from them. But I would have to say that still the issue remains that they will be more difficult to assist. One of the other elements of the package is some direct approaches to business and community groups to start taking more notice of this group as a potential addition to their workforce.

The issue you raised earlier around age discrimination is quite pertinent. We are certainly alert to that and recognise that this package needs to also address that issue, and that is a distinct part of this package. It is in the expanded funding for the Prime Minister's Community Business Partnership. It is one of the specific elements that is taken up in one of those measures—around not only mature age workers but some other groups that also may find some difficulty breaking into the labour market, such as indigenous Australians and people with disabilities. I think parents is the other group. So we have also taken on board some of those structural issues that you have been talking about.

Senator CHRIS EVANS—Okay, I will not bite. Thank you for that. I will now ask you some questions about the measures for Australians over age pension age, that budget measure. Before I do, I have got some questions about disability employment and the disability measures, but I have also got some more general disability questions. I know Senator Allison is coming in, and I suspect she might want to cover some of the same ground, so we might do some of the disability stuff when she is here, rather than do it twice. My questions are about the budget measures but they are more about some of the disability education assistance measures, et cetera, rather than the welfare reform aspect; but some of it is related to welfare reform. I want to ask you how much you spend on DSP assessments and so on.

Mr Jackson—Just to clarify that, apart from the disability aspects, are there other aspects of the welfare reform packages you are wanting to come to, because the age measures that you were referring to are part of the Acknowledging Older Australians package?

Senator CHRIS EVANS—Yes. I think that is why I pulled myself up. There are a set of questions about disability and some of to do with the budget measures that I want to come to. I also know, as I say, that Senator Allison is coming in and I suspect she will want to cover much the same ground. So maybe we could do the aged measures and then do the disability stuff together.

Senator WEST—I have one disability one and I am not sure whether it is going to fit into there or into the budget.

Senator CHRIS EVANS—I think we have agreed that we will do it all at once. I thought I would give the departmental officers the opportunity to clear up the confusion about who will benefit from these measures. There has been a debate in the community about just who is going to benefit from these measures, the numbers and the income cut-off. I must admit the rebate thing had me pretty well beaten as well. Would somebody like to introduce me to who is picked up by the various measures?

Ms Prince—Which particular measure are you interested in?

Senator CHRIS EVANS—Starting with the \$300 plan, the telephone allowance and the health care card.

Ms Prince—I will start with the \$300 payment. The \$300 one-off payment is actually directed to people who are of age pension age or over. On budget night, which was 22 May, we expected that about 2.2 million people will benefit. The vast majority of those are already in the income support system, so they will be people who are in receipt of either full rate or part rate age pension, DVA pensions and service pensions. Those people have a different age pension—age to social security—so they are up to five years younger. Then there are possibly 60,000 to 70,000 other people who are in the income support system who are on different payments to age pensions. They could be on carers allowance, they could be on sickness benefit—just a variety of payments.

Senator CHRIS EVANS—But they are all over 65?

Ms Prince—They are all of age pension age.

Senator CHRIS EVANS—I think there is a difference in that, is there not? Sorry, when I said over 65, I was wrong. The qualifying age—

Ms Prince—Is 65 for males and 61.5 years for females.

Senator CHRIS EVANS—Are women on those other benefits eligible if they are aged 61.5 years? That is the qualification for them, even though they are on another benefit?

Ms Prince—Yes, that is correct—and for men as well.

Senator CHRIS EVANS—Where are the majority of the 60,000 or 70,000 who are on other benefits?

Ms Prince—I do not have the exact figures. They could be on disability benefits, carers benefits, sickness benefits, special benefits and, occasionally, some on single parents benefits or on various parent payments. So they are on a variety of things.

Senator CHRIS EVANS—I thought you tended to move them on to the age pension when they turned 65?

Ms Prince—We do, but many of those people would probably not meet the residency requirement for age pension. You have to be a resident for 10 years before you can actually claim it. They would get other benefits.

Senator CHRIS EVANS—So the majority of the 60,000 or 70,000 are likely to be more recent?

Ms Prince—I do not know the demographic, but that would be our assumption.

Senator CHRIS EVANS—So the majority of those 60,000 to 70,000 will be people who have not qualified for the age pension by virtue of not having the residency qualification?

Ms Prince—Yes.

Senator CHRIS EVANS—But they are entitled to income support?

Ms Prince—Yes.

Senator CHRIS EVANS—No—one who met the residency requirement and was 65 would otherwise be on those benefits?

Dr Rosalky—As I understand it—and my colleagues who know the story better can correct me if I am wrong—people on disability support pension when they reach age pension age can elect to stay on DSP, so there are quite a lot of people on DSP.

Senator CHRIS EVANS—So a proportion of that 60,000 to 70,000 would be those on DSP?

Ms Prince—They could be, yes.

Senator CHRIS EVANS—Is anyone able to help us with the actual figures?

Ms Prince—I cannot help you at the moment, but I could certainly get them for you.

Senator CHRIS EVANS—Perhaps you could take that on notice.

Ms Prince—Yes.

Senator CHRIS EVANS—Obviously you have done the work, because we have budgeted for it. Are there any other groups who are entitled to the \$300, apart from age pensioners, DVA pensioners and those 60,000 to 70,000 we talked about?

Ms Prince—Yes, there is another group. They are people who are not in the social security system or who pay personal income tax, and we are going to make payment available to them. They will not be paid in the same way as the other group. They will be able to apply to Centrelink from 1 July to get the \$300 payment. What they will basically need to do is meet an income test.

Senator CHRIS EVANS—I did not quite catch that, Ms Prince. You said they are not in the income security net?

Ms Prince—Basically, this measure is designed to try and pick up people who are in very modest circumstances but who are not in the social security system and who are not in the personal income tax system so may not be able to benefit from some of the tax measures. We want them to be able to have access to this \$300 payment.

Senator CHRIS EVANS—What sort of people fall into that group, just so I understand? We have described what they are not; what are they?

Ms Prince—We are not terribly certain about who they are either. We estimate that there could be up to 30,000 of them. Essentially, they will be people who, as I say, are in very modest circumstances and, for some reason or another, are not in the income tax system and are not in the social security system. They may be people who possibly have certain asset levels but very low income levels. We do not really know who they are. We are waiting to see.

Senator CHRIS EVANS—Are these the independently poor?

Ms Prince—I do not know.

Senator CHRIS EVANS—If we are going to pay them \$300, we are going to have to identify them somehow.

Ms Prince—We are defining them by an income limit. They will be eligible if their taxable income for the 2000-01 year is \$20,000 or less if they are a single person and \$32,612 if they are a couple combined, which are the effective tax-free thresholds for 2000-01.

Senator CHRIS EVANS—How many of these do you think there are?

Ms Prince—We do not know. We are estimating that there might be up to 30,000. We do not really expect there to be that many, but we just want to be on the safe side.

Senator CHRIS EVANS—Do I take it that you have budgeted for 30,000?

Ms Prince—You make take that, yes.

Senator CHRIS EVANS—Because this requires them applying, the take-up rate may or may not be higher?

Ms Prince—That is right.

Senator CHRIS EVANS—So those are the four groups. Have we got them all?

Ms Prince—Yes.

Senator CHRIS EVANS—Can I ask about the telephone allowance.

Ms Flanagan—I think that you were interested in the numbers that would be eligible now for the telephone allowance?

Senator CHRIS EVANS—Yes.

Ms Flanagan—It is expected that around 445,000 people may now be eligible to receive the telephone allowance.

Senator CHRIS EVANS—Is that an addition or in total?

Ms Flanagan—That is all holders of the Commonwealth seniors health card, including the extension of that card, because the income limits have been increased.

Senator CHRIS EVANS—It is the total figure. Perhaps we can go back: how many people are currently eligible to access the telephone allowance rebate?

Ms Flanagan—The telephone allowance is available to those holding a pensioner concession card.

Senator CHRIS EVANS—That was the old requirement?

Ms Flanagan—The pensioner concession card is available to all pensioners.

Senator CHRIS EVANS—Yes, I know. Also all those holding pensioner concession card were prior to this decision the only group who were entitled to the telephone allowance? I am just trying to get the before and after, who was in, who was out and what the changes are. I thought from what you said, the 445,000 was the new total rather than the change. Maybe I heard that wrong?

Ms Flanagan—It is an additional group.

Senator CHRIS EVANS—The 445,000 is the number of people who have become entitled as a result of this budget decision?

Ms Flanagan—Yes, but what I qualified was the fact that there has also been an increase in the income limits for Commonwealth seniors health card which has brought another group in. So there is an existing group of card holders—

Senator CHRIS EVANS—Sorry, the 445,000 are those who have currently got the health care card who are not pensioners; is that right?

Mr Smith—What is happening for the first time is that the telephone allowance is being attached to the Commonwealth seniors health card holders.

Senator CHRIS EVANS—Currently only those with pension concession cards get it?

Mr Smith—That is right.

Senator CHRIS EVANS—What is that number?

Ms Flanagan—It would be all pensioners. We can give you that figure.

Senator CHRIS EVANS—That is what I am after.

Ms Flanagan—Disability support pensioners, age pensioners et cetera; we can get that figure fairly quickly.

Mr Smith—It is approximately two million, we will get the exact figure.

Senator CHRIS EVANS—So two million or so, and you will get me the figure, were entitled by virtue of their pension concession card to telephone allowance? As a result of this decision it was extended to all holders of the seniors health care card?

Mr Smith—The Commonwealth seniors health care card.

Senator CHRIS EVANS—How many people at the time of the decision were holders of the seniors health care card?

Mr Smith—There are two figures: one is how many were eligible and how many were holders. There were roundabout 400,000 who were eligible and there were 222,000 who were holders.

Senator CHRIS EVANS—Is it still that low?

Mr Smith—It has been steadily trending up in the last six months.

Senator CHRIS EVANS—You run into them all the time. You run into people at meetings who you know are entitled but they do not know they are entitled. They are quite intelligent, articulate people, and it always amazes me how many you do bump into who say, 'We ought to be entitled to this.' And I say, 'You are'. At the moment we have only got 222,000 of the 400,000 possible in the net?

Ms Flanagan—Although interestingly, I think, that number has almost doubled over the last year.

Mr Smith—That is right, it is trending up.

Senator CHRIS EVANS—That means that those 400,000 are eligible for the telephone assistance?

Mr Smith—That is right.

Senator CHRIS EVANS—Plus whoever else has been brought into the loop by the extension of the card?

Mr Smith—Of the income limits, that is right.

Senator CHRIS EVANS—What is our estimation of the additional group who are brought in by the income limit decision?

Mr Smith—Approximately 50,000.

Senator CHRIS EVANS—So given whatever the take-up rate is, the telephone concession is not going to be a big cost item for them. The big group is those who are already the card holders?

Mr Smith—That is right.

Senator CHRIS EVANS—Can someone explain to me how this new income limit thing works—the rebate changes et cetera?

Ms Flanagan—Is it the tax, Senator, or the increase in the income limits for the Commonwealth seniors health card?

Senator CHRIS EVANS—Both, I suppose.

Ms Flanagan—We will need to let the Treasury portfolio answer the changes to the tax system, but in terms of what has happened with the Commonwealth seniors health card, it has been increased a number of times over a number of years since it was first introduced in 1994, I think. In this budget, the annual income limit for singles has gone from \$41,000 to \$50,000 and for couples it has gone from—I do not know why it was this amount—\$68,676 to \$80,000.

Mr Smith—The reason there was that strange figure of \$68,676 was because those numbers were adjusted for the GST. In terms of your earlier question about how many holders of the telephone allowance there were, the number is 2,236,372.

Senator CHRIS EVANS—Do you have that broken down by the pension groups? That was not all age pension; that includes disability pension et cetera, doesn't it?

Mr Smith—That is the number of pensioners, yes.

Senator CHRIS EVANS—Do you do not have a breakdown by—

Mr Smith—Not with us at the moment.

Senator CHRIS EVANS—Do you mind taking it on notice?

Mr Smith—We will take that on notice.

Senator CHRIS EVANS—Thank you. This is a broad question, I think. Mr Smith you made the point of stressing the correct name of the Commonwealth health care card; I did not get that right.

Ms Flanagan—The seniors health care card.

Senator CHRIS EVANS—The Commonwealth seniors health care card. Is there any implications of this decision for the cards offered by various state governments, et cetera? You know a number of the state governments offer seniors concessions and have eligibility criteria: is there any interaction as a result of this decision with those schemes?

Mr Smith—The only state at the moment that provides assistance to holders of Commonwealth seniors health cards, to our knowledge, is Western Australia. Most states and territories do actually have a seniors card, and a senior card is usually—

Senator CHRIS EVANS—Those are separate. I think WA used to as well, but I think they abandoned that in favour of the health care card? They have to deal with the implication that you have widened the eligibility for that card, which may well, without changes, widen the group of people eligible for concessions that they offered on the basis of that card: is that right?

Mr Smith—The other part of this measure, as indicated in the portfolio budget statement, is that the Commonwealth is prepared to enter into negotiations with the states and territories about providing some or all of the concessions to this group of people that they are currently providing to pensioners.

Senator CHRIS EVANS—Can you say that again, Mr Smith. I did not quite understand the import of that. The Commonwealth is prepared to negotiate with the states to achieve what end?

Mr Smith—To offer some or all of the current range of concessions currently offered by the states and territories to pensioners. The core group of concessions that are offered to aged pensioners are usually such things as reductions on motor vehicle registration, rates, et cetera.

Senator CHRIS EVANS—The Commonwealth are saying that they are prepared to help extend that beyond the pensioners to those who are eligible for the Commonwealth seniors health care card; is that right?

Mr Smith—That is right.

Senator CHRIS EVANS—So that would be the independent retiree group, those who are not dependent on income support? Is that because a number of the state measures are limited to those who hold pension concession cards, is it?

Mr Smith—In the main. There is variation from state to state, but on page 178 of the portfolio budget statements, it says in the third paragraph under the table:

In addition, the Commonwealth will open negotiations with state and territory governments to see if some or all of the concessions that are currently available to pensioners and certain allowees can be extended to Commonwealth senior hard card holders.

Senator CHRIS EVANS—And then it says:

Funding for this measure is partly included in the contingency reserve.

Mr Smith—That is right.

Senator CHRIS EVANS—What do I take that to mean?

Mr Smith—Budget Paper No. 1 on page 6-57 actually talks about the contingency reserve, and this is where the government actually provides for implications of budget measures which at that particular point in time would not necessarily have a specific cost against it.

Senator CHRIS EVANS—That part of the component is only referring to this negotiation with the state governments, is it? The rest is fully funded.

Mr Smith—That is right.

Senator CHRIS EVANS—I notice the next item, which is the extension of the health care benefits, also refers to the contingency reserve.

Mr Smith—It is really a cross-reference to that same concept. Because the health measures in regard to that are referred to, they are not a FACS cost; they are a Health cost.

Senator CHRIS EVANS—I was going to ask you about that because I was trying to come to terms between that and the seniors health card. I saw in one of the documents it is listed under a FACS heading but, as you say, the majority of the cost is reflected in the budgets of the Department of Health and Aged Care. I just wanted to be clear what that health figure represented. That is the cost of extending the health benefits to that group—

Mr Smith—The pharmaceutical benefits, yes.

Senator CHRIS EVANS—And does that include the cost to the PBAC?

Ms Flanagan—The PBS costs are included in the Health budget—page 109 of Budget Paper No. 2.

Senator CHRIS EVANS—What does that show for the breakdown or the health costs?

Ms Flanagan—I do not have the budget papers with me, but I think it was around \$24 to \$27 million—something like that—a year.

Mr Smith—The figure is \$22.5 million in the 2000 year.

Senator CHRIS EVANS—I have got the figure in front of me. I wanted to know whether that included the cost of the access to the subsidised PBS.

Mr Smith—Yes, that is what that covers.

Senator CHRIS EVANS—I know this is really more a question for Health but it slipped past me on the basis I was going to do it here.

Mr Smith—As it says on the bottom of that page:

It is expected that approximately another 50,000 people will become eligible for the Commonwealth Seniors Health Card as a result of the initiative, and will benefit from concessional pharmaceuticals through the Pharmaceutical Benefits Scheme (PBS).

Senator CHRIS EVANS—That is all really the cost to the PBS?

Mr Smith—Yes.

Senator CHRIS EVANS—Can I just ask a couple of quick questions about the UK social security agreement. It was terminated on 1 March, I gather. Senator West wanted to ask a couple of questions about the indigenous budget measure as well. Mr Barson, are you the one who is going to tell me when and why we terminated the agreement?

Mr Barson—The Australian government has been in a dialogue with the UK government for some years now over the practice by the UK government to not index the pensions that it pays to people who live in Australia. A UK pensioner who lives in the UK and is in receipt of a pension which is based on contributions receives a pension which is indexed each year. If that UK pensioner moves to Australia, that pension is not indexed. This has been a point of contention between the governments for some years. A bit over a year ago the then minister, Senator Newman, raised this issue again, as her predecessors have, with the UK government, argued the reasons as to why we believed the UK government should index its pensions and, in the end, gave notice that Australia would be terminating the agreement. That notice took effect in May this year.

Senator CHRIS EVANS—Was it terminated on 1 March or not?

Mr Barson—I am sorry, March this year. Notice was given last year. The agreement requires 12 months notice. That notice took effect this year.

Senator CHRIS EVANS—There was not any publicity around 1 March that I could tell.

Mr Barson—There was a fair bit of coverage last year when the notice of termination was given, but there was very little this year.

Senator Vanstone—Do you yourself have a particular interest in this matter? Nothing hangs on this, but I am just wondering if you have got a particular interest in this matter or you are asking for someone else.

Senator CHRIS EVANS—I do not have a vested interest in this matter, no.

Senator Vanstone—No, I did not mean that. I have a particular interest in it, and I do not have a vested interest either. As I am told, the United Kingdom does pay this money to people in 38 countries, and they have a different system to us. These are contributory pensions. Just by the luck of coming here, for some reason the British government thinks it is fair enough not to index them to Australians, and I think to some others—to Canadians and perhaps South Africans as well.

Mr Barson—All the previous Commonwealth countries.

Senator Vanstone—All the previous Commonwealth countries. If British citizens who contributed to their pension go to non-Commonwealth countries, then they get their pension—and it is quite literally theirs because of the contributions they made—indexed.

They come to Commonwealth countries and they do not. It is a matter I intend to pursue quite strongly with the British government. I personally think it is completely unfair.

Senator CHRIS EVANS—I think that has been a view shared by the last 15 successive ministers of both persuasions.

Senator Vanstone—Watch this space!

Mr Barson—If I could add to that, if the pensioner in fact then moves back to the UK or goes back to the UK for a period of holiday, their pension is indexed while they are in the UK.

Senator WEST—And they lose the indexation when they get back here, do they?

Mr Barson—Correct.

Senator CHRIS EVANS—I was not actually looking to get onto the merits or the aims of successive social security ministers of both political hues who have gone off to London to thump the desk on numerous occasions.

Senator Vanstone—I think there might be a few other things. You just never know when you think about it.

Senator CHRIS EVANS—I am not doubting your powers of persuasion. I am just saying that—

Senator Vanstone—No, it will not be my powers of persuasion, but it might be a little bit of application. It is a bit like taking back a passport that some previous government gave Skase that he did not need. It was just a small little move that set off a chain of events that have effectively ruined his life. It is a bit like the simplification task force for Centrelink. Quite often, by just applying yourself to things, you can make a few changes—you just never know. If you are prepared to join me in this quest, I will be very enthused.

Senator CHRIS EVANS—And I am prepared to let you buy the champagne when he returns to Australia.

Senator Vanstone—You can count on it!

Senator CHRIS EVANS—You have been saying that to me for a couple of years now.

Senator Vanstone—We do not want to get sidetracked, I know, but there should be no peace for people who have got enough money to leave Australia. We pursue people over here, kids who nick cars and do a whole range of other things, and just because you are wealthy and go overseas is no reason the country should let you go. In fact, it is every reason a nation should spend whatever it takes, and we have not spent much on the Skase thing because it has just been smart work by the public servants really. There has been a little bit of money. You should relentlessly pursue these people so that they know that if they go overseas with their assets they will not live a comfortable life and will be spending a lot of money, a truck load of money, on lawyers and accountants, and they will have to continue to do it.

Senator CHRIS EVANS—We can put the same effort into some former senators closer to home than as well. I think we are getting distracted.

Senator Vanstone—No, I am on to the UK pensioners now—not on to them but on to the UK government.

Senator CHRIS EVANS—I understand the agreement. I just want to be clear when it was ended and how it was ended.

Senator Vanstone—He has just told you.

Senator CHRIS EVANS—I thought it was 1 March and he said 1 May. Are we on 1 March?

Mr Barson—1 March.

Senator CHRIS EVANS—That was as a result of the decision taken a year ago to give notice?

Mr Barson—Correct.

Senator CHRIS EVANS—There was no decision making process in the meantime; it had expired and that was it?

Mr Barson—A decision was made a year ago. The minister gave notice to the UK government of the intention to terminate the agreement with effect one year from then, as was required in the agreement.

Senator CHRIS EVANS—Could you just briefly describe for me what impact that decision now has on the people affected?

Mr Barson—For the people who are paid an Australian pension or a mix of pensions, it has no impact. The pensions have not been indexed, but that is as it has been for some time. As for the actual termination of the agreement, we have made arrangements to protect all existing recipients of those agreements so it has no effect on them.

Senator CHRIS EVANS—So the impact is on those who have arrived subsequently. Is that right?

Mr Barson—What is the arrival date?

Mr Barson—The date after which they arrived?

Senator CHRIS EVANS—When they are affected.

Mr Barson—1 March 2001.

Senator CHRIS EVANS—Thank you for that.

Senator WEST—I want to pursue promoting self-reliance for indigenous people. Are you receiving \$11 million over four years to provide capacity building in remote communities? You are saying there is an additional \$83 million over four years, but I am wanting to know what FACS will be receiving. I see those figures there in the table on page 174 do not add up to \$83 million.

Mr Smith—The measure that is costed here is for the development of additional service delivery centres in indigenous rural and remote communities.

Senator WEST—So it is rural and remote communities?

Mr Smith—That is right.

Senator WEST—Do we have a definition of how you are going to actually define—

Mr Smith—The commitment is to consult with indigenous people in terms of the service delivery—what we see as our remote area service delivery through Centrelink. We actually have quite a large network of community agents in remote areas. These are indigenous communities. We are not talking about non-indigenous communities.

Senator WEST—Are you talking about solely indigenous communities?

Mr Smith—That is right.

Senator WEST—Unlike Bourke or Brewarrina where there is a mixed community; You are talking about, in New South Wales, Wilcannia.

Mr Smith—Yuendumu, Kintore—places like that. An example of this type of service arrangement is in Maningrida in the Northern Territory, where we actually opened, through Centrelink, a small Centrelink office which employs local people which services Maningrida and also all of the outstations and all of the small subcommunities around that area. The model that we are looking at is new offices; they are not agents. It will be a Centrelink office with trained people. Those people will be local people, and they will actually be connected to a network of other centres which may or may not use community agents as part of the network.

Senator WEST—What consultation process took place with ATSIC in relation to this—anything or nothing?

Mr Smith—FACS actually is working very closely with ATSIC on a number of projects. There is this project. ATSIC, under this particular initiative, also has responsibility for what is called the community participation agreements and capacity building sort of arrangements. We have actually been working with ATSIC for some time around trying to do business differently in remote areas. We have been doing some disability projects with them, where we have actually been adding our Disability Employment Services to the CDEP, and we have been looking at working with ATSIC around our Stronger Families and Communities Strategy and doing some projects with them around that. It was a very natural progression for us to work with them on their initiative around the participation agreements and for them to work closely with us and Centrelink around development of these service centres. Hopefully there can be connections made between the service centres and those community participation agreements and capacity building as well.

Senator WEST—Maybe you can take it on notice. I would like a detailed program description and of how the consultation with communities is going to be undertaken, and the time frames and priorities that are going to go into this program. What sorts of projects will be funded? Are there any guidelines as to what will be funded?

Mr Smith—These are not projects. We are talking about the development of Centrelink service centres.

Senator WEST—Thank you.

Mr Kalisch—I think it is probably also fair to say that the government has committed to doing a whole range of consultations around a whole lot of measures in Australians Working Together. This is one element that will be subject to a quite detailed measure, specific consultation, but there will also be other consultations and invitations for people and communities to write back and provide ideas and suggestions to us, even at this early stage, in how to implement these processes.

Mr Smith—For your information, Senator, ATSIC also has recently established a unit within ATSIC which is around COAG and welfare reform and FACS is part of that working group with ATSIC in terms of consultation and the implementation of that.

Senator WEST—Next financial year there is only \$600,000 that you are spending, rising to \$4½ million in nearly in four years time. What do you actually expect this \$600,000 to do? It will not do a great deal, will it?

Mr Smith—In the first year we are looking at a consultation phase, but that \$623,000 will establish one service hub.

Senator WEST—One service hub?

Mr Smith—That is right.

Senator WEST—Can you identify where that is going to be?

Mr Smith—No. That will be part of the consultation process, so we are not predetermining where they will be. That will actually be done in consultation with ATSIC, Centrelink and the communities that they are currently servicing, particularly currently servicing through the Community Ageing Program network.

Senator WEST—The following year it is \$2½ million. What do you expect to get out of that?

Mr Smith—We are looking at 12 centres over the four years, so we are looking at bringing on line another two to three centres and building up to having the full 12 on line by the end of the four-year period.

Senator WEST—How much of Australia will that cover?

Mr Smith—That will depend on where they are located and how extensive the surrounding regional network of minor settlements are around those areas. Some of those can be quite extensive. Maningrida, for instance, can service up to around about 50 different centres and can therefore take up a very large geographic plot. Some other areas are much more contained. So it really will depend on that. We will be mapping that geographic service plot as part of the evaluation of this exercise.

Senator WEST—I now turn to ‘Expanding the Supply of Healthy Indigenous Housing’ on page 182. I see that \$75 million is going in over four years to increase spending on housing. Is \$35 million of that going to ATSIC? How is that being broken up?

Mr Smith—That is correct, Senator: \$35 million of that is going to ATSIC for the provision of housing related infrastructure, which includes things such as sewerage and power, and \$40 million of that is to be administered by FACS, which is for expanding the supply of housing. That will be used for the construction of new houses, maintenance of existing houses and upgrading of stock that probably is off-line.

Senator WEST—Will the infrastructure upgrades have recurrent funding? It has been my experience that governments over the decades—not quite centuries but decades—have gone in, given buckets of money to set up a project or to set up some infrastructure, but there has been no recurrent funding for maintenance and refurbishment as necessary. Is that going to be covered in this?

Mr Smith—Exactly. That is one of the fairly exciting parts of this initiative. Not only is it adding to the supply but on 4 May the minister reached agreement with the state and territory housing ministers, after four years of policy development reform, on a new approach to indigenous housing that is moving away from the scenario that you have painted, which we refer to as the ‘build and abandon’ approach.

Senator WEST—What are you doing to get local government to enter into that agreement and realisation as well?

Mr Smith—I am afraid, in terms of where a lot of these houses are being provided, local government really does not have a presence or a role.

Senator WEST—I can think of somewhere it does, and they just walk away and want funding for infrastructure and everything to come out of FACS and ATSIC and everywhere

else; they do not pull their weight. This is not in remote communities but in other mixed communities. For example, there is an old mission and a lot of money has gone into the upgrade of it, but the council does not want to pick up the money for the maintenance.

Mr Smith—Certainly through our strategic plans with the state and territory governments over the last few years, and also with the bilateral agreements that we are developing with the state and territory governments, an additional emphasis is being placed on states and territories working more closely with local governments to encourage them to play a role in the provision of infrastructure. However, most local governments do not play a very significant role in the provision of public housing in any of the communities throughout Australia.

Senator WEST—ATSIC are only getting \$2 million. I can see the breakdown for the next four years for ATSIC; what is the breakdown for the states for the next four years? They are getting \$40 million.

Mr Smith—Possibly anticipating another question, you will notice that in the year 2001-02 there is very little that has been committed; this is for us to sit down with the state and territory housing bodies to implement a new way of measuring need. That was agreed on 4 May, and it is called a 'multi-measure approach to measuring need'. That will be used to negotiate with them what allocation of this additional amount will go to each of the states and territories. It will be based on need and it will be based on statistical evidence.

Senator WEST—For the next coming financial year, you will spend \$2 million of the \$40 million in negotiations with the states to sort out a priority and needs basis?

Mr Smith—There will be \$1 million spent in that year. There are two parts—

Senator WEST—There are two entries—there are two lots of \$1 million.

Mr Smith—One is a total, Senator.

Senator WEST—It is even worse then, isn't it: \$1 million rather than \$2 million.

Mr Smith—And \$0.5 million of that will be used for negotiation purposes. The other \$0.5 million is to fund the first phase of a new way of measuring improvements in indigenous housing which is going to be implemented as part of a new accountability framework. That is to do an independent 'survey and fix' of houses, where you go into the field and you randomly survey a number of houses. But you do not just simply walk in there and survey them and say, 'This house has got problems with it'; you actually fix the house at the same time.

Senator WEST—Is this the new way of surveying, or have you actually worked out how to do the new measure?

Mr Smith—I am not sure of the question.

Senator WEST—That half a million that you are talking about.

Mr Smith—We have actually trialled that approach.

Senator WEST—You have trialled it?

Mr Smith—Yes.

Senator WEST—Whereabouts?

Mr Smith—It has been trialled in four states, 1,000 houses, over a two-year period. We have found that the trialling and the large number of houses gives us a very good litmus test

of how stock is going across a wide range of states and territories. The intention is to continue to survey and fix at that same magnitude, which is 500 houses a year. The positive side of this is not only do you measure to see if improvements are occurring but you maintain 500 houses at the same time.

Senator WEST—The same 500 or are you going to move around?

Mr Smith—The houses will be selected at random so that you are doing much more of a randomised check of the stock. We are talking about a stock base of 20,000 houses, and we are looking at a sample of 500 houses per year. It will be an accumulative sample that we will have over a period of time.

Senator WEST—Five hundred houses at half a million dollars—that is about \$10,000 a house.

Mr Smith—Your maths is almost right, Senator. The cost is around about \$6,500 a house in terms of the average cost of repairs that take place.

Senator WEST—And you have a stock of 20,000?

Mr Smith—There are 20,000 houses at the moment.

Senator WEST—And you are going to be getting through 500 a year—

Mr Smith—I think you are heading down the track of seeing this as the way that we will actually upgrade—

Senator WEST—I hope you have another method because my maths tells me that it will be about 40 years before you get them all surveyed.

Mr Smith—I think you might notice there, Senator, that it says that there are existing housing funds of about \$364 million. The housing money that we add into that will be put into a full program. The money that we are referring to, the assess and fix, is just simply a small accountability auditing component.

Senator WEST—You expect 500 to be done in the coming financial year?

Mr Smith—We are expecting 500 to be done in 2002-03 and each year after that. The half a million in the first year is to establish the contracts and to begin to get the teams in the field so that full work begins in financial year 2002-03.

Senator WEST—Silly me, I misinterpreted that. That is about all I have on that, thank you.

CHAIR—Can we go on to disability. Senator Allison, you have been sitting there very quietly and peacefully. Do you have something?

Senator ALLISON—I wonder if I could start with perhaps a question for you, Minister, about the decision not to award the \$300 bonus to people on disability support pensions. Is it possible to explain why that was?

Senator Vanstone—I thought it was pretty clearly explained in the budget papers. It is not a payment to pensioners per se; it is a payment to elderly Australians—most of them are on the age pension—within certain income limits. The characterisation of the payment is that it is to the elderly, not that it is to people on income support.

Senator ALLISON—That is clear. But did you do a study of the costs of people who are on age pensions as opposed to disability pensions?

Senator Vanstone—No. The whole premise of the policy is to reward elderly Australians.

Senator ALLISON—For?

Senator Vanstone—What you and I enjoy, Senator, is largely a factor of what they have contributed to in one way or another. We have managed the economy very well. I know there are some people who talk about managing the economy as the stuff that only economists are interested in. Of course, it has quite dramatic effects on the people who are affected by my portfolio. For example, young home buyers are affected by low interest rates and are very happy with them. With a mortgage of, I think, \$100,000—it may be \$150,000—they are over \$1,000 a month better off. I cannot imagine governments making cash payments of \$250 a week and, when they manage the economy badly, they cannot afford to.

That is just one example of the benefits from managing the economy well. There are fewer people who are looking for work and cannot find it—all those sorts of things. But that means we are able to reward older Australians, to make a one-off payment to them. I have had meetings with a range of them and they did mention that they understand that the pension goes up with the CPI. They have not believed successive governments when successive governments have told them that CPI is the best and most robust indicator of their purchasing basket.

Senator ALLISON—I do not think I have an argument with you on that, Senator.

Senator Vanstone—You asked me why.

Senator ALLISON—I am just asking you the differences between why the judgment was made.

Senator Vanstone—You asked me why it was only the elderly ones, and I am telling you.

Senator ALLISON—So that assumes that people who are on disability—

Senator Vanstone—I have not finished telling you. They actually told me that they had said the same to former Senator Richardson when he had this particular job, or a variation of it. He made some inquiries, with the assistance of the department, and came out with exactly the same conclusion—that CPI was the best indicator of a pensioner's basket of goods. On that basis you would think that pensioners should, in fact, feel better off as a consequence of the GST because they ordinarily get the CPI—it flows through. They were given some of that in advance and, in addition to that, a permanent two per cent increase. They acknowledge all of that. They acknowledge the CPI was not advanced this time and all of that, and they still say—

Senator ALLISON—I am not asking why you are paying it. I just want to know the difference between age pensions and disability pensions.

Senator Vanstone—You did ask me why, Senator, when I said it was an acknowledgment to the elderly. One of the reasons was that broadly across the groups they still felt they did not have adequate recognition. They were looking for more recognition. One of the points that they raised uniformly across the groups, irrespective of the way they were providing for themselves, whether it be pension, part-pension, self-funded, whatever, was they had trouble with lumpy expenditure.

Senator ALLISON—So people with disabilities do not?

Senator Vanstone—No, I am not saying they do not. But you cannot do everything at once. Look at what we did for families in the last budget. People could say then, 'Why don't you wave your magic wand and do it for everybody?' You cannot at any one time do it for everybody—unless you are at the bottom of the garden. We did something for the families last

time. There were huge benefits to families. If you are not familiar with the details I will not bother boring you with them now, but I will make sure they get sent around to your office. This time we were able to do something for the elderly. We are doing this in an organised way.

Senator ALLISON—So when can people with disabilities expect similar consideration?

Senator Vanstone—It is quite a different circumstance for people with disabilities. As you understand, they come across a very wide range of age groups—from the low 20s you might have some on that benefit—and a very wide range of disabilities and level of disability, frankly. We have at least tried to start addressing some of the things that need to be done in relation to people with disabilities. We are spending about \$177 million in this budget, specifically targeted to them under welfare reform, with no greater obligation, despite a rumour and scaremongering campaign—and I do not believe you were a part of that, but some were—saying that we were going to make people in wheelchairs go out and dig weeds in some sort of community project. So we are spending \$177 million. I think one of the officers can give you the detail of how that is broken down. I think that is a pretty good first instalment on reform vis-à-vis disabilities.

One of the key things that we are looking to do is to change the way in which disability is assessed. Treating doctors are fed up with the way it has been done in the past. It has not been working properly. I think the DSP has doubled over the last decade and we are going to change that. We will still use treating doctors for a physical diagnosis, but others, more expert in what people can do, as opposed to what they cannot, will be used to assess workability for the future.

Senator ALLISON—So where do they come from, those assessors? What sort of person will they be? Will they be doctors? Will they be GPs?

Senator Vanstone—They might be occupational therapists—a whole range of things. Where is Mr Kalisch? He knows all about this. You and I have had long discussions about who these people are, haven't we?

Mr Kalisch—Yes. As part of this, as the minister mentioned, we will be making greater use of the expertise of people who can judge work capacity. As you would be aware, with the disability support pension there are twin tests basically for eligibility. One is the medical impairment, getting 20 points. The other dimension is judging the person's capacity to work full-time at award rates over the next two years. There are a number of people who have certain expertise in judging that over a two-year period and also who have an understanding of how some people, with certain interventions, can develop over that two years.

Senator ALLISON—So where are these people currently employed?

Mr Kalisch—We currently use the Commonwealth Rehabilitation Service which does these sorts of assessments at the moment for people and has an understanding—

Senator ALLISON—How many staff are there who might be available for this task?

Mr Kalisch—In terms of the total staff numbers? While we are just getting the numbers for the CRS, you are of course aware that they do have quite a large regional presence in the CRS network. But the other dimension that I should focus on is that Centrelink, through their occupational psychologists and other specialist staff such as disability officers, also have some understanding about work capacity and can make better judgments about people's capacity to work.

Senator ALLISON—How will it work? Will they sit in with the treating GP or doctor? Do they train them?

Mr Kalisch—Perhaps I can go through that in a little more detail. In terms of the treating doctor, what we will be asking them to do is still fill out a treating doctor's report quite independently by themselves. They will be permitted to provide a response on work capacity, but it will not be a requirement. We will then be drawing that element of the eligibility test from either Centrelink staff with expertise who interview the person or through referral to external experts who would then assess the person after a consultation and dialogue with them. As well as using some of the information—

Senator ALLISON—Is there any right of appeal?

Mr Kalisch—There will still be the standard rights of appeal that work within the whole social security system. There is no change there.

Senator CHRIS EVANS—You seem to have made up your mind, though, that this is going to work. Why do we run these trials?

Mr Kalisch—This is really around a process and changed processes. Some of the dimensions around the assessment and contestability trial and the elements that McClure was hinting at were really related to the legislative criteria: aspects such as not being able to work up to 30 hours in the next two years, and also some of the aspects around how you define work capacity. Here we are really just saying that, within the existing legislative framework, this is a change to the process of making better use of people who have expertise in those areas, rather than relying fairly extensively on treating doctors.

Senator CHRIS EVANS—When are you going to spend the money on DSP assessments?

Ms Wilson—The new assessment process kicks in in September 2002. The results of the ACT trial evaluation will be available in February of that year.

Senator CHRIS EVANS—That is what I thought. You are not actually doing anything for another year and a half.

Ms Wilson—We will be using the findings of the trial to feed into our assessment development process.

Senator CHRIS EVANS—I am pleased to hear that because we hear a lot about the trials, but we always seem to jump the gun and have an idea of what we are going to do before the actual trials.

CHAIR—You are so suspicious.

Senator CHRIS EVANS—I seem to remember flexible child care and then suddenly we needed a family strategy so that was out there as well. I just wonder why we waste the money on the trials, really.

Mr Kalisch—One aspect I should also mention is that it is important to have that lead time before implementation, given that we are going to go through a tender process, for people who have that expertise to have the opportunity to tender for that. That is why it really does start from September 2002. If we were to leave it to a future budget, the measure would then start another 12 months later than we are proposing.

Senator CHRIS EVANS—What are you actually spending on the assessment measure?

Mr Kalisch—It is \$65 million in total over the four years.

Senator CHRIS EVANS—What are you currently spending on DSP assessments?

Mr Kalisch—We can give you some information on that. Part of the costs of DSP assessment is picked up within Medicare costs and other things because of the reimbursement for treating doctors in that element. It is nearly \$20 million for independent medical assessment per annum.

Senator CHRIS EVANS—That would be \$65 million over three years?

Mr Kalisch—Yes. But on top of that \$20 million would be other internal Centrelink costs—what they spend at the moment on assessment and judgments around eligibility.

Senator CHRIS EVANS—In the three years you are effectively going to double your expenditure on assessments.

Mr Kalisch—Yes.

Ms Wilson—We are also shifting some of the current focus from the medical assessment to opportunities to use Centrelink expert staff like disability officers and oc. psychs and to purchase advice from work capacity assessors, which might involve range of different sorts of people over time.

Senator ALLISON—I want to change the subject, Minister, to the question I asked you last week on censorship of disability groups. I wonder if you have had a chance to investigate the situation with regard to disability groups having to give 24-hours notice of any public statement, two weeks advance copy of any submission made, and departmental right of vetting any document published by the agency?

Senator Vanstone—I think someone else made some further inquiries about that. I think censorship is a bit rough. If taxpayers are funding a body it is not too much to ask for the body to extend courtesy to the taxpayer through its agent the government.

Senator ALLISON—It is a bit more than a courtesy, isn't it?

Senator Vanstone—I do not know.

Senator ALLISON—Courtesy would be at the same time as or after the event, I would have thought.

Senator Vanstone—No, I do not think so.

Senator ALLISON—What is the purpose then?

Senator Vanstone—You and I have a different view of courtesy then. That is a simple disagreement, so we can leave it at that.

Senator ALLISON—Has it always been thus?

Senator Vanstone—Jenny has all the information, so she can give it to you.

Ms Bourne—The elements of the performance agreement that some of the organisations that we are funding under the secretariat support program are asked to sign are not quite as you describe them. The current contracts that they have had for the last two years already have a clause in there that requires them to give the government early warning of material they may be going to put out.

Senator CHRIS EVANS—And they hated that when you introduced it two years ago. We had this debate then.

Ms Bourne—Yes.

Senator Vanstone—Yes, but it is not a right of veto of what they say.

Senator CHRIS EVANS—You have upped the conditions. I will let the officer finish, but I want to know why we have actually toughened over what was considered unacceptable then.

Ms Bourne—The issue really is around the fact that, although this has been in the performance agreements, it has tended to be honoured in the breach.

Senator ALLISON—What does that mean?

Senator Vanstone—They have not done it; that is what it means. They have just ignored it; they took the money and ignored the agreement which was the basis on which they took the money. They signed the papers—‘Yes, we’ll have the money on these terms’—and then they completely ignored it. Thumbed their noses at it.

Senator CHRIS EVANS—So they should, too.

Senator Vanstone—Thumbed their nose at the agent of the taxpayer, at the people elected by the Australian people.

Senator CHRIS EVANS—It is not for you to vet their personal reasons, Minister.

Senator Vanstone—It is not a case of vetting at all.

Senator CHRIS EVANS—If you are that sensitive of criticism, you are in the wrong business.

Senator Vanstone—It is not a case of vetting. It is a case of being aware of what they are going to say. I do not think that is unreasonable.

Senator ALLISON—Two weeks in advance.

Senator Vanstone—What I do think is unreasonable is people who make an agreement and then just decide for some special reason that they should be able to walk away from it. That is what I think is inappropriate.

Senator CHRIS EVANS—Then why are you funding them again?

Senator Vanstone—Good question.

Senator CHRIS EVANS—Let us have that debate.

Ms Bourne—Some of the larger organisations have met this part of the agreement. ACOSS regularly informs us of—

Senator Vanstone—At the time of. It does not inform me in advance, I will tell you that right now. For all the protestations from ACOSS, including Mr Raper—‘I will, of course, let you know in advance’—it just does not happen.

Senator ALLISON—Minister, do you let ACOSS know in advance when you are about to make a decision?

Senator Vanstone—No, that is not part of the agreement, and I do not make press releases slagging ACOSS. This is the ACOSS that cannot bear to put out a press release congratulating the government on \$1.7 billion of welfare expenditure but, whoopee, a \$15 million commitment from the Labor Party gets ‘ACOSS welcomes Labor’s help for the needy’. You do not have to be too bright to figure that out, Senator. You do not have to be bright at all.

Senator ALLISON—Ms Bourne, had you finished?

Ms Bourne—The issue around documents: there have been a number of instances where organisations have had departmental information and because they have not understood, for example, what the parameters were when this information was taken from a system or

something like that, the information has been used quite inappropriately and incorrectly, and given a very misleading view of what might be happening. Most of the organisations have said to us that they can see that there is a two-way benefit: it prevents them from getting some egg on their face by the minister finally having to reply and say they got it wrong.

Senator ALLISON—They can see the advantages but they are not doing it, nonetheless?

Ms Bourne—That is not in their current agreement. That is something we are putting in this time and saying that we think this would be a useful thing to do. We are in the middle of contract negotiations at the moment, Senator.

Senator ALLISON—What are some examples of disability groups getting it wrong? And in those circumstances do you advise them?

Senator Vanstone—It is not particularly the disability groups, Senator, I might add. This is not something that is particularly targeted at one group.

Senator ALLISON—I realise that, but this is my portfolio area. Can you give us some examples of where disability groups have got it wrong when they have put material out?

Ms Bourne—No, not off the top of my head. I have been in the area very recently, but I have been advised that that is the case.

Senator Vanstone—Can we just clarify that. Have you been advised that is the case in respect of disability groups, in particular?

Ms Bourne—Not in particular.

Senator Vanstone—Yes, it relates to the groups in general, not specifically to disability groups.

Ms Bourne—There is a standard performance agreement that applies to the national secretariat.

Senator CHRIS EVANS—Yes, but I think we established earlier that we had six national secretariats and eight other disability groups, so they represent about 60 per cent of what we are talking about. Is that fair? Or are there some other groups that I do not know about that are affected by these proposed agreements?

Ms Bourne—No, you are right, Senator.

Senator CHRIS EVANS—It is not the 60 per cent disability groups; it is the other 40 per cent, two or three of which you have not actually created yet?

Senator Vanstone—I think what the officer is telling you is that she has been told something. She has only been there a limited time—

Senator CHRIS EVANS—No, I am just saying your intervention was not right, Minister. You are talking about the disability groups—or you got it wrong. It cannot be both because, quite frankly, there are six peaks and you have just formed two of them. One of them is a disability group. The other eight you fund are disability groups.

Senator Vanstone—Senator, you can have—

Senator CHRIS EVANS—You might try to appease the disability groups by pretending you are not talking about them, but you are applying it to them. They represent the majority of groups we are talking about.

Senator Vanstone—I will let the record stand, Senator. I am not going to argue with you.

Senator ALLISON—How does the process work with the department having the right to vet any document that is published by the agency? Is that not correct? You suggested that the three points I made were slightly incorrect, and you did want to correct me.

Ms Bourne—It is not a matter of vetting what they are going to put out. The organisation has the right to put out whatever they like. What we are saying to them is that, when they are using departmental information, we would like the right to have a look at that and together ensure that the material has been interpreted in the—

Senator ALLISON—So why doesn't the agreement say that? Why doesn't it say, 'We just want to vet it. Give it to us or give us notice of any text that you might use that refers to departmental processes, benefits or whatever'?

Senator CHRIS EVANS—The copy I have says:

Copy of organisational initiated press releases and other information (oral or written) being released to the media is provided to the Department within a minimum of 24 hours prior to the event.

Ms Bourne—At the beginning it says that that is organisation initiated, so it does not include, for example, the press ringing an organisation and saying—

Senator CHRIS EVANS—No, but you were saying it was to do with information that you might have given them.

Ms Bourne—Yes, but it is not that one I am talking about.

Senator CHRIS EVANS—So there are two separate provisions about how they shall comment to the media, are there?

Ms Bourne—No, there is the one about organisation initiated press releases.

Senator CHRIS EVANS—Which is the one I just read, yes.

Ms Bourne—I think the next one down is talking about the information, using departmental information and that we should look at that. I have to say that whatever you have is a draft. We had to start somewhere. We have now spoken to every organisation. A number of comments have come back in.

Senator ALLISON—To the effect of?

Ms Bourne—To the effect of some of the comments that you are saying. We have explained to the organisations as we have been talking to them and doing their annual review, 'Look, this is what we really mean,' and we are in the process at the moment of modifying, clarifying, the words in the performance agreement. We are due to have a meeting on Monday with all of the peak bodies together to finalise and thrash out the final wording around this. The principles that I have talked about are what we are trying to achieve. The fact that the words in there at the moment may not say that or can lead to misinterpretation is something, but you have to start somewhere, so it is a negotiation process.

Senator ALLISON—Can I ask about the advance copy of a submission, to be two weeks in advance. What kind of submissions would you be expecting? If a disability group makes a submission to the state government or to a philanthropic foundation, is that what you are talking about?

Ms Bourne—No, we are talking about major submissions that organisations might make.

Senator ALLISON—To whom?

Ms Bourne—To our minister—to the government—and there is a consequent meeting with our minister about that documentation. There is a specific instance that has been driving

that this year and it has happened for the last couple of years, particularly around ACOSS's submission, which as you know is a very substantial document. ACOSS usually announce it one day and attempt to meet with our minister that day or the next day. Of course, for the meeting to be useful between our minister and the body, she has to be well prepared and know what is in the document.

Senator ALLISON—So this is all about the minister not being surprised about what it is in the submission in terms of the media?

Ms Bourne—No, this is about the department being able to brief the minister so that the meeting can be quite useful.

Senator ALLISON—So how often would there be a submission made and a meeting on the same day or the next day?

Senator Vanstone—You casually say—and you can afford to casually say this, because you are never going to expect to be in government, so you can afford to be flippant about this—‘It’s about the minister not being surprised.’ I will tell you something: there is no point in ceremonial meetings. Ceremonial meetings are just a big waste of time. They are when someone comes along and says, ‘Here’s our submission; we’d like to talk to you about it’—and it is this thick. You have not had a chance to read it; they just say a few pleasantries and off they go.

Senator ALLISON—Why don’t you just say, ‘We’ll meet with you a week later, after I’ve had a chance to read the submission’?

Senator Vanstone—Exactly! You see you are endorsing the sensible view: get the submission in advance and then have a meeting when you can talk sensibly about it.

Senator ALLISON—I am talking about organising meetings, Minister, not submissions.

Senator Vanstone—If you are someone like me, it means that you can say to ACOSS, ‘Why do you want to damage the car industry in Victoria?’ You might like to give me your view on this, Senator Allison, or on whether you would like to get rid of any FBT benefits for the car industry, because you think they are benefiting rich people and you do not give a tinker’s cuss about what happens to the workers who are making the cars and who benefit from that. You might also like to give me your view, which you only get if you actually read all of ACOSS’s submission, about how they would fund this extravagantly, idealistic—I think it is idealistic; their heart is in the right place—\$6 billion a year spend by, for example, removing the private health care rebate. You go out and tell all the people who have joined up for private health care: ‘Get rid of that because ACOSS has got a better idea.’

So you have no meaningful discussion unless you have been able to read both sides. You have to read both sides, because I can assure you that ACOSS do not put out a press release saying to get rid of the private health care rebate. They do not put out a press release saying, ‘Let’s get stuck into the workers in Victoria and South Australia on cars because we’ve got another thing we’d like to do with that tax benefit, because we think it goes to the rich.’ No, they keep all that buried in quite a thick submission. So you need time to go through these things so that you can find out just what people are talking about.

Senator ALLISON—This arrangement seems to me to be more about the press than about your being briefed. However, could ACOSS, for instance, put out a media release about their submission, give you 24 hours notice that it is a public statement, then talk about their submission and have a meeting with you two weeks later? Is that acceptable under the new proposed arrangement?

Senator Vanstone—You should have done law instead of teaching.

Senator ALLISON—You should have done teaching.

Senator Vanstone—I am tempted to respond.

Senator CHRIS EVANS—And most chalkies I know are barristers and lawyers, yes.

Senator Vanstone—Good sense will restrain me from replying to that. Senator Allison, you have a different view.

Senator ALLISON—No, it is just a simple question, Minister.

Senator Vanstone—You have some idealistic view that you can afford to sit in the Democrats party and dream up things. But in reality it is important, if you genuinely believe that you want to know what people are saying, that you do get a chance to look at what they want to talk about. I had this discussion with someone recently who said, ‘I want to come and see you about such and such and I will give you a paper. Why don’t we have the media in and film the handing over of the paper?’ It is just a waste of time.

Senator ALLISON—Understood! There seems to be a fair degree of noncompliance with this arrangement but have there been any instances where documents have been changed as a result of the early warning?

Ms Bourne—Not that I am aware of at all. That is not the point of the—

Senator ALLISON—But you are relatively new, Ms Bourne.

Ms Bourne—Yes, but I understand that that has always been the practice.

Senator ALLISON—Is somebody else able to answer the question?

Ms Bourne—No, I am saying I have been informed that it is not an issue about changing material; it is a matter of being able to provide advice to the minister about the material—

Senator CHRIS EVANS—And for the minister’s office to provide some advice to them about the good sense of whether they ought to put it out or not.

Senator Vanstone—No, but you have hit on a very good point. Give me some examples of where people say they have been censored. Give me those examples and then we will be able to talk turkey, otherwise you are just in dreamland.

Senator ALLISON—That is what we are asking you.

Senator Vanstone—But you are raising it: you are saying it is censorship. You have been told it is not and you sit there clicking your pen in a state of stunned disbelief; you cannot believe this could be happening—‘Oh, no, this must be censorship’. Let us get onto terra firma and get some people who you say have been—

Senator ALLISON—All you need to do, Minister, is assure us that it is not censorship.

Senator Vanstone—You came up with this idea of censorship. Why don’t you come up with the people who allege that?

Senator ALLISON—You just tell us it is not censorship.

Senator Vanstone—If you say it is, bring me the people. Give me the examples.

Senator CHRIS EVANS—Why don’t we go the other way, Minister? Why don’t we say, ‘What is it? Why have you made the change? What is driving the changes in this proposal over what existed currently?’ Why is it now necessary for you to see every press release? Who is driving that change? Is this a ministerial thing? Is this a departmental thing? You are

proposing a further tightening over what was done two years ago. As I think is common knowledge, there was a fair deal of disquiet about it two years ago. I had raised it in the parliament with Senator Newman. I think Senator Allison was involved as well. We had a few debates about it, a few questions asked, some concern expressed. Now, two years on, it seems you have got a proposition to even further control or—I do not want to use a pejorative word—insist on greater feedback or contact before these agencies take action in return for the fees you pay them. Why? What is driving that?

Ms Bourne—Senator, we thought it would be useful to the organisations to actually define what we meant by ‘early morning’, because, as I mentioned before, we were not receiving any sort of notice that was useful for us to be able to brief the minister. It is not always negative. If somebody is putting out a release, the minister can also be saying, ‘Well, it’s really good work’, and those sorts of things. It is certainly not a negative thing.

Senator CHRIS EVANS—But how is this going to work? We had the example earlier of some professor brought out from the United States by FACS to speak at a conference on children’s attitudes to work and family. She delivers her paper on the Tuesday at the FACS conference. The press ring around asking for comment. The child care organisation says, ‘Hang on, I’m going to get a draft; send it to the minister.’

Senator Vanstone—Senator, this was covered with you earlier—about the reference to whether media comment is initiated or sought.

Senator CHRIS EVANS—They initiate the press release. I am talking about copies of organisation initiated press release. When something like that happens, politicians—

Senator Vanstone—But the one you are talking about is in response to media saying—

Senator CHRIS EVANS—But they have still got to initiate a press release. That is not initiating a press release—putting a press release out?

Ms Bourne—Senator, the intent of that measure is this: where an organisation, for example, is releasing a report, they develop a press release and they actually call a press conference. It is that sort of thing. It is not a matter, as we have explained to all the organisations, about—

Senator CHRIS EVANS—To be fair, that is not what it says. I have got the document in front of me. I will quote it to you again so that people are aware. The outcome is:

Government and the Department notified of important issues, media releases and statements prior to their release.

The performance measure is:

Copy of organisation initiated press releases and other information (oral or written) being released to the media is provided to the Department within a minimum of 24 hours prior to the event.

Senator Vanstone—That says ‘initiated’ as opposed to a response, where someone rings up and says, ‘What do you want to say about such and such?’

Senator CHRIS EVANS—So if they put out a press release because they said somebody asked them to, that is okay?

Ms Bourne—Or somebody asked them to respond.

Senator CHRIS EVANS—Or somebody asked them to comment.

Ms Bourne—Yes.

Senator CHRIS EVANS—Well, it does not say that and, quite frankly, I do not believe you. It does not work like that.

Ms Bourne—That is why we are in a process of negotiating those and—

Senator CHRIS EVANS—So where is the clause that says the other applies?

Senator Vanstone—Look, I do not mind how long we stay here, but I would just ask if you have got an example of where you think the system working over the last two years has resulted in someone trying to be censored. Have you got an example of that?

Senator CHRIS EVANS—Yes, I am happy to talk to you—

Senator ALLISON—We do not have to provide that.

Senator Vanstone—No, I know you don't. You can dream it up all you like, but it would be handy if you had an actual example.

Senator CHRIS EVANS—Senator Vanstone, I am happy to pull you aside quietly and tell you about it. I will tell you the name of the officer who rang from Senator Newman's office, the organisation he rang and what he said to them. I will tell you about that, but I am not going to do it on the public record.

Senator Vanstone—Suit yourself.

Senator CHRIS EVANS—The point is that you are proposing the change. The department have put out a proposition that is taking that requirement further, and Senator Allison and I quite rightly are responding to concern about why the toughening requirement is being introduced.

Senator ALLISON—Can we put a case of the government's budget just released. If these agreements had been signed as they are currently proposed, would you expect that disability groups would send their press release in response to the budget to you before it is put out to the press?

Ms Bourne—No, Senator.

Senator ALLISON—Or their submission for the budget?

Ms Bourne—Well, submission is a bit different.

Senator Vanstone—Because they want you to read that. They want you to talk about it with them. To do so, you have got to have read it—unless it is not really a budget submission, unless it is just a bit of budget media grabbing. When I say genuine, I am talking about the genuine groups that make a submission they want you to genuinely consider. Of course you want it in advance so you can read the damn thing. Otherwise how can you have a sensible meeting with them about it? Chris Evans says he is going to give me an example but—

Senator CHRIS EVANS—But you made it clear yourself. Your example about ACOSS proved exactly why this is a dangerous proposition.

Senator Vanstone—And why is that?

Senator CHRIS EVANS—Because ministers get upset about criticism, and ministers of both sides—I am not being political here; I remember people on our side having the same view you just expressed about ACOSS because of what we saw as their deal with you for the GST—

Senator Vanstone—I have not expressed a view about ACOSS; I have simply pointed out that they could not bring themselves to congratulate the government on the \$1.7 billion

expenditure, but they could start their press release on a Labor \$15 million commitment—it will not buy everybody a carton of milk—headed ‘Labor’s Help for the Needy Welcome’. Compared to all the work that has gone into welfare reform, I do not make a public judgment about that. I have got a personal view, but I just put it on the record so that everyone else can have a look and see what they think. While I am there, I might mention that I happen to know what some of the welfare groups associated with ACOSS think about it, too. Just as a matter of interest, I thought I would toss that little cat onto the table.

Senator CHRIS EVANS—And I think that is why most civil libertarians, when reading this, would say, ‘I’m not sure whether we want Senator Vanstone vetting the releases.’

Senator Vanstone—I do not think you will find a civil libertarian that has been particularly worried about anything I have ever done, Senator. I invite you to go back over my record, so let us not sit there pretending you are clothed in civil liberties.

Senator CHRIS EVANS—I am not.

Senator Vanstone—And that somehow I am some sort of taker away of human rights. It is just a ridiculous notion.

Senator CHRIS EVANS—All power corrupts, Senator.

Senator Vanstone—It is getting late. It is making you weary.

Senator ALLISON—It is getting late. We can move along to efficiency dividends.

Mr Kalisch—Senator, just before you get there, you did ask a question earlier about how many staff CRS had. We have just been able to get that information for you. CRS Australia has 1,400 staff in total, of whom 900 are specialist rehabilitation assessors and providers.

Senator ALLISON—How many used they have?

Senator Vanstone—How many what?

Senator ALLISON—How many used they have? Past tense, bad grammar.

Senator Vanstone—How many did they use to have, you mean?

Senator ALLISON—Yes.

Senator Vanstone—I thought you were asking about ‘youth’, that most unattractive word that people use for young people.

Mr Kalisch—Sorry, Senator, I cannot fill you in on that. We were just asked a question about how many they have now.

Senator ALLISON—Could I ask about efficiency dividends.

Senator Vanstone—There is some good news there.

Senator ALLISON—Is there?

Senator Vanstone—Yes. Haven’t you read the budget papers? It is getting late. I am sorry, Senator. I will be my normal self tomorrow. We will be back to charming tomorrow.

Mr Kalisch—The government decided to augment the funding for specialist disability employment services by one per cent in this year’s budget for the year 2001-02.

Senator CHRIS EVANS—What does that mean, Mr Kalisch?

Mr Kalisch—It means that there is effectively no efficiency dividend applied in this coming financial year.

Senator ALLISON—So the efficiency dividend is applied nonetheless, but there is an extra one per cent to counter that.

Mr Kalisch—So effectively it is not applied.

Senator ALLISON—And what happens after that? Is that ongoing? Are they having add on, take off, add on, take off?

Senator Vanstone—We are going to have a look at it over this year. Disability groups made it clear—

Senator ALLISON—Does that mean a review?

Senator Vanstone—Yes. Disability groups made it very clear to me that they were finding that extremely difficult, that they thought it was unreasonable. The government accepted the view that they were finding it difficult, but were not sure, in the time span available from when this matter was raised with me directly to the preparation of the budget, as to what the appropriate longer term arrangements should be. This was a mechanism devised to alleviate the problem immediately for them, because they wanted immediate assistance, and to give us some time to find out what ought to happen. So there is going to be a review, yes.

Senator ALLISON—Have the terms of reference been developed for the review?

Senator Vanstone—Not that have come to me.

Senator ALLISON—A time frame for it?

Mr Kalisch—It certainly would be in time for consideration in next year's budget.

Senator CHRIS EVANS—To be clear, the efficiency dividends that have been applied in past years are maintained on the base funding. This is a decision that the additional one per cent that would have been applied in the coming financial year will not be added to that efficiency dividend. Is that a fair way to calculate it?

Mr Kalisch—That is correct.

Senator CHRIS EVANS—Can you show me in the budget where that is represented and what that means for the out years?

Mr Kalisch—It is on page 185 of the portfolio budget statements.

Senator CHRIS EVANS—I knew the minister had given a wink and a nod at the ACROD conference but I could not see it in the budget papers.

Senator Vanstone—I did not give a wink and a nod. Don't be ridiculous. I never reveal budget things in advance. I just said, 'Trust me.'

Senator CHRIS EVANS—I will not tell the Treasurer, Senator Vanstone.

Senator Vanstone—I am pleased to know that you were there or had some spies there, Senator.

Senator CHRIS EVANS—I am looking after you.

Senator Vanstone—Did you?

Senator CHRIS EVANS—I was the next speaker.

Senator Vanstone—Did I say hello? Did I see you?

Senator CHRIS EVANS—No; it was the next day.

CHAIR—It doesn't make you feel so bad now, does it?

Senator CHRIS EVANS—They may have all celebrated the fact that the efficiency dividend was going off.

Senator Vanstone—I did not remember seeing you. That is all.

Senator CHRIS EVANS—No, it was the next day.

Senator WEST—Your wink and a nod must have been pretty good, Minister. They were celebrating.

Senator Vanstone—I told them they had no reason to crack open any champagne.

Senator WEST—What did you tell them?

Senator Vanstone—All right, I will shut up!

Senator CHRIS EVANS—That is represented as a cost to the budget of \$2.61 million in this financial year, but not as a cost in the out years.

Mr Kalisch—No, that really reflects what the minister said earlier that the government will be coming back to it in future budgets. It has not been withdrawn completely.

Senator Vanstone—It is on an immediate relief arrangement.

Senator CHRIS EVANS—Yes, but conceivably if you went back to the old scheme it would be a cost in the out years as well.

Mr Kalisch—If it was an ongoing—

Senator CHRIS EVANS—The efficiency dividend is ongoing. All that has happened is that this year's increment has not been applied. Isn't that right?

Mr Kalisch—This year's increment has not been applied. It has not undone any of the past efficiency dividends.

Senator CHRIS EVANS—Isn't that a case therefore that that should be shown as a cost in the out years as well?

Mr Kalisch—It really is an issue that government has not come to for the future years. That is why it is just reflected as a one off change.

Senator CHRIS EVANS—But you had come to it in the previous budget and it is reflected in the out years as a saving, isn't it?

Mr Kalisch—It is reflected in the forward estimates in terms of the efficiency dividend being applied to those future years.

Senator CHRIS EVANS—I suspect it ought to be shown as a cost.

Senator ALLISON—Could I move on to the quality assurance system for disability employment services. I understand that includes the interpretation of disability standards relating to integration and wages. The question I have been asked is whether there will be any allowance paid to disability groups for doing this work. Presumably they are expected to take on that role. Is there to be some sort of allowance for them to do it?

Mr McCormack—There has been \$17 million allocated in the budget over the four years and included as part of that we are paying the certification costs of all service providers as part of the quality assurance process. Also, an external complaints and appeals system was provided for in a report called *Assuring quality out of 1997*. The recommendations from that report have been included in this budget.

Senator ALLISON—Is this the same thing as the new quality strategy for disability employment services, the accreditation?

Mr McCormack—Yes.

Senator ALLISON—Is it exactly the same issue?

Mr McCormack—It is for quality assurance, yes.

Senator ALLISON—The expectation is that the costs will be \$8,000 initially and \$2,000 to \$3,000 thereafter each year. Does that \$17 million cover those costs?

Mr McCormack—The \$8,000 and the \$2,000 to \$3,000 for outlets above the multi-outlet organisations were the costs that were calculated as part of the six-month trial that was started in August last year. They are average costs. At the moment about a third of our current organisations have structured quality processes in place. They pay in the order of hundreds of dollars to tens of thousands of dollars. Of the 21 services that participated in the trial the average was \$8,000 and that included rural and remote areas as well as metropolitan services. So it will vary, but there was an average of \$8,000 and the money in the budget will cover those costs in the four years.

Senator ALLISON—During the transition phase will agencies be required to run both systems?

Mr McCormack—By ‘required to run both systems’, are you talking about the accountability? Under the old system we have five-yearly audits and annual self-assessments; under the new system it is going to be an external audit system, industry-owned system. If an organisation is certified, it will be definitely under the new system; if they are not certified they will come under the old system. There is a grey area between the transition when they actually become certified. We are not expecting services to undergo say a five-yearly audit and then within a few months also go through a certification process. There will be some realistic appraisal there. If a service can demonstrate that they are reaching certification in the next few months, then we would not impose that five-yearly audit on them.

Senator ALLISON—What are the time lines for implementation of this new system?

Mr McCormack—Depending on the successful passage of legislation, we are expecting the phase-in period to begin on 1 January 2002 and last for three years. Services will be given up to three years to become certified.

Senator ALLISON—A question I started raising in aged care was the one about young disabled people in nursing homes. I wonder whether there has been any progress in your discussion with the states on this issue.

Senator Vanstone—Senator Allison, you asked why this did not include the disabled. I hope I made it clear that we did families last time and the elderly this time. Payment characterises payment to the elderly as opposed to those on pensions. Living on a pension or pension income is not going to be easy for anybody, whether they are disabled or a self-funded retiree, for example, living on a pension level income.

Just while Ms Wilson is getting her papers together, I wonder if you agree with your leader that the payments to the elderly are properly characterised as generational pork-barrelling. I have to say that coming from someone who was not born when we sent people to Vietnam and has never experienced anything like the Great Depression, World War II or any of the consequent flow-ons for families, and who I might say on my advice can, before the age of

35, walk out of this place with a taxpayer-funded pension for the rest of her life, I thought was a little bit of generational insensitivity.

Senator ALLISON—I am sure it is nothing compared with the pork-barrelling that the baby boomers will do, like you and me.

Senator Vanstone—I was just wondering whether you agreed with that remark of your leader.

Senator ALLISON—I would need 24 hours to think about it.

Senator Vanstone—Take it on notice.

CHAIR—Like you, Senator Vanstone, I have had the benefit of being young as well.

Senator Vanstone—Yes, I came in at 32, but I did not tell my university colleagues that when I got in I would be here until a convenient time and I would be getting out. I think Senator Stott Despoja is going to get out early on and therefore 35 is not an unreasonable time.

CHAIR—No, I did not mean that.

Senator ALLISON—That is wishful thinking.

Senator Vanstone—And with a pension. Therefore to say that giving money to pensioners is generational pork-barrelling I thought was right over the top.

CHAIR—I did not mean that.

Senator CHRIS EVANS—Madam Chair, we have actually had two and a half very disciplined days. I accept my share of the blame for the last hour or so, but we really have started to lose the plot. I think the minister is making an enormous contribution to that and I suggest that, rather than her asking Senator Allison questions about her leader—

Senator Vanstone—You wore me down, Senator Evans. You finally wore me down. I am sorry.

Senator CHRIS EVANS—I know that when I get you on to the question of Senator Stott Despoja you do get a bit excited. Could we just go back to the question of disability as I have actually got quite a few disability and child care questions to ask.

CHAIR—I do want to clarify what I meant. I have been young and old. That is the difference in my position.

Senator TCHEN—I for one, being somewhat older than a baby boomer, fully endorse the minister's position.

Ms Wilson—Senator Allison, could I ask you to restate the question, please?

Senator ALLISON—At the last estimates session, there was some discussion about negotiations with the states on provisions for more suitable accommodation for young people with disabilities or chronic illnesses like MS. I understood that discussions were to be embarked upon with the states to get them to spend some of their money on this question.

Ms Wilson—As you know, through the Commonwealth-State Disability Agreement, Senator, the accommodation issue is largely a state responsibility, and I think we were going to broach the issue last time we mentioned it at estimates. We have raised it a few times with our state disability colleagues and with Health and Aged Care officials. In terms of our state disability colleagues, as you know, we have also injected \$150 million into unmet need funding, which goes into areas of accommodation and support needs. We are hoping some of

that money will help address some of the gaps, in terms of appropriate accommodation options for some of these people.

Senator ALLISON—Are there agreements with the states to do that or is it just up to them?

Ms Wilson—Some of the bilaterals focus on possible accommodation options for those groups of people. As you also know, the states have included another \$360 million from their side, so there is quite a broad based range of accommodation options which have been progressed through that extra \$510 million.

Senator ALLISON—We heard this week that 1,160 young people—I think that was the figure, from memory—are currently in nursing homes. What is your objective or the objective of the CSDA, in terms of getting those people into more suitable accommodation?

Ms Wilson—My Health and Aged Care colleagues have indicated that as of 30 June 2000 there were around 864 people under the age of 50 living in nursing homes. I have not got an updated figure on that. As you know, we are about to embark on the third CSDA discussions, and that is likely to be a discussion point for what might be in the next agreement.

Senator ALLISON—So will the federal government take a strong position on this in order to get the states moving? Minister, maybe that is a question for you. Are you suitably moved on this issue to push the states along?

Senator Vanstone—Senator, I have a whole range of issues I want to move ahead in the short, medium and long term in relation to the disabled. This would be one of them, but I do not want to go into the details of those. I am still getting more information on them, and I still have some consultations to go into. I do see the point you are making and the assistance that is required, but I am reluctant to give you the impression that the Commonwealth should necessarily pick up where the states have failed due to incompetence or lack of care.

Senator ALLISON—But the Commonwealth is picking it up, isn't it, through aged care at present. They are taking up beds in nursing homes and, apart from the inappropriateness of that accommodation—

Senator Vanstone—As I say, I see the point you are making. I think a whole range of things in the disabled area need to be addressed, specifically for the disabled and, more broadly, for carers.

Senator ALLISON—Thank you. I know I am jumping around a bit, but I have one other issue to ask about. In the case of an employee of Telstra affected by dyslexia who was not permitted to take an examination in a way which would permit him to do it effectively, the Human Rights and Equal Opportunities Commission's determination at the end of last year found that learning disability was a disability under the Disability Discrimination Act. That is a relatively new definition of disability, and I wonder if the department has prepared a report into the implications of that determination?

Ms Wilson—We have regular discussions with the Human Rights and Equal Opportunities Commission, particularly with Graeme Innes, the deputy disability discrimination commissioner. He has not raised that with us as a decision which he thinks has influence in terms of how we look at our programs. I have a meeting with Graeme next week, so I will follow that up with him.

Senator ALLISON—I think the question really has the greatest impact on education, but I thought I would raise it to see if there had been any work done as a result of that case.

Senator CHRIS EVANS—I had a question about the disability agreement myself. I just want to understand what is occurring here. You said something in relation to a question by Senator Allison about the unmet need money. As I recall, \$50 million of that went into last year's budget and \$100 million went into this year's. But I see that then there is a drop off of \$90-odd million in the first out year, 2002-03. I assume that reflects the loss of the one-off payment, but I also understood that the minister had committed to building that money into the CSDA and maintaining some contribution. I would like clarification of whether or not that is right, in terms of a policy decision and I would like an explanation of what is represented in the out years and how much of that is an ongoing unmet need contribution.

Ms Wilson—In terms of Budget Paper No. 3, if you are referring to the table which provides out years for CSDA, the figures from 2002-03 do not include the unmet need dollars, as you said. That reflects the conclusion of the current agreement on 30 June next year and the fact that we have not gone into discussions about the next CSDA. The numbers go back to what they were without the unmet need dollars, but they include an estimate of indexation over that period.

Senator CHRIS EVANS—Indexation of what—of the base amounts?

Ms Wilson—Yes.

Senator CHRIS EVANS—So am I right to assume that, in terms of that unmet need allocation, there was no ongoing money reflected in the out years?

Ms Wilson—That is right.

Senator CHRIS EVANS—So what do I understand about the previous minister's commitment about continuing that funding?

Mr Kalisch—As you would be aware, negotiations between the Commonwealth and the states have not really started on the third CSDA yet. In the current agreement, there is an understanding that issues of funding and other things will be addressed in the year before the current agreement is to come—

Senator CHRIS EVANS—I accept all that. I understand that. That is fine but, as I understand it, there was a commitment by the government to continue some funding as part of the unmet need and build it into the CSDA. I guess the question is: where are the dollars? Is it fair to assume that they are not budgeted for at this stage?

Mr Kalisch—They are not budgeted for at this stage in the forward estimates. That is obviously quite clear. There was an understanding among the states, the territories and the Commonwealth that the level of funding for the CSDA would continue into the out years. This is not just a matter for the Commonwealth; it is a matter for the states and the territories.

Senator Vanstone—On that point, I would like to clarify what I thought to be the case—that is, I understand that it is only your state that puts it into forward estimates. They do in any event, without the agreement having been made; the other states do not. That is why I thought it was particularly opportunistic and cheap in the extreme—if there were a stronger word than 'cheap' I would use it—of the Queensland minister to start a scaremongering campaign, saying 'The Commonwealth might be cutting money to disabilities because it isn't in the out years', when it has not been in the past and is not in any state except Western Australia. But I have yet to meet this person, so I cannot tell whether they normally behave in that cheap fashion, upsetting disabled people in order to get themselves in the paper or on radio. I hope it does not continue.

Senator CHRIS EVANS—Well, you have the advantage of me. I cannot even name the Queensland disability minister for you, so I cannot tell you whether I have met him or not.

Senator Vanstone—No, I cannot either, but I will be able to tomorrow morning.

Senator CHRIS EVANS—I was not aware of any press release that they put out but—

Senator Vanstone—I do not know that they did actually. I think it was just one of those opportunistic remarks.

Senator CHRIS EVANS—Be that as it may, Minister, I just want to be clear. I think Senator Newman made an announcement about building it in and I am just trying to understand: the basis of the out years budget does not include any of what is referred to 'unmet need' money in the out years. Is that right?

Ms Wilson—Yes.

Senator CHRIS EVANS—Has the cost of disability study been released?

Ms Wilson—The report was released by government in November 1999. I think at that stage you were advised that the work and the findings would be fed into the welfare reform process and the report was provided to Patrick McClure's committee for consideration.

Senator CHRIS EVANS—Has the government responded to it?

Mr Kalisch—There was certainly some mention of costs of disability within the government's response to welfare reform in December last year. From my memory, it talked about considering the costs of disability in the context of moving toward a simpler income support payment. I have that report here, so I will just check that.

Senator CHRIS EVANS—I think that is right. My question was more general than that. With these sorts of things, often there is a government response. Is there going to be a government response other than the reference in that response to the McClure report or not?

Mr Kalisch—It really also refers, in that government response in December, to the future work on income support simplification. That is one issue that we are looking at addressing in coming years. It is a matter that is particularly complex, but it also is one that you need to get right. We will be looking at that issue within that context.

Senator CHRIS EVANS—I think that is a no, is it?

Mr Kalisch—No; we certainly will be looking at it.

Senator CHRIS EVANS—No. Is there to be a formal response to the report?

Mr Kalisch—In terms of the report that came out in November 1999, I think it is probably correct that there will not be a formal response to just that report.

Senator CHRIS EVANS—The only thing I can take as being a response formally from the department so far to those issues raised is the McClure report response—is that fair?

Mr Kalisch—Yes.

Senator CHRIS EVANS—Has the MIFS report been released?

Ms Wilson—I think I told you last time we were working at completing the MIFS report fairly quickly. It is in the final stages at the moment and it is just being consulted on internally. I knew you were going to give me that smile!

Senator CHRIS EVANS—You reminded me that you told me that it would be released quickly—and here we are again.

Senator Vanstone—She is a very honest officer.

Senator CHRIS EVANS—Yes. That is what my note said: they said it would be released soon.

Mr Kalisch—Perhaps I should take responsibility for that in that I have had staff diverted onto issues related to the generation of the government's welfare reform response. That has been what these people have been doing, rather than working on their MIFS report. Now they are back on the task.

Ms Wilson—It is very close to being final and, as I mentioned to you last time, we are hoping to take it out to some of the MIFS case managers who were involved in the pilots to get their final tick off it as well.

Senator WEST—They still are?

Ms Wilson—Yes, they are, in regular contact.

Senator CHRIS EVANS—When would it be reasonable to expect to see it so that next time we meet I do not have to ask you?

Mr Kalisch—Next time we meet it will certainly be with the minister, and then it will be a matter for government when they release it. One aspect I can assure you of is that we are actually using the findings as we speak now. The findings will be quite useful for the development of the new personal support program, which is looking at people with some of these very characteristics—of very high non-vocational barriers.

Senator CHRIS EVANS—It would also be very useful if we could see that that was the case and analyse it. I would appreciate it if you could release that as soon as possible. I would like to get some information on the number of pilot trial studies in the disability area for the last four or five years and the time frames on those. I will put that in as a question on notice. It is not something I expect the officers to have at their fingertips.

Mr Kalisch—We can certainly get that information for you fairly quickly. The other aspect I should mention is that most of those trials and pilots, and the information related to the structures, is advertised on our FACS web site. The information is pretty readily available to any member of the public.

Senator CHRIS EVANS—I was particularly interested in the question about when they come to an end and when they are reported on, rather than just the trials existence. Thank you very much.

[9.42 p.m.]

CHAIR—We now move to child-care support.

Senator CHRIS EVANS—Perhaps we could start with the CCB problems. Mr Powlay, we avoided going into any detail before, but could you give me an idea of how we are progressing and whether we have actually paid all those from the first quarter of this financial year? Just give me an overview of where the problem is at.

Mr Powlay—The last report we have had from Centrelink indicates that around 95 per cent of the acquittal claims that they have received have been paid and that they are for all intents and purposes up to date with their processing.

Senator CHRIS EVANS—What do we know about who is still outstanding from the first quarter this financial year? Are you telling me they are people who have not submitted their acquittals?

Mr Powlay—Yes.

Senator CHRIS EVANS—They are the only ones?

Mr Powlay—Largely. There are, obviously, claims coming in on a regular basis and so there is just the normal processing.

Senator CHRIS EVANS—These are claims still coming in for the first quarter?

Mr Powlay—There are still claims coming in for the first quarter, yes.

Senator CHRIS EVANS—Did I understand that you were putting a deadline on those claims?

Mr Powlay—Yes, we are. The claims need to be submitted by the middle of June in order for the advance for the next quarter to be set up. If those claims are not lodged by the middle of June, the services would not have an advance set up for the July to September quarter, 2001.

Senator CHRIS EVANS—Basically you are not going to pay them the next advance unless they have acquitted for the first quarter?

Mr Powlay—That is right.

Senator CHRIS EVANS—What is going to be the impact of that decision on those services? I am particularly concerned about out of school hours care, where I seem to be getting the majority of reports of serious concern about coping with the system.

Mr Powlay—The majority of claims that we have not yet received involve out of school hours care. That is correct.

Senator CHRIS EVANS—How many would that be, Mr Powlay?

Mr Powlay—There are around 800 organisations involved.

Senator CHRIS EVANS—So there is around 800 who still have not put in their acquittals for the first quarter last year?

Mr Powlay—That is correct. We have been progressively contacting all of those organisations. We have made contact with the majority of them. Some we have been unable to contact by telephone and we are attempting to contact in person. We have also written on a number of occasions to those services and are writing again to encourage them to contact Centrelink, to seek assistance with their acquittals.

Senator CHRIS EVANS—So the vast majority of those 800 are out of school hours care services?

Mr Powlay—The vast majority, that is right.

Senator CHRIS EVANS—And what are the others?

Mr Powlay—They are a mix of long day care and family day care.

Senator CHRIS EVANS—There are still a few odd elements?

Mr Powlay—Yes.

Senator CHRIS EVANS—I presume a decision not to pay in advance in mid-June would actually be the end of out of school hours care if they did not receive that, would it?

Mr Powlay—We expect to be able to have contacted and provided sufficient support to those services that need to lodge a claim to enable them to lodge by the deadline.

Senator CHRIS EVANS—Clearly—and I am not being critical of you; I know there has been a big effort put into this—in the financial year you have not been able to successfully do that, and there are still 800 left to go. What is the reason for your confidence about it now?

Mr Powlay—As I said, we are making all possible efforts to contact those services. We can only presume that, following those efforts, those services that are still not contacting Centrelink for assistance, or lodging claims, for some reason do not need the funding.

Senator CHRIS EVANS—Do you suspect that some of them may have actually gone out of business already or closed?

Mr Powlay—We have got no indication of that.

Senator CHRIS EVANS—There seems to be a bit of activity going on in out of school hours care that is counter intuitive to the CCB changes. When I pick up my local paper there is always a story about a out of school hours care project under pressure, or threatening to close, or being closed?

Mr Powlay—That has always been the case with out of school hours care. Even prior to CCB, our state based offices tell us they spend a good deal of time providing support to out of school hours care operations that get themselves in difficulty in terms of management committees or problems cropping up.

Senator CHRIS EVANS—Do you have any figures though on what is happening in that area in terms of centres closing, or going out of business, or ceasing operation?

Mr Powlay—The number of closures in that area has dropped since CCB. So there is no indication that—

Senator CHRIS EVANS—What sort of rate is it? CCB was held that it should be better for those services, and intuitively I thought that would be true. But my anecdotal experience seems to be (1) that they had a lot of difficulty with the system and (2) that there seemed to be still a lot of issues surrounding them and a lot of them struggling or going out of service. I accept what you say that that is at a lesser rate, but is there still a high turnover of them or a high closure rate? What are the numbers?

Mr Powlay—I do not have the numbers with me, but I could take that on notice and give them to you. There has also been a significant expansion in the number of outside school hours services applying for approval, particularly in the vocation care area.

Ms Corbett—I do have some data on the growth in places in the outside school hours care sector, and it is significant growth over the past two years. The number of places in December 2000 is up to 457,800. So we have had expansion of existing services, particularly since CCB came in, and we have had significant number of openings of new services for which we have provided establishment funding and advice.

Senator CHRIS EVANS—Have you got numbers on openings?

Ms Corbett—The actual number of services, I do not have. I think the current status of the number of services varies according to our definitions. If you look at the number of locations where outside school hours care services are provided, it is about 2,020. But if you break it down into components of before or after and vacation care, we are up around the 4,800 services by components. We have not been seeing a significant number of closures, although we have, as you aware, been hearing that there are difficulties in the business management side for outside school hours care.

Senator CHRIS EVANS—Yes, it may be no better or worse. I knew the figures were rising, but when you open a local paper or you go somewhere it is almost like counter intuitive—you run into people saying, ‘The centre is about to be close’, or, ‘This one has closed.’ As you say, it was not reflected in the figures and now we have 800 who still have not managed to get themselves organised into the system 11 months on. What is the impact, Mr Powlay, when you described for me that you normally send them an advance in the middle of June for their next quarter?

Mr Powlay—It is actually at the very end of June, yes. The advance is set up for the quarter, but it is paid in three instalments—each of the three months.

Senator CHRIS EVANS—You are effectively anticipating their CCB for that quarter; is that right?

Mr Powlay—That is correct, Senator.

Senator CHRIS EVANS—That is based on their past experience, but you have 800 of them now—or you have not had any past experience for the last three-quarters?

Mr Powlay—That is correct, Senator.

Senator CHRIS EVANS—You have decided draw a line in the sand about advancing?

Mr Powlay—I would suspect that many of those services who have been getting advances, which would have been based on their usage last year, have in fact been getting advanced more than they have been using under CCB and putting in their acquittal means paying back money.

Senator CHRIS EVANS—Or bringing on a realisation that they are bankrupt?

Mr Powlay—It may be the case. You mentioned that there are frequently changes in this sector. To some extent it is the nature of some of these outside school hours care services. As you know, a lot of them are community based. They rely on a voluntary care committee and often, as it is with many volunteer committees, it can be one individual that basically keeps the thing together. If that individual moves away or becomes disinterested, it can start to fall apart. The other problem frequently is staffing. Often these are a single person operation attached to a school. It is very difficult in some areas to find staff for these services and, if the staff member leaves, or something, it can become a problem.

Senator CHRIS EVANS—No, I understand the problem. That is why I am a bit concerned about finding that there are quite a large number who have not yet been able to work themselves into the new system. What will happen if only say half of them fail to make it?

Mr Powlay—Centrelink has been making contact with over 100 a week.

Ms Babbage—We have contacted 180 outside school hours centres in the last couple of weeks. We have had our review people go out and visit those centres. We are also in the process of getting our customer service centre managers to contact all the non-lodgers to make sure that they have received the correspondence that has been sent and that they are well aware of the need to lodge.

Mr Powlay—In addition to that, we have contacted as many as we could by telephone and offered assistance. We are providing assistance through training organisations to help those services that are having difficulties lodging. So there is a range of strategies to both identify and assist those services that are late in lodging, although I would say that, on the telephone contact that we have had with them, the majority who have not lodged have indicated that they do not need assistance in lodging and will get around to it in a week or two.

Senator CHRIS EVANS—You ring and say, ‘We’re from the government and we’re here to help you,’ and they do not actually take you up on it, Mr Powlay.

Mr Powlay—That is about how it goes, yes.

Senator CHRIS EVANS—On a more serious note, though, what is a reasonable expectation of how many of those will have complied and lodged successfully by the date at which you have to make a decision not to forward them their advance for the next quarter?

Mr Powlay—We are aiming to have the vast majority of them. We would hope to have the number under 100 by the end of the deadline. Once that occurs, we would expect those services to make contact with us if they do not receive an advance. We will then make arrangements to assist them with lodgment and can provide the advance at that time.

Senator CHRIS EVANS—Have you got any estimation of the extent of the debt problem that might be reflected in some of these services—in the sense of you paid them CCB they were not entitled to?

Mr Powlay—No. Without getting the details from the service, we do not know.

Senator CHRIS EVANS—Of the ones you have been processing, has that been a major issue? I do not just mean out of school hours care, but obviously they are a key group.

Ms Babbage—I think that we are processing claims that are experiencing a range of circumstances—some we have overadvanced and others we have underadvanced—but I do not have figures on the percentages in each direction.

Mr Powlay—Certainly the majority of services are being paid extra as a result of their acquittal or have an entitlement to extra CCB in their next advance.

Ms Babbage—Services are able to get an additional advance if they have had any shortfall.

Senator CHRIS EVANS—I appreciate that. Can you give me the breakdown of your experience of overpayment and underpayment—on notice?

Ms Babbage—We have not got it at the moment, but we could see if we could get those figures for you?

Senator CHRIS EVANS—Thank you. Is there any other area apart from out of school hours care that is causing particular concern at the moment, Mr Powlay?

Mr Powlay—That would be the main area, and I would say that the problem is also more concentrated in New South Wales than in the other states.

Senator CHRIS EVANS—What is the basis for that?

Mr Powlay—There are just more services in New South Wales.

Senator CHRIS EVANS—Have you got any information, Mr Powlay, on what is happening in terms of fees being charged by centres? I see you are indexing the rate—5.8c from 1 July. Do you have any information on what is happening out there in the market in terms of fees charged?

Mr Powlay—We did do some surveying of fees in October last year.

Senator CHRIS EVANS—Is that your most recent information?

Mr Powlay—That is the latest information we have. It indicated that for the long day care centres surveyed there had been an average fee increase of two per cent.

Senator CHRIS EVANS—Over what period, Mr Powlay?

Mr Powlay—That was compared to the 1999 child care census, which was May 1999.

Senator CHRIS EVANS—There had been a two per cent increase?

Mr Powlay—That was the average fee, but only 33 per cent of long day care centres reported that they had had an increase in fees.

Senator CHRIS EVANS—So that was between the May 1999 census and a survey in October 2000??

Mr Powlay—Sorry, I am reading that incorrectly. It was between July and October.

Senator CHRIS EVANS—July 2000?

Mr Powlay—Yes, since the introduction of CCB.

Senator CHRIS EVANS—So it was not the census figure?

Mr Powlay—No.

Senator CHRIS EVANS—That was the July to October 2000 period?

Mr Powlay—Yes.

Senator CHRIS EVANS—And you have not had anything since then?

Mr Powlay—We also have figures for family day care schemes where there had been an average fee increase of four per cent, and 61 per cent of family day care schemes reported that they had increased their fees.

Senator CHRIS EVANS—Was that July to October as well?

Mr Powlay—Yes. In outside school hours care service there had been an average fee increase of less than one per cent.

Senator CHRIS EVANS—Thank you for that. What are the latest figures we have on CCB in terms of the numbers on the maximum rate, et cetera? Do we get those quarterly?

Mr Powlay—We do get figures in effect quarterly, based both on the parent claims to Centrelink and their assessment, and the quarterly acquittal statements from the services.

Senator CHRIS EVANS—Do you have those in table form you can perhaps table?

Mr Powlay—No, I do not have them with me. I only have up to 1999. I think I indicated to you in response to an earlier question that we estimate that around 40 per cent of families claiming CCB receive the maximum rate and about 10 per cent of families receiving CCB receive the minimum rate. That means there are 50 per cent in the in between group.

Senator CHRIS EVANS—Even at this time of night and with my limited maths I could have got that one, Mr Powlay. Has that figure changed over time? What date is that based on?

Mr Powlay—That is based on our initial data from CCB, which would have been around December 2000.

Senator CHRIS EVANS—I might put on notice a couple of questions about them. Have you got the March figures?

Mr Powlay—We would be able to obtain some later figures for you, but I do not have them at the moment.

Senator CHRIS EVANS—I may put on notice a question about the March figures so I can just see how the experience with CCB is tracking.

Senator WEST—I want to ask a question about the family day care numbers and new services coming on line. What is the length of time being taken from receipt of an application for an extension of an increase in numbers to the actual approval?

Mr Powlay—It would probably be better for Joan Corbett to answer that.

Ms Corbett—Senator, the amount of time taken actually varies because the planning advisory committees are based at each state and territory and some of them have been speedier than others in processing those approvals, and some of them have slightly different processes. For instance, some of them may advertise and then subsequently meet and rank priorities. Others may meet, determine their high needs areas, and go through a process of a lengthier kind. It is varied quite a bit.

Senator WEST—What lengths of times are you talking about, though?

Ms Corbett—In some cases I am aware it has been at least eight months between the time of application and the time of approval of places.

Senator WEST—Is that satisfactory?

Ms Corbett—No. We are working on improvements to the planning system and we have made some significant changes in those procedures already. Planning advisory committees are meeting around this time. In a couple of states they have already met, and in the other states they will be meeting over the next week. We will continue to work with them about improving the processes.

Senator WEST—I am very familiar with the Bathurst Family Day Care Centre, which is run by the city council, and my office started to be swamped with letters from parents in August of last year. It was interesting they got approval the day I was going there for morning tea for Family Day Care Week or whatever it was, that was celebrated two weeks ago.

Senator CHRIS EVANS—They should have invited you earlier, shouldn't they?

Senator WEST—That is what they said, Senator. 'We'll have you come more frequently'. They have a waiting list something like 40 to 50 and they have closed their books because, even with the additional 40 places they got, they have still got a waiting list. They have seen some very interesting demographic trends in the use of child care, particularly family day care, with families mixing the types of child care they are using. They are using some days a week with family day care, some days in a centre based place, and others with family while they are being cared for with grandma or something. They have a big number, and I just thought that that was an inappropriate length of time for them to have to wait. The submission was lodged in August of last year.

Ms Corbett—I am very sympathetic to what you are saying and we are working on improvements in the planning system. We are well aware that there have been some delays in New South Wales that have caused a great deal of concern.

Senator WEST—Caused a heck of a lot of discomfort and disquiet to a lot of families.

Senator CHRIS EVANS—As I understand it, one of the major problems I am running into in the sector with family day care, though, is their inability to get carers.

Ms Corbett—Indeed, that has been a problem in a number of parts of the country, and we anticipate that there will continue to be some difficulties.

Senator WEST—Yes.

Ms Corbett—We are finding that with our new in home care initiative, as we had hoped, some new carers are coming into the field to do care in the child's home, but not necessarily to offer their own home as a base for care for a range of reasons.

Senator CHRIS EVANS—Is that the only driver, or is it because the actual income stream is stronger as well?

Ms Corbett—I am sure there are a range of reasons and I am sure that the remuneration for family day carers is just one of the reasons, but there are also a range of licensing requirements and other issues that we are looking at with the family day care sector to see what can be done over the longer term.

Senator CHRIS EVANS—I know there are a couple of councils in Sydney who have just scaled back because they cannot get the carers. They have raised with me the fact that they have demand, they have places, but they do not have the carers.

Ms Corbett—Indeed. That is a problem in a number of the metropolitan areas.

Senator CHRIS EVANS—Yes. It seems to be a problem in the metropolitan, not as much in the rural areas?

Ms Corbett—There are some of the rural services that are having difficulty finding as many carers as they could find families wanting to use the service.

Senator WEST—This one, I have to say, is not having a problem finding carers.

Senator CHRIS EVANS—My next question was going to be about that flexible child care. Could you just give me an overview of how many places you have filled and how that is going?

Ms Corbett—Yes, certainly. The budget measure from last year to introduce in-home care has been very successful so far. We had anticipated approving about 800 places within this financial year but, because there has been such strong interest from the service providers and from families, we have brought forward some of the places that might otherwise have been allocated in the coming financial year. We have been able to manage that within the budget parameters by iterating out the flow of those places.

They did not all start on 1 January. Quite a few of them are just taking up now. With 1,080 places now allocated to some 52 services, we expect that by the middle of this year we will be assisting some 1,200 children from around 1,000 families. In the coming financial year we will have an additional 1,720 places to allocate. We are hopeful that that will bring service to another 2,200 children from some 1,800 families so that by June of 2002 those new services will be meeting what was effectively a gap in child care service provision for a total of 3,400 children from about 2,800 families.

Senator CHRIS EVANS—Can you tell me how typically this service has been provided? I know you have a range of different models, but what would be the typical urban provision, if you like, first of all?

Ms Corbett—Typical is difficult. About 57 per cent of the places have been allocated to existing family day care schemes. The existing family day care schemes that are offering in-home care are offering it to a range of family types and in a range of locations. Quite a few of these places are going to rural areas, rural and regional settings, families on farms, families with disabilities, and we are also very carefully watching the number of places that are going to families that have unusual working hours requirements, casual work or on call work requirements. It looks as if we will succeed in meeting those particular target groups quite

well. Less use in the metropolitan areas, but in the metropolitan areas we think we are starting to see a pattern where primarily we are assisting families where there is disability in the family, either amongst parents or children, of a kind that makes the use of mainstream child care services inappropriate.

Senator CHRIS EVANS—Typically, for, say, a child with a disability, how do you make the finances of that work for a one-child family?

Ms Corbett—The finances are more difficult with a one-child situation than where there are two or three children in a family.

Senator CHRIS EVANS—I thought you basically needed three to make it work. It is something I have never understood about this.

Ms Corbett—The size of the gap fee that the family needs to pick up is going to vary significantly. It is because the entitlement is very closely linked to the entitlement to CCB. If, for instance, there is a child with a disability in a family with two other children and the in-home carer can provide support for the whole family's child care needs, it becomes a more viable option than if it is a single-child situation.

Senator CHRIS EVANS—They would have to be under five for that to work, though?

Ms Corbett—They would not all have to be under five, no. It can work quite well with certainly one preschool child and a couple of school age children. It depends on the hours of care—

Senator CHRIS EVANS—Provided they are under 12 and they are eligible for out of school hours care.

Ms Corbett—Indeed. I am reminded that we can also provide in-home care in some circumstances where families are sharing. If you have, for instance, one household that can cater for two children from another family coming in and an in-home carer can go there, we can certainly, under our requirements, cater for that. There are some licensing restrictions in some states that stop us from doing that, but we are hoping that we can ease up on that model over time with some assistance from states.

Senator CHRIS EVANS—Are the majority of arrangements permanent arrangements?

Ms Corbett—No. The majority of arrangements, like most child care arrangements I might say, are ones that you initially contract for a period of six months, 12 months, but they can have quite a significant turnover.

Senator CHRIS EVANS—Yes. Are they servicing the needs of a family because they are in a period of crisis or are they more, for this year we are going to have an in-home carer on this arrangement? Have you run across that?

Ms Corbett—We really do not have good enough data to give you reliable information on those trends. I think we have got a variety of patterns there and we will be interested to give you a more solid picture of that in 12 months time. We are told that in some services the turnover looks as if it will be quite high, but of course they are in early days of providing this model on any scale.

Senator CHRIS EVANS—Are you keeping figures on the cost to families as well?

Ms Corbett—We will certainly look at the cost to families and we may need to do some survey work around that to get it accurately, because it is the gap that is not necessarily coming in to us without doing some survey work.

Senator CHRIS EVANS—Have you got any idea of whether in the majority of cases they are caring for more than one child at once?

Ms Corbett—In the majority of cases they are caring for more than one child.

Senator CHRIS EVANS—That is really driven by the cost gap?

Ms Corbett—That is largely driven by the cost and the family need and whether there is genuinely a gap in child-care service provision.

Senator CHRIS EVANS—And the majority of the places have been allocated to rural and regional areas?

Ms Corbett—It is a very significant proportion. I believe it is a majority at this point. It may not be exactly.

Senator CHRIS EVANS—If not typical, what is an example of the sort of service they are providing in a rural setting?

Ms Corbett—We have a couple of services in rural areas that are able to provide a carer for families in quite small, isolated rural communities. Often that involves a carer being on site by about 7 o'clock in the morning and working through until mid-afternoon. In some instances, that is actually allowing farm families to get about their farm business, and the carer can organise the older children to get to school and then pick up care for the younger children for a portion of the day. That is exactly the sort of circumstance that we were hoping to be able to provide assistance in—because, obviously, there is no other form of child care that is going to meet that need.

Senator CHRIS EVANS—How do you do that? Do they record the hour and a half of pre-school care for the 11-year-old and also the number of hours of child care they provide for the 4-year-old? If carer A is at a farmhouse and there is an 11-year-old and a 4-year-old, do they claim CCB from 7.00 a.m. until 8.30 a.m. when they drop the 11-year-old at school, and then claim after school hours for them, and claim daytime care for the 4-year-old as day care?

Ms Corbett—That is a feasible pattern, certainly.

Senator CHRIS EVANS—Do they have to have a claiming pattern for each day?

Ms Corbett—Yes, but that is not difficult with the family day care model, because the in-home care administrative processing is very closely matched to family day care—and family day care, as you would understand, is already catering for those sorts of variations.

Senator CHRIS EVANS—Are you aware of examples of people being employed under this scheme and effectively working with live-in arrangements?

Ms Corbett—There are, I understand, some cases where we have been providing 24-hour care, at least; but not live-in—

Senator CHRIS EVANS—No, I am not necessarily saying they are claiming 24-hour care, but they are contracted to live in and provide care and are claiming the CCB payments, as a means of—

Senator WEST—Almost like a governess type of situation.

Ms Corbett—At this stage I am not aware of circumstances like that.

Senator CHRIS EVANS—I am.

Ms Corbett—It would be a very expensive model.

Senator CHRIS EVANS—That depends on what you pay them for.

Ms Corbett—True.

Senator CHRIS EVANS—I am aware of models where they are using it to pay just what is entitled to be claimed under CCB for the care of the children, but they are in a live-in board situation from Monday to Friday, generally, rather than the weekend as well. Are there any guidelines covering that sort of arrangement? As I say, it is a governess, live-in nanny type of arrangement, I suppose.

Ms Corbett—I am not aware of those particular circumstances and I would be happy to look into it for you in a little more detail, if you can give me examples.

Senator CHRIS EVANS—It just raises for me the question of what guidelines you then apply.

Ms Corbett—Similar guidelines to those that apply in family day care. We already do have family day carers providing 24-hour and sometimes ongoing care, especially for sole parents who have to be away from home for work reasons from time to time, but not usually on an ongoing, live-in basis. It is limited.

Senator CHRIS EVANS—No, for a crisis.

Ms Corbett—Indeed, there is a funding model that covers that.

Senator CHRIS EVANS—It seems to me there are a few other issues raised by live-in carers in terms of accountability, safety, workers compensation, and so on. This stuff in the home is pretty fraught in that area anyway. I just wondered what regulations or guidelines you have governing this activity. For instance, what coverage does the family day care scheme provide for someone living in?

Ms Corbett—Family day care schemes provide back-up and advice from the coordination unit.

Senator CHRIS EVANS—I mean in a legal sense, in terms of workers comp or—

Ms Corbett—In a legal sense, insurances and workers compensation arrangements are a requirement for services to be approved by us for CCB purposes. In some states, the state government also has quite firm requirements around insurances. There are, unfortunately, still some states that have very little licensing affecting a family day care situation. In Victoria, for instance, we have no legislation at all at this point, under family day care, of any kind.

Senator CHRIS EVANS—You fund it the same, whether they have the regulations or not; is that right?

Ms Corbett—We do and we expect the national standards, which were agreed by all state governments some time ago, to be met in the case of services that we approve. We are, as you know, building a quality assurance system for family day care that will again tighten up on the quality standards that both we require and, we hope, some state governments will.

Senator CHRIS EVANS—When will that ever come to fruition, Ms Corbett?

Ms Corbett—The quality assurance system for family day care is being piloted now. There is a national consultation under way. The feedback we are receiving is generally very good. We have some work still to do to improve the system but we will be commencing the implementation and asking family day care services to register with the National Childcare Accreditation Council from 1 July this year. It is very near. The first schemes will go through that process—

Senator CHRIS EVANS—So will it be compulsory from 1 July this year or just voluntary from 1 July?

Ms Corbett—Registration will commence from 1 July this year, and the first services will achieve accreditation in about two years time from that commencement—because there will be a process of continuous improvement, collection of data, and validation of their quality assurance material.

Senator CHRIS EVANS—Is there going to be a requirement for services to be accredited, to be refunded?

Ms Corbett—It is our intention to make the legislative changes required so that family day care, like long day care centres, must be complying with quality assurance in order to retain their approval for CCB, yes.

Senator CHRIS EVANS—When would you envisage that becoming operative?

Ms Corbett—Certainly before the point at which the first services achieve the accreditation point; so July 2003 is the critical date that we anticipate at this point. There may be some services that are ready to complete that process a little sooner.

Senator CHRIS EVANS—But under this plan we would not expect services to be required to be accredited to maintain CCB before that date?

Ms Corbett—It is not anticipated at this point.

Senator CHRIS EVANS—Okay, thanks for that. I want to ask about a couple of the budget measures. I think I now understand the way the JET stuff got moved in with the other stuff: I am not absolutely sure, with all due respect to the officers who have previously explained it to me. Do I take it then that the JET funding which is wrapped up in the welfare reform is not actually for additional places? It is funding that may provide some gap fee relief for JET clients; is that right?

Ms Corbett—That is correct, Senator.

Senator CHRIS EVANS—How many extra clients would have that gap funding funded under that proposition?

Ms Corbett—We anticipate that those new provisions will assist about 8,000 JET families.

Senator CHRIS EVANS—So that would allow 8,000 per annum?

Ms Corbett—I beg your pardon; I have misread my data. There are currently about 8,000 JET families accessing special fee assistance, and the new places will meet the needs of an additional 7,000 families.

Senator CHRIS EVANS—So special fee assistance is where you pay the gap fee? Do you pay the whole gap fee or part of it?

Ms Corbett—It can be the whole gap fee or a partial gap fee and it will depend on the ability of the family to pay a contribution. In general we do prefer the family to pay some contribution if that is reasonable.

Senator CHRIS EVANS—Have you got an average fee you pay currently?

Ms Corbett—I do not have that data here. I could take that on notice.

Senator CHRIS EVANS—Could you give me some idea, though? Have you got a rough idea how much? I never quite got to grips with JET and how the child care thing works.

Ms Corbett—I would be guessing, Senator. I would rather take it on notice.

Senator CHRIS EVANS—I just thought you may have an indicative idea. So you pay the gap fee for that. When those women—I presume they are mainly women—are under intensive assistance in terms of re-entering the workforce, you pay the gap fee or part of the gap fee for their child care needs.

Ms Corbett—That is right.

Senator CHRIS EVANS—There are about 8,000 currently, and you are going to fund about another 7,000. I presume they move relatively quickly through that, do they?

Ms Corbett—They do indeed, yes.

Senator CHRIS EVANS—Have you got an idea of an average stay there, with that sort of fee assistance?

Ms Corbett—No, I am sorry, I really do not have a figure on the flow at this point.

Senator CHRIS EVANS—Could you also take on notice to provide an indication of how long people might stay on that? Could you tell me how that funding would be applied?

Ms Corbett—We expect that we will be able to broaden the categories of families that will be assisted. At the moment the families that are eligible for JET special fee assistance are specified in fairly strict eligibility criteria. Consistent with the welfare reform objectives, we will be looking at assisting a broader range of eligible families—the families that we are looking to give more intensive assistance to under the Australians Working Together package.

Senator CHRIS EVANS—So, effectively, the eligibility will be widened to include a broader group?

Ms Corbett—Indeed.

Senator CHRIS EVANS—Who has that money gone to?

Mr Powlay—The money is for the fee assistance paid through CCB.

Senator CHRIS EVANS—This is where I got confused before. The money is allocated to the CCB budget?

Mr Powlay—Yes.

Senator CHRIS EVANS—It is reflected in the budget papers as an extra how many thousand dollars onto CCB? It has been expressed various ways under JET—7,000 places, child care assistance. I have been having difficulty in looking at the budget details and working it out, and now I understand why I have had difficulty.

Ms Corbett—Perhaps I could give you a breakdown. The total amount over the four years is \$9.9 million for this measure. Out of that, \$7.6 million is FACS administered, which would be the CCB component.

Senator CHRIS EVANS—What is the rest of it?

Ms Corbett—It will be departmental and assistance to support the referral arrangements.

Senator CHRIS EVANS—So \$7.6 million over four years will fund 7,000 extra places; is that per annum, or over the four years?

Ms Corbett—Sorry; I have just been corrected. It is actually over three years. The commencement of this measure is 2002, and so it is 2002 through to 2005—three years

Senator CHRIS EVANS—It does not take up until the welfare reform measures come in in 2002.

Ms Corbett—That is right. September 2002 is the start date, and so it is over three years.

Senator CHRIS EVANS—Are the places 7,000 per year, or 7,000 over the three years?

Ms Corbett—It is 7,000 over the three years, I believe. It is not clear on my papers. Mr Powlay, can you clarify that on the costings?

Senator CHRIS EVANS—I am trying to work out whether it is an extra 2,200 places paid for each year for three years, or whether—

Ms Corbett—It is a total over the three-year period of 7,000 additional families.

Senator CHRIS EVANS—That would mean 2,200 per annum being helped each year. Is that correct?

Ms Corbett—Yes.

Mr Kalisch—The issue is that it is a function of two aspects here: one is that we are seeing an expanded number of parents coming in through the system; but the other dimension that is also important here is that there is an expanded number of places of assistance for which people can undertake activities and for which they would need the child care assistance. So it is those two dimensions.

Senator CHRIS EVANS—But the \$7.6 million for FACS will be represented in the CCB budget over those three out years. Is that correct?

Mr Powlay—That is correct.

Senator CHRIS EVANS—If I wanted to find it, I would find it in there if I were prepared to look hard enough. Is that right?

Mr Powlay—That is right. It will be hidden amongst the \$1.3 billion in the CCB.

Senator CHRIS EVANS—So seriously, though, it is not expressed separately in the budget papers.

Mr Powlay—No, but we will identify it separately on the Centrelink system so that we are able to track JET assistance. We will use the same mechanism that we use for special CCB to pay this JET fee assistance. Part of the measure is a streamlining of the payment arrangements. At present, people who receive this JET special fee assistance get CCB and then get paid a JET top-up through a separate mechanism. We will bring it all within the one mechanism, using the special CCB arrangements.

Senator CHRIS EVANS—Just briefly, is the expansion of outside school hours care places 5,200 extra places?

Ms Corbett—It is 5,300 additional children. In the terms that we have in the past always spoken about growth in child care—that is, number of places—it is 5,000 places. But we have become aware that discussing a place in something as variable as outside school hours care actually does not mean an awful lot to families and customers and the community. So, wherever we can, we are talking in terms of numbers of ‘children assisted’ and ‘families assisted’. The figure of 5,300 is the number of children we expect.

Senator CHRIS EVANS—You are going to squeeze 5,300 of them into 5,000 places?

Ms Corbett—Not a problem. It has never been ‘one place fits one child’. It is one full-time place funded in this sector, and that means something different from one full-time place funded in long day care. Often, because of part-time usage—

Senator CHRIS EVANS—That is what I wondered. What does ‘one funded outside school hours place’ mean? Is it pre-school; is it after school?

Ms Corbett—It is a long story.

Senator CHRIS EVANS—From your point of view, what is it that you fund? When you say that you are going to fund 5,000 more places, how much money is that, for a start?

Ms Corbett—We have costings here for these 5,000 places over the period, if that is indicative.

Senator CHRIS EVANS—Yes.

Ms Corbett—They were based certainly on averages and projections. For these new 5,000 places, the total FACS administered—that is, the CCB and establishment costs combined—is \$5.9 million, and there is a departmental component that brings the total to \$6.3 million over the four years.

Senator CHRIS EVANS—What is your unit cost for a place per annum?

Ms Corbett—We could work it back from that, but I do not have that number here.

Senator CHRIS EVANS—Please take that on notice.

Ms Corbett—Yes.

Senator CHRIS EVANS—I have never quite understood how you have funded what is obviously applied quite differently.

Ms Corbett—To be honest, it is difficult. I think that, once we start to get more information coming through the CCB COS system from Centrelink, we will actually be able to make these sorts of estimations much more accurately.

Senator CHRIS EVANS—What do you do when they just run an after hours school service and not pre? Do you fund them differently then?

Ms Corbett—Then a place is basically three hours for a full week. But many of the children who are using those places are not using—three hours times five—15 hours a week.

Senator CHRIS EVANS—What if there are before and after?

Ms Corbett—If it is before hours, it is usually two hours; and, if it is vacation care, it is usually an eight-hour day.

Senator CHRIS EVANS—So, if you are a ‘before and after’, you will fund them for five hours; if they are just after, you will fund them for three per place. Is that right?

Ms Corbett—Yes. Hence you see why talking about ‘a place’ does not actually mean much in terms of describing a supply of service.

Senator CHRIS EVANS—Thank you for that. I would appreciate your taking that on notice, though. I am interested to see the average cost. Madam Chair, the only other issue I had was to have the discussion we were promised that we would have all day about the answer to the IT questions.

Senator Vanstone—I think I can give you a short answer, Senator. I think you were chasing some documents that were asked for by either you or Senator Lundy last time that have not been provided. My advice is that they come into two categories: the bulk is the minutes of some meetings, and the advice I have is that the smaller category is two letters, being letters from ministers that refer to cabinet matters. I am sure you understand the reason for those not being provided.

As to the other material, I am advised that another department has advice or the government has advice—which I have not seen, which is why I am trying to choose my words carefully in the context of responding—that would justify, or cover might be the appropriate word—this is the word I am being careful about because I have not seen the advice and I need to be a bit careful—not providing the documents on the basis of public interest immunity. I have not seen that advice nor have I looked, with that advice, at each of these documents. I give you an undertaking I will do that. I think I made my views very clear yesterday about the need for accountability. I indicated there are circumstances when it is not appropriate, but I hope I made it clear that those reasons have to be given and, in a sense, accounted for. All I can do, because I have not looked at these documents with that advice, is give you an undertaking that I will personally do so.

Senator CHRIS EVANS—Would you mind giving us an undertaking as to when we can expect a response from you, Minister, on this issue?

Senator Vanstone—I understand there is not too much in terms of papers, but there might be some other people I need to consult. It is a bit hard to give you that. But if you can give me some indication when you are looking for it by, I might be able to help.

Senator CHRIS EVANS—I would have thought the first day or two when we are back in parliament would have been reasonable.

Senator Vanstone—I can certainly try. Sometimes it is the availability of other people. That might sound ridiculous, but just because you are ready to sit down and spend two or three hours on something does not mean someone else is and you do have to find appropriate time. I know, for example, that in my own diary the only gap of four days is near the end of July. I am not looking for four days, I know, but I am just indicating that to get a group of people together is not always that easy. But I will say that I will do it for you as soon as I possibly can.

Senator CHRIS EVANS—I thank the minister for that. For the advice of the committee, I will table a letter I received earlier today, which is advice from the Clerk about this matter. If I table it, Madam Chair, we can provide a copy to the minister and that will help her and inform her decision making.

Senator Vanstone—It will.

Senator CHRIS EVANS—I indicate, on behalf of the Labor opposition, that we intend pursuing the material. I am also aware that this material has been pursued as part of another inquiry that the Senate references committee is undertaking. It is also a matter that Senator Lundy has been pursuing. I indicate that we do not accept on face value the defence given for failing to hand up the documents. I also indicate, by way of information, that it looks like exactly the same wording that was used in the MRI matter which the Senate took a view on and, in the end, I think, the minister did hand up most of the material after using what looks like exactly the same defence.

Senator Vanstone—Senator, I do not know what legal advice was sought in what you refer to as the MRI matter. I do not know if it is even from the same person. I just have no idea if there is any connection whatsoever.

Senator CHRIS EVANS—I just pointed that out as a point of reference. The wording looks very similar.

Senator Vanstone—The point may be—and I am just concerned that it might be hard for you to accept this—that it is a perfectly legitimate claim that you have a different view about. That is why the same words are used.

Senator CHRIS EVANS—No. The point I was trying to make—and I do not want to debate it—is that I think the defence is not tenable. There may well be a defence for not releasing that particular material, but I do not think the one offered is the one.

Senator Vanstone—I have not looked at that and I have not looked at this. I am just telling you I will, and that is all I can do.

Senator CHRIS EVANS—I appreciate the undertaking from the minister. We will leave it on the basis that the opposition will be pursuing what it sees as proper answers and the information sought.

CHAIR—I would like to thank the Minister, Dr Rosalky and all the officers for getting through this so speedily. I also thank Hansard and, of course, the secretariat.

Committee adjourned at 10.40 p.m.