



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION
COMMITTEE

Estimates

FRIDAY, 5 JUNE 2015

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Friday, 5 June 2015

Members in attendance: Senators Jacinta Collins, Lines, Marshall, Peris, Seselja, Smith.

SOCIAL SERVICES PORTFOLIO

In Attendance

Senator Fierravanti-Wells, Parliamentary Secretary to the Minister for Social Services,
Parliamentary Secretary to the Attorney-General

Department of Social Services

Executive

Mr Finn Pratt, Secretary

Ms Barbara Bennett, Deputy Secretary

Ms Felicity Hand, Deputy Secretary

Mr Michael Lye, Acting Deputy Secretary and Chief Operating Officer

Ms Carolyn Smith, Acting Deputy Secretary

Ms Jackie Wilson, Deputy Secretary

Ms Serena Wilson, Deputy Secretary

Cross Outcomes

Mr Watson Blaikie, Acting Group Manager, Information Management Technology

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

Mr Sean Innis, Group Manager, Policy Office

Ms Margaret McKinnon, Group Manager, Corporate Support

Dr Tim Reddel, Group Manager, Programme Office

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

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

Ms Tracey Bell, Branch Manager, Communication and Media Projects

Ms Jess Baxter, Branch Manager, Communications and Media

Ms Helen Board, Branch Manager, Programme Performance

Mr Peter Broadhead, Acting Group Manager, Deregulation and Property Group

Ms Christine Bruce, Branch Manager, Programme Design and Policy

Mr David Dennis, Branch Manager, Policy Evidence

Ms Allyson Essex, Branch Manager, Strategic Policy

Mr Greg Keen Branch Manager Programme Management Transition Team

Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Programme

Mr Leo Kennedy, Branch Manager, Programme Support and Selections

Ms Diana Lindenmayer, Branch Manager, Management Bargaining Team

Ms Kathryn Mandla, Branch Manager, Policy Systems

Mr Robert Michie, Acting Branch Manager IT Operations

Ms Shona Moloney, Branch Manager, People

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

Ms Chantelle Stratford, Branch Manager, Programme Systems and Strategy

Mr Alan Grinsell-Jones, Branch Manager, Schools, Commercial, Child Care, Disability and Information Law

Outcome 1

Ms Cath Halbert, Group Manager, Payments Policy

Ms Sean Innis, Group Manager, Policy Office

Mr Paul McBride, Group Manager, Social Security Policy

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

Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance

Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law

Mr Ty Emerson, Branch Manager, Labour Market Payments Policy

Ms Allyson Essex, Branch Manager, Strategic Policy

Mr Murray Kimber, Branch Manager, Social Security Performance and Analysis

Ms Mary McLarty, Branch Manager, Eligibility and Participation Policy

Mr Sidesh Naikar, Acting Branch Manager, Family and Students Payments Policy

Ms Michalina Stawyskyj, Branch Manager, Age, Disability and Carer Payments Policy

Mr Andrew Whitecross, Branch Manager, Rates and Means Testing Policy

Mr Philip Moufarrige, Director, Eligibility and Participation Policy

Outcome 2

Mr Philip Brown, Acting Group Manager, Families

Mr David De Silva, Group Manager, Early Childhood Strategy

Mr Sean Innis, Group Manager, Policy Office

Mr Evan Lewis, Group Manager, Multicultural, Settlement Services and Communities

Mr Michael Maynard, Group Manager, Early Childhood State Network

Ms Cate McKenzie, Principal Advisor, Family Safety Taskforce

Ms Gillian Mitchell, Acting Group Manager, Early Childhood Initiatives

Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance

Ms Margaret Pearce, Group Manager, Early Childhood Care Support

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

Ms Laura Angus, Branch Manager, Multicultural and Communities

Ms Kristine Cala, Branch Manager, Settlement

Ms Flora Carapellucci, Branch Manager, Birth, Adoption and Care

Ms Belinda Catelli, Acting Branch Manager, ECEC Payments to Families and Services

Ms Tracy Creech, Acting Branch Manager, Families and Children

Mr David Dennis, Branch Manager, Policy Evidence

Mr Alan Grinsell-Jones, Branch Manager, Schools, Commercial, Child Care, Disability and Information Law

Mr Matthew Hardy, Branch Manager, Early Childhood Data and Analysis
Mr Matthew Johnston, Acting Branch Manager, Welfare Conditionality Reform
Ms Amy Laffan, Managing Director, Family Safety Taskforce
Ms Lara Purdy, Acting Branch Manager, Financial Capability and Children's Policy
Mr Damian Coburn, Branch Manager, NRAS and Gambling
Mr Stewart Thomas, Branch Manager, Housing and Homelessness
Ms Jane Dickenson, Director, Birth, Adoption and Care

Outcome 3

Ms Rachel Balmanno, Acting Group Manager, Aged Care Policy and Reform
Ms Fiona Buffinton, Group Manager, Access Quality and Compliance
Ms Donna Moody, Group Manager, Ageing and Aged Care Services
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services
Ms Clara Barlow, Director, Investigations and Aged Care Law
Mr Michael Culhane, Branch Manager, Quality and Regulatory Policy
Mr Russell de Burgh, Branch Manager, Policy
Mr Craig Harris, Branch Manager, Access Reform
Mr David Laffan, Acting Branch Manager, Aged Care Complaints
Ms Carol Lankuts, Acting Branch Manager, Aged Care Programmes
Mr Nigel Murray, Branch Manager, Funding Policy and Legislation
Ms Louise O'Neill, Branch Manager, Ageing and Sector Support
Mr Ben Vincent, Branch Manager, Home Support Implementation
Ms Bernadette Walker, Acting Branch Manager, Prudential and Approved Provider Regulation

Outcome 4

Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal Services
Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law
Mr Stewart Thomas, Branch Manager, Housing and Homelessness
Mr Damien Coburn, Branch Manager, NRAS and Gambling

Outcome 5

Mr James Christian, Group Manager, Disability, Employment and Carers
Dr Nick Hartland, Group Manager, National Disability Insurance Scheme
Mr Iain Scott, Group Manager, Housing, Homelessness and Assurance
Mr Bryan Palmer, Group Manager, National Disability Insurance Scheme
Ms Janean Richards, Chief Legal Counsel and Group Manager, Legal and Compliance
Ms Karen Wilson, Group Manager, Disability, Employment and Carers

Ms Deborah Winkler, Branch Manager, Governance and Stakeholder Relations

Mr Mitchell Cole, Acting Branch Manager, NDIS Transition and Disability Service

Mr Alan Grinsell-Jones, Branch Manager, Schools, Child Care, Disability and Information Law

Ms Lisbeth Kelly, Branch Manager, Disability Employment Services Programme

Ms Jillian Moses, Branch Manager, Financial Policy and Performance

Ms Lyn Murphy, Branch Manager, Disability Employment Services Programme Assurance

Mr Warren Pearson, Branch Manager, BSWAT Employment Response Team

Ms Karen Pickering, Branch Manager, Mental Health

Ms Catherine Reid, Director, Disability and Carer Policy

Mr John Riley, Branch Manager, Disability Employment Taskforce

Ms Alison Smith, Branch Manager, Policy and Legislation

Ms Bruce Smith, Branch Manager, Policy and Legislation

Ms Sharon Stuart, Branch Manager, Disability Employment Services Policy

Ms Joanne Llewellyn, Acting Branch Manager, Disability and Carer Policy

National Disability Insurance Agency

Mr David Bowen, Chief Executive Officer

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

Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law

Ms Louise Glanville, Deputy Chief Executive Officer

Ms Liz Cairns, General Manager, Operations Division

Mr David Fintan, Acting General Manager, Governance

Ms Stephanie Gunn, Branch Manager, Community Development Authority

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

Mr Stephen Payne, Chief Financial Officer

Ms Anne Skordis, General Manager, Scheme Design Division

Australian Aged Care Quality Agency

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

Ms Jo Carey, Branch Manager, Portfolio Governance, Welfare and Information Law

Mr Nick Ryan, Chief Executive Officer

Mr Ross Bushrod, General Manager Accreditation

Ms Ann Wunsch, General Manager, Operations

Committee met at 9:01

CHAIR (Senator Seselja): I declare open this hearing of the Senate Community Affairs Legislation Committee. We welcome back Senator Fierravanti-Wells and officers of the Department of Social Services. We are in continuation. We will be going through childcare this morning. Senator Lines.

Senator LINES: I want to start on the childcare advertising campaign. I understand that there is \$16 million in the campaign for government childcare changes. What is the total amount being spent on communicating the government's Jobs for Families package?

Ms J Wilson: The \$16 million is in the portfolio budget submission. There is some departmental as well, so it is about \$18.1 million over the period for an information campaign about the changes to childcare.

Senator LINES: \$18.1 million over the forward estimates?

Mr De Silva: It is over three years.

Senator LINES: Starting from when?

Mr De Silva: 2015-16, 2016-17 and 2017-18.

Senator LINES: Is this new money, or has it been allocated from elsewhere?

Ms J Wilson: It is new money.

Senator LINES: Was there an offset against that new money?

Ms J Wilson: The whole package has to be offset, as I think the minister has said publicly.

Senator LINES: Including the \$18 million?

Ms J Wilson: It is a part of the package.

Senator LINES: What will the communications campaign involve?

Ms J Wilson: We talked about this briefly in the cross-portfolio overview the other day. We are still designing the nature of the communication campaign. The bulk of the money is available in 2016-17 in the lead-up to the new package commencing on 1 July 2017. The bits that are likely to happen earlier are about information to families and service providers about the nanny pilot, which starts on 1 January 2016. So the bulk of the money is in the year ahead of the implementation. It will be about communicating and providing information to families and providers about the changes that are taking place.

Senator LINES: How will the info to families on nannies be delivered?

Ms J Wilson: As was outlined by our corporate communications area the other night, there is still a strategy being developed for getting information out when the tender process for service providers opens and when the expression of interest for families starts. That will take place in the second half of this year.

Senator LINES: Is it likely to involve outdoor media, TV or radio, or all of those?

Ms J Wilson: The details of that are still to be worked out, but it is not my impression that we will be doing a large amount of that at this stage.

Senator LINES: What is your impression?

Ms J Wilson: As I said, the strategy is yet to be worked out. The pilot is very much about explaining to families that there is a new model of service available, that it starts from 1 January, and which families will be eligible.

Senator LINES: When is the advertising due to commence?

Ms J Wilson: That detail has not been agreed yet.

Senator LINES: But you said earlier that you were going to be sending information to families and services on the nanny package, so when is that going to commence?

Ms J Wilson: I do not have the timing detail. It is yet to be settled.

Senator LINES: How will you communicate with parents? How will you know which parents might want that information?

Ms J Wilson: There are a number of strategies that we normally use. We use all our peaks—so Early Childhood Australia—to get information out. We use the CCMS database to get out to providers. We put things on the internet. We attend conferences. It is more about communication than advertising per se. We just want people to be aware that there is a type of service available that has not been available before.

Senator LINES: What will the message be to service providers? Will you be asking them to tell parents about the service or will you be saying, 'You don't need to worry about your business model'? What is that message about?

Ms J Wilson: As I said, the detail is yet to be worked on in terms of the fine messages because there are a lot of people who have more expertise in this area than I do. There would be two things. One would be for service providers to inform families. But that would not be the primary message. The message to service providers would be: 'Are you in a position where you want to be providing nanny services? If so, there will be a process for you to respond to a tender, and these are the time frames.'

Senator LINES: But if I am a family business why would I inform parents that there is some other business they could take their children to? Why would I do that?

Ms J Wilson: As I said, the primary message would be the latter, not the former. In responding to your particular issue: we found in discussions with families that they did not see nannies as a complete replacement for mainstream services; they saw nannies as an opportunity to 'top and tail', I guess. If they start early in the morning, they might have a nanny to get their kids to long day care. If they work late at night on shift work, they might have a nanny to pick their kids up from long day care, take them home and do homework and settle them in for the night. I know there has been a little bit of interest in how this might play out with existing service types, but it is not the intention that it would replace existing services.

Senator LINES: I guess we all understand the concept of nannies but I am struggling with: if I am a private provider and it is my business, why would I inform parents of an alternative business? It is like going to the deli and being given a flyer: 'There's a great deli down the road; why don't you go there?' Given that the bulk of services in Australia are private services, why would a private service advertise another service to families?

Ms J Wilson: I did not in any way imply that they would. I said we would inform people about what was going on.

Senator LINES: But you also said to me that you would use service providers to get the message out to parents. I am wondering how you think that might happen, given that 70 per cent of the sector are private businesses?

Ms J Wilson: I think services have said to us they want to be kept informed about what is happening in relation to nannies.

Senator LINES: I am sure they do want to be kept informed.

Ms J Wilson: Whether they pass this information on or not is up to them, I guess.

Senator LINES: Being kept informed and asking service providers to advertise another service are two quite different things.

Mr Pratt: I think you are quite right. I cannot imagine that businesses would advertise other businesses in competition with them. But they will want to be able to provide basic information to their customers, I imagine, and sometimes—who knows?— they may wish to get involved in that side of the package.

Senator LINES: Yes. We will come to those questions later.

Senator Fierravanti-Wells: I am sorry to interrupt. It may be—correct me if I am wrong—having material such as pamphlets available for parents to access and to pick up information, as you would, potentially, go into a doctor's surgery and see information there about certain things.

Senator LINES: I can assure you that when I go to my doctor they are not advertising another doctor's services.

Senator Fierravanti-Wells: No, but they are talking about the material and what is available.

Senator LINES: Well, good luck with that one. Has the \$18.1 million advertising expenditure been approved by cabinet?

Mr Pratt: Yes.

Senator LINES: Has it been through all the Public Service advertising approval requirements?

Mr Pratt: It has not started yet. It is still under development, as Ms Wilson indicated. In due course, where necessary, it will go through those processes.

Senator LINES: Do you have a time or a ballpark time that it is likely to start going through those processes?

Mr Pratt: I would expect over the next few months.

Senator LINES: Are you able to break the campaign expenditure into its components—advertising expenditure, graphic design et cetera?

Ms J Wilson: As the secretary just said, we have not actually completed the development of the full strategy. So until we do that we are not in a position to break down the costs.

Senator LINES: When you say you have not completed the development, can you step us through when you started and where you are up to in that process?

Ms J Wilson: We are working with the communications area of our department, who then bring in external expertise to stage out what for the nannies the best strategies are to support information going out there and what then the sequencing is of that in parallel with the timing of the tenders and the expression of interest might be. Then the next time line is the inclusion support program which starts on 1 July 2016—what are the things that need to happen to support that, including families using those services and the services who are currently delivering those contracts. That is the broad sequencing leading up to the 1 July 2017

changes. We have not said this is the strategy for that group and this is who is going to do it and therefore this is the cost.

Senator LINES: Do you have a time line for the preliminary stage that you are in now?

Ms J Wilson: As the secretary said, we will be finalising the whole strategy in the next couple months and determining then which bits need to go where for approval.

Senator LINES: Are you currently working on a planned approach? Did you sit down and say our preliminary phase is going to go from this state to this state? Do you have a plan at the moment about the preliminary stage?

Ms J Wilson: We have a plan, which is what I just characterised to you, about the different sequencing. We need to get the right messaging vehicles agreed for each of the stages and that is the conversation we are having with the experts at the moment.

Senator LINES: Do you expect there will be focus groups or market research?

Ms J Wilson: As our communications expert said the other night, that to design the whole package there would be testing with the users of the service and the providers about what they need to hear and how they need to hear it. That will be a part of the strategy that comes together.

Senator LINES: How much do you expect would be spent on focus groups or market research?

Mr Pratt: That is completely unknown at this stage. I would reinforce the point that Miss Wilson made earlier that the vast majority of this activity will probably happen in the next financial year rather than this coming financial year.

Senator LINES: From 1 July next year?

Mr Pratt: Yes. If you have a look at the PBS on page 105, it sets out that in 2015-16 we look like spending about \$3 million in this area. Whereas in 2016-17 we are looking at \$13 million. The much greater share of the expenditure will be in relation to informing people about the new system once the legislation has gone through the parliament and once we know the final form of it—so that is some time into the future. I imagine there will be several estimates worth of questioning.

Senator LINES: Yes, I am sure there will be. The start-up date is 1 July?

Ms J Wilson: 1 July 2017.

Senator LINES: Okay. Given that you are in this preliminary stage, in the departments use of language and scheme of work, do you say the campaign has started?

Ms J Wilson: I say we are still working on the best strategy to inform people about the changes. I characterise it as an information campaign at this stage because we are still working through what the elements of that information campaign will be.

Senator LINES: Okay. How many department staff are currently working on the preliminary stage?

Ms J Wilson: I think we were asked this again the other night.

Senator LINES: We are nothing if not consistent.

Ms J Wilson: At the moment we are using existing resources. We have people from our communications team working with people from my team to start fleshing out the strategy.

Clearly we will need to get more people on board but who they are and what they do is still subject to developing the strategy.

Senator LINES: How many at the moment?

Mr Pratt: I do not recall what answer was given on Wednesday night.

Senator LINES: It is not a trap, Mr Pratt.

Mr Pratt: I imagine it is not very many at this stage and they would not be working exclusively on this.

Senator LINES: Of course not. But is it about six people?

Ms J Wilson: No.

Mr Pratt: Maybe a couple across the communications team and the child care stream part-time.

Senator LINES: How many department staff will be working on the campaign once it is up and running?

Ms J Wilson: That is still to be determined. As I said, depending on what the strategy looks like—who does what in that strategy; if it is external or internal—will drive the number of staff working on it.

Senator LINES: Was the campaign initiated at the request of the minister or his office, or did the idea originate in the department?

Ms J Wilson: You are very consistent; you are right. The other night I explained that this is a major reform; it is the biggest reform in 20 years. The department proposed a range of mechanisms for conveying information. We seriously thought we needed to have a big effort in getting the right information out to families. One of the things into some of the work post the PC report showed that families just do not understand the system at the moment. They think it is way too complex—

Senator LINES: But we knew that before the PC report.

Ms J Wilson: But really basic things about the system. Sometimes people see themselves as ineligible for something and do not even go to test it because they have just got in their mind that they are ineligible. We need to learn from that and have a ground up approach to information. This change is not only a new change but it is also resetting what the current thinking is. It is essential to maximise the take-up of the subsidies that are available in the new model.

Senator LINES: Where did the campaign initiative originate?

Ms J Wilson: We proposed an information campaign.

Senator LINES: The department did?

Mr Pratt: Yes.

Senator LINES: To the minister?

Mr Pratt: Something that we would always think about in the development of a submission on such a major reform is how do we actually ensure that the end beneficiaries of the reform are able to best take advantage of it, and so we need to communicate properly with them about what is coming. We would do that for virtually every significant—

Senator Fierravanti-Wells: Senator Lines, this was probably before you became a senator, but it is very similar to—you may recall the Rudd government's health reform package, where, from recollection, about \$25 million was set aside to sell it across Australia. The difference is that while that did not go through the appropriate committee to approve that money, we are going through that process. This is a process that other governments, including the previous Labor government, adopted regularly in relation to selling its messages across government. There is nothing new in this. I appreciate your line of questioning, but I just wanted to put on the record that this has been done in the past, often without going through the appropriate procedures.

Senator LINES: We are not here to go over the past; we are here to go over the campaign.

Senator Fierravanti-Wells: I am sure you are not, Senator Lines, but I really wanted to make that point—

Senator LINES: It is not necessary to make the point.

Senator Fierravanti-Wells: and I did not want any negative inference being drawn that what we are doing at the moment is something unusual. It is something that has been done in the past, and in this case all appropriate procedures have been followed in relation to this activity.

Senator LINES: This is Senate estimates and it is the budget, and it is our job to scrutinise that. Is it possible that the advertising campaign could start before the government's childcare changes have passed the parliament?

Mr Pratt: The early component of it potentially could. I would be surprised if that was the case, but potentially it could. It is not dependent on legislation.

Senator LINES: What is the early component?

Ms J Wilson: The nanny pilot that I mentioned earlier. That is going to be delivered via a grant program, so it does not require changes to legislation. That is the element that could happen ahead of—

Senator JACINTA COLLINS: What are the different start dates? You have the nanny pilot, which starts when?

Mr Pratt: January next year.

Ms J Wilson: Then we have the inclusion support program, which replaces a significant element that we have already got in place, that starts on 1 July 2016. We also have some work we are doing on responding to the Forrest review, which starts on 1 July 2016.

Senator JACINTA COLLINS: The Forrest review?

Unidentified speaker: Twiggy.

Ms J Wilson: The Forrest review into Indigenous services, for child care in Indigenous communities.

Senator Jacinta Collins interjecting—

Ms J Wilson: Yes. And then we have the main elements of the new program, which start 1 July 2017: the new subsidy, the new safety net, the new IT system and all of those. I am not sure if you have this document, but it is on the website. It has all of the elements and the—

Senator JACINTA COLLINS: Yes, I do, but I am just thinking it through in terms of the potential timing for advertising campaigns. Like Senator Fierravanti-Wells, although I would not want it to be assumed that I agree with her interpretation of events, for instance on health advertising programs, I recall—gosh, it goes back a very long way, to the Howard government and Work for the Dole—that there have been all sorts of complexions of advertising campaigns, and we are seeking to ascertain the facts and the likely timing. Excuse me for a moment while I answer this phone call. I will leave it to Senator Lines for a moment.

Senator LINES: I want to ask you about three specific market research contracts which have been uploaded to AusTender that have been awarded to ORIMA.

Mr Pratt: Is this in relation to the childcare package?

Senator LINES: I believe so. Do you want me to give you the numbers of the contracts?

Mr Pratt: We do not have the cross-portfolio people here. We are happy to try and help out, but we did also touch on some of this on Wednesday.

Senator LINES: I am talking about a contract with ORIMA Research that was updated on 6 May. That was CN3038202. Then there are CN2971452 and CN3025712. I understand it was for market research. Can you tell me what the subject of the market research was?

Ms J Wilson: I will start with CN2971452. That was for qualitative research. ORIMA Research was commissioned to do some qualitative research with parents and carers, to run some focus groups, to get basically their reaction to how the system works—what they think is good and bad—and to test some of the things that the Productivity Commission was proposing and their reaction to what is good and bad now and what they see as good and bad about what is being proposed and to help inform the government thinking around future policy.

Senator LINES: And what about CN3038202?

Ms J Wilson: In addition to the qualitative research I just mentioned, there was also some quantitative research commissioned, which was basically an online survey of, again, families. They are wanting to capture a bit more detail about their reaction to the subsidies they currently get and what they think are the different important elements of a subsidy model going forward.

Senator LINES: And what about CN3025712?

Ms J Wilson: I do not have 5712 here, but I do have a third one. I have got CN3088402. ORIMA is used by other people in the portfolio. I do not have CN3025712.

Senator LINES: All right. What is 8402?

Ms J Wilson: That is a piece of work that has been commissioned on quantitative research, again, on families earning less than \$60,000. I think we have talked before at various at Senate estimates about how currently families have access to 24 hours of care a week without having to meet an activity test, and hence we do not have information about—we think that most people do something that are participating in activities, and we want to try and get a sense of what that participation level is.

Senator LINES: What sort of survey is that?

Ms J Wilson: That is a quantitative survey, so it will be an online survey.

Senator LINES: Has that been done?

Ms J Wilson: No, it has not been done yet.

Senator LINES: What is the time frame on that?

Ms J Wilson: We are planning on getting a report in the middle of July. I do not have the detail with me about exactly when we will be out and testing it.

Senator LINES: Have you done any more surveys?

Ms J Wilson: No. That is it.

Senator LINES: Did any of those three contracts that you have talked survey families about whether they would change their work behaviour if the childcare system changed?

Ms J Wilson: I think in the quantitative research we did ask—

Senator LINES: Which one was that—the first one, the 1452?

Ms J Wilson: CN3038202.

Senator LINES: That is the online survey?

Ms J Wilson: That is right.

Senator LINES: So you asked in that one. What was that question?

Ms J Wilson: I do not have the exact question with me. I think we asked them: if there were changes in settings, and we gave them a range of settings to choose from, and the rate of subsidy was higher or there were various options—and I do not have those various options with me—would they change their workforce participation?

Senator LINES: Are we able to get the questions asked in those three surveys?

Ms J Wilson: I think I took that on notice on Wednesday night.

Senator LINES: You took that on notice the other day. Did we ask for the results?

Ms J Wilson: I think it was just the questions that were asked for. I am happy to take that on notice as well.

Senator LINES: The question where you asked families if they would change their behaviour—what was the result of that?

Ms J Wilson: Out of that particular piece of work, 24 per cent of families indicated that they would be encouraged to work or work more hours by the settings that were being tested.

Senator LINES: In that survey about whether they would change their work behaviour, did you qualify that by income levels or anything else?

Ms J Wilson: Yes. It was broken down by family composition, income levels and a range of other demographic factors.

Senator LINES: So you asked that of people at an income level of \$60,000?

Ms J Wilson: Yes, we did.

Senator LINES: And what did they say?

Ms J Wilson: I do not have that detail with me.

Senator LINES: So how could you tell me 24 per cent said they would work more?

Ms J Wilson: Because the—

Mr De Silva: It is the overall number.

Ms J Wilson: And the minister has used it in press releases as well.

Senator LINES: Right. What did you mean, Mr De Silva, by 'the overall number'?

Mr De Silva: When you look at the survey as a whole. When we say that 24 per cent said they would be encouraged to work, it examines the survey as a whole.

Senator LINES: Okay. This is the online survey 8202?

Mr De Silva: Correct.

Ms J Wilson: That is right.

Senator LINES: And that is the only survey in which you asked about changing work behaviour?

Ms J Wilson: Where we specifically asked.

Senator LINES: Okay. In the survey, in asking if people would change their work behaviour, did you take account or did the company take account of the availability of jobs?

Ms J Wilson: We would have to go back and look at the detail of the survey. It was basically an individual's reaction, based on the settings, to whether it would change their behaviour or not.

Senator LINES: And you have taken on notice to find out whether I can have the results.

Ms J Wilson: Yes.

Senator PERIS: Is this a national campaign or is it targeted at certain demographic areas?

Ms J Wilson: As I was just explaining, we have not worked out the most effective way to target information. The information will certainly be targeted at families. As for what form it will take—whether it will be pamphlets at the childcare centre or through a range of peak bodies, or radio—we are still working through the strategy to determine what elements will form that campaign. I guess a subset of that is the question you are asking, which is: when we design that strategy, are we going to be targeting certain areas more than others? We are very keen to make sure that we get information out to a range of people. We are very keen for rural and remote and Indigenous communities to be engaged and to be aware of the changes as well, so we will have to have the right strategies to target those audiences as well.

Senator PERIS: So, no jurisdictions will be given less attention than others?

Ms J Wilson: As I said, we are still working through the broader strategy. But, off the top of my head, I do not see why it would make sense to do that.

Senator PERIS: Okay.

Senator LINES: Going back to that survey question, asking people if they would change their workforce behaviour, you said, I think, that 24 per cent would do something?

Ms J Wilson: Would be encouraged to work or work more hours, with the measures being discussed.

Senator LINES: Okay. I was just looking at the minister's media announcement of the childcare changes on 10 May 2015. The media release states:

It is estimated the new measures will encourage more than 240,000 families to increase their involvement in paid employment, including almost 38,000 jobless families.

How did the government determine those figures?

Ms J Wilson: When the ABS census was done in 2011 it was about a million.

Mr De Silva: About a million.

Ms J Wilson: And it is 24 per cent of a million families.

Senator LINES: So it is the ABS census data by 24 per cent?

Ms J Wilson: Yes.

Senator LINES: Why 24 per cent?

Ms J Wilson: Because that is what the survey results showed us.

Senator LINES: Did you calculate those figures, or was it another agency using the 24 per cent to get to your 240,000 families. How did you get to the 24 per cent?

Ms J Wilson: We generated the 24 per cent through the research we just talked to you about. It is basically the number of families using care.

Senator LINES: So you did that?

Ms J Wilson: Yes.

Senator Fierravanti-Wells: The minister's press release does say: 'Based on 2011 Census data, this would translate to...'. So I think that is what ties the things together, if that is what Ms Wilson is saying.

Senator LINES: So if I am to understand it, it was census data plus using the total number of families using care?

Ms J Wilson: That is right.

Senator Fierravanti-Wells: If the census says there are a million families, 24 per cent of a million is 240,000.

Senator LINES: I know, but the media release is not just ABS data; it is ABS data and families using child care. Is that correct?

Senator Fierravanti-Wells: There are two paragraphs pertinent to this in the press release, and they are pretty simple English. They say:

Quantitative Research undertaken for the Department of Social Services to investigate potential impacts on workforce participation found that 24% of families with children under twelve, both in work and out of work, indicated they would be encouraged to work more as a result of these measures.

Based on 2011 Census data, this would translate to around 240,000 families being encouraged to increase their involvement in paid employment. The total number of families encouraged to work would also include almost 38,000 jobless families, where no-one is in work.

Senator LINES: Minister, I do not really want the whole media release. If we want to have it, we will table it.

Senator Fierravanti-Wells: It is in the public arena, Senator Lines. You do not need to table it.

Senator LINES: Was that the standard process used to predict changes in workforce participation? Did the 240,000 figure come from the department or the minister's office or Orima?

Ms J Wilson: We commissioned the research. They are the ones who came up with the 24 per cent figure.

Senator LINES: Orima?

Ms J Wilson: Yes—from the work they did. We just did the mathematical calculation.

Senator LINES: How many people were surveyed to get to the 24 per cent?

Ms J Wilson: We used a sample of 2,000 on the online survey—just over 2,000.

Senator LINES: What is the figure to get robust data?

Ms J Wilson: That was a valid methodological sample.

Senator LINES: It is valid. So 2,000 hits was a valid target?

Ms J Wilson: Yes.

Senator JACINTA COLLINS: How were the 2,000 selected? What was the methodology?

Ms J Wilson: Orima Research does this sort of work quite a lot for a range of different people. I might get Mr De Silva to explain to you the process, because they have different mechanisms they use to generate the spread of sample that they need.

Senator JACINTA COLLINS: It would probably facilitate the process if we just simply had the research report before us, but I understand you have taken that on notice. Can that request be facilitated sooner rather than later. I understand we have asked for it twice so far.

Senator LINES: You indicated it was asked for in cross-portfolio.

Ms J Wilson: The questions were asked for in cross portfolio. You have just asked something different as well.

Senator JACINTA COLLINS: We did not ask for it?

Ms J Wilson: No.

Senator JACINTA COLLINS: Can I ask for a copy of the research report, which I am sure will include, given that it is conducted by Orima, their methodological discussion.

Ms J Wilson: I think we have taken that on notice.

Senator LINES: But Senator Collins is asking if it can be expedited—today, for example.

Mr Pratt: We will check with the minister's office.

Senator JACINTA COLLINS: We can sit here and spend half an hour asking methodological questions or we can simply look at the research report.

Mr Pratt: There is some possibility Minister Morrison's office is observing this. They will now know that this request has been made. Just wait and see what happens.

Senator LINES: Was the process you have just described, Ms Wilson—that of using the ABS stats for the number of families using child care centres, and Orima's 24 per cent of its 2,000 participants—the standard process used to predict changes in workforce participation?

Ms J Wilson: I am not sure what you mean by 'standard process'?

Senator LINES: Is it a standard process to use? How did you come to that conclusion?

Ms J Wilson: I guess the whole point of doing the quantitative survey was to capture what, in designing a new subsidy, would be the key features that would make a difference for

people to do something—to either start getting to work, work, study, training and other things, or increase their work hours. The quantitative research was designed to put different settings to people and ask, 'If this happened would you do more, or nothing, or less?' It was those sorts of settings. That was the best information we had available to us in terms of what settings would trigger a positive reaction for people to engage.

Senator LINES: Were the questions phrased in such a way as, 'Your family income is \$60,000. If the subsidy is increased by X per cent would this encourage you to work additional hours?' Is that the sort of question?

Ms J Wilson: I do not have the questions with me, but it had a range of different scenarios. The PC said '85 per cent at \$60,000', and '20 per cent at 250,000'. 'What do you think of the first setting? Is it too high or too low? What do you think of the second setting? If we put up middle settings would this make you change your behaviour? Yes or no?' And what about this and this.

Senator LINES: So it was based on the PC's analysis?

Ms J Wilson: It was a starting point from what we have now—the PC—and, then, options for the future.

Senator LINES: Where you deviated from what the PC said, were those questions devised by the department?

Ms J Wilson: That is right. The settings were devised by the—

Senator LINES: Yes. I am not looking to put words into your mouth. The one million is not disputed, obviously, as it is an ABS number. Has the 240,000 number—the 24 per cent—been endorsed by Treasury, the Prime Minister and the cabinet?

Ms J Wilson: We have shared the research with people, if that is what you are asking.

Senator LINES: No, I am asking if the numbers have been endorsed.

Mr Pratt: By definition the government has authorised the information, which is in the public domain. So, yes, the whole government endorses those numbers.

Senator LINES: What prompted the department to conduct a survey, rather than use an established model to predict changes?

Ms J Wilson: Are you talking about the survey we have just been discussing?

Senator LINES: Yes.

Ms J Wilson: We did the qualitative work before—I mentioned that earlier. While it was really good to run focus groups it did not give us a sense of the breadth of what people were thinking. So what we wanted to do was use the qualitative work to inform us about what we think we heard about things that mattered to people. Then we wanted to quantify that in a broader group and get a broader sense of whether those sorts of things held true from a broader population base. So it evolved from the qualitative to the quantitative.

Senator LINES: With the qualitative work you have also taken on notice the matter of giving us the questions and the results. But you could have done some type of economy modelling to give you some numbers. So why choose this particular model?

Ms J Wilson: This model enables us to test various options. We had the PC settings—you are familiar with the PC setting?

Senator LINES: Yes.

Ms J Wilson: We wanted to know what people thought about the PC settings compared to now. For example, they said that the single subsidy model was brilliant, because the current system was really, really complex. But then we wanted to know more than that. We did not necessarily just want to test what the PC had said. We wanted to test a range of variations.

Senator LINES: That is fair enough. What employment data did the department use to determine the current level of employment among parents currently in the government's childcare system? Did you use any employment data to look at your parents currently in the government's childcare system?

Ms J Wilson: ABS data.

Senator LINES: What if any employment data among childcare subsidy recipients does the department collect and hold?

Mr De Silva: What is the question about?

Ms J Wilson: About what employment data we hold. Regarding meeting activity tests to get the subsidy—we know that they are working and that they meet the activity test—DHS collects that through the forms people have to fill out. So we know what they need and that they meet the eligibility for various payments. So we use the ABS data to give us more detail about the range of activities people were involved in, because, for the purpose of our current payments, we do not need to collect that detail—if that makes sense.

Senator LINES: So it is just around the activity test? You do not collect any other data?

Ms J Wilson: We do not hold it in our records.

Mr De Silva: We do not hold it. We may use data from the ABS but we do not collect it ourselves.

Senator LINES: Apart from the activity test, where you are actually collecting data, because data is required, you would then rely back on ABS?

Ms J Wilson: That is right.

Senator LINES: Just going back to where 24 per cent said they would change work behaviour, of the 2,000 people who responded—I think Senator Collins asked if they were a representative sample—I presume they are rural, country, regional, remote et cetera?

Ms J Wilson: We asked for a valid sample.

Senator LINES: Within that 24 per cent, does the validity of the representative groups continue?

Ms J Wilson: That is my understanding.

Senator LINES: Are you able to break down for us the demographics of that 24 per cent?

Ms J Wilson: The characteristics of the various groups?

Senator LINES: Yes. How many families will increase their hours or are expected to take up new jobs and their geographical area.

Ms J Wilson: We would have that detail in the report. As Mr Pratt said, we will need to follow up about that.

Senator LINES: This is another question on notice. So, how many families will increase their hours and how many are expected to take up new jobs? If you could do that by geographical area, including state, region and electorate. Because 24 per cent of 2,000 is not a lot of people, is it?

Ms J Wilson: It was not done at the electorate level. But I will need to remind myself of how far down we went. But certainly by state and territory and by regional and remote.

Senator LINES: And the participation impact, in terms of increased hours and jobs, for single and dual families, because presumably you went after single and dual families.

Ms J Wilson: We did go after single and dual. I just do not know how far down—

Senator LINES: I appreciate that. Just thinking about the ABS figures that you look at, what change in the female workforce participation rate reported by the ABS does the department expect to occur as a result of the cost of child care changes, both taking into account and not taking into account other proposed government policy changes, like the changes to family tax benefit?

Ms J Wilson: We do not have that level of detail with us. At a broad level there are currently 800,000 families in the system. But, as the package outlines, by the time you get to 2017-18 we are assuming 1.2 million families in the system. But you are asking about women in particular.

Senator LINES: Yes.

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

Senator LINES: All right. When you looked at those figures on women's participation, did you also take into account the availability of jobs?

Ms J Wilson: We can take that on notice.

Senator LINES: And/or did you take into account the hypothetical desire of parents to return to work or more? I guess you have that now because you have that 24 per cent—

Ms J Wilson: That is right.

Senator LINES: Would the department expect different outcomes depending on the strength of local labour markets?

Mr Pratt: Is your question: are we likely to get better workforce participation or outcomes in areas where the labour market is stronger?

Senator LINES: Yes.

Mr Pratt: I think, intuitively, that is right, but that does not mean that these changes will not assist in the areas where the labour markets are weaker as well.

Senator LINES: In your survey where you arrived at your 24 per cent figure and in the extrapolation of the impacts on workforce participation, was the availability of jobs or child care taken into account?

Ms J Wilson: I will need to check that. I do not want to tell you something and not be exact about it. It was people's reaction to the settings based on their circumstances. I do not know if it said, 'Please take into account your local labour market and jobs,' in the survey, but they were asked a question and they responded in that manner for their context.

Mr Pratt: I think it would be reasonable to assume—and we are not going to claim this as hard, cold evidence—that people themselves will make the judgements around local opportunities and accessibility in giving their responses to that question. But it is impossible to demonstrate that, I think.

Senator LINES: Have you taken into account or has there being any modelling of second-round effects on workforce participation such as costed childcare changes?

Ms J Wilson: It is standard practice that we do not take into account second-round effects. I think that has been said a couple of times.

Senator LINES: Why do you not do it as a matter of fact?

Mr Pratt: Successive governments have had a firmly held policy in the budget process operating rules that we do not attempt to quantify second-round effects, behavioural changes and things like that.

Senator LINES: You have taken this on notice. You think that someone when answering the question about local labour markets would take that on board but it is not something you have surveyed. And you have not surveyed the second-round effects. I take Mr Pratt's point that it is not something successive governments have done. Is the department confirming that decisions about the new childcare system, which has been called Jobs for Families, were made without costing the impacts on workforce participation, the number of women in the workforce or changes in behaviour that would have an impact on workforce participation?

Mr Pratt: I am sorry, Senator. Would you mind asking the question again?

Senator LINES: I have asked questions about local labour markets, childcare availability, the cost of child care, second-round impacts and so on. Given what you have told me in your answers to those, is the department confirming that decisions about the new childcare system, which has been called Jobs for Families, were made without costing the impacts on workforce participation, the number of women in the workforce or changes in behaviour that would have an impact on workforce participation?

Mr Pratt: No, I am not confirming that.

Senator LINES: Okay, thanks.

Senator Fierravanti-Wells: On that point, can I just make it very clear that, when the minister made his announcement on 10 May, he made it very, very clear that this childcare package was about changing, as he described it, the kitchen table conversation that families are having about being in a job, getting a job and staying in a job, especially low- and middle-income families. The point he was making is that we want families to be able to choose work. We do not want them to be denied because of complex, inflexible and unaffordable childcare arrangements. That is really the framework in which this announcement has been made. I wanted to make that clear in light of the last question that you asked.

Senator LINES: Are you saying that the government has made decisions about the new childcare system, which has been called the Jobs for Families package, without costing the impacts on workforce participation, the number of women in the workforce or changes in behaviour that would have an impact on workforce participation?

Senator Fierravanti-Wells: I think that if you took the trouble to carefully read Minister Morrison's various announcements you would get the answer to that question.

Senator LINES: So you are not able to answer that?

Senator Fierravanti-Wells: I am saying that the minister has answered it, I have answered it in the—

Senator LINES: No, you have made a political statement. I have asked you exactly the same questions I asked the department and you are saying, 'If you had taken the trouble you would know the answers.' Of course I have taken the trouble, and I have not been able to find the answers to those questions and so I have put them to you.

Senator Fierravanti-Wells: As I have indicated, this is about putting families in a better position to access child care to assist them in making better decisions about work arrangements.

Senator LINES: Did their government cost the impacts of workforce participation?

Senator Fierravanti-Wells: I think we have gone through it in careful detail. We will provide you with additional information that shows the background as to how we made this decision. I have nothing further. If the minister has anything further to add, I am sure that he will do so in any response to questions on notice that are taken.

Senator LINES: I hope he answers the questions I have just put to you.

Senator SMITH: It might be useful to take a step back and take a bit more of a global view. Then I will have some specific questions. For those who are watching or listening, perhaps you could step us through the current arrangements in regards to subsidising child care in our country.

Ms J Wilson: Sure. You are interested in the current arrangements—the childcare benefit and the childcare rebate?

Senator SMITH: That is right, yes.

Ms J Wilson: We currently have two payments. We have the childcare benefit, which is a means tested payment. We also had the childcare rebate, which is not a means tested payment. There have been adjustments to the rebate over time to be claimed through the tax system, to be claimed quarterly, to be claimed as a lump sum—and now people can get it as part of their reduction in cost of care from service providers. It is all based on family income. In terms of thresholds and the maximum hourly rates, currently the maximum rate for the childcare benefit is \$4.10 with one child. That is per hour. The maximum weekly rate is \$205. That is for the long day care settings. At the lower income threshold, the maximum rate is payable at \$42,997. The upper threshold for payment is \$100,268. They are the annual limits. They are the rates at which the government reimburse for the childcare benefit. Generally speaking, there is a difference between the cost of care charged through long day care, through family day care and through out-of-school-hours care. I will throw to Ms Pearce for more details.

Ms Pearce: We keep saying it is a complex system. I do not have a one-pager to describe it. You have childcare benefit, which Ms Wilson was just talking about, and you have childcare rebate, which pays 50 per cent of the out-of-pocket costs, and you have different work, training and study tests for both of those payments.

Senator SMITH: I was going to come to the activity requirements of each. Please continue and we will drill down on those in a moment.

Ms Pearce: I am just trying to think of it as a chart. In childcare benefit, you have a number of subpayments, if you like, which are Special Child Care Benefit for children at risk of abuse or neglect or people in temporary financial hardship. You have grandparent benefit; you have registered care. There is a whole range of payments within CCB, childcare benefit. If you want to talk about the work, training and study test, in terms of CCB all eligible families receive up to 24 hours of CCB a week without having to meet any work, training or study test, but for more than 24 hours a parent must be undertaking a minimum of 15 hours of work, training or study per week. With CCR it is 'some activity' within the week, which is not well described.

Senator SMITH: Does that make it difficult to make an assessment if it is not well described?

Ms J Wilson: Yes, it does. Basically, it can be as little as an hour a week spent looking for job ads in the newspaper.

Senator SMITH: Exactly.

Ms J Wilson: It is not as tight as it could be and it is open to self-declaration, so it is people's assessment. While the department might give some guidance to people as to how to assess themselves, it is a self-assessment process.

Ms Pearce: Did you want me to continue?

Senator SMITH: If there is more, yes.

Ms Pearce: You have a thing called registered care which is essentially care for work related purposes that is provided by individuals like grandparents, relatives, friends or nannies who are registered as carers. These people are able to get a small rate of CCB, which is about 68c an hour; \$34 with 50 hours of child care per week. So it is a very small rate. Grandparents are covered for 100 per cent of their costs—Special Child Care Benefit, 100 per cent of the costs.

Senator SMITH: How many grandparents are accessing the benefit?

Ms Pearce: It is about 6,000. That gives you some idea of the complexity.

Senator SMITH: The Productivity Commission made a suggestion that the current system was inflationary.

Ms J Wilson: That is right.

Senator SMITH: Do we have any evidence to support that view?

Ms J Wilson: We have talked about it at Senate estimates before.

Mr Pratt: The fact that the expenditure goes up significantly year after year I think is pretty good evidence of that.

Ms J Wilson: It is seven per cent year-on-year growth.

Mr De Silva: Average growth has been seven per cent, trending for probably the last decade.

Senator SMITH: What is the consequence of that? Why is that an issue worthy of attention?

Ms J Wilson: Because I guess it increases the cost to government and the cost to families, because when you run a subsidy model, which we have just explained, the government

reimburses 50 per cent of the childcare rebate, but there is also a component which the parents and the family have to meet, so it increases the cost for the parents and for government.

Senator SMITH: How do we manage that? It is obviously not in the government's interests, nor in the family's interests necessarily, to have those inflationary pressures, so how does the system counterbalance for that?

Mr Pratt: Under the current system, it is obviously not counterbalancing particularly well. The design features of the new system will, I think, have considerable benefits in this area, particularly with the new fee arrangements, where there is a tapering scale from 85 per cent of the scheduled fee down to 50 per cent, based around family income. That should put a lot of downwards pressure on price increases for child care.

Ms J Wilson: In addition to what the secretary was just saying, there is also an hourly fee cap. What we are proposing is a fee cap as well as a subsidy. By setting a cap we are saying to the market that these are reasonable prices for you to pay for long day care, family day care or outside-school-hours care and that you will get a subsidy, for example, 85 per cent, up to that, but if you are actually paying higher than that you should be looking around at what you are being charged, because we think you are being charged more than you should be.

Senator SMITH: So, two design features of the new system—the tapering and the fee capping—will act not only to control costs for government but, importantly, to control costs for families?

Ms J Wilson: That is right.

Senator SMITH: Just to be clear: they were the features that were absent in the previous system, weren't they?

Mr Pratt: These are new features, yes.

Senator LINES: Last week in question time the Prime Minister dismissed modelling by NATSEM of the impact of the 2015-16 budget on families, because it did not take into consideration so-called second-round changes, which he said were on 'the benefits involved in moving from welfare to work'. Given that the department has confirmed that second-round modelling has not been conducted, are there any plans to do this modelling?

Ms J Wilson: I think what we explained was that it is not a standard practice to include second-round effects in any costings from a whole-of-government perspective over many governments.

Senator LINES: I appreciate that, but, given the Prime Minister's dismissal of the NATSEM modelling, because it did not take into account second-round changes, are there now any plans to do this modelling?

Mr Pratt: I think these are two quite different situations. I do not want to comment on the Prime Minister's commentary about the NATSEM modelling, but it is clear that there are likely to be quite strong behavioural outcomes from this new childcare assistance package, and they are certainly likely to be highly beneficial. What we have said, though, is that in the costing process and in the modelling underpinning the development of this package we have not counted those in. It is an apples-with-oranges comparison, I am afraid.

Senator LINES: If you were to do second-round modelling, what data would you need?

Mr Pratt: I am not sure that we are proposing to do it, so I do not want to get into hypotheticals. But no doubt my boffins would be able to design a methodology for doing that.

Senator LINES: So, if you were to do the modelling you have the data there to do it.

Mr Pratt: Well, we have access to probably the best sources of data.

Senator LINES: The Prime Minister said last Monday that NATSEM's modelling is a static analysis that does not take into account the benefits of moving from welfare to work. Is the government's own budget modelling static analysis?

Mr Pratt: I am not going to comment on comments made by the Prime Minister in another context. From memory it was modelling done around budget measures in the previous budget. This is about the childcare system.

Senator LINES: If, as the government asserts, the second-round impact of the families package should be taken into consideration to properly appreciate its benefits, why hasn't the work been done by the department?

Mr Pratt: I think I have already explained that in my answer.

Senator LINES: How can the Prime Minister hold independent modelling to a higher standard than his own budget modelling?

Mr Pratt: I have already made some observations on that line of questioning.

Senator LINES: I just want to go to some more data around the childcare system. I refer to the 2014-15 PBS and to the tables that outline deliverables and key performance indicators.

Mr Pratt: What page is that?

Senator LINES: I do not have a page number, but I am looking at program 1.1 deliverables—childcare support service. I think it is 3—Department of Social Services 2015-16 budget measures, Table 1.2. Is there a reason specific reporting on each of these indicators has not continued in the 2015-16 PBS? You have the deliverables and key performance indicators—

Mr Pratt: Sorry—which PBS are you referring to as the comparison?

Senator LINES: First of all I am referring to the 2014-15 PBS, where you have deliverables—

Ms J Wilson: You are talking about the performance indicators we used to have around number of children using places and number of—

Senator LINES: Yes. They are missing from the PBS, at page 34.

Ms J Wilson: We have moved portfolios as well, since the last PBS, and there is a different practice about how information in DSS will be provided. We have moved basically to adjust to the different presentation of the information in the 2015-16 PBS as part of DSS.

Senator LINES: But most of the indicators are still listed as deliverables and outcomes, but there is no associated data.

Ms J Wilson: That is right.

Mr De Silva: Each quarter we put out the child care in summary report, which has actual data about actual use by families.

Senator LINES: I appreciate that you have changed departments, but why wouldn't you continue the indicators?

Ms J Wilson: As I said, for consistency of presentation, while we identify what the indicators are, the information is not presented in the same place with the table similar to what you have been used to in previous PBSs.

Senator LINES: Okay, but can you provide that information?

Ms J Wilson: We can.

Senator LINES: And you can provide it across the forward estimates?

Mr Pratt: I think we can provide it for several years.

Ms J Wilson: The number of children using approved childcare services, in the 2014-15 budget, is \$1,570,000. For 2015-16 it is \$1,660,000 and for 2016-17 it is \$1,792,000. The next indicator was number of eligible families using approved childcare services. The numbers I have for that are, for the 2014-15 budget, \$1,091,000; for 2015-16, \$1,119,000; and for 2016-17, \$1,207,000. And then the third indicator was number of families using approved childcare services and receiving a childcare payment. For 2014-15 that is \$1,069,000, or 98 per cent. For 2015-16 it is \$1,113,000, or 99.5 per cent. And for 2016-17 it is \$1,201,000, or 99.5 per cent.

Senator LINES: You have not given me all the tables, but you could take that on notice?

Ms J Wilson: I can take the rest, and I think I am also short a couple of forward estimate years, but I just do not have them with me.

Senator LINES: And you will provide that information across—can you table that later in the day if you have it there?

Ms J Wilson: Because a new system starts on 1 July 2017, this will be the extent of the forward estimates for these payments, because 1 July 2017 is when the new childcare subsidy starts.

Senator LINES: So, you will provide the data up to then.

Ms J Wilson: That is the data I have with me—what I have just read out.

Senator LINES: If you could provide that to us later in the day, that would be good.

Senator Fierravanti-Wells: Maybe we could just clarify.

Mr Pratt: I think the senator has asked for further data items in the old Education PBS, which we do not have data for at the moment, for 2015-16 and 2016-17, which we will supply as soon as we can.

Senator LINES: Can the department provide for each year of the forward estimates—and you might want to take this on notice—the number of children and families receiving childcare assistance? Just to be clear what we are seeking: for 2015-16 and 2016-17 the number of children and families receiving CCR and CCB; CCR only; and CCB only.

Mr Pratt: We will take that on notice.

Senator LINES: And what is the information on the new system, then, across the forward estimates? What were you saying, Mr Pratt, about the new system, from 2016-17?

Mr Pratt: I think Ms Wilson was actually commenting on that. The main components of the new system commence in July 2017, so that will be 2017-18 and 2018-19.

Senator LINES: But you can provide that information?

Mr Pratt: We will have estimates, obviously, for that period, and we will take that on notice.

Ms J Wilson: I could actually give you the information on number of families receiving CCB and CCR, if you want that.

Senator LINES: Sure.

Ms J Wilson: My understanding is that you wanted to know the number of families receiving CCB only and CCR only. Is that right?

Senator LINES: Yes, and then the combination.

Ms J Wilson: Let me start with CCB only for 2014-15, which was \$87,000. For 2015-16, it is \$92,000 and for 2016-17 it is \$99,000. For families receiving CCR only, it is \$234,000 for 2014-15; \$247,000 for 2015-16 and \$257,000 for 2016-17. For families receiving both, I have \$733,000 in 2014-15 and \$774,000 in 2015-16, and I am just confirming the number for 2016-17.

Mr De Silva: We will just need to double-check that.

Senator LINES: But you have not given me any 2017-18 numbers.

Ms J Wilson: No. That is what we will have to take on notice.

Senator LINES: But you do have estimates for it—I think Mr Pratt indicated—

Ms J Wilson: Again, the system is changing, so it is not in the CCB/CCR but in the new subsidy, and we would have to take that on notice.

Senator LINES: For the years 2016 to 2018 and the 2018-19 years, can the department also provide the number of children and families expected to be in receipt of the new childcare subsidy?

Mr De Silva: We can get that on notice.

Senator LINES: What is the percentage of families using childcare services that receive a childcare payment for each year over the forward estimates?

Mr De Silva: Ms Wilson just gave that in the previous data.

Senator LINES: What parameters underlie the projected expenditure on CCR and CCB? Does it include the number of children or families in the childcare system and receiving each payment?

Ms J Wilson: I think we have talked before, Senator—

Senator LINES: We have.

Ms J Wilson: about the model that we have agreed with Finance, which is affectionately called the Legislative Out-years Customisable Model of Child Care.

Senator LINES: Oh my goodness! Is there an acronym?

Ms J Wilson: LOCMOCC. I think we have given you LOCMOCC answers.

CHAIR: That's the best one we've had this week!

Senator LINES: It is. We should have a little prize for that, Chair!

CHAIR: I still like ACSIHAG!

Ms J Wilson: And we have given you some information before that includes the model parameters—we have provided it on notice before—about fees, hours of care, number of children, CPI, wage price index. Those are the key features of the model. I think we have actually given you the out years—what has been in the model—in a question on notice.

Senator LINES: Does the LOCMOCC model include the number of families and children benefiting from each payment type?

Mr De Silva: It would include all the data of families who are using child care.

Ms J Wilson: So, yes, it would.

Mr De Silva: It would, yes.

Senator LINES: So it does include that. Does it include an average cost of care?

Ms J Wilson: I think we derive an average cost of care.

Mr De Silva: We derive an average fee, but I do not think we derive an average cost of care.

Senator LINES: I think we have talked about that average fee before.

Ms J Wilson: Yes, and it is in the quarterly publication we mentioned before.

Senator LINES: Does it include an average number of hours used?

Ms J Wilson: Again, I think it is derived. It is in this book. For example, for the June quarter, we have got average hours for long day care is 27.6 a week; family day care is 31.1; occasional care is 11.4; and outside-school-hours care is 10.8.

Senator LINES: So they are the numbers you would use in the LOCMOCC model?

Ms J Wilson: They are derived from the data, yes. That is right.

Senator LINES: Does Mr Hardy want to add something? I get excited when new people come to the table!

Ms J Wilson: I will note that.

Senator LINES: It is always a sign you might get more information. Do those parameters you have just described underline the projected expenditure on the childcare subsidy?

Ms J Wilson: In the new subsidy?

Senator LINES: Yes.

Ms J Wilson: They will be key features of the model going forward.

Senator LINES: Is it still going to be called LOCMOCC?

Ms J Wilson: We might come up with a better name. I think we have explained to you before that the model is an agreed model with the Department of Finance as well.

Senator LINES: Yes. What models have been used to project the costing of the families package for the budget? Have you used the POA model, the Productivity Commission's microsimulation model? You have used LOCMOCC. Have you used Treasury's STINMOD? What combinations have you used, or have you just relied on LOCMOCC?

Ms J Wilson: We have used LOCMOCC.

Senator LINES: Only LOCMOCC.

Ms J Wilson: Clearly we got the modelling from the PC. I think we have explained before how we gave all the 2012-13 administrative data to the PC and they ran it through their model. Our model has a lot more capacity to do different things, so we have used what they have got, so we have an understanding where they got to, but we have put it in our model, which gives us a much greater capacity.

Senator LINES: Are you saying that you used data that the PC had produced and then used the LOCMOCC process?

Ms J Wilson: I might get Mr Hardy to explain this.

Mr Hardy: We were able to use some of the outputs from the PC model as inputs into LOCMOCC.

Senator LINES: The PC do not always get it right, because they do not have, as you say, the access to the data. They do a good job, but I remember in aged care, for example, they made some errors in the modelling—or they made some assumptions that were not correct, not errors.

Mr De Silva: Just in terms of the data that the PC had—I think I said this at the estimates last time—we actually gave them the 2012-13—

Senator LINES: So you were confident that their data was correct?

Mr De Silva: The data that they had was our data.

Senator LINES: So they had your data. Were you confident of the modelling they used to arrive at the assumptions?

Mr Hardy: The thing about what the PC did was that they only did it for 2013-14, and we had to produce estimates over the forward years. So, of course, that is why we had to use LOCMOCC.

Senator LINES: Yes, but I am asking: were you confident of—

Mr Pratt: We did not have any concerns about the validity of our modelling.

Senator LINES: Because if there were some wrong assumptions made—

Ms J Wilson: No, no.

Senator LINES: that then compounds the problem, doesn't it?

Ms J Wilson: Yes. No, we had a lot of discussions between my team and the PC team, and various Productivity Commission reviews happen in different ways. Ours was a very consultative 'if you don't understand, just ring and we'll explain' kind of process. So we are confident.

Senator LINES: All right. Thinking about that modelling you have done, you are confident that you know the number of children and families in the new childcare system in 2017-18 and 2018-19?

Ms J Wilson: I think we said earlier that our estimates suggest 1.2 million families in the system in 2017-18.

Senator LINES: Yes.

Mr Pratt: Yes, we are.

Senator LINES: You are confident of that. In terms of children in the system in 2017-18—you have given me that number? Did you give me that number? Sorry. I have been writing down so many numbers I have confused myself now.

Ms J Wilson: I do not think we have provided you with the number of children in the system in 2017-18. I think we said we would come back to you on that.

Senator LINES: But you told me you have that number.

Ms J Wilson: Yes, we do.

Senator LINES: Okay. With the new childcare subsidy, you have used LOCMOCC, and LOCMOCC takes into account first-round effects only?

Ms J Wilson: That is right.

Mr De Silva: Yes.

Senator LINES: And you have confirmed that you have not done modelling on second-round effects?

Ms J Wilson: That is right.

Senator LINES: Okay. I want to look at the impact of the new childcare activity test. The proposed activity test is that eight to 16 hours of activity can access up to 36 hours a fortnight; 17 to 48, 72 hours per fortnight; and 49 plus, 100 hours per fortnight; and families on incomes below \$65,000 can access up to 24 hours care per fortnight without the activity test.

Ms J Wilson: That is correct.

Senator LINES: How many people will be worse off as a result of the government's childcare changes and how many will be out of the childcare system altogether?

Mr Pratt: In relation to the activity test?

Senator LINES: Yes.

Ms J Wilson: I am trying to unpack what you have just asked, because there are a number of things in the question. I do not have a figure for you about activity—how many people. Are you asking: because the 24 hours is now changing to being three steps, who are the people that will not meet those steps?

Senator LINES: Yes.

Ms J Wilson: We do not have the specific number for that with us.

Senator LINES: But you have got a number?

Ms J Wilson: Yes, I think we do. We will have to take that on notice. The point of the first step, eight to 16 hours a fortnight, is that basically by doing as little as one hour a day, four days a week, people can get access to up to 24 hours of care a fortnight—

Mr De Silva: 36 hours.

Ms J Wilson: Sorry, 36 hours a fortnight.

Senator LINES: It's not like you to make a mistake, Ms Wilson.

Ms J Wilson: Sorry. I was thinking about the 24 hours for the group with income of less than \$60,000. We actually know that there are many people who might be eligible for the 24 hours a week now who do not use anywhere near that. That was one of the reasons we talked about the other piece of research we want to do—because we think there are probably many

people with family income of less than \$60,000 who are doing something already and would meet the criterion, for example for the first step of the activity test, but they are not required to provide that information at the moment because we do not need to collect it for the purpose of the current arrangements.

Senator LINES: Are they currently accessing child care?

Ms J Wilson: There are people currently accessing child care who get up to 24 hours a week of subsidised care for CCB without having to meet an activity test.

Senator LINES: Yes, I appreciate that, but what was your comment about this group who do not understand the benefits? They are not using child care?

Mr De Silva: No, the point was we do not have detailed data on the level of activity that those people who are using less than—

Mr Pratt: It is quite likely that—

Senator LINES: So you think they would meet the activity test but we do not know because we do not have any actual—

Ms J Wilson: We have not had to collect it before. I think you asked me this last time, Senator. You can get 24 hours if you meet the income test and all the rest of it. Information in other places tells us these people are doing things and will meet that first step. We do not have the administrative data on file because we do not need it.

Senator LINES: But you thought you had the numbers. So across the group—eight to 16 hours, 17 to 48 hours, 49 hours and the income test with the 24 hours—you have some numbers of who will miss out, who will not be able to meet the tests.

Ms J Wilson: We would have information about those people who are currently—

Mr De Silva: We will have information for those who are doing more than 15 hours per week.

Senator LINES: You would have information on—

Mr De Silva: In order to qualify for 50 hours of CCB, you need to be doing 15 hours of activity per week. For those who are doing more, we have more detailed data. For those who are only qualifying for 24 hours of CCB per week, because we are not required to collect that information we do not have as much data on that cohort.

Senator LINES: But you think you have the ones who will be worse off. Do you have data on those who will not be eligible at all because they will not meet an activity test?

Mr De Silva: I think it is the same answer as the one I just gave, that for those who are accessing less than 24 hours of CCB we do not have a whole set of data for that cohort because they are not required to provide that.

Senator LINES: Yes, but have you made assumptions?

Mr Pratt: My assumption is that I think very few people would be in that category simply because the bar to receiving up to 36 hours of subsidised child care per fortnight is so low. As Ms Wilson indicated, an hour a day for four days a week would qualify and we are pretty confident that, although we cannot quantify it, a significant proportion of people are probably already doing that but we do not know that because we do not currently require them to tell us.

Senator LINES: I appreciate your view, Mr Pratt, but the department has not made assumptions?

Mr Pratt: It is difficult to make assumptions on things you do not know about.

Ms J Wilson: I think we talked earlier about using ABS data to tell us what work and activity people are doing. So that is the best information we have.

Senator LINES: Have you made assumptions around the ABS data?

Ms J Wilson: We have used the ABS to inform us. The other thing to mention is that the definition of 'activity' is also changing. There is currently quite a strict definition of activity, which is work study and training. I think you will have seen in some of the information that we are looking at paid work, self-employed, unpaid work in a family business, looking for work, volunteering, and setting up a business. We want to consult on the definition of 'activity'. The minister is very focused on things that—

Mr De Silva: Lead to greater workforce participation in terms of a stepping stone.

Senator LINES: If you are consulting on the definition, this will be some of the focus group activity that you will do?

Ms J Wilson: That is right.

Senator LINES: I want to explore a little more about the three-step activity.

Mr Pratt: Can I make one final observation on that.

Senator LINES: Sure.

Mr Pratt: This package is unapologetically about trying to drive participation, and so this is a positive component of it to try to get people to participate more—which, of course, is beneficial: the more people participate the more likely they are to be in work and the better it is for them and their families.

Senator LINES: I guess we are trying to get to the detail of those assumptions. Taking into account the first-round impact of changes to the childcare system, how many families and children who currently receive assistance will not have access to the childcare subsidy as a result of the new activity test? Can the department break this overall figure down by income in bands of \$10,000 by state and electorate?

Ms J Wilson: We will have to take that on notice—things like electorate we would not have done. We have done national modelling, not state or electorate.

Senator LINES: So you have done national modelling. We are looking at the bands \$65,000-\$100,000, \$65,000-\$180,000 and families below \$65,000. Looking at the impacts of the change to the activity test, how many single-income families earning over \$65,000 per year will not be eligible for the childcare subsidy?

Ms J Wilson: Single income families—we would have to take that on notice as well.

Senator LINES: How many people currently undertaking less than eight hours' activity per fortnight will now be ineligible for support?

Mr Pratt: I think we have already gone through that. We have taken on notice to try to give you what we can with all the caveats that we ran through.

Senator LINES: Are you saying that you cannot break down your data to states and electorates?

Mr Pratt: We may be able to.

Senator LINES: Let me follow that through. Can you provide the breakdowns on the impacted families and groups by income group and state and electorate?

Mr Pratt: We will take that on notice.

Senator LINES: How many children and families will have access to reduced child care? For instance, how many people currently working between 15 and 48 hours per fortnight will have the number of subsidised childcare hours they were entitled to reduced?

Ms J Wilson: We will take that on notice.

Senator LINES: Can you please provide the breakdowns of the impacted children and families by income group and by state and electorate?

Mr Pratt: We will see what we can do.

Senator LINES: How many families will withdraw their children from subsidised care as a result of these changes?

Mr Pratt: I suspect we will not be able speculate on that.

Senator LINES: Thank you, Mr Pratt. Will the increased activity test lead to any withdrawal of people from the workforce? If so, how many?

Mr Pratt: We will have a look at that.

Proceedings suspended from 10:33 to 10:52

CHAIR: We will recommence.

Senator LINES: I just want to go to the work, study, training test. Does the definition of the work, study, training test in the costed model for the new childcare subsidy differ from the current test for CCB? And, if so, how does it differ?

Ms J Wilson: As we said previously, we are looking at a broader range of definitions which pick-up things like voluntary work, looking for work, setting up a business. Between CCB and CCR, there are different activity tests: one is tighter and one is looser. We were trying to find a common ground, and I think—

Senator LINES: And you will do focus group testing.

Ms J Wilson: I am not sure it is focus group, but we will certainly talk to the sector about it. They have already indicated that they are thinking about what that might be. But it is also as a stepping stone, so we want to encourage activity, which is a stepping stone to work, not just work of itself, and how to get people engaged. We are looking at that definition capturing the range of things that people might do.

Senator LINES: Does that mean that might be a staged process and someone would participate in an activity? Would you imagine you could time bound that and say, 'You've been attending a women's group for 12 months. It's now time to move onto something else.'

Ms J Wilson: For example, the qualification study is time limited. It is whether we would put time limits on other activities. Clearly, you would want to see progression of the time.

Senator LINES: So it is likely there would be a staged process. I do not want to use 'step' and confuse people but a staged process. Are there changes to the definition of a work related commitment?

Ms J Wilson: I think this probably goes back to the activity definition.

Senator LINES: Under the current CCB test, there is a list of other ways to satisfy the test. Will all of these other ways to satisfy the test remain?

Ms J Wilson: Have you got the reference there in front of you, Senator. I am just grabbing my CCB—

Senator LINES: I would have thought you would know that better than me.

Ms J Wilson: We do not have the whole list with us, but certainly we would use that as a starting point.

Senator LINES: In particular, will parents continue to be eligible for the childcare subsidy when they are on paid or unpaid parental leave?

Ms J Wilson: I think it is consistent with current arrangements—

Mr De Silva: If that is consistent with current arrangements.

Ms J Wilson: which is my understanding.

Senator LINES: Yes, it is the current arrangement. Carers' or sick leave?

Mr De Silva: Yes.

Senator LINES: Receiving a carer payment?

Mr De Silva: They will still be eligible. I think what we have said is that for those who are on income support, it would be commensurate with the length of time that they are undertaking that activity. If they are doing caring arrangements for 12 hours versus 40 hours, that will determine the length of the subsidised care that they would be entitled to.

Senator LINES: I did not quite understand that.

Mr De Silva: If you are on income support payment and you are caring for someone, someone might be caring for someone 10 hours a week, someone might be caring to someone 40 hours a week. The length of care will be recognised as activity for the purpose of determining the number of subsidised hours of care that you have.

Ms J Wilson: As a general principle, parents on income support payments with a participation requirement will have their participation requirement met by whatever is counted as activity for that income support payment.

Senator LINES: If they were receiving a carer payment, would the same tests apply?

Ms J Wilson: Yes.

Senator LINES: And would they, if they were caring for a person with a disability? They might not get the income support, but would they still be eligible?

Ms J Wilson: We are very clear about if they are on income support. It is probably just people who might not have quite met the criteria for income support payment. We probably need to consult and talk to a few people about—

Senator LINES: So that is the unclear element?

Ms J Wilson: Yes.

Senator LINES: For the categories of other ways to satisfy the work study training test, which cannot be associated with a number of hours of activity, such as unpaid parental—but you were saying that all of those can be?

Ms J Wilson: Yes.

Senator LINES: For those people on unpaid parental leave, the carer payment, caring for a person with a disability, what will their eligibility for child care be? Will they be eligible for 100 hours of subsidised care per fortnight?

Mr De Silva: It may vary. As Ms Wilson said, if you are on an income support payment with a participation requirement, the level of participation will count as activity. It will be aligned.

Senator LINES: Will they be eligible for 100 hours of subsidised care per fortnight?

Ms J Wilson: If they are on an income support payment and are doing something like—I am just trying to look at the steps—24 hours of activity per week, that would be on a step where they get up to 72 hours, not 100. It would line up with where they fit on the three-step activity test.

Mr Pratt: Clearly, if as part of their participation requirements they have to go on a full-time training course of 40 hours a week—that would be quite a lengthy one, obviously—then we would want to make sure that they had access to sufficient child care to allow that.

Senator LINES: Where you are caring for someone, what is the proof requirement? Would it be a stat dec?

Ms J Wilson: These are still things we need to work through. Clearly, our intention is that DHS would administer the program. We are having a lot of discussions with them currently about how the current definitions work or do not help, or whether less proof or more proof might be required and what sort of proof that might be. We have to strike the right balance to ensure that the people are getting what they need without being overly burdensome, but actually getting some assurance.

Senator LINES: Would it be a penalty if someone fell below—let's say you said, 'I'm doing 24 hours of X a week.' Do they have to continually prove that, or is it retrospective or prospective? How do you imagine that will work?

Ms J Wilson: We are looking at smart technology to help us with this. With the youth allowance payment at the moment there is an app which lets you update what you have done fortnightly. You do not have to do it all the time, but if it changes it is as simple as amending an app when you get a message. I do not know what the word is for sending out to you—'pushed out' to you, or something like that. All you do is adjust that. We want to make it that the steps have been made as broad as possible so that people can actually move within the bands and access the care they need so that they do not have to keep reporting. That is one of the reasons why we arrange the steps for the activity in broad bands, to minimise the number of reporting while trying to get better alignment of subsidised care to activity. Otherwise you could have had 20 steps, and that would not have really been an effective system.

Senator LINES: If I met an activity test of some description and was using child care and I fell below the activity test, I tell DHS and then what happens?

Mr Pratt: We are still working through this, obviously, but I envisage that you might also be talking about how much activity you are doing over a period, so it might vary week to week. We might look at it over, for example, a quarter, and during that period you might do a

little bit less in a few weeks but make up for it in a few others. As Ms Wilson described, we are trying to make it as least onerous as possible.

Senator LINES: Have you looked at the impact on the sector? If I am running a service and I am maximising my utilisation and I had two families front up—one in paid work and one requiring X number of hours, and the other person was meeting this activity test—isn't there some bias built into this system that I would take the known person, the person in full-time work, because there is a risk for me as a business person taking the activity test person; they might drop their activity and I will end up with hours in the day that are not filled, because these are predominately businesses that we are talking about.

Ms J Wilson: That is right. I guess in our discussions we have talked about this with some of the bigger and the smaller services. I guess for them it is consistency; it is not about the sessions. I have heard many arguments to say that, if parents actually booked nine to five and stayed within nine to five, they would be happy to charge a rate for nine to five. But parents come at 5.30 pm or sometimes 6 pm and there is variability. At the moment people can use up to 24 hours of subsidised care, and the service providers are already having to meet that.

Senator LINES: But that is a certainty. You are now putting this activity test in, which people could drop below, so at a range of levels that creates a vacancy, potentially, for the service providers. Obviously, there has been some concern in the sector.

Mr De Silva: If you go back to what is the average hours of use, you might be entitled to 50, but average hours of use is 24—

Ms J Wilson: 24.5

Senator LINES: But this is on the current system; you are changing.

Mr Pratt: I am not sure I fully understand. Why do we assume there is so much volatility? We are not doing anything to try and drive greater volatility. There is no—

Senator LINES: You are introducing a new test. We have said this morning there is no requirement at the moment to prove, but you are introducing this proof test. If I fall below that proof, the activity test, presumably that means at some point the hours I am using the service, I am less entitled—I am no longer entitled, because I am not meeting the test. Obviously, it is an issue the sector has raised.

Mr Pratt: People have identified it as a potential concern. It is not yet clear to me that this is going to happen. Certainly we will need to talk, work through—

Senator LINES: But the sector has obviously raised it?

Mr Pratt: Yes, we will need to work through that with the sector to try and come up with arrangements which do not—

Senator LINES: I am just putting a further scenario that you then could, if you are running a business, take the certainty of the person who has got 30 hours of work per week.

Mr Pratt: I understand what you are suggesting, and some businesses might come to that sort of view, but of course we need to try and design the arrangements to pre-empt any concerns of that sort.

Senator LINES: You would be completely unaware of that, I would think.

Ms J Wilson: I still think the fact that we have people who can exercise 24 hours of care at the moment—they might not be working, studying, or they actually can—

Senator LINES: But there is not a test.

Ms J Wilson: There is not a test, but they still book that care and they variously use it or do not use it.

Senator LINES: They are not going to lose that care. Under your model, under the proposed new model, they will, because they have got to prove they are being active. That is my issue.

Mr De Silva: Can I just clarify something? Even for those who are entitled to 24, where we do not require any activity, would only be using eight hours or 10 hours.

Senator LINES: Yes, I appreciate that, but that is what they booked at the service.

Mr De Silva: No, they may only book for 10 hours. Just because you are entitled to X number of hours, you are booking and using those hours.

Senator LINES: That is precisely my point. You have said to the service, 'I'm going to take 10 hours per week—bang, thank you.' Under the proposed model, that usage comes with an activity test. If I fail to do the activity, presumably it impacts on my use of child care and at some point I would not be entitled to that child care, creating a vacancy. That is the issue. Obviously, Ms Wilson said there had been some talks in the sector about that.

Mr Pratt: I understand that there is some discussion about this with the sector. I understand the potential issue and we will look to see what we can do to avoid those issues manifesting. It is not clear to me that they will, though, under the new system.

Senator LINES: There are lots of unknowns around this new test. I appreciate you talking to the sector and so on. I am just wondering how you could cost the new childcare system if you do not know how many people will be using it and you have not finalised an activity test.

Mr Pratt: The broad parameters are quite clear. There might be some micro-policy that we need to resolve and it is always good practice to do that with both the consumers and those who will be providing the services. That is a standard approach which we will go through. We do not have any concerns about our capacity to cost the macro system, which we have done.

Senator LINES: I refer to a news article by Lauren Wilson on 14 May 2015, 'Mums who volunteer can keep childcare'. I am happy to table that.

Senator Fierravanti-Wells: Perhaps we could get copies made available, please, before the—

Senator LINES: Sure. I do not think the subsequent questions will be hard. You have answered it in part. Can the department confirm—

Senator Fierravanti-Wells: Can we just wait, Senator Lines, if that is appropriate, so that they could have a copy of the article in front of them?

Senator LINES: Sure. I will just put the question out there because I think the department has answered. I am not setting anyone up here.

Senator Fierravanti-Wells: No. We are just asking the committee to make copies of media articles available.

Senator LINES: The department confirmed that volunteering will be taken into account in the new activity test?

Ms J Wilson: We are looking at volunteering . Volunteering is a very broad category. We have had this discussion internally. I will wait and see what the article has to say. Is coaching the kids' soccer team volunteering or is it reading in the classroom or is it the helping in the canteen or is it being the teacher's assistant? Variously, depending on whether you coach soccer or not, people might have different views. We need to have a good discussion about what is a stepping stone to work and workforce readiness and participation. Therefore, which of those things would be covered within the broader definition?

Senator LINES: We are waiting for that article. I would have thought that if you coach the soccer team you are volunteering. When I coached netball teams I thought I was volunteering.

Senator Fierravanti-Wells: Senator Lines, did I just hear you say that you play netball?

Senator LINES: Yes, and I coached it.

Senator Fierravanti-Wells: Goodness me! You will regret this public admission.

Senator LINES: No, my knees cannot do it any more.

Senator Fierravanti-Wells: It is okay. So are my knees a problem, Senator Lines, but I still play netball.

Senator LINES: I am very competitive. You would not want me in your team.

Senator Fierravanti-Wells: No, we want you on our team—the parliamentary team.

Senator LINES: Anyway, obviously it is quite contentious. Did you see this or do you just need a few moments?

Ms J Wilson: We are just having a quick read.

Mr Pratt: Senator, your question is?

Senator LINES: My question is in two parts. I think Ms Wilson has already answered the first part. I am not seeking to trap anybody. Can the department confirm that volunteering will be taken into account in the new activity tests? I think Ms Wilson said it was something that was being examined and—

Mr Pratt: We expect volunteering will be part of the new activity test. What volunteering encompasses is yet to be finalised.

Senator LINES: Will the travel time spent going to and from volunteering be taken into account as part of the activity test.

Ms J Wilson: Yes. Reasonable travel time will be taken in account for activity test purposes.

Senator LINES: You have already said that the types of volunteering is currently under consideration.

Ms J Wilson: That is right.

Senator LINES: 'Contentious' is probably too big of a word. But if someone is doing something for the community in unpaid time, what is the issue around that not being volunteering?

Mr Pratt: I am not sure there is an issue. The question is the extent to which the volunteering activity is actually going to contribute to enhancing someone's capacity to participate into the future, particularly in the workforce. Lots of volunteering activities are actually very helpful in doing that. But there might be some things in the grey areas at the edges of what can be construed as volunteering.

Senator LINES: What sorts of things?

Ms J Wilson: We have not worked through that yet. My example was a debate we were having among ourselves about—

Senator LINES: About the coach.

Ms J Wilson: About the coach. It is not a widely held view, it is just a—

Senator LINES: I think that is definitely volunteering.

Mr Pratt: This is not a policy position, but I think the supervision of young people playing sporting activities is quite a useful volunteering activity and potentially might be picked up in this. But it is something which government will need to consider the merits of and take a decision. I am struggling to think of volunteering activities which would not qualify but, no doubt, some inventive people could come up with some ideas of things which perhaps might not meet the 'front page of the newspaper' test.

Senator LINES: Perhaps letterboxing for the Labor Party might not qualify as an activity test. Anyway, we will see.

CHAIR: It has to be for a worthy cause.

Senator LINES: That is a very worthy cause. I did ask you this before. I think you have taken it on notice but I will just double check. With the number of families and children which will lose access to child care, I think you took on notice before that you thought you had a number.

Ms J Wilson: I think you asked for a range of different splits of information, and we have agreed to have a look at what we can provide for you.

Senator LINES: That also goes to those that will lose access because of the activity test.

Ms J Wilson: That is right.

Senator LINES: I just want to look at your benchmark price, or the Productivity Commission's benchmark price which you have adopted. The government has announced the child care subsidy will be paid on the basis of a benchmark price. So we have a benchmark price for long day care, which is \$11.55 per hour.

Mr De Silva: That is not quite right. It is actually based on the actual fee up to a fee cap.

Senator LINES: So just take me through how that works.

Mr De Silva: The PC had put forward a benchmark price which they had proposed would be set at the median. What the government has put forward under the child care subsidy is you will get a proportion of your actual fee up to a fee cap.

Senator LINES: So if the fee is \$100 a day?

Mr De Silva: It is does on an hourly basis. Just to use long day care, the fee cap is \$11.55. So you would get, if you are on—

Senator LINES: Yes. That is what I am talking about—\$11.55.

Ms J Wilson: Eighty-five per cent of that if your family income is less than \$65,000.

Senator LINES: And for family day care it is \$10.70?

Ms J Wilson: That is right.

Senator LINES: And for out-of-school hours care it is \$10.10?

Ms J Wilson: That is right.

Mr De Silva: Correct.

Senator LINES: So the benchmarks are set based on the projected mean price plus 17.5 per cent for long day care and 5.75 per cent above the mean for family day care?

Ms J Wilson: That is right.

Senator LINES: And they are indexed to CPI?

Ms J Wilson: That is correct.

Senator LINES: Just thinking of those benchmark prices for long day care, family day care and out-of-school-hours care, is there a formula for each one of those?

Ms J Wilson: I think you captured it in your summary just then: it is basically the mean plus the shifts that you talked about—17½ per cent for all of them except for family day care, which is 5.75.

Senator LINES: So what does the formula look like?

Ms J Wilson: We took the mean for each service type.

Senator LINES: You took the mean cost?

Mr Pratt: The mean price.

Ms J Wilson: The price being charged. We took off the top five per cent. Then we calculated the mean. Then we adjusted by 17½.

Senator LINES: Okay. Did you take an average price in an area or a state or across the country?

Mr De Silva: We take all the fees that exist in the dataset.

Ms J Wilson: National.

Mr De Silva: As Ms Wilson said, we took off the top five per cent and then calculated what the mean would be.

Senator LINES: So you took the full-time fee?

Mr De Silva: We took each of the hourly fees that exist.

Senator LINES: You took an hourly fee.

Mr De Silva: So long day care, family day care, outside-school-hours care—each fee that is set for each of the services that are approved for CCB. We took each of those fees to get the total spread of fees, took off the top five per cent and then calculated what the mean would be for each of the service types.

Senator LINES: Why did you take the top five per cent off?

Mr De Silva: Because of the outliers. There are outliers that go out there.

Ms J Wilson: It is quite a long tail that goes.

Senator LINES: And you figured that was five per cent. Why five per cent and not 10 or seven?

Ms J Wilson: It was just that from our distribution, when you looked at the spread, it looked like a sensible way to do it.

Senator LINES: Okay.

Ms J Wilson: I think it is probably useful to say that, while we are talking about hours, clearly we understand that long day care operates as a day—

Senator LINES: Yes.

Ms J Wilson: and other things. But PC used hours because it is a way of standardising its discussion across different fee types. So we in no way are implying that long day care will be charging by hour, for example.

Senator LINES: No, I understand that.

Ms J Wilson: I just wanted to be clear about that.

Senator LINES: Yes.

Ms J Wilson: It is just a way of comparing across service types.

Senator LINES: We have to have a starting point.

Senator JACINTA COLLINS: I was just going to go to that point so that we properly understand the service types here and how the hourly rate has been determined in each. For long day care—I cannot even recall—is it a standard 11-hour day?

Ms J Wilson: We do not prescribe the day

Senator JACINTA COLLINS: I understand that. What is industry practice?

Ms J Wilson: It is from eight to 11, but more 10 to 11, I would suggest at the moment. It has been growing from eight to closer to 11 over the last couple of years. But, because they usually charge it as a daily block for long day care, we have the information based on—

Mr De Silva: Their hourly fees charged.

Ms J Wilson: their hourly fees charged. For the purpose of our calculations, we can convert that to hours. But, in terms of what you are saying, we do not prescribe what the sessions of care should be; the providers decide that based on business practices, demand from parents and all those sorts of things.

Senator JACINTA COLLINS: So, in calculating the long day care hourly rate, that may well vary significantly depending on region, location, demand, business parameters and those sorts of things. Most parents know they pay x amount a day. They know they are paying for somewhere between, usually, nine and 11 hours, even though they might only be using nine. But I am trying to work out how that then translates into how the thinking has gone into what this per-hour rate is.

Mr De Silva: Right now, as I said, we collect all of the hourly fees that are charged. Right now, CCB is rebated on an hourly basis.

Ms J Wilson: \$4.10 an hour.

Mr De Silva: All services have an hourly rate. A service that may charge for an eight-hour session will have a daily rate based on eight hours of the hourly fee. A service that charges for an 11-hour session will have a daily rate based on the hourly fee times 11. So we have just taken the hourly rates that come in to us.

Senator JACINTA COLLINS: That are currently reported, yes.

Mr De Silva: And we have used that to determine what the hourly fee cap would be for each of the service types in 2017.

Senator JACINTA COLLINS: So then your view would be that this approach will not likely effect any change in existing behaviour

They are already reporting on an hourly basis, even though that may not be the actual hours people use for long day care, and there is nothing in these measures that would shift what is currently occurring.

Ms J Wilson: I am not sure I agree with that.

Senator JACINTA COLLINS: That is what I am trying to flesh out.

Ms J Wilson: I think that, given the fact we are putting a cap on the hourly cost for different types of care and the fact that parents will know what that cap is and that they get a proportion of that cap depending on their income, we are hoping that will signal to parents to pay more attention to the cost of care they are being charged. We have tried to set the hourly fees at a reasonable rate, which is a signal to parents that if they are being charged more than that you probably should have conversations with your service provider about why you are being charged higher rates to them. Some parents might choose to pay higher because, for example, there might be special classes. I use the PC Commissioner's Zumba classes and resident artist and pastry chef and the rest of it. They might be making choices about what they pay for, but we think this will draw parents' attention to the cost of care.

Senator JACINTA COLLINS: But the most significant problem is not cost of care in this context; it is the availability of places. The reasons that a large number of providers offer places where families are forced to accept that a day is 11 hours is because the market allows them to do so. The same will apply in terms of the prices that you are going to be faced to pay, because again scarce supply means the market is determining what they are able to charge.

Ms J Wilson: I think the PC found, and our information would support, that it is largely scarce in growth corridors. There are vacancies. If you talk to some of the big providers like Goodstart, many of them are operating at 75 to 80 per cent and they have a lot of capacity. So the scarce supply is in pockets. Certainly we want to look at addressing those pockets as part of the reform agenda, but it is not across the board.

Senator JACINTA COLLINS: I am not suggesting it is across the board. I am suggesting that it is in some fairly significant pockets in major cities.

Ms J Wilson: One of the things we are proposing as part of the safety net program is to look at a way of subsidising care for low-income families who are in high-cost centres and looking at a grants program for where you do not have a choice—like where you have four providers and everyone is charging high and there is no choice. It is not like there are three charging reasonable and you want to go to the high one. Where you have no choice, we are

looking at a program to help those families with a subsidy to help them meet the higher cost of care in those areas.

Senator JACINTA COLLINS: And where is that program expressed?

Ms J Wilson: It is in the safety net.

Mr De Silva: It is in the Community Child Care Fund of the safety net.

Senator JACINTA COLLINS: Where will I find some more information about that?

Mr De Silva: It will be in the media release that the minister put out. I think there was a fact sheet that went out as well. I can give you the date, if you want?

Senator Fierravanti-Wells: 10 May.

Mr De Silva: It was before. It was announced in advance—

Senator JACINTA COLLINS: So this is part of—what are you calling it?—the inclusion—

Ms J Wilson: The safety net.

Mr De Silva: It is part of the child care safety net.

Senator JACINTA COLLINS: Let us go back to the language I had in my head. When we talked about implementation dates we talked about the nanny pilot; we talked about—

Mr De Silva: the inclusion support program.

Senator JACINTA COLLINS: inclusion support. So this is not part of that?

Mr De Silva: No.

Senator JACINTA COLLINS: The Indigenous measures, which had a different name—I cannot remember what they were—and then the main components of the package will follow on 1 July 2017.

Ms J Wilson: This is part of the main. It is part of the safety net. The press release was 8 May.

Senator JACINTA COLLINS: Is there anything further to the press release?

Ms J Wilson: I think there is more information. There are some fact sheets on the website.

Senator JACINTA COLLINS: You had a nice glossy you were looking at. I have not seen that. Where will I find that?

Ms J Wilson: That is a Treasury glossy, and that is on the whole package. There is a little bit in the standard budget overview—

Mr De Silva: There was a special one on just that.

Ms J Wilson: but this is a special one.

Senator JACINTA COLLINS: Sure. Sorry, Senator Lines.

Senator LINES: Just back to the rates: the \$11.55, the \$10.70 and the \$10.10. What years of fees did the PC do its modelling on?

Ms J Wilson: It had 2012-13 data that it was given.

Senator LINES: So you have taken that data, and then, when you looked at the costs across Australia and you deducted your five per cent at the top, when did you take those fees?

Ms J Wilson: We used 2013-14 data and did the calculations we discussed earlier.

Senator LINES: So you took the benchmarking that PC had done for the year before, 2012-13?

Mr De Silva: The PC came out with their benchmark rate, based on 2102-13 data, and said in 2013-14 the benchmark rate would have been x dollars.

Senator LINES: Sorry?

Mr De Silva: The PC said in 2013-14 that the benchmark rate that they had put forward would have been—I cannot remember what the rate was for—

Ms J Wilson: The PC was—

Mr De Silva: \$7.41 for long day care for ages 0 to 35 months and \$7.20 for long day care for children aged 36 months plus.

Ms J Wilson: And \$6.94 for—

Senator LINES: But you then used actual data and got \$11.55, \$10.70 and \$10.10. How do you explain that? That is a significant difference between the PC's modelling and your modelling.

Ms J Wilson: I think there is a fundamental difference—I will get Mr De Silva to take you through the mathematics—but the PC recommended an immediate—

Senator LINES: Just let me stop you and put another question in. I asked this morning and the department told me that you were absolutely confident of the PC's modelling. That is what you said.

Ms J Wilson: Yes, but they did not come up with exactly the same model that we are using.

Senator LINES: But you have just told me that—

Mr Pratt: Their methodology was sound, in our view.

Senator LINES: We now have their 2013-14 benchmarking modelling at \$7.41 for long day care.

Mr De Silva: Which was the median price.

Ms J Wilson: They use the median. We are using the mean.

Mr Pratt: Plus 17.5 per cent.

Senator LINES: You are using \$11.55. So why did you then embark on new modelling.

Mr Pratt: Shall we take you through the difference between the two?

Senator LINES: No. I want to know why you then decided that the PC modelling was not what you were going to use and that you wanted to create a different model.

Mr De Silva: It is not the modelling.

Ms J Wilson: It is the methodology.

Senator LINES: The methodology, then.

Mr De Silva: It is the policy that they put forward. They took the data that we gave them and they said that, if you take the median of the data in 2012-13, the median price for long day care will be what I just said. The median for family day care will be x dollars and the median for outside-school-hours care will be y dollars.

Senator LINES: So why didn't you just accept that modelling?

Ms J Wilson: When PC proposed a benchmark in the draft and then a median approach as default in the final, there was quite a long discussion in the sector about the median meaning, by definition, that 50 per cent of services charge above that, and is that a reasonable concept or not? We had lots of—

Senator LINES: I think we asked you questions about this at the last Senate estimates.

Ms J Wilson: Yes. When the final report went to government, the government thought about whether that was a reasonable concept or not. Certainly the mean as a notion captures an average across the whole country. It means high cost and low cost are all added together. It picks up, as a broad concept, the geographic notion of a national average. So, on balance, the government has gone with a mean rather than a median.

Senator LINES: Have you gone that way because using the Productivity Commission's benchmark would have meant more parents out of pocket—paying more?

Mr De Silva: There would have been 50 per cent of services charging above their benchmark rate. So it is not an issue with their modelling; it is the policy parameters that they put forward. I think that is quite a distinction.

Senator LINES: Yes, I am not using the correct language because I am not a statistician. You used 2013-14 to come up with these three figure we have been talking about: the \$11.55 et cetera. Then there is your 17.5 per cent et cetera, and then they are indexed to CPI.

Ms J Wilson: From 1 July 2018 going forward.

Senator LINES: So this figure of \$11.55 will remain static and will be the figure in long day care when the new scheme comes into place on 1 July 2017. Is that correct?

Ms J Wilson: Yes.

Senator LINES: But you have said, and we have seen it in the forward estimates, that childcare fees rise at a much greater rate than CPI. What have you factored in?

Ms J Wilson: Probably the thing that we have not explained is that we have used LOCMOCC to grow the 2013-14 mean into a 2017-18 mean, and then we have adjusted for the 17.5 per cent. I think you are raising a good point. You cannot just take a 2013-14 figure and convert it to 2017-18 without growth. We have not done that. We have used the agreed model with Finance to grow the 2013-14 dollars. The agreed model with Finance includes fee growth. I think I went through with you before the things it includes.

Senator LINES: I think in the past you have put about six per cent fee growth.

Ms J Wilson: That is right.

Senator LINES: That is LOCMOCC—

Ms J Wilson: I do not have exactly what the current LOCMOCC model has.

Mr De Silva: It varies year by year.

Senator LINES: Can you give us that figure?

Ms J Wilson: We have given it to you before on notice. We can certainly provide it again.

Senator LINES: You have done quite a bit of work, it would seem, on trying to get the cost factors right, and time will tell. How have you factored in the users, families and children? Does LOCMOCC take into account users, families and children?

Mr De Silva: As I said before, LOCMOCC takes 900,000 records of families actually using the childcare system. It takes every bit of data that we get in terms of where a family goes, what rate they have been charged, whether it is long day care, whether it is family day care, how many hours of care they are using, and it all gets fed into—

Senator LINES: LOCMOCC.

Mr De Silva: Yes.

Senator LINES: Why can you not tell us how many families will be worse off?

Ms J Wilson: We offered to take on notice the segmentation you asked for. We do not have that global figure with us, and you asked for a breakdown by state by service type.

Senator LINES: You have taken on notice also that you are going to tell us the assumed childcare fee growth. Is it still about six per cent?

Ms J Wilson: It is not very different to what we gave to you on notice last time. I will double-check and we can come back to you on notice too.

Senator LINES: What I am after in the costed model is what the assumed childcare fee growth is in each year between the base year and 2017-18, when the new subsidy will start. What will the mean price of child care be in each of these years?

Mr Pratt: We will take that on notice.

Senator LINES: Can you also tell us what the proposed benchmark prices are in 2014-15 dollars?

Ms J Wilson: Yes.

Senator LINES: And in 2013-14 dollars.

Mr Pratt: Except they will not be benchmark prices.

Senator LINES: What is the language we are using? The fee cap.

Mr De Silva: I can give it to you now for 2013-14.

Senator LINES: Yes.

Mr De Silva: For long day care it would be \$9.20, for family day care it would be \$8.15 and for outside-school-hours care it would be \$7.75.

Senator LINES: In relation to those families who might be worse off, what can you tell us today?

Ms J Wilson: Broadly, at a high level, the things that would probably determine whether you are worse off or not are things like the costs of services you are currently accessing. For example, we just did the 2017-18 dollars. If in 2017-18 you are going to use services which charge more than \$11.55 per hour, then you are paying the difference between, if it is \$13, the \$13 and the \$11.55, as well as a proportion of the balance between that and the subsidy. Does that make sense?

Senator LINES: Yes.

Mr Pratt: Depending on where you are on the taper rate, whether it is 85 per cent down to 50 per cent.

Mr De Silva: If you are using 10 hours a week versus 40 hours a week, that would also be a factor that would impact on you as a family.

Ms J Wilson: The long day care rate—

Mr De Silva: For \$11.55, I think it is roughly the 85th percentile.

Ms J Wilson: It is set at the 85th percentile, so 85 per cent of services will be charging below that rate. If you are one of those people who are going to a service that charges above that rate—the top 15 per cent—I guess we are sending a signal that that is much higher than more than three-quarters of families are paying and you should look for a service that comes within those rates, which we think are generous.

Senator LINES: Three-quarters of families then are paying—

Ms J Wilson: Eighty-five per cent of services charge less than—

Mr De Silva: The long day care—the \$11.55 fee cap is about the 85th percentile of these.

Senator LINES: What makes you confident that those service providers will not increase their fee?

Ms J Wilson: What makes us confident?

Senator LINES: You could have more services move beyond that rate.

Mr De Silva: Because parents always have to pay an out-of-pocket cost, so if you get the maximum subsidy you still have to pay 15 per cent. If you get the minimum subsidy, you have to pay 50 per cent out of pocket. That is a market force that impacts on whether a service will adjust their fees, based on the impact it will have on the families who attend that service.

Senator LINES: Of the three-quarters of families paying below, presumably you know where those services are, because, if they are in a tight market, the market will determine that the rate will go up because parents do not have a choice.

Ms J Wilson: We have not looked at that information in that way. I have no doubt that we have some data back in the department which tells us where those—

Mr De Silva: 15 per cent.

Ms J Wilson: Also, I think we talked before, Senator, about people making a choice about why they might be paying more than that. We talked to someone who runs high-end childcare services who was very clear that their parents would not shift, because they get much more for the amount that they are paying, and they—

Senator LINES: They are probably in the eastern suburbs of Sydney.

Ms J Wilson: I do not know. We covered a broad range. But they have waiting lists for all their services regardless of the fees they charge, so that is just one example, and they were quite clear that their parents would not shift. That was just in a consultation session—

Senator LINES: But you are sending a price signal to services—

Ms J Wilson: We are.

Senator LINES: above the 85th percentile, in a sense encouraging them to drop their prices.

Ms J Wilson: Yes.

Senator LINES: So aren't you also sending a signal to services below the rate, below that, to increase their prices?

Ms J Wilson: Parents, as Mr De Silva already said, do have to make a co-payment, and they get either the 85 per cent or the linear taper down to 50, wherever their family income is on that line.

Senator LINES: But this is more about what services might do.

Ms J Wilson: Yes, but the parents still have to pay that gap. Because we are setting such generous maximum fee caps, it is a completely different approach to what the current CCB and CCR are. It is really complex: you get \$4.10 CCB and you get 50 per cent of the rest of something else, and you have to add the two and figure out what your gap is. From our focus groups, people tell us that it just does not make any sense to them.

Senator LINES: You have said at Senate estimates, Ms Wilson, a number of times that the government does not control the market price, because it is a market, but you are now saying that with this new system you are going to potentially send some kind of signal to the upper end, even though some of the service providers at the upper end are very confident that their parents will continue to stay there and pay the price. I do not understand, if we are sending this signal at the upper end, why we are not then sending a signal to those below that 85th percentile.

Mr Pratt: There still is a signal.

Senator LINES: But the department have now moved from a position where you say, 'We don't influence the market rate'—which is what you said before—'because it is a market rate,' to saying now, 'We are certainly influencing at the top end.' Why are you not also influencing below?

Mr De Silva: Right now, there is no fee cap, so a service can raise its fees or not. It can lower its fees or not. Setting a fee cap sets a ceiling above which the government is saying, 'As a family, you should question why you are paying above that.' There is no reason to assume, I would say, that, if you are charging a lower fee now, just because you set a fee cap you will suddenly race to that fee cap. It is very much that there is—

Senator LINES: Why would you not race to that fee cap?

Mr De Silva: There is nothing to stop them going there now.

Senator LINES: That is right.

Mr De Silva: There is no fee cap now, so there is nothing to stop services increasing their fees.

Mr Pratt: Because that is how the market operates. Your competitors in that market will then have an advantage if they do not lift their prices, so you will lose business.

Senator LINES: How has the department defined the market then?

Mr Pratt: All of the childcare providers around the country—in different locations, there will be different markets, as you pointed out. In some locations, the market will be tighter than others. When we get on to the safety net programs, we can talk about the mechanisms

that we have there to assist in ensuring that there is adequate provision in those areas. But, as Ms Wilson has talked about, in other areas, there are lots of providers.

Senator LINES: Has the removal of the Community Support Program funding for family day care services been factored into the benchmark, given that the CSP changes come into effect on 1 July 2015?

Ms J Wilson: Yes, the changes to CSP have been factored in.

Senator LINES: How did you factor them in?

Ms J Wilson: We know the impact of the CSP changes. It provides about 70c an hour as a loading for people who receive it, so in our modelling we have been able to put that in as one of the considerations as part of our model.

Senator LINES: Family Day Care Australia say that the removal of community support programs will lead to price increases of up to \$35 per week. Can you confirm that you have taken that into account?

Ms J Wilson: We do not agree with the Family Day Care modelling.

Senator LINES: You do not? What is the problem with it?

Ms J Wilson: I do not think I have that press release of theirs in front of me.

Senator Fierravanti-Wells: Again, Senator Lines, if you are putting something to the officials like that, particularly in the context in which you have asked it, in fairness could you get a statement to the officials. And, if you are going to ask questions in relation to some particular assessments that they have done, in fairness, I think you need to put that to the officials as well and show it to them.

Senator LINES: I think Family Day Care have met with you, haven't they?

Senator Fierravanti-Wells: That is not the point, Senator Lines.

Senator LINES: It is the point. Ms Wilson said their modelling is wrong. They have had discussions, as I understand it, with the department. Everyone is aware. We have discussed the removal of the CSP for at least the last two estimates. It is not secret here.

Ms J Wilson: I guess my point is that I do not know what the time frame of that media release is. Family Day Care have put out a lot of—

Senator LINES: Okay, let me ask another way. How much do you think the fee increase per week for family day care will be?

Ms J Wilson: The number we have given you about family day care, which is \$10.70 in 2017-18, incorporates a whole range of changes.

Mr De Silva: It incorporates fee growth through LOCMOCC and then the 5.75 per cent on top of the mean.

Senator LINES: Did you arrive at that family day care fee in the same way as you did for long day care? You looked at the prices?

Mr De Silva: We took all of the 2013-14 data, then we looked at what the fee growth would be. As I said, we took off the top five per cent, the tail, and then we calculated what the mean would be for each of the service types.

Senator LINES: I have met with family day care services in Western Australia. The family day care services in Geraldton extend not only to Geraldton but to remote areas. They are run by the council. They are already, dollar for dollar, the same as long day care. How do they manage with a fee that is less than long day care when their daily price is exactly the same? They were very concerned that, with the loss of the CSP, they would then become more expensive than long day care. Surely they are not one of the five per cent you have chopped off?

Ms J Wilson: On family day care, I guess the reason for the differential—and it is based on the methodology we have already talked about—is also on the basis that there are lower overheads for family day care to run—

Mr De Silva: Compared to long day care.

Ms J Wilson: compared to long day care and the broader requirements that a centre has to administer. Therefore we think that the \$10.70 versus the \$11.55 is actually a good differential. It is less than a dollar difference. In the new safety net program, there is also supplementation, additional funding availability, for services with viability issues like some of the services you might have just mentioned. CSP is not continuing, but there are targeted programs to assist with viability going forward.

Senator LINES: In today's dollars, how much will family day care fees increase per hour and per week as a result of the CSP funding ending?

Ms J Wilson: As I said before, the CSP only adds 70c per hour on average towards the operational costs. We have done a lot of work with family day care in New South Wales and Queensland to do business development packages to support the CSP services. There are a number of factors: too many educators, looking at their fees, adjusting their—

Senator LINES: Too many educators?

Ms J Wilson: In some places they have way too many educators for the number of children, so their overheads are quite big. Part of the effort that family day care did in running this—

Senator LINES: Sorry, Ms Wilson, did you say they had 'too many educators'?

Ms J Wilson: In some cases, yes. It is basic business modelling for how to run a business. Some of the services were actually structured in a way that was not cost effective in order to deliver the services they were trying to deliver. The support that family day care New South Wales and Queensland provided was business support to help services run more viable businesses, to get the structure and the administration correct. Some of those things that we did have helped a number of services. It was a very popular initiative.

Senator LINES: What is the number of family day care services that you would expect to close?

Ms J Wilson: For the process for reconsideration of eligibility for family day care, as you said before, for CSP, the rules change from 1 July 2015, so we are in the process of people applying now.

Senator LINES: But you just told us that some schemes had too many educators, so I am saying: how many of those family services do you expect to close?

Ms J Wilson: All I am saying is that that was business management advice to the services. What the services choose to do with that business advice is up to them.

Senator LINES: What was the advice? Did you give them a viability number?

Ms J Wilson: No. Maybe I should take it a step back. Basically, we ran business development packages to assist services to transition to suitable business models. Based on what the service looked at, what the purpose was, where they were and what they did, that business advice would have been some general advice and some tailored advice. I am not party to what that advice was, and it would have been different for different services in different circumstances. They got that advice and, in the lead-up to the changes, they would have been better placed to position themselves as more robust with more robust business practices, I guess, if they adopted some of that advice.

Senator LINES: You told me that you had taken into account the CSP changes in your family day care per-hour costings in the new childcare system, so you must know what impact this will have on fees, and that is what I want you to provide us with.

Ms J Wilson: We did not take out one element of the model as separate to all the other elements. It is all in. The rates reflect the combination of a whole number of changes, including the growth from LOCMOCC, including the changes to CSP—including a whole bunch of different parameters.

Mr De Silva: It is modelling of the system as a whole rather than elements of that proposed system.

Senator LINES: But you said it was worth, I think, 70c an hour.

Ms J Wilson: On average, it paid 70c per hour towards the operational costs of a service provider.

Senator LINES: I will just go back to the childcare subsidy. It includes a cap of \$10,000 per child per year for high-income families. How many families are expected to hit this cap in 2017-18, 2018-19 and future years?

Ms J Wilson: We do not have that information with us. We think it is a generous cap, and we do not have the information on—

Senator LINES: But you have got that information that you can provide on notice?

Mr De Silva: We will take it on notice. I think it will depend on what the usage is, what the fees being charged are et cetera to determine whether a particular family would actually hit a cap.

Senator LINES: But, when you came up with the cap, you must have factored some of that in—who is going to hit the cap and who is not?

Mr Pratt: Yes, we estimated the numbers.

Senator LINES: They are the figures I am asking for.

Ms J Wilson: We will take it on notice.

Senator LINES: I am just looking at 'Jobs for Families child care package delivers choice for families', dated 10 May 2015.

Ms J Wilson: The press release?

Senator LINES: Yes, I think it is. It does not say it is a press release, but it is dated 10 May 2015. I can certainly table it.

Senator Fierravanti-Wells: Can you get a copy please?

Senator LINES: Certainly.

Senator Fierravanti-Wells: You have got it? Sorry, the officials do have it.

Senator LINES: Yes, I have. You can tell me what you call it, because I—

Senator Fierravanti-Wells: I am sorry; I thought was a media release.

Senator LINES: That is what I think it is. But it does not look like a normal one. But I am happy to table it

Ms J Wilson: 'Jobs for families childcare package delivers choice for families'?

Senator LINES: Yes, that is it. Got it.

Senator JACINTA COLLINS: What do you call it?

Ms J Wilson: We thought it was a media release.

Senator LINES: We are on the same page.

Senator JACINTA COLLINS: It is just that it has no general media attributions to it.

Ms J Wilson: Ours has headers and everything.

Senator LINES: Do you have it too, Senator? I do not want to leave you—

Senator Fierravanti-Wells: I have it.

Senator LINES: No, yours is different. I just want to make sure we all have the same copy.

Ms J Wilson: The 10th of May.

Senator LINES: Yes, 10th of May. This one refers to 'benchmark prices' towards the back.

Ms J Wilson: Yes.

Senator LINES: So what are we meaning there? When I used 'benchmark price' you told me it was a cap.

Ms J Wilson: The correct term is 'maximum hourly fee cap'. The PC referred to its methodology as a 'benchmark'—and we are trying to differentiate—but I think through the course of the last few months we have used the terms interchangeably, which has not been helpful. Technically speaking, it is a 'fee cap'.

Senator LINES: What is the minister—this is a media release?

Ms J Wilson: Yes.

Senator LINES: From the minister. Did the department help put it together? Did you see it before it went out?

Ms J Wilson: We certainly provided input for it.

Senator LINES: Did you provide input calling it a benchmark?

Ms J Wilson: I cannot recall in this particular instance what our contribution was, but we provided a range of facts for them.

Senator LINES: It is fine to correct my usage of the term, but my usage of the term is influenced by what the government of the day are telling me and they are definitely calling it a benchmark. So what is the settled terminology?

Mr Pratt: We prefer 'hourly fee cap'.

Ms J Wilson: Yes.

Senator LINES: You call it an hourly fee cap?

Ms J Wilson: Yes, and that is the same in all the glossies—

Mr De Silva: And, if you go to all the budget documents, they talk about a fee cap. So, at page 6 of the families package—

Senator LINES: You are the department; I am looking at the media release put out by the minister, which you had some input to but you cannot remember if you had input into the benchmark or not.

Senator JACINTA COLLINS: Maybe I could ask that question a different way. From the department's end, have you been consistent with the language you have used?

Mr Pratt: From my point of view, I believe we have been very consistent. Occasionally we may have slipped up, I guess—but, generally, very consistent.

Senator JACINTA COLLINS: But when Ms Wilson refers to some looseness in the language here, it has been a discussion around a consistent position that the department has put forward?

Ms J Wilson: Hourly fee cap is the language we use. But people move between talking about the PC and talking about the current model, and I think language needs clarification when those discussions happen.

Senator LINES: I am just trying to clarify here is: we all understand that a 'cap' means: 'That is it. That is your lot.' Whereas, a 'benchmark price' to me indicates a bit of a medium price; there is movement above and movement below. So it would seem to me that, in this media release, 'benchmark' means that we could see increases above—or we might even see decreases—the benchmark fee.

Ms J Wilson: I think the minister has been very clear in his discussions around the rates of \$10.70, \$10.10 and \$7; and that these are the maximum hourly fees, and the subsidies will be based on the maximum hourly fees.

Senator Fierravanti-Wells: Senator Lines, I can take that on notice and seek clarification of that. From a personal perspective, it would seem that the two are being used and interchanged with the intention being the same in both. But I will seek clarification of that.

Senator LINES: Thank you. In my notes, I have used 'benchmark' but I should use 'cap'.

Mr Pratt: We would prefer that, Senator.

Senator LINES: I am not sure what I should use to the—

Mr Pratt: But, if you do use the term 'benchmark' in relation to the new scheme, we will understand what you are referring to and we will not be critical.

Senator LINES: The fee cap has been set using forecasted real price information, is that correct?

Ms J Wilson: That is right.

Senator LINES: But the proposal is that it will only increase after 2017 by CPI, is that correct?

Ms J Wilson: That is right.

Senator LINES: So, given evidence from the PC that year-on-year increases averaging seven per cent per year, will this mean that over time the fee cap price falls behind?

Ms J Wilson: I guess CPI adjustment and growth are standard government ways of adjusting for a range of programs, and we have just adopted that. It is the same as what the adjustments to CCB are at the moment.

Senator LINES: So will that mean that over time the fee cap price will fall behind?

Mr Pratt: If nothing else changed, then yes. But of course this package is designed to try and constrain the rate of increases. So we would expect the market would respond to that.

Senator LINES: But you told us in evidence that is only at the top five per cent.

Mr Pratt: No.

Ms J Wilson: No, we did not say that.

Mr Pratt: No, across the board.

Senator LINES: So how does it constrain prices across the board?

Mr Pratt: David, do you want to do it again?

Mr De Silva: So, as I said, depending on the profile the service has, in terms of families, the concept is that—because families will always have an out-of-pocket cost; if you get the maximum rate, you will have to pay 15 per cent, and 85 per cent will be covered; if you are a higher income earner, 50 per cent will be covered up to the annual cap, per year, per child. So it really is the market factors that would, depending on the profile of the families that you have, influence what prices you may or may not increase.

Senator LINES: But what assumptions—

Mr Pratt: Another way to describe this, Senator—sorry for interrupting—is: for those who are charging above the hourly fee cap rates the signal would be strongest; but even for those charging below it there is still going to be a contribution from the families, either at the minimum of 15 per cent for those who are at a lower income, or 50 per cent for those who are at a higher income. So there will always be a signal for them to try and keep their prices lower to compete with others—acknowledging that different labour markets will operate in different ways, those parameters will continue to operate to put downwards pressures on price increases.

Senator LINES: But we have that now with the cap system. And it has made no difference to the market.

Mr Pratt: I do not want to be argumentative but, if we did not have some price signals, prices would be even higher.

Ms J Wilson: There is actually quite a range and distribution of the cost. For example, long day care is not all—so actually the 50 per cent—

Senator LINES: Yes, I know; which is my point about the market. The market is street by street, and Mr Pratt acknowledged that.

Mr Pratt: It is not homogenous, no.

Senator LINES: You cannot say there is one childcare market across the country. There is not. It is a geographical localised market in a way. I cannot think of other markets that operate that way. You price-match your neighbours; the minute the neighbour puts the fee up and no-one moves out, then everyone else will follow.

Mr Pratt: While I am not being argumentative, I will argue that, if we had adopted a benchmark price, every price that was below that would immediately move to the benchmark—

Senator LINES: Yes, and I agree with that. But I do not understand how the fee cap stops those below it moving up. I am wondering what you—

Mr Pratt: Because people will shop around to attempt to get a better price elsewhere because they—

Senator LINES: Only where there are vacancies.

Ms J Wilson: Yes. But in most places there are—

Senator LINES: Not in CBDs there aren't. Aren't the majority of users metropolitan families?

Mr Pratt: Can we agree to separate the very tight labour markets, because there are other ways of dealing with those issues in the package, which we have not got to yet.

Senator LINES: Yes, sure. You are confident at this point that—even though the PC is saying an average cost of seven per cent each year, and Ms Wilson said around six per cent, and we have this fee cap—the fee cap is not going to fall behind?

Ms J Wilson: I think the secretary has already answered that.

Senator LINES: Okay. Can you confirm that there is nothing in the childcare changes that will actually put downward pressure on the out-of-pocket costs over the longer term?

Ms J Wilson: I think we just spent quite a while saying that we thought there was a range of things that did put downward pressure on.

Senator LINES: But I asked for actuals.

Mr Pratt: I do not think we are agreeing with the premise of your question.

Senator LINES: Okay. I want to ask you some more questions about the fee cap, and I will give you another media article by Daniel Meers. Could I table that, please. The analysis that is referred to in the article about how many families will be better off—what analysis is that? Is that the analysis we talked about earlier in the day?

Ms J Wilson: Are you talking about the 240,000?

Senator LINES: Yes. Where is that analysis from?

Ms J Wilson: Are you talking about the first para under the heading?

Senator LINES: Yes.

Ms J Wilson: That is based on our broad modelling to come up with the costing for the package that we did.

Senator LINES: That is your modelling. When you say 'broad modelling', what do you mean?

Ms J Wilson: At the whole-of-package level.

Senator LINES: The whole of the families package?

Ms J Wilson: Yes.

Senator LINES: That child care is a part of?

Mr Pratt: Sorry, no—the whole of the childcare assistance package.

Ms J Wilson: I think that up the top it has got other things which are not child care.

Senator LINES: What is that modelling? Is that the LOCMOCC modelling?

Ms J Wilson: It is the output of all of that LOCMOCC modelling.

Senator LINES: So that LOCMOCC modelling predicts that four out of five families will be better off?

Ms J Wilson: That is right.

Mr Pratt: Going back to much earlier this morning, my view is that this is slightly conservative because it cannot take into account any change in behaviour in relation to the new activity test. As I was saying earlier, and as my colleagues were pointing out, there will be quite a few people—unquantifiable at this stage—who are already doing things which would qualify them to meet the bar in terms of the activity test at the lower level; and others, by simply increasing activity to one hour a day for four days a week, would also be able to qualify for up to 36 hours per fortnight of child care.

Senator LINES: When we were talking about the market research earlier, because that might help us, you indicated that the minister's office is probably watching and we might be able to get some view on whether we can have that market research. Do we have anything back?

Mr Pratt: We have taken this on notice and we have undertaken to see if it can be available this morning, but ultimately we need to get a response from the minister via the minister's office. The minister is the one who ultimately answers questions of this sort. I have no idea what his availability is this morning, so we will await his decision.

Senator LINES: So you have not heard back from the minister's office.

Mr Pratt: No, I have not.

Senator LINES: I just want to double-check on the market research. The contract number CN3088402: who was that contract awarded to?

Ms J Wilson: That was also quantitative research with Orima. We talked about understanding what the activities of the families on incomes less than \$60,000—

Senator LINES: Okay, that is good. And what is the value of that contract?

Ms J Wilson: That is \$283,767.

Senator LINES: And I think you said that was an online survey.

Ms J Wilson: That is right. We are looking at an online survey for that.

Mr De Silva: It will be a mix. It will be online and it will be some telephone as well. And I think there will actually be some face-to-face.

Senator LINES: How will you do face-to-face?

Mr De Silva: That will be for Orima. They do this a lot.

Ms J Wilson: They are very skilled at doing it, Senator.

Senator LINES: It increases the cost significantly when you do face-to-face.

Ms J Wilson: But I think it is quite instructive to sit and—

Senator LINES: And that is why it is expensive—because it is hard to find the families, hard to get the participation. Did I ask you to provide the LOCMOCC analysis? Is that something you can provide us?

Ms J Wilson: You asked us for the updates on the numbers, which we have given you before on notice.

Senator LINES: Are you able to provide the LOCMOCC analysis? Are you able to table that?

Mr De Silva: Are you talking about the parameters—like the growth parameters?

Senator LINES: Yes, because if we go back to this article, the Daniel Meers article, it says that the landmark figures say that four out of every five families will be better off, and you said that went back to LOCMOCC?

Ms J Wilson: I think you have already asked us to take on board the people who are better and worse off, so I think that will pick up—

Senator LINES: Are you able to also give us the LOCMOCC?

Ms J Wilson: I think it is probably going to be the outputs of that process, and we have taken that on notice.

Senator LINES: But can we get the LOCMOCC analysis?

Mr Pratt: We will take that on notice.

Senator LINES: I want to look at the Child Care Safety Net. It sounds like Mr Pratt is keen to get us there. I am looking at page 86 of the PBS. I think Senator Smith went to some of this. It says that the following programs will cease when the new Child Care Safety Net starts: the CCBs, including grandparents CCB; JET; Inclusion of Professional Support Program; Community Support Program; Budget Based Funded Program—all those listed there. Can the department confirm that the above programs will all be part of the Child Care Safety Net?

Mr Pratt: The resources associated with these programs, plus additional resources, have been bundled up and used to fund the new childcare system and the safety net.

Senator LINES: What was the value of those resources when they were bundled up?

Mr Pratt: In general terms it is the current forward estimates plus the extra \$3.5 billion that the government has invested over the forward estimates.

Senator LINES: So the numbers in the current forward estimates?

Ms J Wilson: That is right.

Senator LINES: So they have been taken, plus the additional?

Mr Pratt: Yes, that is right.

Senator LINES: Can you outline the percentage change in total and per capita terms under the new childcare system for each of the comparable programs that they replace?

Ms J Wilson: I guess it is not necessarily comparing like for like, so I think—

Senator LINES: Well, the families that were in receipt of these benefits have not changed.

Mr De Silva: But the nature of the programs that we are proposing to put in place has changed, so I do not think that you can just do a straight apples-to-apples comparison.

Senator LINES: Inclusion and professional support?

Mr Pratt: They are not identical, so I do not think we can really do that comparison.

Senator LINES: So has the Budget Based Funded Program changed?

Mr Pratt: We will still provide similar services under the new program, but it is not exactly the same as the BBF.

Senator LINES: If the services have changed, what confidence do you have that you have got enough resources?

Ms J Wilson: Because, for example, with the budget based funded services, they now get access to the main subsidy as well as access to additional top up from the safety net through the childcare community fund. We have said that, for the 304 budget based services, some of them will now be able to move into mainstream subsidy—I think there are about 50 out of the 304.

Senator LINES: Yes, it is a small part.

Ms J Wilson: There is another big bit that will need a top up and transition to move over and to move into the mainstream subsidy. That will take time, and we will continue to support them on that journey. There is another group of budget based funded services that are services that provide things like nutrition programs that might not be a childcare service; we will have to have conversations with other departments about how they are best supported. As we said it is not apples for apples; we have got to compare across the whole group. Our intention with that whole group is to maintain ongoing and consistent support for all of them, but we have got a range of reviews that have pointed to a need for change in relation to how they are managed and we will have to work very closely with them going forward.

Senator LINES: Of the budget based services that are on the journey, that you are going to top up along the way, have you done modelling or some analysis or have you made some assumptions that, somewhere along the journey, these budget based services will join the 50 that are now part of the mainstream; is that the aim?

Ms J Wilson: My 50 was that, out of the 304 that we currently have, there are about 56 of them that PwC and other consultants—and Ms Mitchell will be able to help me—

Senator LINES: Yes, I know that you have done—

Ms J Wilson: We have actually had some readiness work going on for quite a long time. The budget based funding review happened in 2014 and it showed that the services wanted to change. Out of that work that we did, we broke them up into four categories. About 56 of those services are ready to transition, and we have done professional development and support, and 'What does a quality service look like?' and all of that with them. In the middle

two groups there are about 200 who, with more support and for variable periods of time, will get there—we need to invest more. There is a group down the end of about 35, which are those sorts of nutrition services I was talking about, where we will have to do a lot of work to find out where they are best placed and how we make that happen. So none of them have gone anywhere. This is all happening to my 17.

Senator LINES: But with the 200 that are on the journey, is there an expectation that they will get to the end of the road where they will join the other 50—is that what you are moving towards—and that they will be able to manage without a top-up?

Ms J Wilson: We are hopeful over time, but the length of those journeys could be small for some and very long for others.

Senator LINES: Will that top-up remain consistent for those services?

Mr De Silva: It will depend on the needs of the community in which they operate.

Senator LINES: For all of the other services that are now part of the childcare safety net, can you guarantee that all of the families receiving those services currently and the services who provide them will be better off?

Ms J Wilson: We are talking about a system that does not come into place until 1 July 2017 and we are talking about the nature of programs changing.

Senator LINES: Presumably, you have made assumptions here. You would not just change without predicting what the results might be.

Ms J Wilson: We are also talking about an increase in investment by \$327 million into all these programs, so it is hard for me to answer a general statement like that. We think the people in need of these programs are people with a disability, people from vulnerable backgrounds—they will all be better off—but I cannot give you a categorical guarantee that everyone in the system at the moment will be better off.

Senator LINES: Okay but the change for grandparents—there is a view that they will be worse off.

Ms J Wilson: With grandparents, the minister has made it very clear that grandparents who are primary carers of their grandchildren who currently under the system face no out-of-pocket costs for the cost of care will continue to be supported in a similar manner to what they are being supported at the moment.

Senator LINES: But not the exact manner.

Ms J Wilson: In terms of how the safety net works, there are some groups of people who receive top-ups. We talked about the maximum subsidy of being 85 per cent. In the safety net there are actually top-ups—there is a 10 per cent top-up for the group that is transitioning to work; for the kids at risk and people with financial hardship, there is a 35 per cent top-up to 120 per cent. What we are trying to do is work out what the appropriate amount of assistance is so that grandparents who are primary carers of their grandchildren will not be any worse off.

Senator LINES: You have not got there yet with that figure.

Ms J Wilson: We have not landed exactly what the number is per se. We are having discussions with people like COTA on how to make it work. But, as I said, the minister has

made a commitment that grandparents who currently face no out-of-pocket costs of care will continue to be in the same position in the new system going forward.

Senator LINES: Of those grandparents who get the GCCB, the grandparents' childcare benefit, are there any who will not have their costs met under the new system? And will any of them get a gap fee?

Ms J Wilson: Based on the commitment the minister has made, if you are talking about the current people, my answer would be: no, we would expect that their current arrangements would—

Senator LINES: But you haven't done the modelling on that; you don't know for sure, but the minister has given—

Ms J Wilson: A commitment.

Senator LINES: But all you have got at the moment is that commitment.

Ms J Wilson: I think what I said was: how the program delivers on the commitment is what we are sorting out, not whether the commitment will be delivered on.

Senator LINES: I guess it goes back to my first question, because the resources you have taken are based on the current forward estimates which match the current programs. Mr Pratt said the programs are changing. You haven't done the costings on all of them, so how do grandparents get certainty from that they are not going to be worse off under a new system?

Mr Pratt: We cannot do a direct comparison between existing programs and new programs but certainly we have done the costings for the new programs. As I mentioned earlier, it is a combination of the funding which is available for similar programs in the current scheme plus additional money as outlined in the budget papers—another \$327.7 million in the forward estimates, noting that that is over the latter years of the forward estimates, so on a longer term will be a greater amount. The combination of those things can at least give us the confidence that we have more resources than are currently being attributed to these functions now, and while we cannot be 100 per cent sure it will be enough into the future we are certainly a lot more confident than we would have been otherwise.

Senator LINES: And so for future grandparents who might find themselves as carers, is that statement you have just made also true for them? You would make an assumption that their costs will be covered, but you cannot be certain?

Ms J Wilson: The minister has made that commitment. I did not say it was uncertain—

Senator LINES: No, I was referring to the comment Mr Pratt just made.

Mr Pratt: My answer stands.

Senator LINES: Okay. How will the government's additional childcare subsidy work? Will support be provided in addition to the childcare subsidy?

Ms J Wilson: That is right. I just gave you a couple of examples of—

Senator LINES: Those 35 per cent?

Ms J Wilson: Yes, and the 10 per cent additional childcare subsidy for people returning to work.

Senator LINES: So for each of those programs being rolled into the childcare safety net, how many children and families will be affected?

Ms J Wilson: Do you mean how many—sorry?

Senator LINES: The JET inclusion, professional support, the budget base services.

Ms J Wilson: Okay, so you are adding them all up. In relation to the additional childcare subsidy, which is for the people who will get the top ups, there are 150,000 families who will be assisted through those various top up mechanisms. But I think you are now also asking about—

Mr De Silva: How many services will be supported.

Senator LINES: Yes. And, of the families, have you got a number of children there?

Ms J Wilson: I do not have the number of children; I have just got the number of families.

Senator LINES: Are you able to give that to us on notice?

Ms J Wilson: Yes.

Senator LINES: And of the services?

Ms J Wilson: Yes. I do not have the service numbers either. The top up is about individual families, so there would not be a number for services because the top up is for individual families.

Senator LINES: Yes.

Mr De Silva: Under the safety net for services, we are only just paying it out for the community childcare fund. We are estimating there will be about 4,000 childcare services that may be assisted. It will be a competitive grants process, but our estimation is it will be about 4,000.

Senator LINES: That is just over 50 per cent, isn't it? Actually, it is more than that.

Mr De Silva: There are about 16,000 services in the sector right now.

Senator LINES: You were taking the whole lot? Sorry; I was just thinking of long day care—my mistake.

Mr De Silva: I will just see if I have got a figure for the inclusion support program. Again, that is more focused on the number of children who will be assisted. We are estimating that about 15,000 children with additional needs will be assisted under the inclusion support program.

Senator LINES: I am just looking back to the minister's media release from 10 May, which states:

- A new Child Care Safety Net, to support families who are vulnerable and disadvantaged, with \$327 million in additional funding for three new programmes supporting up to 95,000 children and up to 18,000 individual services and centres.

Does that mean the childcare safety net will be a capped program? I think, Mr De Silva, you just said it is—

Mr De Silva: The Child Care Safety Net is comprised of the additional childcare subsidy, the community childcare fund and the inclusion support program, and they are all annual appropriations for those components.

Senator LINES: So does that mean it is capped?

Ms J Wilson: In terms of funding? It is an annual appropriation, yes.

Senator LINES: So how many families, children and services does the department expect will miss out on access to the program in 2017-18 and 2018-19?

Ms J Wilson: We have just said that there is \$327 million in additional funding, and the programs are targeted in a different manner—it is not a like-for-like comparison.

Senator LINES: No, but it is a capped program.

Ms J Wilson: But it is \$327 million more than what we currently spend.

Senator LINES: But it is still capped.

Ms J Wilson: Can I get your question again, please, Senator?

Senator LINES: I asked whether the childcare safety net would be a capped program and Mr De Silva said—

Mr De Silva: It is a set amount—it is an annual appropriation.

Senator LINES: I asked you whether that means a capped amount and you said, 'Yes.'

Mr Pratt: The entire safety net program is capped. The additional childcare subsidy element within it is not capped. It is conceivable that, if there were extra demand for those top-up payments, it could then be resourced from within the entire program, of which it is one element.

Senator LINES: But then that is taking money from the rest of the program to prop something else up. We will end up with the Family Day Care and the Community Support Program again.

Mr De Silva: As Ms Wilson said, it is \$327 million more than we currently put in now.

Senator LINES: I guess my dilemma is that you have not been able to tell me, and you have taken it on notice, how many families will be affected in the future and now you are asking me to take on faith that the amount of money going into the childcare safety net is capped but that money can be taken from elsewhere. If that money has been calculated as it should be to provide for x number of families and children, then that is going to leave that area with less funding. That is obvious, isn't it?

Mr De Silva: There is an estimate for each of the components of the safety net. For example—

Senator LINES: But I asked you what that was before and you said that there was no estimate.

Ms J Wilson: No, we did not, Senator. We can give you the breakdowns for the three elements—additional childcare subsidy, the inclusion—

Senator LINES: Let me be clear: I asked what had been allocated for the areas that are going into the childcare safety net, and Mr Pratt said that it was the existing resources in the forward estimates—

Ms J Wilson: Yes, plus 3.25—

Senator LINES: And then when I asked for a breakdown you told me that you could not give me a breakdown because it was not like for like.

Mr Pratt: There has been a miscommunication. We can give you a breakdown of the component parts.

Senator LINES: Can you do that now?

Ms J Wilson: Yes. The Inclusion Support program is \$409 million; the Community Childcare Fund is \$304 million; and the additional childcare subsidy is \$156 million. That is a total of \$869 million, which is \$327 million more than what is currently—

Mr Pratt: Broadly appropriated to this function.

Senator LINES: If demand outstrips that funding, will it come from the bigger pool?

Mr Pratt: No, that is not we are saying. We are saying that \$869 million is capped, but the smallest component there—the \$156 million, which is the top-up subsidy—is subject to demand and so if there were to be a small extra requirement there it could be sourced from within the childcare safety net. Keep in mind that these are sound estimates, but they are always estimates for several years out and it is open to government to reconsider the funding, if there were additional demand that was not anticipated.

Senator LINES: Is this \$156 million, Ms Wilson, that you were saying was 35 per cent or 10 per cent more? But some of those you have not set yet. Is that what you were saying?

Ms J Wilson: No, the only thing I said that we had not set yet was grant in relation to the 6000 grandparents. The 120 per cent of the maximum rate—

Mr De Silva: For example, under the additional childcare subsidy, if you have a child at risk, what is proposed is 100 per cent of their actual fees will be covered up to 120 per cent of the fee cap.

Senator LINES: That assessment is in the \$156 million?

Ms J Wilson: That is right.

Senator LINES: And that is the area that could be subject to a top-up?

Mr Pratt: If necessary.

Senator LINES: And that top up would come from the bigger—

Mr Pratt: Within the \$869 million for the safety net.

Senator LINES: You have given me the figures of 409, 304 and 1.56. So you must know the families and children in each one.

Ms J Wilson: I think we gave you some broad indication. We said one hundred—

Mr De Silva: For additional child care it is 409 for inclusion support.

Senator LINES: I am saying you must know the families and children.

Ms J Wilson: For the childcare community fund—

Senator LINES: Just give me the dollars.

Ms J Wilson: it is \$304 million. We said it would support an estimated 4,000 childcare services. For inclusion support it is \$409 million. I am just looking to see what it says.

Mr De Silva: I think what I said is that we have estimated that it will support 15,000 children.

Ms J Wilson: Four thousand children.

Senator LINES: Fifteen thousand children.

Ms J Wilson: Fifteen thousand children. And is there a third one?

Mr De Silva: Additional childcare.

Ms J Wilson: Overall, approximately 150,000 families are expected to be supported with the additional childcare subsidy.

Senator LINES: That is the top-up subsidy?

Ms J Wilson: Yes.

Senator LINES: That is the one that has the grandparents in it?

Ms J Wilson: Yes.

Senator LINES: That is 150,000 families. How many children?

Ms J Wilson: I do not appear to have a line for children.

Senator LINES: So you will take that on notice?

Ms J Wilson: Yes.

Senator LINES: Of the \$304 million and the 4,000 services, what is the number of families or children in that? Do you know?

Mr De Silva: I think we would have to take that on notice. It is a grants program for services.

Senator LINES: Yes, you did say that. I was just wondering what assumptions you had made. Can you confirm that for children at risk there would still be a gap between the cost of care and the support provided? And, if so, who will pay for that?

Mr De Silva: As I said, for children at risk, 100 per cent of actual fees will be covered up to 20 per cent above the fee cap.

Ms J Wilson: That is the one that we are setting at 120 per cent.

Senator LINES: If some of those are in those five per cent of your tapering group, there would be an out-of-pocket there?

Ms J Wilson: If they are above those maximum fee caps? Is that what you are asking?

Senator LINES: Yes—

Mr De Silva: If there is an at-risk child—

Senator LINES: You have put 100 per cent but you have added in the 20 per cent—

Ms J Wilson: To pick up the top.

Senator LINES: But there is still a gap potentially?

Ms J Wilson: It would have to be a very high fee cost because 98 per cent of—I cannot remember how much—

Mr De Silva: I think the 120 per cent of the fee cap would take it to 95 per cent or 96 per cent. Then it would be a child going to the top three or four per cent.

Senator LINES: If there was that gap there, who pays that?

Ms J Wilson: It would be the family who would pay that gap and in some cases it would be other programs—for example; some at risk children are placed by state and territory governments into programs through their own programs and they meet the full cost of that care. We are having those conversations at the moment with state and territory governments

about how their programs work with our programs. We know with this one in particular we need to get some alignment to make sure that it is not the family and the child at risk.

Senator LINES: But there is no double dipping where the state pays and you are paying?

Ms J Wilson: For the family?

Mr De Silva: We do not believe so.

Senator LINES: You know, where the state is paying 100 per cent and you are paying your 100 per cent as well.

Ms J Wilson: I think we need to work out how the program guidelines would work to make sure that it covers the cost of the care without stepping across each other's rules.

Senator LINES: We have talked about at-risk children before and, to your credit Ms Wilson, you have been very concerned about them. The government is going to pay 100 per cent but with a 20 per cent buffer, but we could have children in services above that gap who will pay the gap. This whole program is designed to make sure children at-risk are catered to and if we have a gap in fee that will mean that the family simply will not go.

Ms J Wilson: The minister has also said that we are going to be consulting on this. The three elements we are talking about are areas we want to consult on. So we actually want to get a real sense of what that means, how many people will be affected and what it means, which ones of them will be covered—the gap will be covered by the states and territories—and where there will be a genuine case of being out of pocket for a family. We need to understand that better.

Senator LINES: Given the states' aversion to picking up any additional cost they have not budgeted for it is highly unlikely the states will pick up this cost?

Ms J Wilson: They already pick up the full cost of care—for example, there are programs in New South Wales and Queensland that actually purchase the full—

Senator LINES: They have budgeted for that and so on. But if you are going to say to all states that if there is a gap fee they have to pick it up, that is an additional impost on their budgets.

Ms J Wilson: Every state runs these programs slightly differently. But we will certainly have to work with them.

Senator LINES: But they currently do not pick up the Commonwealth gap? That is the point I am making. So right now you do not have a clear answer for any parents with at-risk children who might be out of pocket?

Ms J Wilson: What we have said is that it is a very, very small group that would not be covered fully by this.

Mr De Silva: It is a very small group. As part of those discussions I think we also have to have an examination of what the services are and why they are charging such high rates for those cohorts.

Ms J Wilson: We have another issue that we have mentioned to you before, which is the services categorising children at risk, because then the Commonwealth government pays the full cost of care, but the definition of at-risk has been quite blurry. There are really genuine cases, but there are also cases where we have confident there is abuse happening in this area

of the payment structure. One of the things we are very keen to do is come up with some clear definitions with states and territories about making the money work for the kids at risk, and the families who need it, not for others. The minister has talked about the need to be much better targeted for the children and families and services that most need it. So we have a bit of work to do in this area.

Senator LINES: So in the future we could have a clearer definition of at-risk that would mean some children who are currently regarded as at risk are no longer regarded as at risk, so they would presumably no longer be eligible for this subsidy.

Ms J Wilson: There is not a definition of 'at risk' per se at the moment, so the services make the call based on presentation. We do not want to change that, either. They do it when the family presents and if there are issues that they need to deal with. So the services have asked us for a clearer definition of 'at risk' and we would want to do that in consultation with states and territories to make sure we have consistent definitions.

Senator LINES: But, potentially, as well as having a small percentage of families with at-risk children at the top end who will have to meet a gap in payment—I think we all know that means they will not use the service—we could also have children who are currently defined as at risk, who do not then meet a future definition and will also then be ineligible for this subsidy.

Ms J Wilson: I think we would say that some of them are not genuine people who should be in the at-risk category at the moment—that this is being used for some fraudulent practices. They are the people we are talking about—

Senator LINES: Are they rorters!

Ms J Wilson: That word has been used in the past. There are some services that are set up just to attract special child care benefits.

Senator LINES: So are you saying that it is the services that are doing it?

Ms J Wilson: I think there is a number of factors in play, but it is certainly a focus of our compliance effort.

Senator LINES: What are the factors at play.

Ms J Wilson: The service tries to make it easier for the families. They probably do not have a clear definition of at-risk. They are interpreting that broadly. So, if a family is having temporary difficulties, suddenly have find they have been declared at risk for 13 weeks and then extended and extended, when actually it could well be that the family was having difficulties for six weeks and the government should be funding complete cost of care for six weeks, but not for 52 weeks.

Senator LINES: So this is where the service is rorting?

Ms J Wilson: We are wanting to look at how these things happen to make sure we do not set up a system that continues practices like that.

Senator PERIS: I have a question about the \$246 million nannies pilot program. I refer to the minister's media release on 28 April regarding implementation of the Home Based Carer Subsidy Program, known as the nanny program. Does the department have any data on the number of nannies currently employed in Australia?

Ms J Wilson: We do not have any data, but the Productivity Commission report said there were about 45,000 nannies. The information is patchy. We have no need to collect it. We have tried to find it in other data collections. The Productivity Commission number is the one we have mostly recently gotten.

Senator PERIS: In the media release the minister said that the trial will target shift workers and rural and regional areas. How will the trial target those three areas?

Ms J Wilson: The guidelines for the trial are in the process of being developed. We are talking to a range of people like the police association and the nurses federation. We are trying to understand what the needs are for genuine occupations that need a lot of support in shift work. We have also been talking to some of the nanny associations, some of the in-home care associations and a range of different players about how we would best target the program to capture those things that the minister has identified as priorities.

Senator PERIS: When will the applications to access the scheme open?

Ms J Wilson: We are looking at a tender process for services to express an interest and a separate process for families to provide an expression of interest that they would want to participate in the nanny trial. The timelines for the service provider tender are around August this year.

Senator PERIS: How will the trial be prioritised? Will it be a case of first in best dressed?

Ms J Wilson: It will not be first in best dressed. There will be guidelines that stipulate what the priority areas are. They are the things you just commented on from the press release, as highlighted—unable to use standard hours of care, shift workers, rural and remote and all of those sorts of areas will be priorities in the trial.

Senator PERIS: When will the department be releasing the tender? In October?

Ms J Wilson: I said we are hoping the tender for providers to be out in August. That will be followed by the expression of interest for families.

Senator PERIS: What modelling did the department do on the implementation of a nannies pilot?

Ms J Wilson: It is a grants program. It is a pilot. So the government has agreed to a program for two years to test how this will work. We expect 4,000 nannies and 10,000 children to be part of that. So there is no modelling per se, apart from agreeing the size of the pilot.

Senator PERIS: Does the department know the average hourly cost of a nanny?

Mr De Silva: We have some anecdotal evidence from various discussions we have had with nanny agencies, but I do not think there is a national average. I would not say that there exists a national average

Ms J Wilson: There is not a national average.

Mr De Silva: We do not collect any fee data.

Senator PERIS: Does the department have any modelling on the expected out-of-pocket cost for nannies, particularly focused on lower-middle income families?

Ms J Wilson: No.

Senator PERIS: Referring to the nanny agency Dial-an-Angel's submission to the Productivity Commission, do you have a copy of that?

Ms J Wilson: No.

Senator PERIS: I will give you a copy before I go on.

Mr Pratt: While we have a pause can I just fulfil an undertaking from last night. Senator Siewert asked for data on the number of people who will serve the four-week waiting period under the under-25 measure that we were discussing. The answer is: 75,000. 65,000 will serve one waiting period during a year, and we estimate that 10,000 will serve two waiting periods. That is just living up to our commitment to Senator Siewert from last night.

CHAIR: Thank you very much, Secretary.

Ms J Wilson: Senator Lines, you asked a question earlier about the number of families who receive CCB and CCR, and I could not give you the 2016-17 figure. I can give you that now. It is 835,000.

Mr Pratt: I can follow up on another undertaking. I have now seen interim advice from the minister's office on the issue of the research. There is no decision from the minister at this stage. Can I say separately that it occurs to me that this research is still being used by us to inform the government on policy issues, so really it still forms part of our deliberative advice to government. My view and my advice to the minister would be that it is probably premature to release it at this stage. That will ultimately be a matter for the minister, however.

Senator LINES: That is disappointing but not unexpected, Mr Pratt.

Mr Pratt: Apologies, Senator.

Senator LINES: I think you have Senator Peris's release, which she has tabled.

Senator PERIS: Referring to the Dial an Angel submission to the Productivity Commission, which estimates that a nanny costs around \$35.50 to \$45.18 an hour, does the department consider the subsidy bench price of \$7 per child per hour sufficient for lower- and middle-income families to afford a nanny?

Ms J Wilson: Dial an Angel is one. I have heard variously \$25 and I have heard other things. It is also about what services are being provided for that cost of care. We are primarily interested in nannies to provide care for children, not to do housework or meals or anything else. The task for the nanny pilot will be all focused around looking after the child. You are right that there is a variation in pricing across a range of providers. It depends on what service it is that you are paying for that is reflected in that cost. I do not know what Dial an Angel's costs include. Clearly, in terms of people who might express an interest in being part of a nanny pilot, it will be largely where there are multiple children, because that would actually mean the out-of-pocket costs will be reduced. There might be some people who have exceptional circumstances, because of no other available care or remoteness or special circumstances of the children, that might want a one-one-one relationship between a nanny and a child, but mostly I would expect multiple children to be involved, so that \$7 subsidy would be multiple times available for the cost of the care.

Mr De Silva: And in many cases now, some of these families may not be getting any assistance now.

Senator PERIS: Does the department expect the nanny pilot to be fully allocated, given the high out-of-pocket costs of accessing a nanny?

Ms J Wilson: Based on what I have heard through the qualitative work, lots of families think that even if the out-of-pocket cost were greater, the convenience would be worth it. Whether that is translated into applications is still to be seen. I was quite surprised to see that it is not just middle to high income families; it is a range of families who think that this would be a popular service and they would be interested in participating.

Senator PERIS: How will the program be regulated? Have there been discussions with the states and territories about regulation of the program.

Ms J Wilson: This will be grants program. It will be managed by the Australian government, not through the states and territories. We run similar programs for in-home care at the moment, where we write tight guidelines. Also, I think the minister has made very clear that nannies will be engaged through existing service providers, and there will be a role for service providers in ensuring the safety of the child, the safety of the premises and the safety of the nanny.

Senator PERIS: I refer to the minister's media release on 20 April, where he says: Provision has been made to continue support at the same level beyond the trial period, as an ongoing measure.

Can you explain what provisions have been made?

Mr Pratt: There is funding in the overall appropriation for a continuation of a nanny service, depending on what comes out of the trial. There is money set aside for a future program if the government decides to go with that.

Senator PERIS: The next question was: if the provisions for continuation have already been made for the trial, does this not defeat the purpose of having a trial? But you are saying that it is set aside if the trial is successful?

Mr Pratt: On the assumption that the trial is successful in some degree, based on the outcomes of the trial, there may be further advice to government, changes to the arrangements and so forth. But the money is there if it is needed.

Senator PERIS: Again, referring to the minister's media release, he says: Existing service providers in family day care and long day care may also elect to become involved. How would a family day care or long day care provider become involved, and would they need to apply for this as part of a tender process?

Ms J Wilson: Yes.

Senator LINES: I want to table some correspondence, which is getting done now. While that is being done, I will give you the background. Before the government announced their childcare package, the minister said he wanted a bipartisan approach on child care and that was well ventilated through the media. He certainly offered to provide the opposition with information about the government's proposed changes. However, very little information was provided, and many questions were left unanswered. I want to refer you to correspondence, which I think you have in front of you. There is a 13 March letter from Kate Ellis, a 27 March letter from Kate Ellis, an email from Ms Ellis's office, a 17 April letter from Jenny Macklin, a 27 and 29 April letter from Jenny Macklin. All of those letters requested information about

the government's proposed child care changes. Were these letters passed on to the department?

Ms J Wilson: Yes. I think I have seen most of them. I am not sure if I have seen all of them, but certainly some of them look familiar.

Senator LINES: Which ones look familiar? You can just give me the dates if you like.

Ms J Wilson: The 27—

Mr Pratt: Rather than us guessing, can we take the question on notice.

Senator LINES: Did the department prepare any responses for the minister's signature or for his office?

Mr Pratt: That would fall into the category of advice to government.

Senator LINES: I appreciate that, but I am just asking: did you?—not what the information provided was.

Mr Pratt: We do not always provide responses for ministers. That in itself is a matter between the department and the minister. Sometimes responses are developed in the office; sometimes we do it. Mostly we do it, I imagine, but sometimes we do not.

Senator LINES: I am asking: did you prepare responses?

Mr Pratt: I cannot confirm that at this stage. We will take it on notice.

Senator LINES: Can Ms Wilson confirm that.

Ms J Wilson: As I said, I am not familiar with all this correspondence. It is best to check which ones we have actually seen before and what our role was in relation to them.

Senator LINES: Why, if they were addressed to the minister, would they have come to the department?

Mr Pratt: That is a decision for the minister whether or not he wants us to provide advice or prepare a response or not. Sometimes we get it for information; sometimes we do not get the letters. That is entirely the minister's prerogative.

Senator LINES: Given that you received the letters, there is a fair—

Mr Pratt: We think we received some of the letters.

Senator LINES: Yes—some of the letters. There is a fair assumption that you were asked to provide information?

Mr Pratt: No; I do not know that the last stage is necessarily the case.

Senator LINES: So you want to take that on notice?

Mr Pratt: Thank you, Senator.

Senator LINES: I refer to the cameo on page 15 of the budget glossy for the families package, and it relates to Charlotte, Calvin and Susie. Are you aware of that one? Can you give an undertaking that you will be able to do other similar cameos if I put them on notice.

Mr Pratt: I give you an undertaking that we are prepared to have a look at your cameos.

Senator LINES: I think you are required to, aren't you?—to at least look at them.

Mr Pratt: Absolutely.

Senator LINES: Can I get a bit of a better response than: 'You'll look at them'?

Mr Pratt: If you ask us to attempt to run through a cameo, we will do our very best.

Senator LINES: And can you also do cameos taking into account other changes in the budget—like changes to CCB and PPL?

Mr Pratt: Possibly. Again, we will see what we can do.

Senator LINES: Can you also re-do the Charlotte cameo—the one on page 15—taking into account the government's family tax benefit changes?

Mr Pratt: We will take that on notice.

Senator SMITH: I would imagine that if they were able to do them they would end up being heavily qualified because you would have to make a large number of assumptions, I would have thought.

Mr Pratt: That is correct, particularly at this time when these things are before the parliament as well.

Senator SMITH: And given the history of some parties not passing budget measures, it might be purely hypothetical.

Mr Pratt: That is the situation we are in at this stage.

Senator SMITH: Perhaps Senator Lines might like to include in the cameos a commitment that the budget measures are passed.

Senator LINES: Senator Smith, I have been pretty apolitical today. I have had the odd go but I think I have been pretty good.

Senator SMITH: And I am not ashamed of being political.

CHAIR: Senator Lines is going political!

Senator LINES: I said I have been pretty political today. Do not take out of context what I am saying. Okay, Mr Pratt, so you have taken those on notice?

Mr Pratt: Yes.

Senator LINES: And I think Senator Peris is wanting to finish her nanny questions.

Senator PERIS: Going back to the nanny questions, what are the current eligibility criteria for in-home care? And how do these differ from what is proposed under the nanny pilot?

Ms J Wilson: In-home care is actually a capped program. There is a capped number of places. There are currently 5,520 places around Australia. In terms of the criteria that you have to meet to apply for it, there are a number: the child has, or lives with another child who has, an illness or disability; the child's guardian has an illness or disability that affects their ability to care for the child; the child lives in rural and remote areas; the child's hours of work or the child's guardian or partner's hours of work are when there is no other service provided; the child's guardian or partner is caring for three or more children. Some of these criteria might be similar to the target that you read out of the press release, but, because it is a capped program, in terms of how it is administered it is the high-level need groups that tend to use a lot of the places. So there are not a lot of available for, for example, children and families in rural and remote areas and people with variable hours of work; it goes to the families with a disability. The kids with a disability are high-end.

There are also quite set rules for in-home care. It has to be eight-hour shifts that you charge for and pay for. So there are lots of rules around how in-home care operates. What we are talking about in terms of a nanny pilot is to deal with a bit of a different target group but also to provide a lot more flexibility in terms of how that nanny care can be provided. It could be early in the morning before long day care opens; it could be wraparound. So it is not about replacing existing care. We want it to be used in a much more flexible way to deal with some of those other groups that we do not think are well supported because we have a capped number of places for in-home care.

Senator LINES: I just want to go back to the letters I tabled earlier. Can you confirm that the department prepared a response for the minister's office and he failed to send it?

Mr Pratt: No. I will take that on notice.

Senator PERIS: That is pretty much it. I will put the rest on notice.

CHAIR: Thank you, Senators. Thank you, Mr Pratt, Senator Fierravanti-Wells and all of the officials who have been with us over the last few days. It has been a gruelling process, but thank you for your forthrightness and your professionalism. Thank you to the secretariat and to the Hansard staff, and all those who make these work. We are now adjourned.

Committee adjourned at 12:59