

17. JUN. 2005 10:23

DD-IS AFHQ 0262655651

NO. 945 P. 1

Tuesday, 31 May 2005

Senate—Legislation

FAD&T 61

have been settled some years ago. That was in relation to the Army case that I mentioned earlier. But in that case the claim was not because the individual has developed a disease relating to beryllium but because they have confirmed exposure. I think the claim was based on an anxiety claim resulting from that. Again, the DVA can provide the definitive answer on that point.

Senator MARK BISHOP—That is a smart answer. We had that discussion last night and we had it earlier when Mr Smith cleared some stuff up. Minister Kelly is exercising her authority in this matter in her capacity as minister assisting, not as Minister for Veterans' Affairs—that is the attachment to the memo. So this is the appropriate place, is it not, to raise questions?

Mr Grzeskowiak—But nevertheless the people who feel that they have a claim would submit their claims to the DVA, the DVA has a well established process for handling those claims and it is rightly the DVA who could advise on the detail or otherwise of any of those claims.

Senator MARK BISHOP—I am advised that, on 29 September, two ADF members were exposed to radiation at the RAAF base in Pearce. There is a reference to that in the quarterly report of ARPANZA which is tabled in the parliament from time to time. What level of exposure to the radiation did the two ADF members at Pearce suffer back in September?

Mr P Sharp—We will need to take that on notice.

Senator MARK BISHOP—Is that an occupational health and safety matter?

Mr P Sharp—It sounds like it.

Senator MARK BISHOP—Do you know, Mr Grzeskowiak?

Mr Grzeskowiak—I do not have a brief on the issue.

Senator MARK BISHOP—Do you know whether the person would have undergone medical checks?

Mr Grzeskowiak—I do not know that, but I would imagine, as a routine matter, that would have occurred.

Senator MARK BISHOP—Has anyone else got a brief on this issue?

Mr P Sharp—No.

Senator MARK BISHOP—Okay. Could you take these questions on notice with respect to level of exposure to radiation by the two ADF members at Pearce. Was the level significant? Have the personnel undergone medical checks? Has a program of ongoing medical checks been developed to monitor the future health of those two men? How was the contamination contained and cleaned up? Could you take those questions on notice, seeing as you have not got a brief?

Mr P Sharp—Yes.

Senator MARK BISHOP—I want to talk about the tendering of the contract to the ABC Learning Centres to provide child-care services to Defence families around Australia. Prior to letting the contract with ABC Learning Centres, Defence used to fund some long day centres at military barracks, did it not?

Ms Stodulka—Defence, until 1 July this year, has run a child-care program that is based on a build-own-operate model. We started back in 1998 with about 14 child-care centres, many of which were unused married quarters—that sort of thing. They tended to be run by parent committees and volunteers. Defence set up the Defence Child Care Program because we were struggling to keep those centres running. The program has been funded since then, and we contract to a not-for-profit agency to manage those centres on our behalf. Currently there are 18 Defence child-care centres.

Senator MARK BISHOP—Over the period 1998 to present, you have developed some 18 child-care centres?

Ms Stodulka—Yes.

Senator MARK BISHOP—And they were on a build-own-operate basis?

Ms Stodulka—Yes.

Senator MARK BISHOP—And they had some sort of parent community management committee?

Ms Stodulka—Since 1998, we have contracted the management of those centres to a professional not-for-profit body who manage all of our child-care centres.

Senator MARK BISHOP—What is the name of the professional body?

17 JUN 2005 10:23

DD-1S AFHQ 0262655651

NO. 945 P. 2

FAD&T 62

Senate—Legislation

Tuesday, 31 May 2005

Ms Stodulka—KU Children's Services has had that contract since 1998. It used to be Kindergarten Union but now it is known as KU Children's Services.

Senator MARK BISHOP—And that is a not-for-profit body?

Ms Stodulka—Yes.

Senator MARK BISHOP—And they had the management from 1998 until the present time?

Ms Stodulka—Yes, until 1 July, when that contract is completed.

Senator MARK BISHOP—What are the arrangements post 1 July?

Ms Stodulka—Over the past couple of years we have been very aware of the numbers of children in the child-care age group—nought to five. We have about 15,000 dependants of ADF members in the nought-to-five age group, and with our 19 centres we have been able to assist only about 1,000 children of ADF members nationally in the child-care program. So for a couple of years we have been looking at other ways that we could facilitate increased access to child care, knowing that that is an important lifestyle issue for Defence families.

We started talking with the child-care industry and experts in other departments about 18 months ago and have been through a two-stage procurement process over the last 12 months. We have developed a new service delivery model and signed a new contract with ABC Learning Centres.

Senator MARK BISHOP—Without going to commercial-in-confidence issues, what does the new contract with ABC provide?

Ms Stodulka—It provides the management of our 19 child-care centres, as does the current contract. However, it provides that at no cost to Defence, whereas the existing contract comes out at a cost to Defence. It also is going to provide a 1,800 booking and information service to Defence families at no cost to them. ABC are also going to embark on a significant expansion program for us so that we can increase the number of places available to Defence families nationally. ABC currently have about 650 centres nationally operating. A number of Defence families use ABC centres at the moment, and where we have significant numbers of Defence families in those centres we will look at trying to establish them as corporate centres so that we can also hopefully achieve other benefits like salary sacrificing, as we are able to achieve at our Defence child-care centres.

Senator MARK BISHOP—So you have made a quantum shift in the administration and management.

Ms Stodulka—Yes. We have gone from a build, own, operate and pay for the management to contracting that out and having what we have contracted to a commercial provider who will manage all those centres for us and will also embark on a significant expansion program in areas of high Defence need.

Senator MARK BISHOP—I will come to the expansion.

Senator HOGG—Does this mean that Defence parents may well have a location closer to their own home rather than closer to their work—they may be separated by 20 or 30 kilometres, as would be the case in a place like Sydney—to place their children for child care?

Ms Stodulka—It is an interesting point because some of our families have indicated a preference for child-care centres located close to work and some families have indicated a preference for child-care centres located close to where their residence is. Through the new contract we believe we will be able to achieve access to centres both near the Defence location and near the home location, and potentially en route as well. So we are trying to give people choice.

Senator HOGG—You will not be forced into buying a block of places at a number of specific centres. It may well be something you can spread across the whole continuum.

Ms Stodulka—We are not looking at buying places at all.

Senator HOGG—I am putting that in inverted commas—reserving places, giving people the opportunity to access a facility where they might otherwise not have the opportunity.

Ms Stodulka—That is right. We are always looking to try and provide choice because people have very different preferences for how they want to manage.

Senator HOGG—When would this operate from?

Ms Stodulka—From 2 July.

17. JUN. 2005 10:23

DD-IS AFHQ 0262655651

NO. 945 P. 3

Tuesday, 31 May 2005

Senate—Legislation

FAD&T 63

Senator MARK BISHOP—When was the decision made to shift away from the pre-existing model to a new corporate model?

Ms Stodulka—I guess the decision was made at the completion of the tendering process, but certainly for a period of at least 18 months we have been looking at different models and benchmarking against what other organisations have done and what is happening overseas and seeing if we cannot develop a more responsive approach.

Senator MARK BISHOP—When did the tender process conclude?

Ms Stodulka—On 21 April this year.

Senator MARK BISHOP—When did the tender process open?

Ms Stodulka—We ran a two-stage procurement process. In August the request for proposals went out to the industry and then on 17 December the request for tender was released.

Senator MARK BISHOP—How many of the then existing 18 or 19 long day care service providers did not submit tenders or had their tenders rejected?

* Ms Stodulka—The 19 centres that Defence has are managed by one contract, KU Children's Services.

Senator MARK BISHOP—They submitted a tender.

Ms Stodulka—Yes.

Senator MARK BISHOP—Their tender was found to be not as good as the preferred model.

* Ms Stodulka—No. Assessed against the quality criteria and the value for money criteria their bid was not assessed as favourably.

Senator MARK BISHOP—Have KU Children's Services lodged any complaint or objection with the department post the contract being awarded to ABC Learning Centres?

Ms Stodulka—No complaint or objection but obviously they are very disappointed to lose the contract. They have been a terrific provider of that management service for us under the old service delivery model. Certainly, they are disappointed but they are maintaining their professionalism and working with us to transition to the new contract successfully.

Senator MARK BISHOP—Who made the decision? Was a committee established?

Ms Stodulka—Yes.

Senator MARK BISHOP—Who was on that committee?

* Ms Stodulka—I chaired that committee as Director-General, Defence Community Organisation. I also had a director from the chief finance office and one from the corporate services and infrastructure group.

Senator MARK BISHOP—It was a unanimous decision.

Ms Stodulka—Yes. We also had independent probity sign off on the entire two-stage process.

Senator MARK BISHOP—Who did the independent probity?

Ms Stodulka—Blake Dawson Waldron.

Senator MARK BISHOP—Why did you see the need to get an independent probity check for a relatively routine matter?

Ms Stodulka—We were looking to change the system. We were looking to ensure that there could be no doubt in anybody's mind about the fairness of the process that we ran. We were wanting to look at what community providers, not-for-profit providers and commercial providers could provide to us. It ensured that the process that we ran to every participant in that process was fair, transparent and not able to be questioned.

Senator MARK BISHOP—Why would there be community involvement if there was only one other company as a competitive tenderer? There were only two, KU Children's Services and—

Ms Stodulka—There were four tenderers.

Senator MARK BISHOP—What was the nature of the other two tenderers?

Ms Stodulka—The other two were for-profit providers as well.

Senator MARK BISHOP—So you had three for-profit—

Ms Stodulka—and one not-for profit and no community based.

17. JUN. 2005 10:24

DD-19 AFHQ 0262655651

NO. 945 P. 4

FAD&T 64

Senate—Legislation

Tuesday, 31 May 2005

Senator MARK BISHOP—No community tenderers applied. This new contract applies to on-base child-care facilities, doesn't it?

* Ms Stodulka—Yes, to all of the 19 Defence child-care centres, some of which are on base and some of which are off base.

Senator MARK BISHOP—I want to talk about depleted uranium in the Al Muthanna province in Iraq, if that is how you pronounce it.

Gen. Cosgrove—I will be able to talk about this. I might start.

Senator MARK BISHOP—Has the ADF hazard assessment team finished locating and mapping the risk areas for depleted uranium over there in the province?

Gen. Cosgrove—In order to obtain a better understanding of the environmental risks, which included depleted uranium, the Al Muthanna Task Group advance party conducted an assessment of air, soil and water quality and these will continue to be monitored during the course of the deployment. To date, the health assessment team has not detected harmful quantities of depleted uranium. The risk of exposure remains low. I could go on with other issues to do with this. They did their job, they have not found harmful levels but will continue to monitor.

Senator MARK BISHOP—So they have found some sources of DU, but it is not identified as being of a harmful level.

Gen. Cosgrove—My note says they have not detected harmful quantities. It is expressed, if you like, in the negative about harmful quantities, and it does not say that they have not found any.

Senator MARK BISHOP—The presumption being that they have found some, but it is not harmful.

Gen. Cosgrove—Yes. You might assume that; I cannot say no.

Senator MARK BISHOP—Air Vice Marshal, do you know anything on that?

Air Vice Marshal Austin—All I can say is that the assessment team were specifically requested to look at depleted uranium risks before they deployed into the Middle East area of operations. The information coming back to me is exactly as outlined by CDF. The only thing I can add is that prior to the arrival of the team, the wrecks of military vehicles that had been damaged by depleted uranium were identified and had been removed well away from the area where our people are located. The initial assessment made by the hazard assessment team is that depleted uranium does not represent a threat to our personnel in that area.

Senator MARK BISHOP—Has that information you have just relayed been disseminated to all ADF members currently in Al Muthanna?

Air Vice Marshal Austin—My understanding is that the assessment team did brief the senior executives at the camp before they departed from the Middle East. However, they are in the process of completing their formal report as we speak and getting the samples analysed that they have brought back from the Middle East.

Senator MARK BISHOP—In regard to the information that we are talking about, the senior people over there have been briefed but the operational people have not been briefed.

Gen. Cosgrove—We do not know that. I think if we took that on notice, we could provide you with an answer to say whether all ranks have been given that sort of information.

Senator MARK BISHOP—Can you take that on notice and advise what information, if any, arising out of the report of the hazard assessment team has been disseminated to all personnel located in the province? And if it was, could you advise when it was done and provide a summary of the information that was disseminated.

Gen. Cosgrove—Certainly.

Senator MARK BISHOP—Were all members of the hazard assessment team tested prior to their deployment to Al Muthanna?

Air Vice Marshal Austin—I would seek clarification: tested in what way?

Senator MARK BISHOP—Tested for any levels of prior exposure.

Air Vice Marshal Austin—No. The hazard assessment team members were not tested for exposure to depleted uranium prior to leaving Australia. That would not serve any purpose because as part of their normal duties they would not have been exposed to uranium or depleted uranium; therefore, we would reasonably expect that the results would be negative.