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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Reference: Review of Auditor-General's reports Nos 43 (2004-05) to 6 (2005-06)

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JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Monday, 13 February 2006

Members: Mr Tony Smith (*Chair*), Ms Grierson (*Vice Chair*), Senators Hogg, Humphries, Moore, Murray, Nash and Watson and Mrs Bronwyn Bishop, Mr Broadbent, Dr Emerson, Ms Jackie Kelly, Ms King, Mr Laming, Mr Tanner and Mr Ticehurst

Senators and members in attendance: Senators Moore and Watson and Mrs Bronwyn Bishop, Ms Grierson, Mr Laming and Mr Tony Smith

Terms of reference for the inquiry:

To inquire into and report on:

ANAO Audit Report Nos 43 (2004-05) to 6 (2005-06)

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Committee met at 10.09 am**GREENSLADE, Mr Alan, Executive Director, Australian National Audit Office****MEERT, Mr John, Group Executive Director, Australian National Audit Office****GAHA, Ms Jo, National Manager, Rural and Cross Payments Services Branch, Families, Seniors, Rural and Community Division, Centrelink****KOVAL, Mr Matthew, General Manager, Drought Taskforce, Department of Agriculture, Fisheries and Forestry****THOMPSON, Mr Ian, Executive Manager, Rural Policy and Innovation, Department of Agriculture, Fisheries and Forestry****WINKLER, Ms Deborah, Deputy Branch Manager (Family Relationship Services), Family Relationships and Child Support Policy Branch, Department of Families, Community Services and Indigenous Affairs****DAINER, Mr Chris, First Assistant Secretary, Delivery Analysis, Department of Human Services****WEBER, Mr Tony, Acting Assistant Secretary, Delivery, Department of Human Services****CHESWORTH, Mr Peter, Acting Head of Division, Office of Small Business, Department of Industry, Tourism and Resources****DEAN, Mr John, General Manager, Corporate Strategy Branch, Department of Industry, Tourism and Resources****Audit report No. 50, 2004-05: *Drought assistance***

CHAIR—I declare open today's public hearing, which examines two reports tabled by the Auditor-General in the financial years 2004-05 and 2005-06. Firstly, we will be taking evidence on Audit report No. 50 2004-05: *Drought assistance*, and then later in the morning on Audit report No. 58 2004-05: *Helping carers: the national respite for carers program*. I welcome representatives from the Australian National Audit Office, the Department of Agriculture, Fisheries and Forestry, the Department of Industry, Tourism and Resources, the Department of Families, Community Services and Indigenous Affairs, Centrelink and the Department of Human Services to this morning's hearing. On behalf of the committee, I also extend a special welcome to members of a delegation from the Chinese National Audit Office who are here to view today's proceedings.

I ask participants to remember that only members of the committee can put questions to witnesses if this hearing is to constitute formal proceedings of the parliament and therefore attract parliamentary privilege. If other participants wish to raise issues for discussion, I would ask them to direct comments to the committee. It will not be possible for participants directly to respond to each other. Also, given the short time available today, statements and comments by

witnesses should be relevant and succinct. As usual, I remind witnesses that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter that may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege.

Rather than asking everyone to make an opening statement, which would take up all of our allocated time of one hour, I might ask Ian to make a brief opening statement. We will then go to questions from the deputy chair and then from Senator Watson, and make our way through some of the issues that way.

Mr Thompson—I have a short statement. As you are aware, there are people present from other agencies involved in administering drought who will have things to say. Drought is a matter for which responsibility is shared between the Commonwealth and the states. The most direct Australian government intervention is through exceptional circumstances drought. That is an event that occurs once in 20 to 25 years. More broadly, support is available for research and development training, rural counselling, adjustment support and other preparedness measures, such as farm management deposits, at all times.

The extent and severity of the drought in 2002 did challenge the ability of the exceptional circumstances policy to meet the needs of producers impacted by that drought. The government has accepted all the recommendations of the ANAO audit and has moved to improve those parts of the EC policy over which it has control, and work is now progressing in other areas. Key steps included the following—I will just run through a couple of the major ones: eligible producers in areas deemed to have a prima facie case for EC assistance are now able to access six months of interim income support while their application for EC assistance is assessed.

When it became clear that drought conditions were steadily worsening and spreading, the government reacted and implemented a number of additional drought assistance measures in November and December 2002. These included: earlier access to farm management deposits; the Country Women's Association emergency aid fund, to which the government has made contributions; expansion of personal counselling; six months of income support for eligible farmers suffering a one in 20 year rainfall event over the period March to November 2002; and interest rate support for new and additional loans for eligible farmers.

As I said, we are continuing to refine drought assistance measures, including a streamlined rollover process for those areas where drought is continuing. This removes the need for state and territory governments to lodge new applications and reduces the risk of farmers in need having their assistance interrupted. The ANAO report identified that the drought assistance measures were generally delivered in a timely and effective manner, but highlighted a number of areas where improvements could be made. The major ones were: improving the administration of assistance, improving planning for drought, more performance and monitoring information, improving stakeholder understanding of EC application and assessment processes.

We have made significant progress in addressing the issues raised in the report, in particular those associated with the development of EC applications and the processes required for individual farmers to apply for drought assistance. Exceptional circumstances certificates are now issued by Centrelink, not state authorities. Agriculture, Fisheries and Forestry, Centrelink

and other agencies now meet regularly to discuss program implementation issues. Monthly climate updates are provided by the Bureau of Rural Sciences within DAFF. Regularly reports are provided by states administering programs and Centrelink. The successful communications program was coordinated by the Department of Human Services in late 2005, and additional web based information is available to the public on EC.

The department is also contributing with the states to the development of a national agricultural monitoring system, which will be used to further streamline EC applications and assessment processes by providing a centralised source of agreed data to produce EC applications. The Primary Industries Ministerial Council is also looking at reforming drought policy. A drought policy reform stakeholder reference group has been formed, involving government and industry, to develop options on encouraging a transition to drought preparedness and for harmonising drought declarations for future droughts.

The majority of exceptional circumstances drought support remains demand driven, and the Australian government has committed to meeting the costs of supporting farmers in exceptional circumstances drought. To date, updating information you may have previously had, \$925 million has been spent on direct drought support, with an estimated \$80 million on ancillary measures, such as health care cards. And across Australia, some 54,000 applications for income support or interest rate subsidy have been approved.

CHAIR—Thank you we much. We will now open up to questions. As you would know, we had a private briefing from the Audit Office before this. We might start with the deputy chair and then move to Senator Watson, who I know has a number of questions.

Ms GRIERSON—Obviously, one of the problems was the lead agency role, and that was put down as a recommendation. What have you done now to improve the ability of your department to take that role and make sure it is effective at the state and local levels?

Mr Thompson—At the national level, essentially the lead role on new policy development and approvals is coordinated by the Department of the Prime Minister and Cabinet, which is the case with any other policy and program issues. Individual departments remain responsible for their own program areas, but the Department of Agriculture, Fisheries and Forestry has taken perhaps a lead coordinating role to ensure that things do not fall between the cracks. In the case of relationships between the Commonwealth and the state governments, the Commonwealth is taking a lead policy role in that area, and that is exemplified by the secretary of our department chairing the state, Australian government and industry working group looking at future policy reform.

Ms GRIERSON—I suppose for us it is really important to make sure that policy is implemented very effectively and efficiently. Does your department have the resources? Are there interstate committees, interdepartmental committees, set up? Are you looking at strategies like that to make sure that happens better?

Mr Thompson—During the course of the ANAO audit we established a drought task force in the department, and that is one of the high-priority activities within the department. We resource that, with additional funding and from resources elsewhere in the department as is needed, to ensure that we are able to apply the resources necessary to assess drought and implement

programs. We also have regular meetings with the other departments involved, such as Centrelink and Human Services and FaCS, to implement measures, and there are regular meetings, usually by teleconference, with state officials implementing parts of the program. An example would be meetings of all officials when we were looking at the communications program of Human Services last year: because that was about a program being administered through that portfolio, essentially they took the lead on that program.

Ms GRIERSON—I am not so worried about interagency—I think that is obviously a little bit more developed—but it is that lead agency role that allows state agencies and departments to feed into that and get instant feedback or instant advice. Is that possible?

Mr Thompson—It is possible. We have got good working relationships with the state agencies delivering programs, but in the work that has been done with the states, one of the problems that has been identified is differing drought declaration processes in each state. The range of measures that are applied by the states does cause confusion to the public, and that is the purpose of this working group—to harmonise the declaration process, so that people understand this is a one in 5 year drought or a one in 10 year drought or a one in 20 year drought, and we get the terminology right. And beyond that, using the national agricultural monitoring system, we want to have a common information base. That monitoring system is intended to go live in July this year and it will be a public database, pulling all the information together from a range of sources—rainfall information, the outputs of agreed standardised pasture growth indices, greening indices and projections.

Ms GRIERSON—And that will help you to be prepared for tracking it all the time?

Mr Thompson—It will make us much more prepared for tracking it all the time, but it will also mean that the people tracking drought will be drawing on the same information.

Ms GRIERSON—So there will be some standard.

Mr Thompson—There will be some standard about what the nature of the drought is.

Ms GRIERSON—Having read just recently that January was the hottest month on record and the last 10 months have had the highest average temperatures ever, I guess you have got to keep really constantly on that task.

Mr Thompson—It is constantly monitored. As I said, we get a monthly report now from the Bureau of Rural Sciences—they are the body doing the collating of the national agricultural monitoring system—which pulls together that range of information from sources such as the Bureau of Meteorology and other places.

Ms GRIERSON—Are the states aware of that, and are they represented in that sort of activity?

Mr Thompson—It is a joint working group with the states. It is chaired by the Queensland government. The Commonwealth is working on it under a contractual arrangement. It is a joint steering committee between the Commonwealth and the states. It also has a stakeholder reference group with industry and community representatives on it, so they are fully aware of it,

and there is constant interaction with users. So the material that is put into it is most relevant to the sort of decisions people have to make about drought, so it is timely, reliable and presented in a format that is understandable.

Ms GRIERSON—I would like to understand better the lack of preparedness and the failure of that to kick up straightaway. I know we all think we are experts in knowing when things have to happen, and hindsight is always a wonderful thing, but what was the delay? Why was there delay in getting this started straightaway and a delay in the information to people, knowing whether they should apply or whether the states should get those certificates in et cetera?

Mr Thompson—Perhaps I can break it into two areas. One is the incoming information about the programs that are available, but before that comes the very nature of drought. Droughts do not happen suddenly like a hail event or a flood event.

Ms GRIERSON—No. The rain has to be gone for a fair while.

Mr Thompson—They creep up very slowly and, as I said, the major Australian government programs of assistance for drought are for exceptional circumstances drought, which are one in 20 to 25 year events. Generally that means most areas of Australia would have experienced what most local farmers would consider quite severe drought. They would have lost a crop, they would have had in a pasture area perhaps 1½ to two years of severely deficient income before the Australian government assistance kicks in because it is for exceptional drought, which are those droughts which are beyond normal risk management.

In the earlier stages, farmers use their own resources or they draw on advice that might be coming from the states about measures to improve water or manage stock under drought conditions. So always with drought, as you move from perhaps a one in 10 to 15 year event into that one in 20 or 25 year event, people say that it is the worst drought ever. Looking back in hindsight—and hindsight is always a useful thing to look at a drought with—probably the worst part of the drought was not in 2002 or 2003; it was probably early in 2005 when people had had two and sometimes three years of deficient circumstances. I think there is a communications issue as much as anything about how people move into drought.

Ms GRIERSON—So you have rewritten or you are rewriting the exceptional circumstances model or manual or whatever it is. Are you redefining some of those?

Mr Thompson—No, we are not redefining drought. The agreement between the Commonwealth and the states is that farmers should be better prepared for drought, and the key work we are doing is on preparedness measures by way of information and whether should there be changes to farm management deposits or earlier application of other measures, such as training programs in establishing animal feedlots or whatever, so farmers can be better prepared when the drought comes.

You asked a question about whether the communication of the program was as well done as it could be. When the exceptional circumstances kicked in—and I think the audit did find that there were some delays in getting that going—there had been significant numbers of people, as I said, accessing assistance. Human Services might like to add about the program that was run last year. As I said, it was a successful program because there was a significant uptake of interest.

The single biggest problem we had identified, and that was the target of the program, was that farmers self-assess and do not apply for assistance. They actually assume that they are not eligible. That was the target of the program last year.

Ms GRIERSON—I am happy to come back to some of those specifics. I know Senator Watson has estimates on today.

Senator WATSON—Thank you very much. My question is directed to the Department of Agriculture, Fisheries and Forestry. Given the scale of the drought in terms of its geographic scope and the intervention required of other agencies, including the states, why did the head of the Department of Agriculture, Fisheries and Forestry not seek to establish an interdepartmental committee, which is a recognised method of dealing with these types of issues, to ensure a better and quicker coordinated response?

Mr Thompson—I was not working on drought at the time.

Senator WATSON—No, I am not sure you were.

Mr Thompson—I am just saying I was not working on drought at the time and so someone else may wish to add to my answer. But, while there was not a formal interdepartmental committee established, there was a succession of meetings between relevant agencies and a coordinated development of processes. I think we indicated in our response that, in future, a more formal process would be established because it would be seen as beneficial.

Senator WATSON—That is a pretty poor answer, isn't it! Obviously there had to be some tiddlywinks committees established to ensure some sort of working relationship, but I would have thought that the head of the department was quite derelict in his duty in not seeking a formal interdepartmental committee approach to this thing, and he should have established it as soon as the criteria became evident.

Mr Thompson—The secretary of the department did establish a drought task force in the department as soon as the severity of the drought occurred.

Senator WATSON—I am not saying that. You are talking about task forces. I am talking about interdepartmental committees that have authority to go down through other agencies. This is one of your problems. There is a communications problem. Surely you would have overcome that if you had had a proper interdepartmental committee. They seem to be out of vogue but that does not mean to say that they are not very effective.

Mr Thompson—The primary intervention during that drought was the programs that were to be funded and developed under the Department of Agriculture, Fisheries and Forestry, and it went about that process in consultation with the other departments. In getting funding for those programs, interdepartmental meetings—and there was not a standing committee—did have to be held, as I say, with Centrelink to seek their input to how the programs would be applied.

Senator WATSON—Your answer does not give me any comfort in terms of the ability of a head of a department to effectively manage a program on this sort of scale without the establishment of a proper committee.

Mr Thompson—Senator, what I have—

Senator WATSON—Yes, you make phone calls and you talk to other people but, unless you establish a fundamental interdepartmental committee to be able to establish the proper formal lines of communications within other lead agencies, you are not going to get very far very quickly. That was the problem. As a result, a lot of people suffered unnecessarily.

Mr Thompson—In responding to the ANAO report, we did say that, in future, formal committees would be established to implement measures, and I would add that at the present time we do have something like 20 per cent of Australian farmers in EC areas who are receiving assistance.

Senator WATSON—How long have interdepartmental committees been operating? I have been in parliament for 25 years and they used to be a standard approach for dealing with national issues. So it took an audit report to suddenly inform you that this would have been a good way of going about it. Surely you would have had enough commonsense to establish one in the first place.

Mr Thompson—Matt Koval wants to make a comment.

Mr Koval—During the 2002-2003 event, when the drought started to bite, we established an interagency committee, if you like, between the service providers—between us, Centrelink and all the state agencies—to look at how we implemented the decisions of the government, how they would be delivered to farmers in a consistent manner and how they would be communicated across the nation by service providers, the ones that are actually delivering it to the growers on the ground. We were part of an IDC chaired by Family and Community Services and Indigenous Affairs to do with social recovery and social issues in 2003. We are actually at the moment chairing an IDC ourselves, looking at those social aspects of drought recovery.

Senator WATSON—That is great, but the real problem was in 2003, not 2006. This next question goes to representatives of Centrelink. Were there legislative deficiencies that precluded a faster response from your agency's perspective?

Ms Gaha—No.

Senator WATSON—There were not any legislative deficiencies?

Ms Gaha—No, not that led to a slower response.

Senator WATSON—What could have been done to improve the situation from Centrelink's perspective? You have got shopfronts in most areas of Australia, including the drought areas. What could have been done to ensure a faster and more effective response?

Ms Gaha—I think that, to answer that, I need to reiterate what my colleague from DAFF has said to some extent, which is that a drought event takes time to develop. The worst of the drought was in 2005 not in the earlier years, and I think that the issue of self-selecting out was the primary difficulty from the point of view of farmers who would have seen that they were probably not eligible, when in fact they may have been.

Senator WATSON—When did you first feed that information up the line to ensure that there could have been a better criterion than self-selection?

Ms Gaha—I cannot answer that because I was not there at the beginning of this.

Senator WATSON—Will you take the question on notice?

Ms Gaha—Yes, certainly.

Senator WATSON—Thank you very much.

Mr Thompson—Senator, could I add one thing to that. A criterion for selection is not self-selection. Yes, people do have to apply for assistance, but since the early days of the drought the Commonwealth, through its rural financial counselling services, was encouraging those farmers who were seen to be in need to apply. The states also had drought support and ran drought workshops which encouraged people to apply. So there were steps in place to encourage people.

CHAIR—Just to sum up what Jo was saying and what you were saying earlier, Ian, while I do not want to put words into your mouth: is there a balance where a certain percentage of farmers who in the early days, even if they are eligible, will not seek to apply—for whatever reason, such as that they do not want to take government money—and it is only as time goes on and it gets worse that they come into play? Is that what you are saying?

Ms Gaha—Yes. I think there are a number of factors involved. One is that many farmers do not like to take government money. They are quite often proud of their capacity to operate independently. Many of them would have thought that they did not need to because the drought would end, and it was only after we hit the fourth year of the drought that another group of farmers decided that it was time to apply. They had run out of their reserves of feed or they had sold their—

CHAIR—Do you think they knew that they were eligible the whole time, or they had not bothered to check because they had no intention—

Ms Gaha—I would say it would be a mixture. It would vary. It was interesting that the feedback from our research in terms of the impact of the DHS publicity campaign last year was that it attracted people who had never thought of applying before because they thought they would not be eligible.

CHAIR—The reason I asked that question, for the benefit of members and senators, is that to my recollection—and perhaps Community Services can answer this—the advertising that did occur in some of the papers was about saying, ‘Please do apply,’ and trying to encourage people to apply. Was that to try to address exactly this issue?

Mr Dainer—It was, essentially. The campaign was researched fairly extensively before it was launched. One of the things that came through was that farmers did not necessarily feel that they were eligible and they therefore did not apply. As a result of that, the campaign was badged ‘Australian government and drought assistance hotline’, and we understand that overcame that issue in part so there were much higher levels of calls going through to the call centres. I think

the drought assistance hotline tripled to an average of 489 calls a day compared to about 160 calls a day in the 30 days prior to the campaign. So people became aware.

CHAIR—I might just go back to Senator Watson—I just wanted to flesh that out—and then we will come back to the deputy chair.

Senator WATSON—In terms of your communications and your advertising, did you communicate directly with the accountants in the area so that they could inform their clients of the availability of and the ability to qualify for such a service? Did you go directly to the accountants, people who would know the financial circumstances and the criteria in which their clients might become eligible? Did you use that route for notifying the farmers—going through the accountants—or did you just rely on general advertisements in newspapers?

Ms Gaha—No. Centrelink also did target financial counsellors and accountants and provide them with information.

Senator WATSON—From what date?

Ms Gaha—I understand that it was from very early on that they were part of a group that was targeted.

Senator WATSON—In relation to the exceptional circumstances criteria, have we got the right parameters for determining exceptional circumstances?

Mr Thompson—As I said, the definition of exceptional circumstances has not changed. It is a one in 20 or 25 year event. It is a sort of a once-in-a-generation type of event so the nature of the event that is agreed between the Australian government and the states has not changed. The criteria for assessing whether the event has occurred is being worked on and looked at with the states. For example, one of the things that we are looking at is that it is very difficult to determine in a timely manner whether it has had a severe impact on farm incomes, because that often builds in an extra 12-months delay. So one of the things we are looking at is doing it on the basis of production, so you can actually look at how much grass is in the paddock or how much wheat is in the silo. So it is part of the process.

Senator WATSON—How long have you been working on that, and when do you expect it to be determined?

Mr Thompson—That is being worked on through the policy working group with industry and the states, and the data fields are being worked on through the national agricultural monitoring system.

Senator WATSON—When did it start, and when do you expect it to finish?

Mr Thompson—The key bit of the work started in the middle of last year, and it was announced that we were going to do a lot of work in this area from October last year. As I said, the monitoring system should be live in July this year, with a preliminary model ready to run in April. The policy framework is reporting to the ministerial council in April this year with a view to trying to finalise some policy by October this year.

Senator WATSON—Could you advise the committee of what developments have occurred? It seems to me that you are taking quite a long time to look at this matter.

Mr Thompson—Do you want me to take that on notice?

Senator WATSON—On notice—that you will keep the committee informed.

Mr Thompson—Okay.

Senator WATSON—You talk about the involvement of Prime Minister and Cabinet. What was their role as the lead agency?

Mr Thompson—Prime Minister and Cabinet played their normal sort of lead role in working on whole-of-government approaches to cabinet. It was not as a lead agency; it was coordinating material that had to go to the other government—

Senator WATSON—And they were not a lead agency? Somebody referred to it as a lead agency—but they were not a lead agency, just a coordinating authority for the dissemination of information?

Mr Thompson—Facilitation and coordination. I would not say they were the lead agency on it, but they do have an involvement when it comes to whole-of-government activities.

Senator WATSON—Did you get quick responses from the Department of the Prime Minister and Cabinet?

Mr Thompson—They are involved in the interagency meetings so that they can be kept informed of developments themselves, and the Department of Finance and Administration are also regularly advised on expenditure and developments on drought.

Senator WATSON—That was not my question. My question was: do you get quick responses from the Department of the Prime Minister and Cabinet?

Mr Thompson—In general, we get quite quick responses.

Senator WATSON—Thank you.

Senator MOORE—I have one or two questions. Basically, I am wanting to know about your internal audit processes and how they worked on this issue, because our experience is that, when there are external audits of this nature, it is usually said by each agency that your internal processes have already found all the same issues. That was not as clear in this one. I am just wanting to hear from each of the agencies. I believe, Mr Thompson, you have clearly said there is now a formal interdepartmental committee.

Mr Thompson—There is not a formal interdepartmental committee on drought. There are regular meetings between the players. As Matt Koval said, we have a formal committee looking at drought recovery and the social issues surrounding that.

Senator MOORE—So the social issues are a subset of the wider issue of drought? Is that right?

Mr Koval—Yes.

Senator MOORE—One overwhelming issue that came out of the report was the need for this kind of interdepartmental communication and accountability.

Mr Koval—Yes.

Senator MOORE—You are confident that that is now okay?

Mr Koval—The issue we are looking at now is not as it was in 2002, the development of drought; it is what happens after the drought. So we have focused our attention on how we coordinate activities on farmers that are moving out of drought.

Senator MOORE—But you are confident that, should this happen again—and it could—you are ready to roll now?

Mr Koval—I think we have learned lessons from this, yes.

Senator MOORE—I am interested to hear from each department. I would be really disappointed if someone came here and did not get chance to make a response. I want to find out what your internal audit processes have done on this issue.

CHAIR—Senator Moore, I was going to ask each witness to make a statement once we had finished the first round of questions.

Senator MOORE—If you add that to your last round, that would be good, because an ongoing issue in this committee is how those things operate. The second point is that the responses relating to Centrelink came up very well, which you would expect because of your experience across the country. The report states that you conducted an internal review of the advertising process. Is it possible to get a copy of that?

Mr Koval—Yes.

Senator MOORE—That would be good.

Mr LAMING—I have three quick questions, the first of which is addressed to the Department of Agriculture, Fisheries and Forestry. Have the issues surrounding the state Rural Adjustment Authority EC certificates, which are of variable quality and accuracy, been addressed and are they now improved?

Mr Koval—They certainly have. We have had in place a requirement since 1 October that Centrelink now issue these EC certificates. So when a customer comes to Centrelink for an ECRP claim it is the same process. There is no duplication. There are proof of identity requirements as required by Centrelink to do their normal work.

Mr LAMING—As a flow-on to that from Centrelink, do you now have an internal process whereby you can rapidly identify farmers that are eligible for programs without substantial delays?

Ms Gaha—That is correct.

Mr LAMING—My final question is to FaCS. With the Family Relationship Services Program, the ANAO found there was no structured way of evaluating outcomes from that \$1.6 million and from counselling. This is a two-part question. First, has that been implemented now? Second, does it suggest that you do not have structured evaluation procedures for all the activities in that Family Relationship Services Program?

Ms Winkler—I can state in relation to the broader Family Relationship Services Program that a whole-of-service review in 2003-04 and a client input consultancy were undertaken. That was on the broader program, not necessarily specifically on drought. Currently we are commencing a process of evaluation in relation to the earlier drought funding and also in relation to the current drought funding. The evaluation process was factored into this funding process; it was not factored in to the earlier one.

Mr LAMING—And do you feel it is slightly suboptimal to be doing that evaluation now, so far into the counselling process, with no ability to feed back some of your earlier findings into what you are doing now?

Ms Winkler—Obviously it is far better if you can commence an evaluation at the beginning of establishing services. Given that that was the first implementation phase for the program, I suppose the energy was directed at identifying services and trying to get services up as quickly as possible. That was part of the reason for using the Family Relationship Services Program—it was in communities in which they were already established. Where we are establishing new programs, our primary objective is to try to build in evaluation from the commencement of the program.

Obviously we cannot do that with the drought, because that service had already been provided. We are going to review what has happened and that will build into the current process of drought counselling. Should there be future processes, that information will be available to feed into not only how good the promotion of those services was but also how effective we think those services were and whether the government getting value for money for those services.

CHAIR—I might ask each of the other agencies whether there is anything they would like to add that might be of benefit to us before we go to the final round of questions. We will start with you Mr Dean. Is there anything you would like to add?

Mr Dean—Perhaps it would be helpful just to say the recommendation that relates to us was to do an evaluation. That is under way. Departmental executives signed off on the terms of reference, and that will be completed this financial year, in line with expectations, I think.

Mr Chesworth—In relation to evaluation, I have nothing further to add.

CHAIR—Does anybody from any of the other agencies wish to add anything? If not, the deputy chair has a few more questions.

Ms GRIERSON—Going back to FaCS, it did seem that the use of the relationship centres as a services program perhaps had some problems in that the take-up was not as high. You have not yet done the assessment but you must have been getting some signals that that service was not being taken up. Why do you think that was?

Ms Winkler—There are some things we need to look at, for example: how much funding there was in terms of the service delivery that could have been targeted towards local promotion?

Ms GRIERSON—Do you think it was resourced well enough?

Ms Winkler—Referring to the standard kinds of average counselling rates, it was probably slightly more expensive than our standard for the program. I think that, in the initial phases, there probably could have been greater funding directed to that activity. In subsequent processes we have had regular discussions with Centrelink. Because the drought has been going on for a more extended process, people are now more familiar with these services being offered through this service type. The information that is available through the telephone service et cetera means that people generally are more aware of that.

Ms GRIERSON—Did the service model originally assume that people would come to you?

Ms Winkler—No. I was not there for the original service model, but I think there was always an expectation that there would have to be significant outreach. Although the numbers of people accessing the service might not appear to be that great in relation to counselling, in the initial phases of the service a substantial amount of time and energy would have been directed into going out to local meetings. Some of that would have been done in conjunction with Centrelink.

Ms GRIERSON—What about the relationship between Centrelink and FaCS? To get that service going I would have thought the relationship would have been critical to its success. How did that evolve? Was it set up straightaway so that you could both share that sort of knowledge and therefore direct people better?

Ms Winkler—My understanding is that the discussion happened very early in the piece in relation to the implementation. Obviously we have learned some things from those initial processes that we have now incorporated into our current discussions and working relationships, about how we might feed back common information between the two agencies and collect some similar data.

Ms GRIERSON—Is your organisation too formalised? Are these family relationship centres too formalised for farmers to access? Does there need to be something different?

Ms Winkler—I think that each of the services needs to be able to respond as flexibly as they possibly can to the individual needs of their communities. It may be that individual counselling is suitable for some families, and other types of education processes—all the skills training sessions—are more appropriate to others. I think we tried to give the service providers a reasonable amount of flexibility to respond to need. A range of organisations have now been

providing that service type over a number of years. So they have developed some broader expertise around the best ways to link with families. Obviously their service is based in those rural communities and they are used to working with both farming families and other families there. I think the critical element to the services has been that a substantial amount of groundwork has to be done in terms of outreach to those communities.

Ms GRIERSON—Did you access the work done by so many organisations around Australia that are targeting men and their emotional needs? Did you take advantage of the work done by all the successful men's groups around this country that are doing a great deal of work in managing depression and the social needs of men?

Ms Winkler—A number of the organisations that we fund have specific men's funding as part of the Family Relationship Services Program. So aside from providing drought services they are providing a broader spectrum of services, some to families with adolescents as well. So, depending on the area and the service mix in that area, they may well have had some of that expertise. We would expect, as part of the ongoing approval requirements for providers in the program, that they have established referral networks with other providers.

Ms GRIERSON—Have you done any analysis of who actually applied, how they applied and whether a male came or a female came on behalf of a male or whatever?

Ms Winkler—We obviously have our standard FaCSLink data. We are moving to a more formal evaluation process. We expect that initial phase of the drought funding to be completed by the end of March, so we should have a more comprehensive report that could be supplied to you around that information. That will then inform the next phases of the evaluation for the current service provision.

Ms GRIERSON—My next question is to the Department of Human Services. I know that the ANAO recommended that DAFF and Centrelink undertake an assessment of promotion of the drought assistance measures because there was such delay and it seemed that there was lack of clarity, a lot of confusion and that it certainly took too long. Have you now done that assessment? Is that what you were doing with targeting PR better?

Mr Dainer—I should explain that DHS was established in October 2004. It is a very small department; it has about 60 people at its core.

Ms GRIERSON—It is a mega department!

Mr Dainer—It is a mega group of agencies. Amongst the issues that we looked at to improve service delivery of government services, one related to communications. A body of work had been undertaken. One of the first aspects of that was the drought campaign. A big issue is making sure that people know what they are entitled to. So it was not that we were specifically responding to this audit report; it was that we were looking at this from a strategic view.

Ms GRIERSON—You were looking at communication strategies to see how you could target certain people. Do you think that has been very effective since the one that you have now implemented?

Mr Dainer—Yes, it has.

Ms GRIERSON—Mr Thompson, what assessment have you made of how that communication strategy can be improved so there is no delay between policy, implementation at that departmental level and on-the-ground communication and certainly response?

Mr Thompson—We have not done a comprehensive evaluation, but the message from the Human Services program that was run last year is that we would seek to run that sort of communication program earlier when the program is put in place, because self-assessment has been seen to be one of the problems.

The other thing we have been doing is ensuring that information about any changes to the programs—any new forms of assistance becoming available—is spread out through the information brokers, the accountants, the rural counsellors, the drought support workers and the voluntary organisations so they all have that information. The evidence that has come forward from some of the analyses done of a range of programs is going for media advertising which hits one audience, but many other people get their information by word of mouth or by government information being repeated in newspapers or that sort of thing. We have tried to cover off those other avenues with newsletters and making sure that every body has access to the right information. So little packages of information go out every time there is a new announcement.

Ms GRIERSON—But you do need to know which is the most effective way of communicating in this day and age when there are so many different methods and so many changes in people's behaviour in relation to the way in which they get information. It seems to be a constant. I also comment that ANAO keeps recommending that people go back and assess what happened and how they can improve it. But it seems to me that continuous assessment would be so much better. If it were built into programs it would be far better. I would just like to turn to the small business interest rate relief. There was an appalling take-off—

Senator MOORE—I thought the continuous assessment was built into your programs? Is that not true?

Mr Thompson—There is continuous feedback on applications and the nature of the recipients. Some of the assessment does require a conscious review above and beyond the normal feedback because there are issues of data confidentiality. They sit down and do a cross-review of clients and their financial circumstances. It is really something where an extra review needs to be done. That is not something you do continuously; it is something you do periodically. That is built into our program structure.

Senator MOORE—Centrelink is desperate to get that on the record.

Ms Gaha—We did the assessment and we did it collaboratively, although it is much easier for us to do it because we have the staff on the ground. We found a number of things. Firstly, farmers prefer to be contacted via rural press and radio or things like anonymous letter drops that the milk tanker can take round and packages of information like that. That was reinforced by Mediascape, who did the evaluation of the DHS drought campaign. The clearest way that farmers like to get their information is on the radio or in the rural newspaper.

Senator MOORE—Locally?

Ms Gaha—Locally, that is right. We did do ongoing evaluation. In the most recent round of that, of asking our staff to give us feedback from their experience on the ground, they said that a nationally consistent media program ready to go out within days of a declaration, which contains a simple message about what assistance is available and who to contact, could then be followed up by local outreach strategies, and that that is what works best. That is what we currently do and that is what works best.

Ms GRIERSON—The small business interest rate relief had \$70 million allocated to it and a \$1 million take-up. I would have thought small business would have felt a lot of financial pain during a drought. I would have thought that a continuous, long and protracted drought would have seen a lot of businesses go under. How do you explain such as dismal take-up of that particular program?

Mr Chesworth—The focus of the program was to financially assist small businesses significantly affected by the drought. We acknowledge that it is always difficult to introduce criteria to determine those that are significantly affected. It becomes quite difficult. The program was intended to be a safety net program and the \$70 million was judged to be at the upper level of expectations.

Ms GRIERSON—You did not come anywhere near it.

Mr Chesworth—We acknowledge that we did not get anywhere near it. To some extent, we feel that it did reflect the nature of small business, their diversity, as well as their ability to adjust to changing conditions. For example, about three years ago today I remember heading up to the Tamworth area and cold calling small businesses up there. A florist up there was having the worst Valentine's Day in living memory, but it was selling hydroponic lettuces to Coles and they were paying whatever price he asked.

So there were ways in which businesses were able to adjust. As well as that, in relation to other businesses such as farm machinery dealers, for example, there was some evidence that farmers were drawing on their farm management deposits and that farm machinery dealers were seeing their way through the drought. In addition to that, many farm machinery dealers may have a car dealership as well.

Ms GRIERSON—So you are suggesting that there are some complexities to single out the aspect of a small business that is being affected? Sometimes necessity is the mother of invention.

Mr Chesworth—There were certainly some, for example, who sold goods or services of high discretionary value, who would have done it pretty tough in the drought. There is no doubt about that.

Ms GRIERSON—Do you think the program was well designed?

Mr Chesworth—When we implemented the program we introduced a number of criteria because we were not entirely sure of the program take-up, I suppose. We operate on the best information available and it is not often the case that we have perfect information. We made a

number of adjustments through the life of the program to improve take-up and we also worked very closely with our Centrelink colleagues on publicising the program. There may have been a concern that word had got around that if you applied you were not going to get it. But, having said that, several thousands calls were received, so that suggests that the publicity strategy was quite effective. When the program was wound down there was—I suppose in the context of the whole program—a late rush of applications in the three-month wind-down period. So there was a small backlog there, but it is fair to say that the reason we are engaging in our current evaluation is to have another look to see whether we could do it better.

Ms GRIERSON—Do you think we knew what small business looked like in rural and regional Australia before this program was put in place?

Mr Chesworth—As I said before, one thing we do know is that they are incredibly diverse. There will be businesses that suffer during drought. There are other businesses that, almost perversely, can use drought as an opportunity—for instance, bore drillers, fence builders and a range of other businesses. But to get a snapshot of small business in the bush I suppose a mixture of some quantitative data that comes out of the National Australia Bank surveys and this sort of thing, plus our own impressions of going for a drive to country towns to see how they are going, tends to suggest that they know that once every few years there is going to be a drought. They also know that they are reliant very heavily on farmers' incomes and ability to spend. Our impression was that many of them had put in place measures to deal with that.

Ms GRIERSON—Would you rethink this program and say there might be better ways to help small business? It might be to improve the cash flow of farmers in certain ways that target particular small business needs.

Mr Chesworth—Certainly. We are engaging in this evaluation to have another look.

Ms GRIERSON—You mentioned Tamworth, which is a very big regional centre. There must be lots of other smaller regional centres that would not have that flexibility and therefore resourcefulness would not be so easy.

Mr Chesworth—Absolutely. An electrical shop in Gunnedah was moving away from selling televisions but had actually employed more people in its service department because people were bringing in their old televisions to be replaced.

Ms GRIERSON—Gunnedah is quite a big centre too. Centrelink had the responsibility to advertise that program. Only 452 applications were received during the life of that program and there were 182 successful applicants. That is not a great take-up at all given the extent of small business growth in this country. Have you reviewed that?

Ms Gaha—Yes, we had a firm do a review of that and provide us with a report that we have now passed across to our colleagues to include in their evaluation.

Ms GRIERSON—It is a pity that the CWA will not be required to attend today, because they obviously deserve great praise for the delivery of their small program.

Senator WATSON—A witness indicated that evaluation measures were under way to encourage farmers to drought-proof their properties. You referred earlier to training, fodder et cetera, amongst other measures. Have you looked at measures to amend the income tax legislation to encourage greater deductibility of some of the expenses incurred in drought-proofing properties?

Mr Thompson—There are already a range of income tax deductions available in the Income Tax Assessment Act for measures relating to the full sale of livestock and water provision and those sorts of things. Farmer organisations have suggested that, from their point of view, taxation measures are critical for drought. It is one of the issues on the working group's agenda.

Senator WATSON—Could you make available to the committee the sorts of measures that you are looking at? The tax deductions that you say have been available in the past obviously have not worked all that well if people have suffered so badly. Something over and above past practices is obviously required.

Mr Thompson—Essentially, the measures that will be examined by the working group are those that are being put forward by the farmer organisations. As I said, there are measures like farm management deposits which are tax related, and there has been quite an uptake of those. A survey recently completed by ABARE indicated that quite a number of farmers said they could have taken more measures but, for a range of reasons, did not. We need to explore whether it is communications or something else to do with planning or awareness.

Senator WATSON—Could you give the committee the briefs that have been submitted to overcome the problem?

CHAIR—You might wish to take that on notice.

Mr Thompson—I will take it on notice.

CHAIR—You can work out what you can give us.

Mr Thompson—This working group has had but one preliminary meeting, on 21 January. We do not have a lot. The next meeting is on 31 January.

Ms GRIERSON—And it will continue to meet?

Mr Thompson—Yes.

Senator MOORE—Was that 31 January this year?

Mr Thompson—This year, yes.

CHAIR—Just so we are clear, how many of you were actually involved at the time? Were you involved, Mr Chesworth?

Mr Chesworth—Yes, I was.

CHAIR—We know you were not, Mr Thompson. Were you, Jo?

Ms Gaha—No.

CHAIR—Thank you very much.

Ms GRIERSON—Accumulate some expertise and ensure you benefit from and capture that the next time we have the same needs.

Mr Thompson—I will just make one point: it is normal for there to be turnover in staff in the Public Service every two or three years. The information between people moving is not all lost. For example, I worked on the 1994 drought, so I have to re-equip myself 10 years later.

CHAIR—That is fine.

Ms GRIERSON—There will be another one.

Senator MOORE—My previous question about internal reviews and audit processes was going to be picked up before the witnesses left. One aim of this report was to look at the internal assessment processes in all your agencies. I will place it in notice rather than taking up the time of the committee. Can the committee get back from each of the departments the internal assessment and review processes that you are following? Mr Dainer said the review that human services did was not stimulated by this audit. That is fine, but I just want to know what internal systems you have to look at such things.

CHAIR—Thank you very much for your attendance.

Proceedings suspended from 11.09 am to 12.03 am

CHAIR—I reopen today's public hearing which is examining two reports tabled by the Auditor-General in 2004-05 and 2005-06. In this second session we are taking evidence on Audit report No. 58 2004-05: *Helping carers: the national respite for carers program*. On behalf of the committee I again extend a warm welcome to the delegation of officials from the Chinese National Audit Office. I ask participants to remember that only members of the committee can put questions to witnesses if this hearing is to constitute the formal proceedings of the parliament and attract parliamentary privilege. If other participants wish to raise issues for discussion I ask them to direct their comments to the committee. It will not be possible for participants to respond to each other directly. Secondly, given the short time available today I ask that we keep statements and comments by witnesses relevant and succinct. As always, I remind witnesses that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence today will attract parliamentary privilege.

HOKIN, Mr David, Senior Performance Analyst, Australian National Audit Office

McDONALD, Ms Mary, Assistant Secretary, Community Care Branch, Ageing and Aged Care Division, Department of Health and Ageing

MEERT, Mr John, Group Executive Director, Australian National Audit Office

MERSIADES, Mr Nick, First Assistant Secretary, Ageing and Aged Care Division, Department of Health and Ageing

MURNANE, Ms Mary, Deputy Secretary, Department of Health and Ageing

NICOLL, Dr Paul, Executive Director, Performance Audit Services Group, Australian National Audit Office

RANKIN, Ms Helen, Director, Carer Support Section, Community Care Branch, Ageing and Aged Care Division, Department of Health and Ageing

SIMPSON, Mr Mark, Acting Senior Director, Performance Audit Services Group, Australian National Audit Office

CHAIR—I welcome the witnesses. We had a private briefing from the Audit Office which suggested that there were six recommendations to which you have all agreed. Is that correct?

Ms Murnane—Yes.

CHAIR—Given that and in view of the time, I will not ask for an opening statement but rather we will move straight to questions.

Mrs BRONWYN BISHOP—I apologise that I cannot stay long today. In the private briefing I talked about a problem I encountered in conducting an inquiry for the House of Representatives Standing Committee on Legal and Constitutional Affairs. A particular respite centre in Brisbane came up which was run by the state government. The care of respite patients there was just appalling. It was funded by the Commonwealth, as the respite program is. When it was disclosed how bad things were in that home the Commonwealth funding was withdrawn, but I have no idea what happened to the rest of the people.

One of the examples I put to you—and this is published in the committee report—relates to a man in his 40s. His elderly country parents thought that they might pass on and that he needed to find somewhere he could be when they did. He was put into this respite place and raped by two of the workers there. The confidence that he had developed was destroyed. Another example is of a boy who had one leg. For punishment they would take away his leg and make him crawl. In another instance there was a cage in the garden where they would put who they considered to be difficult people. Yet the Commonwealth, because it does not administer the respite program for people who are disabled as distinct from elderly people, has very little ability to intervene.

I do not think things have changed very much since then. I also point out that, where respite is running aged care homes and they come under the accreditation system, the documentation system and the manual, they are run in accordance with Commonwealth principles. So it is almost like running two discrete operations—one where the Commonwealth not only funds but controls and the other where they fund and are working with the states, for want of a better expression.

Ms Murnane—In opening I wish to say a few things. Regarding the respite homes, I do not know of it as I have not been briefed on this particular issue. In a moment I will ask the branch head, Mary McDonald, if she knows anything about it. A number of issues in Queensland came up, but that is not one I know about, though somebody else might. These are essentially community services that are funded with Commonwealth money only and are not subject to the same measures as the respite that takes place in aged care homes. However, we are moving to put safeguards around all community services. I am very interested in what you say, but I will pass now to Ms McDonald, who may be able to comment on that issue.

Ms McDonald—I am not across the example that you are talking about either.

Mrs BRONWYN BISHOP—The parliament published the report in 2004, so I can give it to you.

Ms McDonald—We would certainly be interested in seeing that. The services under the NRCP are, as Ms Murnane says, different to what we have in aged care homes. However, under the NRCP, where we directly fund and therefore have control over the delivery of services through our contractual arrangements with service providers, we do have standards in place. From 1 July last year—six months ago—we introduced a quality reporting framework for those services.

Mrs BRONWYN BISHOP—That was last year?

Ms McDonald—Yes, that started six months ago and is a three-year cycle going across all services.

Mrs BRONWYN BISHOP—Including state governments?

Ms McDonald—No, it is Commonwealth only. However, through the community care review *The way forward*, which was released at the end of 2004, a number of recommendations were made about working with state governments around consistent arrangements for community care, and that includes respite services. We are now working with the state governments around consistent quality arrangements, which would go across the HACC program as well as providing the opportunity for the state government to look at their state only funded services. The states have agreed to this process and work is under way at the moment.

Mrs BRONWYN BISHOP—I will pay particular attention to that because of the problems that came out of that hearing. Perhaps you can imagine the parents of that man giving evidence. They were just distraught.

Ms Murnane—It sounds awful.

Mrs BRONWYN BISHOP—A nurse who had worked there gave evidence in camera because she was fearful. The evidence given involved a visitor program—one person comes to visit, was my recollection. It was so flawed that a great deal of work would have to be done to fix the problems. But the state government just did not want to know.

Ms Murnane—I am sorry, we have been remiss in not reading that report. But if you give us the details of that service we will visit it and look at what is happening now. First or all, we will check if it is still being funded.

Mrs BRONWYN BISHOP—The Commonwealth funding was withdrawn when it was found how bad it was.

Ms Murnane—I see. I suppose that is one of the many good examples of improvements in the program that came through the tender process.

Mrs BRONWYN BISHOP—But I do not know whether the home closed or whether the abuse of people changed. Just the Commonwealth funding went.

Ms Murnane—Yes, if it was a state home we would not know. Of course, there is some money under the CSDA—the Commonwealth-State Disability Agreement—that is administered by FaCS. We could pass those details on to them. They do not directly administer that, but there could be some Commonwealth money going into those services in some way through FaCS.

Mrs BRONWYN BISHOP—I will certainly get the report to you. It still distresses me to this day when I think about the evidence.

CHAIR—It would be good if you could pass back anything you can. Take on notice Mrs Bishop's questions. We would appreciate your following up more fully.

Mrs BRONWYN BISHOP—I will be in touch.

Ms GRIERSON—One of the issues that the ANAO drew attention to was having a strategic plan that actually sets in place strategic directions and brings everything together under the one plan. Can you tell me how far you have progressed with that?

Ms Murnane—Yes. Again, Ms McDonald will discuss the detail.

Ms McDonald—We have accepted the Audit Office's recommendation that we develop a long-term strategic plan for the NRCP. One of the things the report acknowledged was the separate components that existed under the NRCP.

CHAIR—Sorry to interrupt, but Mrs Bishop has one further issue she would like to raise.

Mrs BRONWYN BISHOP—Recently I asked the Audit Office whether they had looked at the effect of Carelink, which is something I was very proud to have set up, and the impact that that has had on giving better services for respite. I think Dr Nicoll said you had not looked at it precisely. I thought it was worth looking at, because I think Carelink has made a difference.

Ms Murnane—Yes. We can give you some information on that. Certainly it is widely used and the evaluations that we have had are very favourable.

CHAIR—Perhaps you can send something to us.

Ms Murnane—Yes, we will send something to the committee and to you.

CHAIR—Thank you.

Ms McDonald—In looking at developing a long-term strategy for the NRCP, one of the things that needs to be considered is the particular history of the program and the fact that it had a number of components. Each of those components had its own objectives, aims, directions and its own performance information. So we have a base there of separate components that have been built up over time.

Ms GRIERSON—Which, in turn, have led to some inconsistent administrative practices because of that complexity. Is that right?

Ms McDonald—Each of the program elements had its own history. It started off when it was put under that broad title, I suppose, of the NRCP. Three broad service delivery components were part of a broader agenda around providing services for carers. Things like carer payment were in the FaCS portfolio and there were a number of initiatives in different portfolios. I suppose we had three service assistance mechanisms that were in our portfolio and they were drawn together under this broad heading, or umbrella, of NRCP.

It was not a traditional program like you would have in other areas where you decide the government is going to have a strategy or a program to do something in particular and then it has all that cohesive stuff around it. This one was particular service delivery mechanisms that we had in place. What happened then was that there were a number of initiatives as a result of a whole lot of broader government agendas. So the government decided at particular times it might have wanted to have a focus on, say, ageing carers of younger people with disabilities. With that came some specific money with its own rules around it to assist that group of carers. Therefore, when we implemented it, it needed to be quarantined with particular rules around it that fitted with that broader agenda.

These initiatives happened over a number of years. As part of the community care review it was recognised that across all community care where we had had this gradual build-up over time, we needed to draw things together into a much more consistent system. That is what has been happening through that process. In this particular case the NRCP funding has grown from \$19 million in around 1996 to about \$140 million now. So it certainly was time to start drawing those things together.

Ms GRIERSON—So where are you up to with this strategic plan?

Ms McDonald—We have undertaken the review. I do not know whether people have copies of the document *The Way Forward* which sets out the directions. One of the key things we needed to do in relation to the NRCP was re-look at what we were going to deliver under the various groupings. Last year there was a request for application process that described the new program arrangements. It gave existing providers and new providers the opportunity to apply for funding. It also gave them the opportunity, especially in relation to respite services, to have a look at the whole range of local needs and to establish what they could best deliver in relation to services. That allowed a breaking down of some of those artificial barriers where we had

particular buckets of money targeted to particular groups. When all those applications came in there was then an assessment looking at the needs region by region.

Ms GRIERSON—Sorry, are you saying that you have now done a needs analysis?

Ms McDonald—Yes, that is right.

Ms GRIERSON—On a regional, state and territory basis?

Ms McDonald—We have done that based on the information that has this further work happening through the community care review. We are pulling together better information and working with the states in pulling together consistent and very detailed regional information. But we certainly carried out our own mapping exercise and we used that information. We also gathered ABS data around carer numbers and information around people.

Ms GRIERSON—Why had that not been done before?

Ms McDonald—Largely it is the history of the program in that you have particular initiatives. Instead of looking across a big area—

Ms GRIERSON—So you were urgently responding to these increasing resources and increasing policy?

Ms McDonald—And also the government itself had particular objectives. As part of its broader initiatives it was asking us to implement a component of a broad strategy overall.

Ms GRIERSON—So now you are pulling it together successfully? Are the strategic plans in place?

Ms McDonald—The strategic plan is not quite complete yet. We have certainly taken the first steps. We are now undertaking a number of reviews which are under way at the moment around some components of the NRCP. In relation to the resource centres, a review is under way at the moment which be completed in the next few months. That is being undertaken by Alt-Beattie. As the system has built up and developed—the resource centres provide information, counselling and that sort of thing to carers—there has been a look at their role and function and how it links then with some of the resource centres or the respite centres and Carelink centres that Mrs Bishop was talking about earlier. So we need all that information to pull together a proper strategy. This is taking place over the next few months. We will then be in a position to start pulling the rest of that together.

Ms GRIERSON—Will it reflect a needs-based planning methodology?

Ms McDonald—We will certainly include needs assessment as part of the arrangements. We are also looking at consistent performance information across the system.

Ms GRIERSON—What about performance targets for respite centres? Where are you up to with setting those?

Ms McDonald—We have included in the new contracts arrangements for performance targets. Another review has just been completed. The PricewaterhouseCoopers review had a look at existing targets. They have finished their report, they have provided some further information to us and we are now reviewing and refining those targets.

Ms GRIERSON—One of the problems the Audit Office drew attention to was the very short funding round periods, say, three or four a year at times. As members of parliament, who often have to represent people, we know how distressing it can be for carers to never know. The persons that they care for are never going to get any better, they are only going to get worse; yet they have no consistency of knowing whether respite care will continue. That is very distressing. I suggest to you that it causes great health and social issues. What is being done about that?

Ms McDonald— We introduced three-year contracts for the new contracts we put in place in July 2005, six months ago. Those contracts also gave out growth funding across the three-year period. We have not only given services certainty in their base funding; we have also provided them with certainty around growth funding. So they know that for the 2005-06 year this is their particular level. Then if they were getting growth funding in the next year and the year after that they now know well in advance, which means that they can plan.

CHAIR—They have certainty.

Ms GRIERSON—How did you decide the level? In the past you have been using the capacity of each service deliverer to apportion funding rather than actual needs-based analysis. How are you making sure that that does not happen again? It just seems that you favour ones that have the capacity to deliver rather than ones that are delivering?

Ms McDonald—We went through this application process and an assessment was done of the mix of carer needs in the area. We also looked at a mix of models of service delivery, because some people prefer and are more suited to, say, overnight cottage respite or in-home respite. There are a whole range of different service models. So we tried to make sure that all the different groups of carers were catered for within that region. We also tried to make sure that there was a mix of services. We took into account carer numbers in the region and the mix of carers. Then the funding was allocated on a priority basis. In some cases we found that, for various reasons, there were gaps in service delivery and more growth funding went into those regions than maybe some other regions.

Ms GRIERSON—So you have developed a common assessment tool for doing that, have you?

Ms McDonald—The common assessment tool is an assessment of a particular carer's needs. We developed a draft tool that is about to be piloted. We are hoping in the next year after the results of the pilot are over and any refinements are done that it will be introduced across the country.

Ms GRIERSON—Is there a matching program that also assesses whether those needs were met? If you use an assessment tool that assesses people giving care or needing care, is there matching performance data?

Ms McDonald—The assessment tool is used at the local level by services. It would be part of their service responsibilities to ensure that they are meeting the needs and evaluating things. That is measured in the quality reporting instrument—it is part of good quality service delivery. On the other side of it, in relation to us evaluating what we are doing in the program overall and the delivery of services to particular carers, an evaluation is planned, yes. That evaluation will be taking place in 2007, when we will be nearing the end of the three-year contracts. That will feed into what we then do in the next round.

Ms GRIERSON—So that will be hand in hand; it will not be done afterwards?

Ms McDonald—No, that is right.

Ms Murnane—As Ms McDonald explained, prior to the audit this was an umbrella program. The NRCP represented a bringing together of four programs. So there was no strategic plan for it. What we have been trying to do through the development of the umbrella strategic plan is get greater consistency. I particularly wanted to say something about the needs based concept. Because there might not have been a formal needs based formula before now, it does not mean there was a whimsicality about the distribution of money. Prior to the mid 1990s—

Ms GRIERSON—It is not whimsy that we are concerned about; it is really about needs being met and moneys being targeted well and efficiently.

Ms Murnane—The carers movement was very much a grassroots movement. The previous government, the Labor government, started to respond to that in 1994 and 1995 with the establishment of some structures for carer resource centres. The establishment of carer resource centres was done very much in consultation with the carer movement, which by that stage had arisen in almost every state. What we do know is that the money was certainly directed to an area of need. It was also an area of capacity where there was a carer movement and volunteers who were able to take it on. Now we are able to put more science into a formula there. But in no sense was the money here ever wasted or, I would say, duplicated.

Ms GRIERSON—I suppose what we have seen is a great emergence of a demand for more flexible service delivery. That is reflecting the way people live and the way people care for their loved ones. There have been some administrative difficulties in keeping up with that sort of constant change, but the direction is clear and I imagine resourcing will increase consistently.

Ms Murnane—That will be a question for the government.

Ms GRIERSON—Are you prepared for that? I guess that is what I wanted to ask.

Ms Murnane—We now have a much stronger planning and accountability platform and also consistency in what we are asking of service providers and consistency in not only financial accountability but, most importantly, accountability for the way they are responding to carers' needs.

Senator MOORE—Some of this will come up tomorrow, but I am interested in the internal administration. As usual, the department has listened to the ANAO report and responded—it is a given that that should occur. One of the things that interests me is the respite centres and the fact

that they are located geographically, as they have to be. A concern was raised by the ANAO in paragraph 3.19 of the report, which concerns the geographic boundaries and the amount of administration that is required by people within the respite centres dealing with cross-HACC area boundaries. It is part of this ongoing discussion we have had about the impossibility of having the one area for every Commonwealth service delivery process.

As soon as we establish an area for coverage some issues arise. Do they match state boundaries? Do they match local government boundaries? With whom are you dealing? This all results in the absolute confusion of the client or would-be client about what they have to do and where they will go. My understanding is that the respite centre model and the other things that have been mentioned were developed to minimise the confusion of the client, so that all that activity would be done by people at the centre. If you were a carer or a would-be carer you would have one place to go and they would work it all out. But that has led to a lot of complexity for the people working in the area. It is a considerable issue. Where are we with minimising this degree of internal confusion?

Ms Murnane—In relation to ease of clients navigating the system—in this case ease of carers—as Mrs Bishop said, when she was Minister for Aged Care the Carelink centre system across Australia was inaugurated. That is a common 1800 system for Australia. They have information on what services are available where, and this includes all respite services. In their particular region they will have all the services that are available. Insofar as somebody might want to go to another region, if they do not have that on hand they will be able to get that for them. If a particular respite service is not able to provide a service to somebody at a particular point, they will be free to go to another one. However, I would say it is impossible to get complete congruity across all the various regional boundaries.

Ms GRIERSON—It is not going to happen.

Ms Murnane—Basically, you might get it and then a state will change its health boundaries.

Senator MOORE—Or vice versa.

Ms Murnane—But you try to look at this from the point of view of the user to see if they are able to navigate their way through. I would not say this is perfect by any means; there is a long way to go and we know that community care in particular is very hard to navigate. But the Carelink centres, and the carer resource centres and respite centres, which advertise widely, have made this much easier. Mary, do you want to add to that?

Ms McDonald—At the time the ANAO conducted this audit there were some changes around some of the boundaries. After the audit was over in July—

Ms GRIERSON—July 2005?

Ms McDonald—Yes. When we finalised the application process for the centres we tried, as far as possible, to combine the Carelink centres and the respite centres. What we did has aligned with the new HACC boundaries. At this time the centres are aligned with the current HACC boundaries, so that is an advance—

Ms GRIERSON—Is that everywhere, Ms McDonald?

Ms McDonald—I think so, yes.

Senator MOORE—So at this point they are aligned. But at any time is that going to go?

Ms McDonald—We are going to continue to work with our state counterparts around that area to ensure that we have consistent arrangements across the boundaries. In relation to the work we are doing with the states on *The way forward* and the community care review, certainly in a number of areas that we work on jointly we have a joint interest in having consistent boundaries and agreeing on those. Some of the key areas of work are around data and the planning and sharing of information, and the states have just as much interest as we do in agreeing boundaries to work within for that information provision.

One of the things we are also going to be working on for community care is the development of consistent entry points into the community care system, which is one of the things announced through COAG on Friday. Those entry points will obviously involve the respite centres and they will need to have boundaries associated with them as well. So there is a real shared interest with the states in improving the way the system works and keeping it as consistent as possible.

Senator MOORE—What about the IT system where all this data is kept? Do the IT systems at a state level talk to the IT systems at the Commonwealth level? Is there that ease of communication?

Ms McDonald—On our shared program, the HACC program, we have a minimum data set which is shared between the Commonwealth and the states. The data is available on both and both of us can manipulate that data, so certainly that is shared. As part of the development work around data, we are doing work with the states around IT and IM, information management.

A working group has been set up under the community care review with state and Commonwealth representatives and it is currently undertaking work looking at that sort of arrangement. There is also an issue around information management at the service and the client end and how we make that more consistent, especially around client information and passing of information. Privacy rules are important there, but so too is, where agreement is given, being able to pass information on and being able to do that in a consistent way. So they are all areas that are under exploration at the moment.

Senator MOORE—I would have seen as one of the core issues from the audit as well in relation to the data management and the ease of communication. My experience from visiting the centres is that it seems a lot of the time is spent on ringing around, trying to match people up, giving them help and that kind of thing.

Ms Murnane—That probably will always be part of the case management of somebody's need. It is the contacts that the person in the respite centre or some other referral centre makes that makes them very valuable.

Senator MOORE—Sure, and matching the family to the right place?

Ms Murnane—That is right.

Senator MOORE—Because a bed might not be the best one. So is that part of the strategic plan that is being developed?

Ms McDonald—That is part of the work that is under way, that is right.

Senator MOORE—When do you hope to have the strategic plan concluded?

Ms McDonald—There are a few components to this. One is for our part of this program. We are looking at having that completed at the end of this calendar year. But there is a lot of other work which is right across the community care system that is broader than respite. That will happen over the next few years.

Senator MOORE—That is broader than federal too, is it not?

Ms McDonald—That is right. That is in conjunction with the states.

Senator MOORE—But you are hoping in your plan to have the particular strategic plan that has been recommended in the audit concluded in this calendar year?

Ms McDonald—This calendar year.

Senator MOORE—And that would be kind of a core document?

Ms McDonald—That is right. We issue guidelines for services. They include, for their service component, whether it is a centre, a respite service or resource centre. At the moment we have guidelines that talk about the aim of what we are doing overall and the particular aims of that program element. We would have it as an upfront section which would give context and then draw down to the next level. So it would be there and it would be in our key departmental documents.

Senator MOORE—And that document would then be important to the 2007 assessment?

Ms McDonald—That is correct. The performance indicators that we develop as part of that would also be part of that assessment.

CHAIR—Thank you, you have been most helpful. I thank the witnesses from the various departments and from the Audit Office for their time today.

Resolved (on motion by **Ms Moore**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of evidence given before it at public hearing this day.

Committee adjourned at 12.37 pm

