

Chapter 5

Department of Human Services and Agencies

Department of Human Services (DHS)

5.1 Issues raised by members of the committee and other senators in attendance included:

- Staffing and resources;
- DHS's web site;
- The Welfare to Work taskforce;
- Centrelink scripts;
- Comprehensive work capacity assessments;
- Job Network providers;
- The Local Liaison Officer Program;
- Recruitment processes in the department;
- Absence management policy; and
- Child care arrangements for employees.

Staffing and resources

5.2 Following on from discussions at DHS's first appearance before the committee in February 2005, Senators were interested to hear how the transfer of functions to DHS was progressing and the department's level of staffing and resources. The committee heard that the transfer of functions was complete and that permanent staff numbers had risen from 19 to 29, with staff totalling 50. Ms Scott, Secretary, indicated that the proportion of permanent staff is expected to increase. Ms Scott also said that prior to the budget DHS was expecting a complement of 54 staff but as the department has acquired additional functions relating to the Welfare to Work program it was estimating a full complement of 62 staff.¹ Mr Leeper, Deputy Secretary, informed the committee that additional funding to support the new responsibilities was provided in the budget.

Welfare to Work taskforce

5.3 The committee was particularly interested to examine issues relating to the Government's Welfare to Work initiative announced in the budget. In doing so, the committee spent much of its time with DHS on this matter.

¹ *Committee Hansard*, 26 May 2005, F&PA 4

5.4 The committee heard that the Welfare to Work taskforce commenced 22 February 2005 and concluded 11 May 2005, the day after the federal budget.² DHS and Centrelink each had one officer on the taskforce, with the responsibility for the taskforce residing in PM&C.

5.5 Senators tried to ascertain what mechanism is in place to coordinate the various departments and agencies involved in the initiative, given the allocation of different responsibilities between policy and service delivery agencies. Ms Scott informed the committee that following the budget a steering committee and a strategic project management group were established to 'oversee the implementation and provide feedback to the government on progress with the reforms, resolve emerging issues, and provide an avenue for consultation'.³ Although DHS has representation on these bodies, both are chaired by the DEWR.

5.6 Questions from Senator Wong established the existence of documentation setting out the arrangements between agencies but when the committee asked for copies of the documentation Ms Scott declined on the grounds that the ownership of the documents resides with DEWR. This gave rise to Senator Evans expressing frustration at the inability or refusal of DHS officers to provide the information which might clarify the division of labour across different agencies. Senator Evans said:

I am having a bit of trouble working out what Human Services does these days. It seems that DEWR have taken over nearly everything that you or FaCS used to do. What we are trying to figure out is how this all works now. If you look at the budget documentation et cetera, it all seems to be in the DEWR portfolio. Senator Wong, Senator Moore and I are struggling to define the role of Human Services, and we are looking for help in how we identify that.⁴

5.7 In response, Ms Scott stated that:

...one of the reasons for the establishment of the department was to ensure better coordination and greater collaboration and greater input into policy process of service delivery. The fact we had two officers on the taskforce was an important step in ensuring that service delivery was considered in policy matters.⁵

5.8 To illustrate the department's role in 'value adding' to the delivery of services, Ms Scott informed the committee that:

You may recall from the last time we met, in February, that we had also been asked to increase the number of referrals of non-activity tested customers of Centrelink to the Job Network. Since the commencement of

2 *Committee Hansard*, 26 May 2005, F&PA 5

3 *Committee Hansard*, 26 May 2005, F&PA 8

4 *Committee Hansard*, 26 May 2005, F&PA 9

5 *Committee Hansard*, 26 May 2005, F&PA 9

that strategy in December, there has been a very substantial increase in the number of voluntary referrals from Centrelink to Job Network, whereas before the creation of the department there used to be about 4,000 referrals a month. The figure is now averaging around 10,000 a month, and we have had pretty positive feedback on that strategy. The increase well and truly exceeds 100 per cent, and I am pleased to say that similar trends appear to be emerging in the job placement numbers by Job Network.⁶

5.9 Further questions on the welfare to work reforms focused on whether any modelling or analysis had been undertaken on the impact of these reforms on Centrelink clients. The committee heard that neither DHS nor Centrelink had done any modelling but that they had provided the taskforce with data, presumably for the purposes of modelling. The committee also heard that neither the department nor the agency had conducted consultations with client groups on the proposed new measures or options for them.⁷

Comprehensive Work Capacity Assessments

5.10 The committee devoted substantial questioning to the comprehensive work capacity assessments project, coordinated by DEWR but implemented by DHS. The committee examined the aims of the project, coordination structure, pilot schemes currently being undertaken and the planned implementation approach.

5.11 The committee heard that there are 15 trial sites located in Victoria, Queensland and Western Australia with four different models or 'four major participants' involved.⁸ The pilots are expected to be completed by the end of June and the results evaluated in July 2005. Each of the four participants (Health Services Australia, CRS Australia, Centrelink and Advanced Personnel Management) will undertake 250 assessments, totalling 1,000 assessments.⁹

5.12 Following these assessments, DHS and DEWR will evaluate the results and then 'design the comprehensive work capacity assessments, drawing on the most effective model for particular groups of clients'.¹⁰

5.13 This project was another area where the committee was left with a confused picture of DHS's role in relation to other departments. Part of the problem lay in the limited answers to questions, as the following example shows.

Senator WONG—I am still a little confused, though, Ms Scott. Why was the decision made in March that DEWR would undertake the pilot, yet, in May, the decision was made that Human Services would implement the

6 *Committee Hansard*, 26 May 2005, F&PA 10

7 *Committee Hansard*, 26 May 2005, F&PA 21

8 *Committee Hansard*, 26 May 2005, F&PA 25

9 *Committee Hansard*, 26 May 2005, F&PA 25

10 *Committee Hansard*, 26 May 2005, F&PA 25

new system that is being road-tested by DEWR? Why is it not Human Services doing the pilot or, alternatively, why is it not DEWR doing the assessments?

Ms Scott—This was a decision taken by cabinet. I do not know what particular forces were at work, but this is the outcome of the government's decision ... I am sure that we will work very closely and collaboratively with our colleagues in DEWR and they are very keen to work with us on this exercise. I am sure it will go well. The referrals work we talked about earlier in the morning demonstrates that there is a very effective working relationship between the two departments.¹¹

5.14 DHS has been allocated \$2.5 million over four years—out of a total budget allocation of \$316 million—to support the department's administration of the scheme, which will provide approximately eight additional full-time equivalent staff. The committee heard that in effect, DHS will be 'administering other people to do the work'.¹² Asked whether this work will go out to tender Ms Scott replied that the government had not made a decision yet but also stated that:

We are waiting for the outcome of the trials, to assess the best way forward. The government has publicly stated that from July 2008 its intention is that this work be fully contracted out—but the arrangement from July 2006 to July 2008 is yet to be determined. It may be a mixture, depending on the results of the trial.¹³

5.15 Senators questioned the department about the guidelines and procedures to govern such contract arrangements. In particular, concerns were raised at the potential for conflict of interest, for example, in cases where a work capacity assessor may also be the provider for the recommended services. DHS witnesses indicated that guidelines and procedures have not yet been designed, reiterating that the 'arrangements are going to be informed by the results of the trials'.¹⁴

Child Support Agency (CSA)

5.16 Issues raised by members of the committee and other senators in attendance included:

- The appointment of Mr Matt Miller as the General Manager of CSA;
- The agency's financial statements;
- Ministerial taskforce and reference group on child support;
- An organisation called Family Advantage;

11 *Committee Hansard*, 26 May 2005, F&PA 26

12 *Committee Hansard*, 26 May 2005, F&PA 28

13 *Committee Hansard*, 26 May 2005, F&PA 28

14 *Committee Hansard*, 26 May 2005, F&PA 33

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- Human resource management policies;
 - Trends in private settlements; and
 - Absenteeism.

Financial statements

5.17 The committee asked several questions concerning the agency's financial statements, particularly as the statements for the 2004-05 financial year cover approximately only eight months of the financial year due to the changes in the Administrative Arrangements Orders and CSA's amalgamation with DHS. Ms Scott informed the committee that the 'full 2004-05 set of financial statements' will be in the first annual report of the Department of Human Services, due to be tabled around October of this year.

Ministerial taskforce and reference group on child support

5.18 Senator Moore questioned the agency about its involvement in and the support it provides to the ministerial taskforce and reference group on child support. Mr Leeper told the committee that the Department of Family and Community Services provide secretarial support to the taskforce. Mr Leeper went on to say that:

The Department of Human Services and the Child Support Agency from time to time provide assistance with the work of the taskforce and the secretariat. As you would appreciate, there are data matters and things with which they need assistance. There are factual issues relating to the operation of the current scheme, and that information is being provided as required.¹⁵

5.19 Ms Scott added:

In relation to the work of the taskforce and the separate but related work into family relationship centres, the Department of Human Services—that is, the core department—Centrelink and the Child Support Agency have cooperated in putting together certain advice on each of those. In relation to family breakdowns, often Centrelink gets involved at a very early stage anyway. We have taken the opportunity to try to provide a coordinated response.

...

We are contributing; I think that is the best way of putting it.¹⁶

5.20 Ms Bird, Assistant General Manager, also stated that CSA's 'role has been to provide information when requested by the taskforce' and clarified that the CSA does not have a person working directly on the taskforce secretariat.¹⁷

15 *Committee Hansard*, 26 May 2005, F&PA 50

16 *Committee Hansard*, 26 May 2005, F&PA 50

17 *Committee Hansard*, 26 May 2005, F&PA 50

Trends in private settlements for child support payments

5.21 The CSA was also asked about trends in private settlements between parents for child support payments, as distinct from arrangements which the CSA oversees. Ms Bird distinguished between two separate types of private arrangement. The first type involves parents who make an agreement between themselves about the level of support payable (which can be registered with the CSA). Ms Bird said that these arrangements are between six to eight per cent of all child support arrangements, a level which has remained static over time.

5.22 The second type of arrangement the CSA calls 'private collect'. It involves parents registering with the CSA which assesses and updates the level of support payments, but payments are made directly between the parents, not through the CSA. The committee heard that private collect arrangements have grown steadily to 64.9 per cent of support arrangements.¹⁸

Centrelink

5.23 Issues raised by members of the committee and other senators in attendance included:

- Human resource management policies:
 - family friendly workplace, and
 - absenteeism;
- Customer service officer scripts;
- Managing compliance – new suspension regime announced in the budget; and
- The Welfare to Work taskforce.

5.24 Senator Moore questioned the agency regarding the numbers of Indigenous people and people with disabilities that Centrelink employs. Mr Whalan, Chief Executive Officer, told the committee that Centrelink employs 24,907 staff, of which 914 are Indigenous (approximately four per cent) and 1,514 people with a disability (approximately six per cent). Mr Whalan added that Centrelink employs the 'largest proportion of people with disability of any agency in the Commonwealth'.¹⁹ Mr Whalan went on to say that 20 per cent of Centrelink's staff are part time.²⁰

5.25 Senator Mason noted that Centrelink's average staff absence rate appeared to have fallen from 15.47 days to 11.52 days, for the 2001-02 and 2003-04 financial years respectively.²¹ Mr Whalan explained, however, that the figures do not capture

18 *Committee Hansard*, 26 May 2005, F&PA 53

19 *Committee Hansard*, 26 May 2005, F&PA 54

20 *Committee Hansard*, 26 May 2005, F&PA 54

21 *Committee Hansard*, 26 May 2005, F&PA 55

the 'full story' as the 2003-04 figure is for 'people who are ill' and it does not represent the 'full unplanned leave figure', which is 15.78 days per employee, an increase from 2001-02 and above the APS average.²²

5.26 In discussing ways to manage staff absenteeism, Mr Whalan told the committee that in his view part of the problem was a cultural one where people believe sick leave is an entitlement which should not to be 'wasted', a view that leads to misuse of sick leave.²³ He went on to say that Centrelink is targeting the matter at the local level by publishing monthly figures by work group, 'showing whether people are above or below the APS average' and supervisors are required to raise leave concerns with staff.²⁴ Centrelink is also promoting healthy lifestyles as a longer term strategy. Mr Whalan also said that the agency's new draft certified agreement is tightening leave provisions, requiring a doctor's certificate or equivalent after five days of leave (other than recreation leave) have been taken.²⁵

5.27 The committee was surprised to hear that currently medical certificates are not required for sick leave²⁶ but notes the measures Centrelink is adopting to address the matter. The committee intends to pursue this matter at later estimates hearings.

Customer compliance regime

5.28 Noting the budget allocation of \$198.2 million for Centrelink's compliance activities, Senator Evans sought an overview of compliance activities and an explanation of how the monies are to be spent. Mr Whalan informed the committee that the allocation was for the following five activities:

- Overseas income automation;
- The 10 per cent levy on the recovery of fees for debts;
- Debt recovery from tax refunds;
- The new suspension regime – extra work associated with eight-week non-payment periods; and
- The new suspension regime – case management of customs serving a non-payment period.²⁷

5.29 However, Centrelink was unable at the hearing to provide a breakdown of costs for each measure. In explaining the difficulties Centrelink staff were facing in

22 *Committee Hansard*, 26 May 2005, F&PA 55

23 *Committee Hansard*, 26 May 2005, F&PA 55

24 *Committee Hansard*, 26 May 2005, F&PA 56

25 *Committee Hansard*, 26 May 2005, F&PA 56-57

26 *Committee Hansard*, 26 May 2005, F&PA 57

27 *Committee Hansard*, 26 May 2005, F&PA 59-60

disaggregating the costs, Mr Whalan indicated that this information could probably be obtained more readily from the Department of Family and Community Services:

We are having trouble doing the splits. We are going to try and get it before the end of your session, but we are having trouble doing the splits ... One of our difficulties here is that, if you were asking FaCS the question, I am sure they would have the answer very much at hand.²⁸

5.30 This example is yet another instance of the ongoing frustration committee members experience with the break up of the policy and service delivery arms of the 'human services' agencies across two committees and how this arrangement hampers adequate parliamentary scrutiny of expenditure in this area.

5.31 The committee also examined the new suspension regime for job seekers. The committee heard that the policy had come out of the deliberations of the Welfare to Work taskforce. Centrelink had one officer on the taskforce but its involvement was minor. Officers also explained the differences between the existing 'breach' system and the proposed suspension model, arguing that field trials have shown that the suspension of payments (which replace the penalties currently imposed for a breach of agreements) act as a 'trigger' to get clients to reconnect with agency staff and leads to faster and better outcomes for clients. However, the committee was concerned to also hear that numerous aspects of the model are yet to be worked out before the new regime starts on 1 July 2006.

Health Insurance Commission (HIC)

5.32 Issues raised by members of the committee and other senators in attendance included:

- An update on the transfer of functions to the Finance and Administration portfolio; and
- The Medicare Benefits Scheme and the Medicare safety net payments;

Transition to the new portfolio arrangements

5.33 Ms Argall, Managing Director, briefed the committee on the HIC's transition to the new administrative arrangements. The committee heard that the 'physical and operational arrangements are much the same as they were previously'.²⁹ Ms Argall also informed the committee of some positive outcomes from the changes, stating that:

One of the most significant positives of the new arrangements has been a very much stronger relationship with some of the other operational organisations that exist under the umbrella of the Department of Human Services, particularly Centrelink. Good cooperation is happening there. One

28 *Committee Hansard*, 26 May 2005, F&PA 63

29 *Committee Hansard*, 26 May 2005, F&PA 76

of the major areas of cooperation has been around the Family Assistance Office services. As you know, Medicare officers have had responsibility for the delivery of FAO in a virtual service delivery arrangement. The reality has been that, because of some of the difficulties around access to systems, our role up to this point in time has been more about accepting applications and passing those on and providing information. We are now working in partnership with Centrelink so that we can over the next 12 months deliver full Family Assistance Office services out of Medicare offices. That is a very significant and notable positive coming out of the new relationships.

Cooperation also exists around some of the concessional data that we receive from Centrelink. We have been working in cooperation with Centrelink to enhance the quality of the data exchange around concessional status. For customers, that is very important to the work that we do in the Health Insurance Commission. Another positive, while probably not as significant in a major sense as those changes, is some of the cooperation between us and other agencies within DHS about contractual arrangements. We are working together in going out to the market for common services. Those positives will continue into the future.³⁰

Medicare Benefits Scheme

5.34 Senator McLucas questioned officials about the frequency of, and mechanism for, reporting Medicare benefits data to the Department of Health and Ageing (DoHA). Ms Argall said that the HIC was providing data to DoHA daily and with the introduction of Medicare safety net payments the HIC was now also reporting weekly. Ms O'Connell, General Manager, Business Implementation and Support Division, provided the committee with a breakdown of the information that the HIC passes to DoHA:

- Daily—Medicare transaction information, benefits paid, etc. (this information is deidentified); and
- Weekly—reports in relation to Medicare initiatives, data on safety net expenditure and total Medicare expenditure, including:
 - data on paid services,
 - the total benefits paid,
 - the total MedicarePlus safety net benefits,
 - the standard benefit payments,
 - the number the services provided, and
 - the amount of out-of-pocket expenses.³¹

30 *Committee Hansard*, 26 May 2005, F&PA 76

31 *Committee Hansard*, 26 May 2005, F&PA 77

5.35 Senator McLucas sought statistics regarding the total registrations for the safety net, for each month beginning March 2004 to date. The HIC stated that due to the volume of information being sought it would need to take the matter on notice.

5.36 Further attempts to examine the matter of the statistical data provided to DoHA and how it was used to formulate the safety net policy were met with the HIC stating that it is only responsible for service delivery, not policy formulation, and that any questions relating to policy should be directed to DoHA.

Australian Hearing

5.37 Issues raised by members of the committee and other senators in attendance included:

- 2005-06 budget;
- the Outreach Program;
- Staff bonus schemes; and
- Staffing separation rates.

5.38 The committee heard that Australian Hearing's budget has increased from the past financial year, \$34.6 million for 2005-06 compared with \$32.7 million in 2004-05.³² The committee was also informed that the budget for the Indigenous outreach program had also increased from \$2 million in the 2004-05 financial year to \$3.8 million in 2005-06.³³

5.39 Continuing discussions from previous hearings, Senator Crossin asked Australian Hearing for a progress report on its review of the staff bonus scheme. Ms Green, Managing Director, said that the review had been completed and informed the committee that:

In May we announced to the staff and our stakeholders that we are changing the bonus arrangements across the whole organisation. The majority of people in Australian Hearing will get bonuses based on team performances. In particular, the specialist audiologists who are working on CSO will get an additional allowance per year if they meet certain thresholds. If they are doing 70 per cent or more work in the CSO area they will get a special allowance to recognise their particular skills and expertise in that area. So they will get both the team bonus and the allowance loading.³⁴

5.40 Australian Hearing was also questioned on whether it was meeting targets for its outreach program. Despite some of the difficulties encountered in travelling to

32 *Committee Hansard*, 26 May 2005, F&PA 87

33 *Committee Hansard*, 26 May 2005, F&PA 87

34 *Committee Hansard*, 26 May 2005, F&PA 89

remote communities and with clients, especially children, failing to attend remote centres, Ms Green stated that the agency is 'on target at the moment for our outreach and Indigenous clients in terms of our target hours'.³⁵ Questions relating to centres not meeting their targets in servicing remote communities were taken on notice.

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Senator Brett Mason

Chair

35 *Committee Hansard*, 26 May 2005, F&PA 92

