



LEGISLATIVE COUNCIL

BUDGET AND FINANCE COMMITTEE

Plaza Room, Parliament House, Adelaide

Monday 28 September 2009 at 10:35am

BY AUTHORITY OF THE LEGISLATIVE COUNCIL

MEMBERS:

Hon. R.I. Lucas MLC (Chairperson)
Hon. B.V. Finnigan MLC
Hon. C.V. Schaefer MLC

ALSO PRESENT:

Hon. J.A. Darley MLC
Hon. S.G. Wade MLC

WITNESSES:

JOSLENE MAZEL, Chief Executive; JOE ULLIANICH, Executive Director, Financial Services; PETER BULL, Executive Director, Organisational Development; SUZANNE CARMAN, Executive Director, Office of Disability and Client Services; DENNIS HUXLEY, Director, Corporate Services, Housing SA; GEOFF LAMSHED, Director, Corporate Services, and STEVE RAMSEY, Deputy Executive Director, both of Families Sa; and CLAUDE BRUNO, Director, North Disability SA, all of the Department for Families and Communities, Riverside Building, North Terrace, Adelaide 5000, called and examined:

6532 The CHAIRPERSON: Good morning, and welcome to the meeting. The council has given the authority for this committee to hold public meetings. A transcript of your evidence today will be forwarded to you for your examination for any clerical corrections. Should you wish at any time to present confidential evidence to the committee please indicate, and the committee will consider your request. Parliamentary privilege is accorded all evidence presented to the committee; however, all persons, including members of the press, are reminded that the same rules apply as in the reporting of parliament.

Thank you for attending this morning's meeting of the Budget and Finance Committee. I invite you to formally introduce yourself, and your position, for the benefit of Hansard, and make a brief opening statement, if you have one, before we open it up for questions. I also invite you to respond to what has happened to the answers to questions that you took on notice at your last appearance before this committee.

Ms MAZEL: Thank you. I am Joslene Mazel, Chief Executive, Department of Families and Communities; this is Joe Ullianich, Executive Director, Financial Services. Also present are Dennis Huxley, from Housing SA; Geoff Lamshed and Steve Ramsey from Families SA; Claude Bruno from Disability SA; Suzanne Carman, from the Office of Disability and Client Services; and Peter Bull from Organisational Development.

6533 The CHAIRPERSON: Ms Mazel, do you have a brief opening statement?

Ms MAZEL: I don't. I am happy just to respond to the question about what has happened to the questions that were put on notice.

6534 The CHAIRPERSON: Yes, if you could.

Ms MAZEL: I thought we had sent them to you.

6535 The CHAIRPERSON: There seems to have been a breakdown in communication. We will not delay this meeting but perhaps, at the conclusion of the meeting, you can meet with the committee secretary and work out what, if anything, has happened. A number of the members,

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obviously, before we commenced questioning today were interested in the answers that you took on notice back in February-March of this year.

Ms MAZEL: I thought it was some time ago that we sent them to you. We will need to follow that up.

6536 The CHAIRPERSON: We have had a problem with the health of the research officer, so let's see if we can resolve that immediately after the meeting. Perhaps Mr Ullianich could have a discussion with the committee secretary to see if we can sort that out.

I am sure you will be aware that the first range of questions is really to try and define the extent of the savings task that confronts you, as an agency. We do this with each of the agencies. Without revisiting all the gory details of the last meeting I think, in summary, we agreed that, at that stage, the budget savings task for your agency this year (2009-10) would be \$28 million and, at the end of the then forward estimates period (2011-12), the savings task was going to be \$32.9 million.

Since then you have had officially advised to you further savings task requirements and you have also been advised of the dollar equivalent of the staff reductions that you are required to undertake. Can you now quantify for us, for each of the forward estimates you use from 2009-10 through to 2012-13, the aggregate or cumulative savings task that you are having to confront as an agency?

Mr ULLIANICH: If I could just come back to that first comment you made about the two amounts that you alluded to, they were cumulative figures, of course, comprising savings initiatives that have been promulgated over a number of years.

6537 The CHAIRPERSON: Commencing with the 2006-07 budget?

Mr ULLIANICH: Correct; that is right. Rather than deal with them in their total, basically at this stage we have an additional \$3 million in savings to achieve in 2010-11. This current year, of course, was the \$1 million and next year it is \$3 million. I should say it is a net increase of \$2 million to be delivered next year.

In respect of any other savings, there aren't any other initiatives. Obviously, you would be aware of the savings that the Treasurer announced in aggregate that would be implemented, as I understand it, once the Sustainable Budget Commission is established, and we have not been allocated any savings in relation to that.

6538 The CHAIRPERSON: No; we accept that. Let's work through these then in detail. What is the dollar equivalent of the savings reductions for full-time equivalent staff that you have to reduce this year and in the next two years?

Mr ULLIANICH: The number is 62, and the dollar equivalent is \$4.485 million in a full year.

6539 The CHAIRPERSON: That is in 2009-10?

Mr ULLIANICH: No, because that was only to be implemented effective from 1 January, so it is effective six months in 2009-10 and a full year in 2010-11.

6540 The CHAIRPERSON: So, what is the dollar equivalent in 2010-11 and 2011-12?

Mr ULLIANICH: Broadly, 50 per cent of that \$4.464 million, I should say.

6541 The CHAIRPERSON: Can you give us a dollar figure for what you are talking about?

Mr ULLIANICH: \$4.464 million for a full year and approximately half that for this year.

6542 The CHAIRPERSON: Sorry; you have confused me. I thought the \$4.48 million you were talking about is for 2010-11; is it not?

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Mr ULLIANICH: It is for a full-year effective to 62 but, because we have only six months, it is approximately half that this year.

6543 The CHAIRPERSON: So, \$2.24 million dollars this year.

Mr ULLIANICH: Correct.

6544 The CHAIRPERSON: But don't you have to add further staff reductions in 2010-11 and 2011-12 which will add to that figure?

Mr ULLIANICH: Yes. There are 10 in the subsequent two years—2010-11 and 2011-12—and we are still in the process, obviously, of identifying those particular positions. They do not have to be delivered until 2010-11.

6545 The CHAIRPERSON: So, what are we talking about: another \$800,000 in 2010-11 and another \$800,000 in 2011-12?

Mr ULLIANICH: We are broadly working to a \$72,000 average.

6546 The CHAIRPERSON: Another \$700,000. So, approximately \$5.1 million full-year equivalent in 2010-11 and then approximately \$5.8 million in 2011-12.

Mr ULLIANICH: Correct.

6547 The CHAIRPERSON: And the extra \$3 million in 2010-11 that you talked about.

Mr ULLIANICH: Yes.

6548 The CHAIRPERSON: In the 2008-09 budget, for example, you were given a savings requirement of \$8 million—which has just transpired—and a savings requirement of \$11.6 million in 2009-10; and \$13.7 million and \$16.8 million in 2011-12.

Mr ULLIANICH: Correct.

6549 The CHAIRPERSON: What we are trying to see is the aggregate task that confronts you as an agency in terms of a cumulative savings task.

Mr ULLIANICH: As I said, I felt that I summarised those at our last meetings and that the only additional element that had not been revealed in previous budgets is the increasing amount over the next two years in relation to the first tranche of savings, which was \$1 million, growing to \$3 million and then \$6 million, and the last one is \$9 million.

6550 The CHAIRPERSON: Just to summarise, your evidence at the last meeting was that, starting from 2006-07 through to the time of the last meeting, when we get to the budget year 2011-12, you had a savings task of \$32.9 million. Your evidence is that you have met a reasonable amount of that already in terms of the ongoing task. What you are saying to this committee is that, for the budget year 2011-12, for example, we can add about \$5.8 million—which is the dollar equivalent of the staff reductions that you have to reduce—and the \$3 million, which is introduced from the 2010-11 financial year onwards?

Mr ULLIANICH: Correct.

6551 The CHAIRPERSON: So, in ballpark terms, if we can put it that way, we are talking about just over \$42 million in total savings if one goes back from the 2006-07 budget through to the most recent budget decisions?

Mr ULLIANICH: Including the TVSPs, of course—the targeted savings there. We have achieved our target with respect to the TVSPs.

6552 The CHAIRPERSON: Let's quickly run through the last financial year, 2008-09. Did you meet all the savings requirements as required of you by Treasury for the last financial year?

Mr ULLIANICH: Yes. I will deal with those on an exception basis. We have effectively achieved those savings requirements. In two, we still have an issue: the workforce injury management unit that we were looking to transfer to another agency to manage. This was on the

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basis that that would deliver in the order of \$400,000 savings per annum. We have had ongoing discussions with the other agency and, at this point, I think it is fair to say that we can't see the savings being achieved in that initiative.

6553 The CHAIRPERSON: And the second one?

Mr ULLIANICH: Are you looking at 2.29 of the 2008-09 budget papers?

6554 The CHAIRPERSON: I can if you want me to.

Mr ULLIANICH: As I said, I will report on an exception basis, if that is all right.

6555 The CHAIRPERSON: Yes.

Mr ULLIANICH: The other one is a revenue offset. This relates to training and, in particular, support dollars from the commonwealth. The target was \$390,000. We actually achieved \$186,000, so there was a shortfall in that revenue of \$204,000. Apart from that, the operating initiatives are all in effect.

6556 The CHAIRPERSON: So, what you are reporting to the committee, with the exception of those two examples you have given, is that all the other Treasury outlined savings initiatives for budget year 2008-09 have been met, as outlined by the budget papers?

Mr ULLIANICH: Correct.

6557 The CHAIRPERSON: For 2009-10, can you outline briefly to the committee what decisions you have taken to implement the savings task that Treasury has outlined for you from this financial year onwards?

Mr ULLIANICH: Again, if we observe the '09-10 budget papers, they do not reflect prior initiatives because they are not new. If you look at the savings initiatives, there is an additional \$3 million in '12-13.

6558 The CHAIRPERSON: Mr Ullianich, I accept that, but in the 2008-09 budget, for example, for the financial year 2009-10 there is a series of savings you are required to achieve. For example, for head office administrative efficiencies, last year you said you met the \$850,000 saving, but you now have to find \$2 million, an extra \$1.2 million, this year.

Mr ULLIANICH: Correct.

6559 The CHAIRPERSON: Can you outline to the committee where there is an additional savings task required of you for this financial year? What decisions have you taken to meet that particular savings task?

Mr ULLIANICH: We have implemented that. I cannot tell you—I would have to take it on notice—about the specific actions that we have taken but, largely, all those savings initiatives that were there and announced in '08-09 obviously have a rolling effect. We have taken action to achieve those savings, but I can't tell you specifically about the additional \$1.2 million savings.

6560 The CHAIRPERSON: So, you will take that on notice and provide an answer to the committee?

Mr ULLIANICH: Yes; I will.

6561 The CHAIRPERSON: In terms of the reduction in grants to the Housing Trust, there is an additional \$1 million reduction. I assume you have implemented that.

Mr ULLIANICH: Yes; that has been implemented.

6562 The CHAIRPERSON: And the savings target of \$1 million that starts this year, how are you meeting that?

Mr ULLIANICH: Yes; that has been implemented. In fact, you will see initiatives that were described in one of the budget papers.

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6563 The CHAIRPERSON: Perhaps you could briefly outline to the committee how you are meeting that \$1 million savings.

Mr ULLIANICH: I refer you to page 2.3 of the '09-10 budget statement. There is a community service grants reduction of \$700,000 and staff training and development reduction in specific programs—this is our own internal training—of \$300,000 to achieve the \$1 million saving.

6564 The CHAIRPERSON: And the community service grants reductions are in what particular area?

Mr ULLIANICH: I think they were provided at estimates. Again, I don't have those specifics but, if you are asking for the details, we can take that on notice.

6565 The CHAIRPERSON: In the 2006-07 budget savings, which you say you have implemented through to 2008-09, there are a couple of lines there which factored in the latter years of the then forward estimates. Let me give you one example: one was the implementation for better case management practices, which was going to save \$750,000 last year. Later on, we will come to the trauma the department has experienced with the case management software system, or the IT program. Are you saying to the department that you have saved \$750,000 in '08-09 and \$1 million this year through implementation of better case management practices?

Mr ULLIANICH: No. In fact, there has been, as you would be aware, a delay with the client case management system, but that is being rolled out now, so we are going to achieve some success there. Over the intervening period there have been other initiatives that have been put in place to offset that delay.

6566 The CHAIRPERSON: Perhaps you could take this on notice, but you indicated earlier that you had achieved everything in accordance with the budget requirements from Treasury, with the exception of two. Now, this better case management, which was going to save \$750,000 and now \$1 million, if I understand you, I think you are now saying that you haven't achieved that, you have done that in a different way.

Mr ULLIANICH: In a dollar sense, yes, we have.

6567 The CHAIRPERSON: What we are asking from you is, if you are achieving the same saving but you are doing something different, you haven't achieved that particular saving. If you could take that question on notice as to how you have achieved that. Secondly, there was also a savings task which factored in of housing governance restructure, which was going to save \$1.5 million last year and is going to save \$2 million this year. Did you achieve the \$1.5 million saving in housing governance restructure in 2008-09?

Mr ULLIANICH: Yes. Effectively, the bulk of that saving has been achieved through the state ceasing to overmatch, as it had been doing in previous years.

6568 The CHAIRPERSON: No—

Mr ULLIANICH: I am getting to the next bit.

6569 The CHAIRPERSON: Okay, because that is a separate saving line, you are going to save \$3.3 million for that.

Mr ULLIANICH: Yes, but the manner in which we have been achieving that is consistent with that mandate from cabinet to cease overmatching. We have not passed on indexation to housing in respect of the grants, because that would have taken us over the overmatching again, and we have been achieving those savings in relation to housing through that methodology.

6570 The CHAIRPERSON: That is not a housing governance restructure.

Mr ULLIANICH: In talking about a housing governance restructure, when we came to implement that, and I am talking now of two years ago, there was limited capacity in terms of savings that are achieved in the PNFC (public non-financial corporation), as opposed to what can be delivered in the budget sets, because savings in the trust would generally remain in the trust

D. HUXLEY
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J. MAZEL
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and not be able to be clawed back through the budget process. So, in terms of achieving that target it had to be done in the way that I have described to you.

6571 The CHAIRPERSON: You might have to take this on notice. You indicated earlier that you had met—with the exception of two instances—all of the savings requirements that Treasury had outlined to you. I highlighted earlier the issues relating to case management, and you will come back with some answers on that, but in these two specific areas nothing that you have said to me—I have to be frank—would indicate that you have saved \$1.5 million, and \$2 million this year, through housing governance restructure.

What you are saying to the committee is, 'Okay, we didn't save anything through housing governance restructure, or much less than that, but what we did was we further reduced payments to the Housing Trust'—for what you have indicated in an earlier budget line: eliminate overmatching of the commonwealth/state housing agreement.

So, instead of reducing that by \$3.3 million last year and \$4.2 million, if you are saying to the committee that you have increased those numbers, then I would invite urgent clarification of that from you either today or by way of taking the question on notice, because they are two distinct savings lines. If you have melded the two together, then so be it, but I think you need to clarify to the committee exactly what it is that you have done to meet the savings targets.

Mr ULLIANICH: What I am saying is that, in effect, we have achieved the total of the savings targets, first, through cessation of the overmatching; and, secondly, through not passing on EB, effectively, in relation to the trust operations.

Because of the relatively low indexation provided previously through the commonwealth/state housing agreement, had we matched and provided EB, we would have been overmatching, which was contrary to the mandate to cease overmatching, and that is how we have achieved the savings in total. When one talks of housing governance restructure, any savings that are achieved in the trust as a consequence of any efficiencies remain in the trust—they are not deliverable back to the budget.

6572 The CHAIRPERSON: So are you saying to this committee that you will take the detail on notice, but we should be informed that eliminating overmatching of the commonwealth/state housing agreement from the state viewpoint was not \$3.3 million last year but \$3.3 million plus the \$1.5 million; it was \$4.8 million, was it?

Mr ULLIANICH: Broadly.

6573 The CHAIRPERSON: Broadly, and you will clarify the detail?

Mr ULLIANICH: Yes.

6574 The CHAIRPERSON: And that broadly, for this financial year 2009-10, eliminating overmatching of the commonwealth/state housing agreement, which was to be \$4.2 million, will now be approximately \$6.2 million—and you will come back with the detail?

Mr ULLIANICH: It is broadly in that vicinity. I will come back with that.

6575 The Hon. S.G. WADE: I will ask questions about the Magill Training Centre. What is the cost of decommissioning and demolishing the centre?

Mr ULLIANICH: We are not prepared to release that information. I can say that, in terms of the valuations we have achieved or have obtained in relation to properties, they are net demolition costs. Anticipated proceeds—

6576 The Hon. S.G. WADE: I was not asking about proceeds but about the costs of decommissioning and demolishing, but you do not have those figures?

Mr ULLIANICH: We have estimates and, when we are talking about the funding for the new facility, we have assumed the funding for our purposes is on a net basis after accounting for demolition.

D. HUXLEY
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J. ULLIANICH
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S. CARMAN

6577 The Hon. S.G. WADE: So that project of decommissioning, demolishing and sale and what have you is not being managed by you?

Mr ULLIANICH: It is managed by the department.

6578 The Hon. S.G. WADE: It is being managed by the department? In that case, is the Magill land subject to any encumbrances that might affect the sale of the land?

Ms MAZEL: I do not think there are any encumbrances. I think somebody referred at some stage to there being some sort of caveat over that land, that it could not be sold other than for the purpose of making sure young people got benefit. We have searched the land title and we cannot find at this stage any encumbrances.

6579 The Hon. B.V. FINNIGAN: The Land Management Corporation will be responsible for the sale of the land?

Ms MAZEL: It would be, yes.

6580 The Hon. J.A. DARLEY: Is it intended to change the zoning of that land for more intense development?

Ms MAZEL: At this stage it's difficult to talk about the detail of it, because a lot of that information is commercial-in-confidence, and the development of it will go through a whole process. It would be unwise for us to disclose any of the amounts or how it will be managed.

6581 The CHAIRPERSON: Is the Oakden land that is part of the off-set held currently by your department or some other department?

Ms MAZEL: It is currently held by our department.

6582 The CHAIRPERSON: It is still in the ownership of Families SA, is it? Technically, who owns it—the minister, the department or the section of the department?

Mr BULL: I believe the title might have been with the Crown, as in a general sense. We were transferring the title to the Minister for Families and Communities to enable us to sell the property.

6583 The CHAIRPERSON: You have transferred the title?

Mr BULL: We are underway with that. That is either almost just completed or it has just recently been completed.

6584 The Hon. S.G. WADE: I understand that this land was formerly part of the Strathmont Centre?

Mr BULL: Correct.

6585 The Hon. S.G. WADE: In recent weeks the minister has publicly stated that it would cost around \$100 million to replace the Magill Training Centre, yet the Premier's ministerial statement suggests that the cost of the new centre would be \$67 million. Can the department explain what elements of the project have been withdrawn to reduce the cost of the project by \$33 million?

Mr ULLIANICH: When the minister referred to a figure of \$100 million that might have been in relation to a 90-bed facility. That was the original PPP project.

Ms MAZEL: That was to bring Cavan and Magill into one centre.

6586 The Hon. S.G. WADE: The government decided to go from a 90-bed facility at the cost of \$100 million to a 96-bed facility for \$67 million. How did that save \$33 million?

6587 The Hon. B.V. FINNIGAN: They are utilising part of the existing facility at Cavan.

6588 The CHAIRPERSON: Ms Mazel or Mr Ullianich? I thank the Hon. Mr Finnigan for his help.

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J. ULLIANICH
P. BULL
S. CARMAN

6589 The Hon. B.V. FINNIGAN: I was trying to help the shadow minister to understand his portfolio.

Mr ULLIANICH: The new 90-bed facility would have replaced the two existing facilities, whereas the process we have embarked on now is that, effectively, we are replacing Magill but retaining Cavan.

6590 The Hon. S.G. WADE: You are suggesting that the current Cavan facility was going to be decommissioned as part of the new Prisons and Secure Facilities Project?

Mr ULLIANICH: Correct.

6591 The Hon. S.G. WADE: At what stage did the previous PPP project reach before it was terminated and the PPP bidders provided compensation? To what extent were the plans finalised?

Mr ULLIANICH: That matter, I think, should be taken up with Treasury as opposed to this agency.

6592 The Hon. S.G. WADE: The point I am getting at is that your agency is taking over a project, and presumably you will not have access to work already done. I am trying to get at what intellectual property the government has retained in the work done as part of the new Prisons and Secure Facilities Project and will you be building on that?

Mr ULLIANICH: I think that I can summarise by saying that that is the process we are going through now with Treasury.

Mr BULL: Crown solicitors and Treasury are dealing with the compensation issue.

6593 The CHAIRPERSON: What about the work that has gone into it? I do not know whether you want to define that as 'intellectual property', but clearly some work has been done. I understand that there is a budget line of a couple of hundred thousand dollars for the team that you had within your agency working on this. How much money did you spend? You had, what, two or three officers working full time on this?

Mr BULL: Yes; we had a project team with two full-time employees.

6594 The CHAIRPERSON: So that the work they have undertaken, together with any of the private sector people, does that remain the property of your department in terms of helping you plan this facility?.

Ms MAZEL: Treasury was actually managing the PPP.

6595 The CHAIRPERSON: But you have some of your own staff, though?

Ms MAZEL: That is right; and obviously we assisted with the design and all the features we needed to attend to. Treasury was actually managing the PPP process.

6596 The Hon. S.G. WADE: Corrections advised the parliament that it spent \$10.5 million on its costs before the project was terminated. What were your costs under the new Prisons and Secure Facilities Project?

Mr BULL: Less than \$1 million.

6597 The CHAIRPERSON: Is that essentially the staff component?

Mr BULL: Correct.

6598 The CHAIRPERSON: Did your department employ any consultants or contractors to provide advice in terms of looking at this project?

Mr BULL: Yes, we did. It was funded through Corrections, The amount that Corrections would have provided to this committee included the consultant costs, I would imagine, for Health, DFC and Corrections because the budgets were consolidated under Corrections.

6599 The Hon. S.G. WADE: At the new centre, what cohorts of prisoners are likely to have designated sections of the prison? I am particularly thinking of age, remand status, gender

D. HUXLEY
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S. CARMAN

and indigenous status. In other words, will there be a separate area for younger offenders, people on remand, girls and people of Aboriginal or Torres Strait Islander descent?

Mr BULL: The replacement of Magill will be for the older boys—so, those 15 and over—and girls and those on remand. We are intending to use the existing Cavan facility for its intended purpose when it was constructed 16 years ago for the younger boys. Currently, it's being used for the older boys. As for specific areas for Aborigines and age, etc., those types of design elements will be built in. They were certainly part of our output specification under the PPP project.

6600 The Hon. S.G. WADE: But there is no proposal to separate remand status offenders or girls?

Mr BULL: I understand that there is. That will then come through the design process.

6601 The Hon. S.G. WADE: While the new facility is being constructed, what arrangements are in place with the PSA to ensure that overcrowding at the centre doesn't lead to custodial officers refusing to admit to the centre?

Ms MAZEL: We understand that the centre is not overcrowded at the moment, and we do everything that we can to manage the numbers so that the ability to manage without overcrowding is possible.

6602 The Hon. S.G. WADE: The relevant factor is whether the PSA regards it as overcrowded. Certainly, twice in the last month or six weeks it has deemed it to be overcrowded. To put it another way, is the government confident that it can keep occupancy levels low enough such that it won't trigger industrial action, and what arrangements are in place to avoid that?

Ms MAZEL: It's hard to predict the future but, as I said, we do what we can to manage any overcrowding. I think it has been managed well up until now. There is a possibility for doubling up, and I think the facility can take up to—Steve, how many?

Mr RAMSEY: I haven't got the exact numbers. There is still enough capacity within the current facility—

Mr BULL: It's 46.

6603 The Hon. S.G. WADE: Can I clarify that: is the government planning to double up in the current facility?

Ms MAZEL: At times it is sensible to double up. Sometimes we have Aboriginal children. They prefer to be in an environment with someone else, and if there are siblings it's the same case. So, in some instances it is wise to double up.

6604 The Hon. S.G. WADE: I appreciate that this is a financial committee, so I will just refer the department to the research by Elizabeth Grant from the University of Adelaide, which shows that Aboriginal adults have no preference to double up, so I am surprised that the department thinks that younger Aboriginal people would like to double up. Will the department double up only in circumstances where it would be in the interests of the safety of the child, or one of the two children?

Ms MAZEL: We would prefer that to be the case.

6605 The Hon. S.G. WADE: In the Premier's ministerial statement, he stated:

Rather than close both the 46 room Magill Youth Training Centre and the 36-bed Cavan Training Centre, we will immediately spend \$4 million to upgrade both these centres...

Can you clarify what is the current annual maintenance for each of those centres and whether that \$4 million is in addition to what are ongoing maintenance costs?

Mr BULL: The budget this year (2009-10) for sustainment was \$200,000. In previous years, there have been numbers around the half a million dollar mark that haven't been to a great extent—

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6606 The Hon. S.G. WADE: Are you referring to Magill?

Mr BULL: Yes, both facilities. The \$4 million is going to be spent predominantly on Cavan. So, \$3 million of that would be on Cavan to bring up and address noncompliance with some standard issues there.

6607 The Hon. S.G. WADE: In the Magill centre, what would the \$1 million deliver?

Mr BULL: Magill has a number of issues around security, and I think there was an intercom system as well that needed to be addressed. So, it would only be stuff that we needed to do at the moment for the next two years.

6608 The Hon. S.G. WADE: Would that \$1 million include surveillance blind spots, in relation to which the PSA has expressed concern?

Mr BULL: I'm sorry; I'm not aware at the moment if that was part of it.

6609 The Hon. S.G. WADE: Further on in the Premier's ministerial statement, he said:

The facility will be funded by the sale of 15 hectares of state government land at Oakden, the future sale and development of the existing Magill site plus \$5 million from contingency funds set aside in the state budget for existing correctional facilities.

I think it was immediately before the state budget that the government announced it was discontinuing the new prisons and secure facilities project, and at that time, if my recollection serves me correctly, it allocated \$20 million for both adult and juvenile facilities for, if you like, ongoing work.

I am trying to clarify whether this \$5 million is part of the \$20 million that has already been announced, or is it a \$5 million additional amount?

Mr ULLIANICH: Again, that is a question probably better directed at Treasury, but, as I understand it, you will see this in Budget Paper 3 at page 2.4. This is the 2009-10 budget. It says: 'In addition, this budget provides contingencies of \$50 million in investing expenditure for essential works in existing facilities.' 'Existing facilities' was mentioned in the context of the prisons, mental health and also our facilities. So there was a \$50 million contingency and as, I understand it, the money is coming from there. In the end, the budget is the budget.

6610 The Hon. S.G. WADE: It is the budget, but your answer implies that the \$5 million is not fresh contingency money; it is money that was already in the budget. Your department is managing the project and you need to know whether you have \$5 million or the current amount. Anyway, I take it from your answer that the government is not providing any additional money from the contingency funds for renovating facilities?

Mr ULLIANICH: From an agency perspective, I can tell you we are definitely getting a \$5 million contribution.

6611 The Hon. S.G. WADE: But you were getting that at budget time. You were not getting it from 23 September when the Premier made his statement.

Mr ULLIANICH: At budget time there was no description of how that \$50 million would be allocated. It was there, and it was announced as a contingency.

6612 The Hon. S.G. WADE: So you think there will be a shift in your department's share and an increase of \$5 million in your department's share of that budgeted contingency fund?

Mr ULLIANICH: This was no allocation at that point. That is what I am saying. The \$50 million was announced as available to meet these contingencies, but there was not a specified amount allocated to any department at that point.

6613 The Hon. J.A. DARLEY: Do you know what the Valuer-General's current valuation of the Magill site is?

Ms MAZEL: We can't disclose that—again, because of the commercial in-confidence position we are in.

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P. BULL
S. CARMAN

6614 The Hon. J.A. DARLEY: It's public information.

Ms MAZEL: I'm not sure whether it is public information.

Mr BULL: The Valuer-General's records are.

6615 The CHAIRPERSON: It is public information, and Mr Darley's question is: are any of the officers at the table aware of the public information on the value of the land?

Mr ULLIANICH: What we can say is that we have had the properties in question valued and we have also had very close consultation with LMC.

6616 The CHAIRPERSON: That's not the question from Mr Darley. You may well want to keep that confidential because that is a valuation you have done, perhaps on different zonings. But Mr Darley's question is a simple one, that is, are you aware of the value of the land as determined by the Valuer-General? And that is public information.

Mr ULLIANICH: I am not.

6617 The CHAIRPERSON: Mr Bull?

Mr BULL: I was aware, but I understand the valuer has informed us of an error in the valuation, specifically I think around the oval that Rostrevor has been utilising, which is still under the control of government even though the care is under the Rostrevor College. So, the exact figure now I am not aware of.

6618 The CHAIRPERSON: Is the error on the high side or the low side?

Mr BULL: It reduced the valuation.

6619 The CHAIRPERSON: Because that included the Rostrevor—

Mr BULL: No, there was an error in the formula used for the valuation. There was a discrepancy about whether the oval was in or out, but I think the major error was in the calculation, which is now being resolved. I'm not aware of the final figure that will go into the annual accounts.

6620 The CHAIRPERSON: You might take that on notice, given that that is public information, if you have been advised of an error.

How do you intend to cash flow the project from your department's viewpoint? Clearly, you are now having to build it, but it is entirely probable that the land revenue from the sales will be some years down the track, so the department will not get the money from the land sales until perhaps many years after you have to spend the money on building whatever it is you are going to build. How is the department going to handle the cash flow of this project?

Mr ULLIANICH: Clearly, that was an issue that was considered, and the cash flows have been advised to cabinet. To the extent that we won't be able to sell, for example, the Magill facility until the completion of the project, that will be carried by the budget, but that's part of the process that we have gone through.

6621 The CHAIRPERSON: How you will you manage it in your accounts? Will you be loaned money from Treasury until you get the land sale money and that then goes back to Treasury—

Mr ULLIANICH: Yes.

6622 The CHAIRPERSON: —or will you be running down your reserves or cash balances?

Mr ULLIANICH: The budget will be providing us with expenditure authority and appropriation. So, it's a timing thing, I imagine.

6623 The CHAIRPERSON: Then, when you get the revenue, that will go back to the budget in a future year.

Mr ULLIANICH: Correct.

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P. BULL
S. CARMAN

6624 The Hon. C.V. SCHAEFER: Last time, I asked you a number of questions regarding children in foster care and, as has been explained, we have not received those answers at this stage, so some of this may be repetitive. When you appeared last time, you identified a total budget of \$1.4 billion. How much of that is Families SA budget?

Mr ULLIANICH: If we're talking specifically about Families (formerly CYFS), Families' budget for 2009-10 is \$227 million.

6625 The Hon. C.V. SCHAEFER: The time before last you identified that the cost of emergency care and accommodation is \$270,000 per child, and that, in February this year, you had 140 children in such emergency care. Do you have the current figures?

Ms MAZEL: We can take that on notice, but my recollection is that there are around about 60.

6626 The Hon. C.V. SCHAEFER: That has been reduced?

Ms MAZEL: If that was the figure we gave you last time, then that has been reduced.

Mr RAMSEY: We would need to take the figures on notice to make sure we are comparing—

Ms MAZEL: For the same.

Mr ULLIANICH: I would have to say 140 for emergency seems a bit on the high side—

Mr RAMSEY: That sounds high.

6627 The Hon. C.V. SCHAEFER: Ms Mazel said:

I can certainly tell you the number of children. We have 140 children currently in emergency care. Can we take the budget figures on notice and provide you with an answer?

Of course, that has not happened.

6628 The CHAIRPERSON: I think, further on, you did use a figure of 60 who were in motel accommodation. Last time, you gave two categories: 140 in emergency care; and you said something like 60 in motel-type accommodation as of January.

6629 The Hon. C.V. SCHAEFER: Which is my next question. How many children do you currently have in the emergency care of foster families or foster carers?

Ms MAZEL: In foster care?

6630 The Hon. C.V. SCHAEFER: Yes.

Mr RAMSEY: I think we need to take the figures on notice, because they change on a daily basis.

Ms MAZEL: They change.

6631 The Hon. C.V. SCHAEFER: Do you have the figures for how many foster carers you have registered in the state at the moment?

Mr RAMSEY: Yes, we do.

6632 The Hon. C.V. SCHAEFER: Is that figure rising or falling, say, compared with last year?

Ms MAZEL: The figure is actually rising, and we are going against the national trend in terms of attracting foster carers to look after our children.

6633 The Hon. C.V. SCHAEFER: You do not have that figure. Can you give me that figure?

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J. ULLIANICH
P. BULL
S. CARMAN

Ms MAZEL: We can provide you with those figures. With all the number details, I think, we would rather be precise, so if we can take that on notice.

6634 The CHAIRPERSON: In relation to the questions on motel and emergency accommodation, last time you reported to the committee that the estimated annual costs for the program had gone from \$14.7 million to just over \$16 million. I think that was for financial year 2007-08, from memory. Maybe that was an estimated cost for 2008-09. What was the cost in 2008-09 for the emergency type accommodation for the department?

6635 The Hon. C.V. SCHAEFER: The motel type.

Mr ULLIANICH: We would have to take that specific program question on notice and respond to it. I don't have the details of that amount.

6636 The CHAIRPERSON: So, you will come back to the committee with the costs for 2007-08 and 2008-09, in terms of what the costs are. One of your officers (whose name escapes me now) reported to the committee last time that his view was that the costs were likely to have increased in terms of accommodation. You are not in a position to indicate whether the 2008-09 costs were higher or lower than for 2007-08 in terms of emergency and motel-type accommodation?

Ms MAZEL: We're not in a position to give you the specific detail but logic tells you that every year things do go up and they are likely to have gone up.

6637 The Hon. C.V. SCHAEFER: Personnel working for Families SA within regional areas, do you have figures on how many there were for 2007-08 and, again, in 2008-09—who are actually based in regional areas working within Families SA?

Ms MAZEL: You are talking about the number of social workers and the number of people in our district offices?

6638 The Hon. C.V. SCHAEFER: Yes, the number of people you are paying in your district offices.

Ms MAZEL: In the regional ones, did you say?

6639 The Hon. C.V. SCHAEFER: Yes.

Ms MAZEL: Again, we will take that on notice.

6640 The Hon. C.V. SCHAEFER: And I would like a comparison with the previous financial year, please.

Mr RAMSEY: I think you will find that the numbers have increased over a period of time.

6641 The Hon. C.V. SCHAEFER: That will be very nice, if that is what I find.

6642 The Hon. J.A. DARLEY: Do you have estimate of the costs that will be saved by the fact that Grandparents For Grandchildren are looking after children in care?

Ms MAZEL: As opposed to children being in emergency care, when we are comparing those two? It would be substantially less. Grandparents looking after grandchildren, I guess, are in the category of the same cost as a foster parent.

6643 The Hon. J.A. DARLEY: Would you have a rough idea of the cost?

Mr RAMSEY: We can provide that but it is approximately the same as what we are paying for the foster carers.

Ms MAZEL: Which is substantially less than what we pay for emergency care and, of course, a much better outcome for the child as well because—

6644 The Hon. J.A. DARLEY: Roughly, what would that be?

Ms MAZEL: It can go up to \$250,000 a year, but it varies. It varies from one child to another and it varies from circumstance to circumstance, but it can be as high as \$250,000.

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J. ULLIANICH
P. BULL
S. CARMAN

6645 The Hon. J.A. DARLEY: Does the department provide any financial support for Grandparents For Grandchildren as an organisation?

Ms MAZEL: Yes, we do. We provide financial support and we provide some secretariat support, as well, to the organisation. They meet as a group and we provide the secretariat support and we also, as I say, provide some financial support.

6646 The Hon. J.A. DARLEY: What would that be worth in dollar terms, roughly?

Ms MAZEL: Again, I would have to take that on notice.

6647 The CHAIRPERSON: To clarify your evidence on the previous questions: in 2006-07 the department spent \$14.7 million and in 2007-08 it was just over \$16 million.

Ms MAZEL: Are you talking about the alternative care program?

6648 The CHAIRPERSON: Whatever it is that you have said here. Questions were raised about motel accommodation, emergency accommodation, and Mr Ullianich provided the answer that it was \$14.7 million and then the total accommodation went to \$16 million after that. So that is the number that you have taken on notice as to the 2008-09 number.

On the issue of staff cuts, if I could clarify that. You indicated earlier that you have a new requirement to cut back 82 full-time equivalent staff over the next three years.

Mr ULLIANICH: This year 62.

6649 The CHAIRPERSON: So 62 this year, and you are reporting to the committee that you have already identified 62 officers or positions?

Mr ULLIANICH: Yes.

6650 The CHAIRPERSON: Given that 30 September is the deadline, you will be in a position to take on notice then the positions that have been abolished as part of your 62?

Mr ULLIANICH: Yes.

6651 The CHAIRPERSON: If you could take that on notice. At the last meeting you also identified, quite separate to that, as a result of all these savings tasks that you had, that you were having to remove 92 full-time equivalent positions by 2011-12 to meet all these other savings tasks (the head office efficiencies and corporate efficiencies, etc.), and that by this year you will have to have reduced or will be planning on reducing 56 full-time equivalents.

So, therefore, your reductions this year are, at the very least, the 62 plus the 56 that you have already identified to the committee. Can you indicate whether you have successfully implemented a further reduction of the 56 full-time equivalents you identified the committee?

Mr ULLIANICH: I can't quite remember quoting those numbers. I will have to go back—

6652 The CHAIRPERSON: Let me give you the exact numbers from your quote on page 599 of *Hansard*: 30 in 2008-09; 56 in 2009-10—this is a cumulative total—71 in 2010-11; and 92 in 2011-12. So, this was prior to the Mid-Year Budget Review. This was the way you were going to achieve your savings tasks as had been outlined up until the end of last year. Have you implemented the 56 full-time equivalent reductions for this year, which would have been 30 last year and another 26 this year?

Mr ULLIANICH: Yes; I believe we have implemented that.

6653 The CHAIRPERSON: Perhaps you could take this on notice: can you identify to the committee the positions you have removed in both 2008-09 and 2009-10 to aggregate to the 56 full-time equivalent staffing number reduction you talk about? In relation to that, we have traversed the issue of whether or not you would provide TVSPs to this group of reductions, if I can put it that way. Have you offered TVSPs to those staff identified under this particular staff reduction program as opposed to the Mid-Year Budget Review, where you were given entitlement to offer TVSPs?

D. HUXLEY
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J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

Mr ULLIANICH: Yes; I recall flagging that at the time. I think at this stage there have been two agency-funded that we have achieved. That is there as an option still, but I think the number is only two at this stage.

6654 The CHAIRPERSON: Perhaps you can take this on notice as well: in achieving your 2008-09 and 2009-10 56 full-time equivalent reductions, how many agency funded TVSPs have you implemented or proposed to implement? Do you accept that, potentially, for 2010-11 and 2011-12, you may well have to fund further agency fund TVSPs given that agency staff are getting TVSPs through the Mid-Year Budget Review staff reduction?

Mr ULLIANICH: Yes; it's a possibility. But we are also a big organisation with a natural churn of staff where we can take opportunities, so it could be by attrition as well. Obviously, in terms of the self-funded TVSPs, that is a task for the agency; we have to have that capacity to do it.

6655 The Hon. J.A. DARLEY: Where TVSPs are offered and not taken up, what happens to those people?

Mr ULLIANICH: We go through a process. With the actual targets we had to achieve across government, where our target was 62, we had to go through a process of identifying positions that we would be able to declare as surplus. If that offer is rejected, technically I think the individual would become redeployed if we declared the position surplus. So, there is a person who becomes surplus to requirements, and they are managed through the redeployment process.

But there may be opportunities and, without going into too many details, you could, in theory, identify a surplus position in one area and look at a mix-and-match across the whole agency. You might have an individual who is willing to take a TVSP and a match in terms of skills in a position that you don't want to get rid of. So, there are processes can you can put in place to manage that. Obviously, we don't want to end up with a heap of redeployees, and we haven't done so in this case.

6656 The Hon. J.A. DARLEY: But any surplus employees remain in the agency until such time as they are redeployed.

Mr ULLIANICH: Yes. We certainly seek to manage that arrangement. There are rules in place now whereby, even when a position becomes vacant and you seek to attract an individual to that position, you must first look at redeployees to see whether there is a mix there, and that really is a policy that applies across government, as I understand it at this stage.

6657 The Hon. J.A. DARLEY: And that system is working?

Mr ULLIANICH: It is working. Obviously, in some instances it is difficult to match the skills to a position, but, certainly, a lot of effort on HR's behalf is going into getting that number of redeployees as low as we can.

6658 The CHAIRPERSON: You may need to take on notice these questions about the savings programs, which I omitted to ask earlier. In the 2006-07 budget, you were advised to make a savings of \$1 million this financial year on concessions administration and \$1 million on travel and accommodation within the agency. Can you take on notice and report to the committee the numbers for travel and accommodation to demonstrate that you have made the saving of \$1 million on travel and accommodation that was outlined. Secondly, for the costs of the administration concessions, can you demonstrate where you made the \$1 million in savings? Can you take those on notice?

6659 The Hon. S.G. WADE: I am picking up on the Hon. Caroline Schaefer's question about child protection. I understand that the department has a goal of responding to tier 1 notifications within 24 hours; that is, where a child is in immediate danger, Families SA aspires to respond immediately. What success rate are we having on that indicator?

D. HUXLEY
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J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

Mr RAMSEY: In 2004, we reported that the percentage that we were able to investigate on time, within the time frames, was 96.9 per cent of all tier 1s. In 2008, that figure is 96 per cent.

6660 The Hon. S.G. WADE: Would you have the rate for tier 2s?

Mr RAMSEY: No, I wouldn't; it would be a lower rate.

6661 The Hon. S.G. WADE: It would be interesting to put that on notice as well. I would like to pick up one single question on concessions. A constituent has advised that they contacted Families and Communities in mid-September, and they were told that all holders of health care cards should not pay any additional accounts generated by SA Water dating back to 17 September, and that the department had a team of people who were contacting thousands of health care card holders to advise them of this. Could you confirm that those facts are correct—if they are, in fact, correct—and what led to this advice, and how this advice is being communicated?

Mr BULL: I can answer that. There were a number of commonwealth seniors health card holders who had been allocated concessions for full council rates. Normally, they would get only \$100, but they were getting the concession of \$190, and they were also getting water concessions when they are not eligible. Their eligibility is basically just for energy for commonwealth seniors card holders. So, those who went through the SA Water system were in the system directly for a number of years.

We have been doing some validation on the database since we took over the system about a year ago. We found 230-odd instances of that, which then grew to 620. I think that is the number that we are looking at of people affected. We saw that it was quite a large number of people. These people had not advised us of any change in their details, but we rang them to let them know.

When we validate with the system and somebody is indirectly receiving concessions, we activate the system in such a way that the council authority and the particular water authority then know that that person is no longer eligible, and they would then be advised as such. In some cases, they then try to claim back that money that was not supposed to have been paid.

We thought that it was quite an anxious moment for a number of people, that the system was going off like that, so we rang the 230 people who we had the system turned off on and advised them that we were taking some action on this and to not worry about any letters or communication they might have got from their local council or Water SA trying to reclaim money. We have since written to the Treasurer to deal with the matter.

6662 The Hon. S.G. WADE: My constituent advises that the first that she was aware of the fact that concession was no longer available was when she received an aberrant SA Water account. Why wasn't she contacted before she got the account, rather than after?

Mr BULL: It took three or four days for one of our staff members, who was doing the validation, to identify—at around about that 200 mark, being very diligent as he was—that this was a bit of a systemic issue here and it was something that we needed to elevate. Once he raised that with his management they then quickly determined that this was a bit bigger than the normal handful of people who may be incorrectly receiving a concession, which is daily business when you have 300,000-odd customers. So, your constituent would have, unfortunately, been one of the very first, probably, to have her account deactivated for those concessions that she wasn't eligible for, and her water authority, or council, was obviously fairly quick off the mark to send that communication to her. I would hope that subsequently we have actually called her and advised her not to take any further action.

6663 The Hon. S.G. WADE: Do I take it from your earlier comments about your discussions with Treasury that constituents won't be expected to, if you like, wear the cost of the lack of concession in the previous 12 months; it will only be prospective?

Mr BULL: There is an option that we have put to the Treasurer, but it has not been signed off as yet.

D. HUXLEY
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P. BULL
S. CARMAN

6664 The Hon. S.G. WADE: So, we could have the prospect, I take it, of 620 people facing hundreds of dollars of extra bills unexpectedly because of a failure to notify which is now more than 12 months old?

Mr BULL: That is the situation that we have found ourselves in, and we have sought with the Treasurer to try to alleviate that, but it hasn't been—

Ms MAZEL: We are negotiating that at the moment.

6665 The Hon. S.G. WADE: If I may, I would like to raise some issues relating to disability. In estimates the minister advised the parliament that there would be a pilot on individualised funding commencing in October. Is the pilot on track to be launched in October?

Ms MAZEL: It is on track to be launched. We are just finalising the last little issues of the model and once they are finalised then the trial will start—stage 1 will start in October.

6666 The Hon. S.G. WADE: Could you clarify what the stages of the pilot are?

Ms MAZEL: In the first instance, we would like to do a 12 month action research, I guess, implementation of the model, so that over that 12 months we can learn as much as possible about what the strengths and weaknesses are of the model so that we can refine it after that 12 month period. There is every intention to continue self-managed funding, but the first 12 months will be what we are calling stage 1 where, hopefully, we are going to learn as much as possible about, as I say, the strengths and weaknesses and refine it.

6667 The Hon. S.G. WADE: What consultation has occurred with people with a disability and service providers in constructing stage 1?

Ms MAZEL: There has been reasonably extensive consultation with various service providers and with people advocating on behalf of people with disabilities.

6668 The Hon. S.G. WADE: Could you outline that? I am aware of an invitation-only disability alliance briefing. I am not aware of any consultation with people with a disability. Could you expand on what consultation has been engaged in?

Ms MAZEL: Suzanne has been managing most of the consultation, so maybe she can go into some detail about that.

Ms CARMAN: You would be aware that the department has consumer advisory groups. One of these is DANSA, the disability advisory group. They have been briefed a number of times on progress and have had the opportunity to comment. The minister has a ministerial advisory committee which has, similarly, been briefed on a number of occasions and had the opportunity to comment.

We also have an Aboriginal disability advisory group; again, they are consumers. They have similarly been briefed on a number of occasions. National Disability Services (NDS), the peak body of the service providers, we met first with the state committee for an initial briefing and discussion, because obviously one might expect that that might be a group that might raise practical considerations for their services. So we had that initial briefing; Disability SA then had a strategic planning half-day with them—

6669 The Hon. S.G. WADE: With NDS?

Ms CARMAN: Yes, NDS; and we similarly talked for some time about the phase 1 pilot. We also meet with NDS about 6-weekly, so it has been a fairly constant issue of comment and update.

Ms MAZEL: We have also met with the CE of the Julia Farr Association and with Disability Speaks.

Ms CARMAN: That's right; and, again, that's an ongoing one. Of course, there are individual meetings that I would have with chief executives or individual consumers. In other words, this is a fairly common source of discussion.

D. HUXLEY
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J. ULLIANICH
P. BULL
S. CARMAN

6670 The Hon. S.G. WADE: The minister indicated that she anticipated that the population in the first stage would be 50. Is that the current plan?

Ms MAZEL: That is still the current plan.

6671 The Hon. S.G. WADE: How many people have signed up to be part of the trial?

Ms MAZEL: No-one has signed up at present. We are going to form a panel and then people will apply to go into stage 1, and we will choose 50 people from that panel.

6672 The Hon. S.G. WADE: Wouldn't a panel, versus a first-come first-served basis, run the risk of distorting it; of choosing, if you like, the easy cases? I am just trying to understand how—

Ms MAZEL: We genuinely want a cross-section of people, because there is no point in having an 12 month active research process unless we can understand what the issues will be. That means we need a range of people with a range of disabilities and in different sort of categories, up to the more complex.

6673 The Hon. S.G. WADE: I understand that the minister indicated that the pool would be limited to current clients, not new clients, and that it would include only people with moving on money or brokerage money. Is that still the intention?

Ms MAZEL: The trial will include only people with current packages already allocated to them.

6674 The Hon. S.G. WADE: In terms of service types, is it limited only to moving on and brokerage?

Ms MAZEL: Not necessarily. We are having some negotiations now with a couple in the NGO sector to look at some people they might be providing services to, so that we can perhaps isolate some individuals who are getting a service through a grant process rather than just brokerage money.

6675 The Hon. S.G. WADE: Do I take it from your comments that there would be limit in terms of the level of need of a client?

Ms MAZEL: We do want a range of clients so that, as I said, we can test the model in a really robust way.

6676 The CHAIRPERSON: In relation to the Housing Trust section of your department, you are probably aware of some media publicity, some of it I might describe as robust or inflammatory. The lead in to one media story read:

The NSW government is about to strip the elderly of their portion of their hard won pension increases, defying the wishes of the Prime Minister.

What is the South Australian government's attitude to the potential increase of Housing Trust rents for those pensioners who have just had their 'hard won pension increases' (as this media outlet has said). What is the policy of the South Australian government and the department in relation to that?

Ms MAZEL: I think the government has agreed to quarantine any rises for Housing Trust recipients.

6677 The CHAIRPERSON: So there will be no Housing Trust rent increase in South Australia?

Ms MAZEL: Well, people on a full pension; there are different categories of people who receive a pension, some people receive a part pension and some people receive a full pension.

People who receive a full pension won't have any rent increases as a result of the increase in the pension, for the moment.

6678 The CHAIRPERSON: What is the process for rent increases? It is an annual rent increase when?

D. HUXLEY
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J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

Ms MAZEL: In the normal course of events?

6679 The CHAIRPERSON: Yes.

Ms MAZEL: I think there is a general CPI rent increase.

Mr HUXLEY: There is a rent review coming up and we review the income of the tenant, and we are working with Centrelink to quarantine the pension increase in that normal rent review, which involves a normal review of Centrelink.

6680 The CHAIRPERSON: When does that occur? What is the date that triggers the rent review—you must have a date?

Mr HUXLEY: It is about the end of September, I think.

6681 The CHAIRPERSON: That's pretty soon.

Mr HUXLEY: We normally do it six monthly.

6682 The CHAIRPERSON: We are talking about two days away.

Mr HUXLEY: We have already set up the process in which we will be able to quarantine that pension increase.

6683 The CHAIRPERSON: So, within the next two days this normal rent review will be announced or decided.

Mr HUXLEY: It's just a process of reviewing the income of the tenants, which goes over a period of time.

6684 The CHAIRPERSON: Are you saying to the committee that those pensioners who have their just over \$30 a week pension increase, when you apply the normal formula to the income of that person, the percentage will apply to the pre-existing income and nothing will apply to the \$30-plus dollars added?

Mr HUXLEY: We are working with Centrelink to quarantine that, so it will not be included as assessable income.

6685 The CHAIRPERSON: That is for this 12-month period? Is it an ongoing commitment from the government that there will not be a catch-up rent review next September?

Mr HUXLEY: The instructions we have are for this rent review. We have no other instructions going forward.

6686 The CHAIRPERSON: I am always a cynic—and I don't expect you to be a cynic—but we are just before an election, so I can understand why you might get an instruction for this September (and I do not ask you to comment on that). What is the position in relation to next September with either a new government or a re-elected government? Does it issue an instruction or directive to the Housing Trust? What is the process through which a government institutes this policy to say, 'Okay, we'll now catch up the rent review in relation to that \$30, or we'll continue to quarantine it'?

Ms MAZEL: That would be by way of some form of instruction as well.

6687 The CHAIRPERSON: How does this instruction work? Is it the Premier, or which minister instructs which officer? Who has the authority to do what is being done at the moment? Did the Premier instruct the Minister for Housing, who then instructed you and the Housing Trust? What is the process for implementing the decision?

Ms MAZEL: We take our instructions obviously from the Premier and from the Minister for Families and Communities.

6688 The CHAIRPERSON: So the minister instructed the Housing Trust?

6689 The Hon. B.V. FINNIGAN: All state and territory ministers agreed to this some time ago with the commonwealth.

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

6690 The CHAIRPERSON: New South Wales evidently did not. I was just reading the headline of the Eastern States papers today. To clarify the process, it is your minister who issues a formal instruction but to whom—to the Housing Trust?

Ms MAZEL: I presume that the process is that the minister has instructed us to implement that policy so, as Dennis said, we work with Centrelink figures to identify those people who are on a full pension and part pension and we will quarantine the rent.

6691 The CHAIRPERSON: You advisedly used the word 'assumed'. You are not aware of a formal instruction? Would you be aware in the normal course as the Chief Executive of the department if the minister said that the rent policy will be changed as of this rent review?

Ms MAZEL: I guess I don't understand what you mean by 'a formal instruction'.

6692 The CHAIRPERSON: Either a letter of instruction or a meeting you had with the minister where he said to you as the Chief Executive, 'We're going to change the policy for this rent review: I want you to go off and quarantine the \$30.'

Ms MAZEL: The minister has asked us to do that.

6693 The CHAIRPERSON: The minister instructed you to do that?

Ms MAZEL: He has asked us to quarantine the rent in relation to the pension increase.

6694 The CHAIRPERSON: Then you speak to the appropriate person within the Housing Trust, is that how the process works?

Ms MAZEL: I cannot recall every detail of what happened at the time that announcement was made and the chain of events that occurred, but everyone who needs to be aware of that policy is aware of that policy and it is being implemented.

6695 The Hon. J.A. DARLEY: How many non-pensioner tenants does the Housing Trust have?

Mr HUXLEY: We will have to take that on notice; we don't have the numbers on hand.

6696 The Hon. J.A. DARLEY: What happens with their rent? Is their rent calculated on 25 per cent of their income?

Mr HUXLEY: It depends on the market rate for the property, and then it is either 25 per cent of their income or the market value, whichever is the lesser amount.

6697 The CHAIRPERSON: You will probably need to take this on notice, but at the last couple of meetings, Mr Ullianich, you advised that, at the end of 2006-07, Treasury, because of overspending and increased demand in your department allocated \$35 million, I think, in June 2007, which was then an ongoing payment to your department. Then, at the end of 2007-08 after some work, Treasury allocated a permanent ongoing increase in your appropriation of \$18.7 million.

At the end of 2008-09, can you report to the committee that you were happily spending within your newly-improved budget or did there need to be a further supplementation from Treasury as a result of overspending?

Mr ULLIANICH: There was no further supplementation, but if you are asking how we performed against budget in 2008-09 I am in a position to answer that. I do wish to stress, though, that the audited figures have not been released yet but they are very close to finalisation.

Again, as the committee is probably aware, the agency reports both on AAS (Australian Accounting Standards) and GFS (Government Financial Statistics). I will advise the committee of the controlled as well as the administered items, which fundamentally are concessions that we manage as well.

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

With respect to the controlled budget of the agency, on an AAS we were in deficit by \$5.45 million, and on a GFS adjusted, \$5.955 million. GFS is generally—

6698 The CHAIRPERSON: That is a deficit?

Mr ULLIANICH: Correct. GFS is the primary measure against the budget performance; however, similar to what happened last year, the GFS figure included a \$5.264 million TER (Tax Equivalent Regime) payment that we made on behalf of the trust. Obviously, we try to budget for any of these movements because the TER payments are fully reimbursed by Treasury.

However, in the case of housing, particularly with significant funding from the commonwealth flowing through at the end of the financial year, try as we might to anticipate what was coming in on a particular day before 30 June we did not succeed; and additional funding came from the commonwealth that was passed onto the trust, which it treats as revenue.

As a consequence, the trust found itself in a profit situation, hence attracting a tax payment, and we had to make that payment. The \$5.955 million GFS includes \$5.264 million of tax equivalent payment. When a number of adjustments are taken into account such as that, our underlying GFS deficit was \$2.4 million. That is predominantly in disabilities. We did exceed our budget in the disability area to the tune of about \$2.4 million, partly in relation to equipment but also in relation to operations and disabilities. Overall, we were \$2.4 million overspent.

6699 The CHAIRPERSON: So, you are reporting to the committee that it was a \$5.9 million overspend or deficit in the year, but you would argue that the underlying deficit or overspend was \$2.4 million for the year and that you have to absorb that within your budget; Treasury didn't further supplement you?

Mr ULLIANICH: Correct.

6700 The CHAIRPERSON: The minister has announced on a number of occasions a \$190 million increase in child protection moneys over a four year period. With respect to the extra \$18.7 million that was given at the end of 2007-08, is that number over a four year period—just under \$73 million or \$74 million—included in the \$190 million figure?

Mr ULLIANICH: Correct.

6701 The CHAIRPERSON: Is any of the \$35 million that was given to the agency at the end of 2006-07 for overspending included in the \$190 million figure as well?

Mr ULLIANICH: I would have to go back and check that. I don't believe so. I believe that the \$190 million refers to an amount from 2007-08 onwards, but I would have to check that.

6702 The CHAIRPERSON: Can you please take that on notice? So, you clarify that the four lots of \$18.7 million, whatever that is with a CPI figure in it—\$75 million to \$80 million—is part of the \$190 million?

Mr ULLIANICH: Yes.

6703 The CHAIRPERSON: But you will take on notice the issue of whether any element of the \$35 million supplementation at the end of 2006-07 is also included in the \$190 million calculation?

Mr ULLIANICH: I will do that. I have reported on the operating result of the agency. With respect to the concessions, which is in administered items, we were broadly \$10 million underspent in concessions. It's another offset, I guess, to that \$2.4 million.

6704 The Hon. S.G. WADE: Can I clarify an answer that you just gave to the chair? Did you say that the \$2.4 million deficit for disability was equipment, or predominantly equipment, and if it is only predominantly can you give us a precise figure?

Mr ULLIANICH: No; what I think I said was \$2.4 million predominantly is related all to disability, the overspend, and it's made up of equipment overspending and also in their

D. HUXLEY	J. MAZEL
G. LAMSHED	J. ULLIANICH
S. RAMSEY	P. BULL
C. BRUNO	S. CARMAN

operations. It's roundly 50:50. I think it's about \$1.2 million in equipment and similar on the operating result.

6705 The Hon. B.V. FINNIGAN: In relation to the underspend on concessions, is that because people have not utilised them as expected, or they are eligible and have not claimed?

Mr ULLIANICH: No. We obviously look at that very closely. For some time in previous years the budget was increasing more than the cohort was increasing. Essentially, we used to get an indexation of 2.5 per cent and, quite clearly, over a couple of years we were amassing significant underspends because, whilst your indexation is 2.5 per cent, the growth of people eligible to receive those concessions just wasn't growing at that rate. That has subsequently been reduced, because that would have just been distorting the budget to continue allocating more than you needed.

We are now trying to grow it (for want of a better word) in line with what we believe the population growth cohort of that will be. So, in terms of people claiming, or people not claiming who might otherwise be entitled to do so, I get no sense of that. I think it's the case that even the 0.8 or 0.9 per cent growth that we are allowing isn't truly reflective of the growth in the eligible population.

I think that, although I expect a little spike the other way, in part, we have more self-funded retirees retiring; people with much better super than perhaps people in the past had enjoyed. So, that's part of it—although, with the GFC and perhaps some retirees losing capital, we expected to see perhaps a flow of more people being entitled to it. However, we haven't observed that, and there's certainly no evidence that there are masses of people out there who are eligible and who are not applying.

6706 The Hon. S.G. WADE: I understand that South Australia's share of federal funding has reduced under the National Disability Agreement as a result of a shift in the per capita funding. Is the per capita on a state population basis or does it allow for the prevalence of disability in South Australia?

Mr ULLIANICH: My understanding is it is on a straight population basis, and we have gone from 10.33 to whatever our population share is, just under eight. I should say that the state Treasury filled the gap in terms of the reduction that was occurring. One thing that probably has not come up in sufficient detail in either estimates or other forums such as this is that, under the grants commission process, we have this thing called the horizontal fiscal equalisation (which the former Treasurer would be aware of), and the state will, in fact, have its share of GST correspondingly increased over that time.

So, what I am saying is there is a phase-in of moving to a per capita share but, at the same time that is phasing in, the state will receive (other things being equal) a higher share of the GST because, previously, as we were getting more than our population share of disabilities money, we would have been receiving less GST revenue. It is adjusted through that process. I guess what I am saying is that, in the end—again, subject to all other things being equal—the state is in no worse a financial position at the end of that process.

6707 The Hon. S.G. WADE: In terms of the 2009-10 financial year, what was the extent of the federal reduction—if you like, the gap the state needed to fill?

Mr ULLIANICH: I do not have that figure, other than saying that, being part of the budget process, whatever was withdrawn is being topped up by the state.

6708 The Hon. S.G. WADE: I ask for that to be answered on notice. When you say 'filled the gap', is that filled the gap from the \$23 million increase in disability services funding for this financial year?

Mr ULLIANICH: When you talk about the \$23 million, are you talking about the budget papers? I want to be sure about my answer.

6709 The Hon. S.G. WADE: I might have been talking about the budget overview. My memory might fail me, but I think it was \$23.9 million that the government said it was increasing

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

disability services funding by for this financial year, as a global figure, and I wondered whether part of that was filling the gap for the federal decrease.

Mr ULLIANICH: That is inclusive of the top-up that the state made, yes.

6710 The Hon. S.G. WADE: Again on the National Disability Agreement, I understand that the commonwealth and the state agreed that the funding under the National Disability Agreement would be part indexation and part investment in reform. Can you advise what percentage of the increase in the disability services funding from the commonwealth was in relation to indexation and what was in relation to reform?

Mr ULLIANICH: From the commonwealth, no. In fact, I guess it is fair to say—and this, obviously, was the subject of considerable debate and discussion a month or so ago—I don't think the commonwealth budget papers ever were really written with that nuance in mind. In fact, when you look at the commonwealth budget statements they talk of growth and indexation often in the one sentence. There was no real indication. But, quite clearly, from discussions that we had as an agency with the commonwealth, it was inclusive. In other words, it was all-up, including growth and indexation. There is no specific amount that has been designated by the commonwealth that we have to allocate in terms of indexation.

6711 The Hon. S.G. WADE: I appreciate that in relation to budget papers and I might have misunderstood what the minister said in her public statements, but I understood from what she said that the federal and state ministers had agreed to the proportion; however, from what you are saying I was mistaken about that and it is still a bulk amount?

Mr ULLIANICH: Yes, we are still talking of 5 per cent or 6 per cent. I think it was 5 per cent in the end. It might have been 6 per cent originally and then the commonwealth was advised—

6712 The Hon. S.G. WADE: And then the growth factor took us down to 5 per cent?

Mr ULLIANICH: Nominal GDP. So we have, in total, a 5 per cent growth in respect of the commonwealth money. We are trying, in terms of allocating money, to have sustainable businesses going forward; so there is that tension between trying to allocate new and what you are funding going forward. We have a recommendation that is going to the minister on that—which I think is a sensible and balanced way forward—which seeks to keep current operations sustainable in terms of funding to NGOs, etc. as well as a reasonable amount for growth.

6713 The Hon. S.G. WADE: In relation to the implementation of the Fair Work Act, I am advised that the commonwealth Fair Work Act will see an increase in wage rates for personal care workers. Will the government increase the funding for the personal care packages and block funding for personal care programs to ensure that clients do not have to fund the increase through reduced service hours?

Mr ULLIANICH: Obviously, some work has been done on that: it is a critical area for us. I am not in a position to confirm absolutely, but my understanding is that the impacts won't begin to occur until, I think, is July next year. Previously, we thought that there was going to be much more immediate impacts on our budget. I do not believe that is the case. In addition, those impacts are going to be phased in, and so we will not be dealing necessarily with that increase straightaway on day one, whenever that day one is.

I guess all I can say at this stage is that we are looking at that very closely. In terms of what we fund now and what is our existing universe, that is going to be another cost added on top of that and something we are going to have to work through the budget process, but, at this stage, we cannot see and observe any impact for this year.

6714 The Hon. B.V. FINNIGAN: What would be the prevalence of enterprise agreements in the sector, or are most people on an award rate?

Mr ULLIANICH: It's a good question. I am not sure.

Mr BRUNO: It is hard to say. We are aware that some of the agencies we use have enterprise agreements, but it is a bit difficult to quantify exactly how many.

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

6715 The Hon. S.G. WADE: When the contracts came due at the end of the last financial year in relation to personal care support, I understand the department chose to renew a number of those for six months rather than 12 months. Was that because of managing the risk of a fair work wage rate impact?

Ms MAZEL: Maybe I could start and Claude could continue. Because the bulk of the contracts finish at one moment, it becomes very difficult to process that number of contracts all at the same time, and that is the issue that occurred last financial year.

6716 The Hon. S.G. WADE: It wasn't related to fair work?

Ms MAZEL: No. What we are trying to do now is stagger the payment of those contracts so that we are not in that situation again, where everything becomes due at one time and the processing of it becomes difficult.

6717 The Hon. S.G. WADE: Will December be a problem in itself in that both clients and your workers will regard that as a time that they would rather not be at work? Are we likely to have another problem in trying to renew contracts at the end of the calendar year?

Ms MAZEL: Again, we are managing that process by trying to stage the timing of when those contracts fall due.

6718 The CHAIRPERSON: I turn to a new issue. We talked earlier, Ms Mazel, but particularly Mr Ullianich, about the issue of one of the further savings reductions, which was \$1 million this year, \$3 million the following year and \$6 million the following year. When you were last before the committee, Mr Ullianich, you said:

Those specific elements now have been agreed in terms of next year—
which is 2009-10, \$1 million.

Mr ULLIANICH: Yes.

6719 The CHAIRPERSON: Your answer continued:

so those initiatives are in place, and for the subsequent years we have the makings of a solution, but we are still working towards that. I expect we will get there...

I am sure you will get there eventually. Can you advise the committee today or take on notice what are the makings of the solution in terms of the further reduction of \$3 million and then \$6 million in the subsequent financial year?

Mr ULLIANICH: Obviously, we continue to work towards that, but in terms of, even if we had decisions—and what I am saying is we are looking at options that, ultimately, cabinet has to agree to—that would be announced, in my view, as part of the 2010-11 budget process when they are implemented.

6720 The CHAIRPERSON: I understand your position on that, but are you advising the committee that cabinet has taken the decisions and they will be announced before the 2010-11 budget process, or are you advising the committee that cabinet has not yet approved those decisions?

Mr ULLIANICH: Cabinet has not yet approved those decisions.

6721 The CHAIRPERSON: That is for 2011-12 as well, I take it.

Mr ULLIANICH: Correct.

6722 The CHAIRPERSON: You would be disappointed if I didn't raise a couple of issues. One is the vexed issue of the client management software project, and we went through all the gory detail of that at the last meeting. You will recall that it started off with a cost of approximately \$2 million and, on the last estimate, you estimated \$13 million to \$14 million. Would you like to refresh the committee and advise us of your September 2009 estimate of the total cost of this project?

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

Mr ULLIANICH: In terms of the final dollar investment, I don't think there has been any change since the last time I reported to this committee.

6723 The CHAIRPERSON: Which is what? At that stage it was just an estimate, you said, of \$13 million to \$14 million.

Mr ULLIANICH: Yes. It is going to be in that ballpark still. I don't believe the agency has observed any further costs associated with that initiative since I spoke last time. I do want to say that—and this committee has heard quite a bit about the history of this—it wasn't, certainly from my perspective, a blow-out. What we were talking about was an initial decision taken to provide some funding' and, in fact, for two years this agency didn't spend a cent because it recognised that it did not have enough to do what it needed should do.

It went through a budget process to obtain additional expenditure authority, and that was agreed to. It was subsequent to that, when there had been some delays in the rollout (which meant that we were losing savings from switching off redundant systems, as well as training) that we needed additional money; and, essentially, the agency found that through re-prioritisation of its capital program.

The other point that I think is really important to make is that we will have something that is very workable in this organisation; and, in fact, it has commenced rolling out, with staff beginning to use the system. I think it has occurred over the last couple of weeks to a month.

Mr RAMSEY: The last couple of months, really. Over 400 staff have been trained in the use of the system up until now, and the program is rolling out through our district centres.

6724 The CHAIRPERSON: How many total staff will have to be trained in the use of the system?

Mr RAMSEY: There are approximately 1,600 staff.

6725 The CHAIRPERSON: So you are quarter of the way through.

Mr RAMSEY: A quarter of the way through.

6726 The CHAIRPERSON: Can either of you advise the committee whether the most recent estimate of \$13 million to \$14 million includes the total training costs of the 1,600 staff that will need to be trained?

Mr ULLIANICH: Yes, it does.

6727 The CHAIRPERSON: Have you taken on additional staff specifically to do the training?

Mr RAMSEY: We took on additional staff as part of the changed management process. The additional staff included some trainers for this process.

6728 The CHAIRPERSON: And their costs are part of the estimated \$13 million to \$14 million?

Mr RAMSEY: That's right.

6729 The CHAIRPERSON: So, when do you think you will be in a position to advise this committee as to the total cost of the project, including staff training?

Mr ULLIANICH: By the end of this financial year, I anticipate that the major rollout will have occurred and we will be close to a final figure. With a project like this, there are always possible enhancements that you can have. What I would be reporting on is, I guess, the parameters of the project as we have it now. I would not be saying that, if there was an improvement or an enhancement that we could make in a year or two, that would be a blow-out of the project; rather, a development of the project. Of course, it would be subject to the rigours of a business case to implement it as well. This initiative is in the nature of that type of investment.

6730 The CHAIRPERSON: As I understand it, the Auditor-General is probably likely to report on the other catastrophe within the agency in relation to IT, which is maintenance works in

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

the upcoming Auditor-General's Report. Are you aware or have you had discussions with audit staff in relation to another significant mention in this year Auditor-General's Report about the management of this particular IT project?

Mr ULLIANICH: Yes, we have had discussions, and to my knowledge there are no adverse comments. I do not want to pre-empt anything the Auditor may or may not say in his report, but I am not aware of any major ongoing or material issue in connection with the client management project.

6731 The CHAIRPERSON: Mr Huxley, you have something on maintenance works?

Mr HUXLEY: Yes; in relation to that, the Auditor-General will make a comment on the terms of improvements in IT governance as a result of the maintenance works system and other issues. We recently had an internal audit to review our internal corporate governance with our IT, and they gave a satisfactory report. They came up with some recommendations for improvements, and the Auditor-General will making mention of what has happened since that maintenance works system.

6732 The PRESIDING MEMBER: Okay. When you say internal audit, that is an internal audit within the Housing Trust or within Families and Communities?

Mr HUXLEY: The Department for Families and Communities.

6733 The CHAIRPERSON: Whose internal audit within Families and Communities? Who are we talking about?

Mr ULLIANICH: We have a risk management committee and an internal audit unit.

6734 The CHAIRPERSON: Yes, but is that a public servant, a consultant, or a contractor?

Mr ULLIANICH: Yes.

6735 The CHAIRPERSON: It is an employee of Families and Communities who has run his or her eye over what you have done?

Mr HUXLEY: They are independent of the Housing Trust; they are part of Families and Communities, and they came along and reviewed our corporate governance.

6736 The CHAIRPERSON: In terms of audit, what role does the audit committee of the Housing Trust play, and what responsibility do they have in relation to this particular area?

Mr HUXLEY: The audit committee oversees all the work of the internal audit. They commission the internal audit to undertake the particular audits in the audit plan, and all the reports of the internal audit and the auditors go to the audit committee, and they monitor the outcomes.

6737 The CHAIRPERSON: Who is the current chair of the audit committee of the Housing Trust?

Mr HUXLEY: Mary Patetsos.

6738 The CHAIRPERSON: How long has she been chair of the audit committee?

Mr HUXLEY: Two to three years, I think.

6739 The CHAIRPERSON: So, all through this period that we have had problems in relation to maintenance works?

Mr HUXLEY: No; the maintenance works occurred long before that. The decision to suspend it was done in the previous year. The maintenance works system goes over a number of years, long before the current trust board.

6740 The CHAIRPERSON: What is the responsibility of the audit committee of the board in relation to these issues?

Mr HUXLEY: The responsibility of the audit committee is to oversee the internal audit reports and ensure that action is taken.

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

6741 The CHAIRPERSON: But if there problems, corrective action is taken?

Mr HUXLEY: Yes.

6742 The CHAIRPERSON: During that period, did the audit committee of the board raise issues with management of the Housing Trust about problems in terms of the management of the maintenance works project?

Mr HUXLEY: Yes, over a number of periods.

6743 The CHAIRPERSON: Was action initiated as a result of audit committee recommendations?

Mr HUXLEY: A whole range of new corporate governance processes were put in place. The result of the internal audit was reviewing the effectiveness those actions taken, and they came up with a satisfactory report.

6744 The Hon. B.V. FINNIGAN: Do we now have an up and running functional system that we use for our housing maintenance?

Mr HUXLEY: We already had a maintenance works system. This was an improvement in looking at developing a new system. The directions of the organisation changed over that period. We have now gone through a whole process of looking at our IT strategic plan in replacing our whole legacy systems and the direction we will be taking. That was the reason they cancelled what was being done, to see what needs to be done in the context of our total systems and make sure it is the right strategy.

6745 The Hon. B.V. FINNIGAN: Is that budgeted for?

Mr HUXLEY: They are still working through the strategy. They have not come up with the strategy. Once we come up with a strategy we will develop a business case, and then that will be presented accordingly through the budget.

6746 The CHAIRPERSON: There is no new system, I think, is the answer to your question.

6747 The Hon. B.V. FINNIGAN: Yes.

Mr HUXLEY: We are looking closely at what other states are doing.

6748 The CHAIRPERSON: Just a couple of areas for quick responses. In terms of the agency funds and the number of staff in the ministers' offices, can you take on notice and advise committee, for financial year 2008-09 just concluded, the number of staff you funded in the office and the total dollar value for ministerial office costs from departmental funds—I am not talking about the ministerial budget.

Mr ULLIANICH: I think that was responded to.

6749 The CHAIRPERSON: And, for 2009-10, what are you budgeting to do? You did flag the possibility of a cut in the ministerial office staffing budget, and we will be interested to see whether or not you succeeded.

Can you briefly report as to where you are up to or what you have been advised in relation to the transference of general accounting-type officers out of your department into Shared Services, and what is the latest in relation to the delay with the human resources people who were going to go over but have now been deferred or delayed?

Mr ULLIANICH: Certainly, in relation to general accounting, that has all been implemented, put into effect, and staff transferred.

6750 The CHAIRPERSON: How many staff did you transfer out of your agency?

Mr ULLIANICH: I think it was in the order—this is just general accounting, not the first tranche—of probably 12 or 13.

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

6751 The CHAIRPERSON: Perhaps if you could take that on notice. Then human resources, what is the latest advice to you as an agency as to when and if you might be transferring staff in that particular tranche to Shared Services?

Mr ULLIANICH: I haven't heard anything more recently on that. I understand that that has probably been deferred.

6752 The CHAIRPERSON: So, you haven't been given a date as to when that transfer will occur?

Mr ULLIANICH: No.

6753 The CHAIRPERSON: Can I ask specifically in relation to Afton House: we have previously been advised that the cost of the redevelopment of that had increased to \$13 million. I saw something in a report that I thought referred to a total cost of \$14.3 million. Are you able to advise the committee of what the total cost of the redevelopment of Afton House was?

Ms MAZEL: We will take that on notice.

6754 The CHAIRPERSON: Take that on notice and advise the committee. In relation to long service leave liability calculations, and you might like to take this on notice, you have previously reported in your 2007-08 annual report that the assumption that you and your actuaries use in relation to salary increase was 3.5 per cent to calculate the long service leave liability. Can you indicate to the committee what you have reported and what you will be reporting in 2008-09? Are you still using the assumption of 3.5 per cent?

Mr ULLIANICH: I will have to take that on notice. Obviously, there is an indication from the Treasurer that they are looking to curtail wage growth as a budget management strategy. As to whether that is factored into the actuarial assessment, I will have to check with our general accounting people who are over in Shared Services.

6755 The CHAIRPERSON: That is exactly the purpose for the question, because the advice given to me is that some of your actuaries, and not just your department but others, haven't accepted the Treasury overlay assumptions of 2.5 per cent in salaries and are still using the 3.5 per cent number. Clearly, the Auditor-General's Report, which we will see in the next month, will include a figure that you would have already signed off on, or your actuary would have already signed off on as of 30 June.

Mr ULLIANICH: Yes.

6756 The CHAIRPERSON: What you are saying to the committee at this stage is that you are not aware of whether that is still 3.5 per cent in your case?

Mr ULLIANICH: I am not aware of what percentage it is but, equally, I am not aware that audit has raised any issue or concern, certainly not with me, on what the value of that amount is in our very soon to be finalised audited annual accounts.

6757 The CHAIRPERSON: Has the Auditor-General's staff raised any concerns with you about the supported residential facilities indemnity fund and the way you managed that particular fund in the last financial year?

Mr ULLIANICH: I don't recall. I would have to check to see if there has been any discussion in the agency. I don't have a recollection of that.

6758 The CHAIRPERSON: Can you take that on notice and advise the committee as to whether there are? Do any other members have questions to put on notice?

6759 The Hon. S.G. WADE: Yes, mine are for notice. In relation to the Volunteer Emergency Recovery Information System, can you advise what moneys and staff hours have been allocated to designing and implementing the Volunteer Emergency Recovery Information System, how many times it has been activated and how many people have been registered on the system? In relation to post-care services, how many clients have been on the books of post-care services for each year of its operation, and how many case managers were available in each year? In relation to companion cards, have any government organisations or government-funded

D. HUXLEY
G. LAMSHED
S. RAMSEY
C. BRUNO

J. MAZEL
J. ULLIANICH
P. BULL
S. CARMAN

organisations refused to sign up to the companion card scheme, and if there are any, could we be advised as to which organisations so refused?

6760 The CHAIRPERSON: Two other questions to take on notice, if you would. Your annual report refers to the fact that Square Holes Pty Ltd, which is obviously a very popular market research company with agencies, undertook a consultancy for you in 2007-08 to do a quantitative telephone survey in relation to foster care perceptions.

Can you take on notice and advise the committee whether that was an open tender, a restricted tender, or whether you just went to Square Holes Pty Ltd for that particular research? Can you outline what information, if any, is publicly available? If there isn't any, can you outline to the committee some detail regarding the results of their work?

With consultancies above \$50,000, a consultant was listed as Multicultural Communities, and it did a survey on culturally diverse communities, etc. Can you also take on notice whether that was the name of the consultancy?

Mr ULLIANICH: Are you quoting from the 2007-08—

6761 The CHAIRPERSON: The annual report. The others have the names of companies—for example, Square Holes or the University of SA—but this one just says 'Multicultural Communities', which is an unusual name for a consultancy, if that is the name.

Mr ULLIANICH: Or NGO. Look, I don't know.

6762 The CHAIRPERSON: It might be Multicultural Communities Council of SA perhaps, I'm not sure, but if you could take that on notice.

6763 The Hon. J.A. DARLEY: Has your agency offered unrestricted private use of blue-plated government vehicles in any salary package?

Ms MAZEL: Not that I know of, but we would have to look into it.

6764 The Hon. B.V. FINNIGAN: I don't think Mr Lamshed has got a guernsey today. I hope he's not feeling left out.

6765 The CHAIRPERSON: I think Mr Lamshed might be the person who answered the questions about the cost of the emergency accommodation last time. Is that why you are hiding at the back this time? I invite you to the table; do you have the number?

Mr LAMSHED: No; we don't.

6766 The CHAIRPERSON: You did last year. Thank you very much for your attendance today. We look for a four week turnaround, if possible, for answers to the questions you have taken on notice. We appreciate your attendance and thank you for your cooperation.

THE WITNESSES WITHDREW

21 JAN 2010

09TDFC/3022



Government of South Australia

Department for Families
and Communities

MINUTES *forming* ENCLOSURE to

**TO: THE HON R LUCAS, CHAIRPERSON,
LEGISLATIVE COUNCIL - BUDGET AND FINANCE COMMITTEE**

**RE: DEPARTMENT FOR FAMILIES AND COMMUNITIES - QUESTIONS TAKEN
ON NOTICE**

On 28 September 2009, I and other senior DFC officers attended the Legislative Council, Budget and Finance Committee.

During this session, a number of questions were taken on notice.

The individual questions and answers are included in the attachment to this minute.

ATTACHMENT:

Responses to questions taken on notice.

A handwritten signature in blue ink, appearing to read 'J. Mazel'.

Joslene Mazel
**CHIEF EXECUTIVE
DEPARTMENT FOR FAMILIES AND COMMUNITIES**

13 / 1 / 2010

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: What decisions have been taken to meet particular savings tasks required in this financial year? (Ref: 6559). Para 6658 also asks for details regarding travel and accommodation savings.

Response: The following list of savings tasks includes those savings measures that were identified in the previous years Budgets that either have increased above indexation or were targeted to commence in 2009-10.

- Accommodation Cost Reduction – relocation of Independence & Community Connection to Highgate Park – The dollar savings has been achieved through changes in lease arrangements in other areas of DFC. DFC obtained approval to redirect approved expenditure respecting this initiative to other projects to achieve the savings.
- Administrative efficiencies – concessions administration costs – A new system has been implemented that has reduced the administrative effort. Savings have been achieved by not replacing on-going staff as well as temporary and contract positions as the new system is being implemented.
- Families SA – implementation of better case management – due to delays in systems implementation, the full savings has not been achieved in this area. Alternative savings achieved through vacancy management.
- Efficiency dividend – Although required savings to date have been achieved through a variety of measures, this on-going incremental 0.25% cut to the salaries budget will become increasingly difficult to achieve and ERBCC has been advised as part of the CE Accountability Framework.
- Efficiency measures – reduction in operating costs. This relates to the Disability Services governance restructure and has been achieved through the rationalisation of the corporate areas of the three disability agencies (IDSC, Julia Farr and ILC) and DFC.
- Housing eliminate over matching of CSHA – Reduction applied as a reduction to the grant paid to the SAHT (see page 2.29 2008/09 Budget Statement Paper 3).
- Housing governance restructure – Reduction applied as a cut to the grant paid to the SAHT (as per above note reference).
- Travel and Accommodation efficiencies – Budget adjustments in line with savings requirements have been processed and allocated to operating divisions. Year on year expenditure comparison is difficult to demonstrate because of governance reforms and the assumption of Julia Farr Services and IDSC into Disability SA. In addition, Domiciliary Care SA transferred from Health. Further, significant new funding has been provided to DFC in recent years respecting Families SA and Disability SA to fund growth in services. As this new funding has been applied directly to meeting demand for new services, budgets for salaries and goods and services have actually been increased.
- Contract Management efficiencies – This remains a work in progress. Expansion of the role of DFC's central procurement functions are delivering efficiencies to the agency.
- Head Office – administrative efficiencies – Savings achieved through various restructures within DFC corporate.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

- Housing – Reduction in grants to the SAHT – This was implemented as part of the changed arrangements with the Community Service Obligation payment to Homestart.
- Injury Claims Management – rationalisation – As discussed, this initiative remains a work in progress.
- The Agency Savings Target announced in the 2008-09 Budget of \$1m in 2009-10 has been achieved through the reduction in community service grants and staff training and development. The grants that were reduced are listed in a response to a question on notice later in this paper.

After the 2008-09 Mid Year Budget Review, the FTE Reduction Target was announced and savings of \$2.232m expected in 2009-10 has been achieved through the TVSP process.

Question: In what area are the reductions to community service grants? (Ref: 6564)

Response: In 2008-09, grants distributed by DFC to community service organisations totalled approximately \$320m for 1,367 projects, to 579 organisations.

For 2009-10, reductions to community service grants totalling \$700,000 have been implemented from the:

- Family and Community Development Program:
 - Prospect City Council Neighbourhood Development \$13,600
 - Anglicare Low Income Support \$53,400
 - Lutheran Church of Australia (Kangaroo Island Counselling) \$19,700
 - City of Onkaparinga (non-direct Family Support) \$22,800
 - Association Representing Mothers Separated from their Children by Adoption (organisation has concluded) \$51,400
 - Corporation of the City of Adelaide, Neighbourhood Development (an alternative funding source has been Identified) \$89,100

DFC has worked closely with these organisations to ensure minimal impact to the community.

- Port Adelaide Enfield Council, community services provided at the Parks Community Centre site of \$350,000. This reduction is part of an overall allocation of \$2.9m provided to the Port Adelaide Enfield Council for community services. DFC has been negotiating with Port Adelaide Enfield Council over the past six months in identifying how to realise this

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

saving with the least amount of impact on service delivery to the community.

- Aboriginal Substance Misuse Service, managed by the Drug and Alcohol Services SA (DASSA), SA Health. A reduction of \$100,000 has been mutually agreed to by DFC and SA Health. In March 2009, DASSA highlighted administrative savings of \$100,000, which can be achieved from the initial funding of \$800,000pa, without affecting the operational capability. This has been identified as a DFC budget saving strategy.

Question: How have savings of \$750,000 in 2008-09 and \$1m in 2009-10 been achieved through the implementation of better case management practices? (Ref: 6565)

Response: It was anticipated that there would be savings through better case management practices with the implementation of the new Client Case Management System. As the system is not yet fully implemented, the dollar savings have been achieved through other temporary savings measures until the full benefit of the system is achieved. This has been through vacancy management.

Question: Was the \$1.5 million saving in housing governance restructure in 2008-09 achieved? (Ref: 6567)

Response: The saving has been made by a reduction in the state grant funding to the SA Housing Trust (SAHT) – see earlier reference to 2008/09 Budget Statement.

Housing SA has been achieving salary savings consistently over the last three years by carrying a number of vacancies. In 2009-10 there is a planned reduction of 23 positions.

There has since been another restructure of Housing SA to the new Commonwealth State and Commonwealth funding arrangements. However, this has not increased costs other than for those areas directly funded by Commonwealth NPs such as the Stimulus Funding and the Remote Indigenous Program.

Question: What is the value of the land at the Magill Youth Training Centre Site as determined by the Valuer General? (Ref: 6620)

Response: The Valuer-General's valuation as at 1 January 2009 for the Magill Youth Training Centre Site is \$21,145,000.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: What are the current figures of children in emergency care? (Ref: 6625)

Response: At 31st August, there were 160 children in emergency or short term care.

Question: How many children do you currently have in the emergency care of foster families or foster carers? (Ref: 6629)

Response: At 31st August, 2009 there were:

- 3 children in the emergency care of foster families;
- 615 children in short term care with foster families;
- 372 children in long term care with foster families.

Question: What are the current figures for how many foster carers registered in the state at the moment? (Ref: 6631)

Response: The current figure of registered foster carer households is 820, these are the households who had a current approval on 30th June, 2009. This number does not include relative/kinship care.

Question: What was the cost in 2007-08 and 2008-09 for the emergency type accommodation (the motel type) for the department? (Ref: 6634-6636)

Response: In 2007-08, \$16.004 million was expended on emergency type accommodation. Of this expenditure \$2.26 million was for the cost of accommodation and \$13.745 million for the cost of carers.

For the financial year ending 30 June 2009 some \$16.507 million was expended on emergency type accommodation. Of this expenditure \$2.451 million was for the cost of accommodation and \$14.056 million for the cost of carers.

Question: What are the current figures of Personnel working for Families SA within regional areas for 2007-08 and 2008-09? (Ref: 6637)

Response: For the financial years 2007/08 and 2008/09 Families SA has some 335.9 FTEs and 366.2 FTEs respectively, allocated to work in regional South Australia.

Question: What are the estimates of the costs that will be saved by the fact that 'Grandparents for Grandchildren' are looking after children in care? (Ref: 6642)

Response: 'Grandparents for Grandchildren' is an advocacy type agency and therefore does not look after children in care.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: What financial support does the department provide to 'Grandparents for Grandchildren' as an organisation? (Ref: 6645-6646)

Response: In 2008-09 the department provided \$31,000 in one-off grants to the 'Grandparents for Grandchildren' organisation.

Question: Can you identify to the committee the positions that have been removed in both 2008-09 and 2009-10 to aggregate to the 56 full-time equivalent staffing number reduction? In achieving the 2008-09 and 2009-10 56 full-time equivalent reductions, how many agency funded TVSPs has the department implemented or propose to implement? Do you accept that, potentially, for 2010-11 and 2011-12 you may well have to fund further agency funded TVSPs given that agency staff are getting TVSPs through the Mid-Year Budget Review staff reduction? (Ref: 6652-6654)

Response: The specific savings measures that relate to 56 FTE reductions in 2009-10 were:

- Anti-Poverty Services – 4 FTEs
- Injury & Claims Management – Transfer function to DPC – 6 FTEs
- Youth Justice – Special Programs for Youth – 7 FTEs
- Contract Management efficiencies – 6 FTEs
- Agency Savings Target – 7 FTEs
- Head Office administration – 26 FTEs

The first 2 measures did not result in any FTE reduction. The savings in Anti-Poverty Services was achieved through reduction in Supplies and Services. The transfer of the Injury and Claims Management function to DPC will not be proceeding as a recently completed business case demonstrated that it would be more cost effective for the function to remain in DFC. Positions for 5.5 FTEs were abolished in the Special Programs for Youth to achieve the savings. The Contract Management efficiencies have not materialised as the resources are required to implement improvements in contract performance management and evaluation. Alternative savings were achieved through restructure of the Customer Strategy and Research Unit.

The FTE reduction related to Head Office administration savings, are being achieved through vacancy management, abolishing of positions that were vacant and the redeployment of staff to other funded positions. The savings do not necessarily translate to FTE reductions as the primary focus is on the dollar savings. This has been achieved through restructuring resulting in changes in the classification level of positions where possible and savings in non-salary related expenditure further reductions in FTEs are anticipated through natural attrition and seeking opportunities not to fill positions as they become vacant.

The TVSP process was managed separately. Those positions lost as part of the Mid Year budget Review FTE reduction TVSP measure have been

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

counted towards that specific measure. DTF funded TVSPs for 61.2 FTEs. DFC funded TVSPs for 2.6 FTEs.

At this stage, the government has not indicated that there will be any further TVSPs available after 30 September 2009. Any subsequent FTE reduction would occur through natural attrition.

Question: In the 2006-07 budget, the department was advised to make a savings of \$1 million this financial year on concessions administration. Where did the \$1 million in savings arise from? (Ref: 6658)

Response: The savings in concessions administration arise from implementation of changes in the processing systems for concessions and spectacles applications. The savings include just under \$200,000 in employee related expenses, achieved by a reduction in the staff required to process applications and an \$800,000 saving in Goods and Services, largely expenditure that was allocated in 2006 to develop a new integrated processing system for concessions that is not yet fully operational.

Question: What would the response rate to tier 2 notifications be? (Ref: 6660)

Response: In the 2008-09, 52% of all Tier 2 matters were dealt with. Of those Tier 2 matters investigated, 57.8% were commenced within 7 days and 64.7% were completed within 42 days.

Question: How many non-pensioner tenants does the Housing Trust have? (Ref: 6695)

Response: We have 9,041 households who are not affected by the recent pension increases. In other words, these are the households where none of the occupants receive one of the eligible Centrelink or Veterans Affairs pensions.

Question: The minister has announced on a number of occasions a \$190 million increase in child protection moneys over a four year period. Is any of the \$35 million that was given to the agency at the end of 2006-07 for overspending included in the \$190 million figure as well? (Ref: 6700-6701)

Response: No, funding provided at the end of 2006-07 does not form part of the \$190 million.

Question: In terms of the 2009-10 financial year, what was the extent of the federal reduction (*with respect to the National Disability Agreement*) – or the gap the state needed to fill? (Ref: 6707)

Response: In response to your question, there was no gap in 2009-10. The equal per capita distribution is being phased in over 5 years from 2010-11.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: For 2008-09 what was the number of staff funded in the (*Minister's*) office and the total dollar value for ministerial office costs from departmental funds? Was there a cut in the ministerial office staffing budget for 2009-10? (Ref: 6748-6749)

Response: The Department's budgeted contribution to the Minister's Office in 2008-09 was \$577,000 comprising 7 FTEs (\$470,000) and operational costs (\$107,000).

The Department has not made any cuts to the ministerial office staffing budget for 2009-10.

Question: How many general accounting type staff have transferred from the department to Shared Services? When are human services transferring to Shared Services? (Ref: 6749-6751)

Response: The last group of finance staff transferring to Shared Services SA consisted of General Accounting, External Reporting, Taxation Services, Fixed Asset Accounting and Financial Systems Support. These staff transferred on 8 June 2009 and consisted of 11.1 FTE's.

It is unclear what (if any) HR Services may be transferring from DFC to Shared Services SA in future Tranches. This question should be directed to Shared Services SA for a response.

Question: What is the total cost of the redevelopment of Afton House? (Ref: 6753)

Response: The forecast full expenditure of this project is \$13.0 million. The project is nearing completion and final accounts are being prepared. Expenditure to date is \$12.8 million.

Question: In calculating the long service leave liability, the assumption from the 2007-08 annual report that actuaries use in relation to salary increase was 3.5 per cent. What assumption will be used in 2008-09? (Ref: 6754)

Response: A salary inflation rate of 2.50% was used by Mercer Investment Nominees Limited when calculating the 2008-2009 Long Service Liability for the Department for Families and Communities.

This is consistent with the State Government's intention to limit public sector wage increases to 2.50% for the 2009-2010 financial year.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: Has the Auditor-General's staff raised any concerns with you about the supported residential facilities indemnity fund and the way that particular fund was managed in the last financial year? (Ref: 6757)

Response: To the best of my knowledge no issues have been raised in relation to the supported residential facilities indemnity fund in correspondence received by the Department for Families and Communities from the Auditor-General.

Question: In relation to companion cards, have any government organisations or government-funded organisations refused to sign up to the companion card scheme. Which organisations have refused to sign up? (Ref: 6759)

Response: There are twelve government-funded organisations that have refused to sign up to the companion card scheme as follows:

- Barossa Council
- Carrick Hill Trust – Arts SA
- Chaffey Theatre – Country Arts
- City of Holdfast Bay
- City of Onkaparinga
- Clipsal 500
- Country Arts SA
- District Council of Robe
- Hopgood Theatre – Country Arts
- Kingston District Council
- The Arts Centre – Port Noarlunga
- WEA

Question: In relation to post-care services, how many clients have been on the books of post-care services for each year of its operation, and how many case managers were available in each year? (Ref:6759)

Response: Post Care Services (PCS) has been formally operational since 2007. These numbers are for people who requested a service from PCS throughout the year. It does not indicate for how long they were registered with the service or how many there were at one time. Some people have been registered as an open case for up to 4 years and remain an ongoing case. Refer to table following.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Year	PCS Social Workers (includes Team Leader)	Clients
2006 (Customer Relations Unit)	1	10
2007 (PCS)	2	173
2008 (PCS)	5 (not for entire year)	378
2009 (PCS) – to October	3.2	166

Question: In relation to the Volunteer Emergency Recovery Information System, can you advise what moneys and staff hours have been allocated to designing and implementing the Volunteer Emergency Recovery Information System, how many times it has been activated and how many people have been registered on the system? (Ref: 6759)

Response: The Volunteer Emergency Recovery Information System (VERIS) was designed to register spontaneous unaffiliated volunteers in emergencies, and match the volunteers' availability and skills with the needs of disaster affected people.

VERIS was developed through an initial grant to the Office for Volunteers of \$50,000 from the *Working Together to Manage Emergencies* National Emergency Volunteer Support Fund. Further funding has been gained for the project over the years amounting to approximately \$300,000. This figure includes the cost for IT services / developer costs. Responsibility for Version 1 of the system was given to the Volunteers Unit in the Department for Families and Communities in December 2006, and was refined throughout 2008 to produce Version 2. Staff have contributed about 800 hours each year in ICT assistance in 2007 and 2008.

The VERIS system has been activated twice. Approximately 300 volunteers were registered in January 2007 to assist in the recovery effort of the Renmark Storms. It was activated, internally across government, again in the February 2009 heatwave. Volunteers were recruited to make phone calls to the most vulnerable aged clients in our community. Over 15,000 calls were made by over 200 DFC staff and other volunteers with Red Cross, and several lives saved.

Question: The annual report refers to the fact that Square Holes Pty Ltd undertook a consultancy for the Department in 2007-08 to do a quantitative telephone survey in relation to foster care perceptions. Was that an open tender, a restricted tender, or was Square Holes Pty Ltd approached for that particular research? Can you outline what information, if any is publicly available? If there isn't any, can you outline some detail regarding the results of their work? (Ref: 6760)

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Response: In accordance with DFC Procurement requirements, a Request for Quotation (RFQ) was issued to five (5) consultants in the private sector on 31 March 2008. Each consultant was provided with a Market Research Brief for reference, prepared by the Department for Families and Communities. Written responses were required by 11 April 2008. Responses were received from each of the recipients of the RFQ.

The evaluation and assessment process was based on four (4) criteria: organisational capacity; research methodology; demonstrated understanding of brief; and cost effectiveness/value for money. Following the evaluation process, Square Holes Pty Ltd was selected to complete the market research. This company scored strongly against all criteria, whilst demonstrating they were the most cost effective.

Subsequently, a contract was entered in to between Square Holes Pty Ltd and the Minister for Families and Communities, to complete the market research. Square Holes Pty Ltd commenced their market research in June 2008, and completed it in July 2008. Their research culminated in a report to Families SA, which was received July 2008.

The primary reason for undertaking this market research was to gain greater insight into public perceptions of foster care and in particular to find out more about the issues that may encourage or that discourage people from considering foster care. The research findings have been used to inform the development of resources that assist in the promotion of foster care to the South Australian community.

As part of the research four focus groups were conducted and a telephone survey was undertaken amongst 800 individuals living in the Adelaide Metropolitan Area in relation to becoming a foster carer.

A summary of the findings was provided to the non-Government agencies who undertake provision of family based foster care. The research was to identify public awareness, understanding and knowledge in relation to becoming a foster carer.

A copy of the research report is available for loan on request by contacting;

Maria Krahling
Foster Care Services, Families SA
8226 6617

Question: With consultancies above \$50,000, a consultant was listed as Multicultural Communities, and it did a survey on culturally diverse communities, etc. What was the name of the consultancy? (Ref 6760-6762)

Response: The name of the consultant is Multicultural Communities Council of SA.

**Department for Families and Communities
2009-10 Budget and Finance Committee Question on Notice**

Question: Has your agency offered unrestricted private use of blue-plated government vehicles in any salary package? (Ref: 6763)

Response: To the best of our knowledge, no blue plated government vehicle has been offered with unrestricted use as part of any staff member's salary package.