

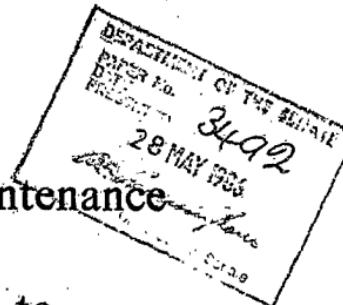


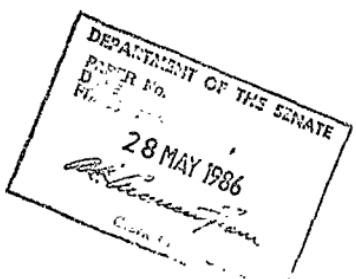
Report

**246**

Joint Committee of  
Public Accounts.

Income Maintenance  
Programs  
— Response to  
Report 213





THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

INCOME MAINTENANCE PROGRAMS -  
RESPONSE TO REPORT 213

246TH REPORT

FINANCE MINUTE ON THE COMMITTEE'S 213TH REPORT  
DISCUSSION PAPER ON INCOME MAINTENANCE PROGRAMS



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DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

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PREFACE

Arrangements to ensure that appropriate action is taken in response to comments contained in the Committee's Reports have been in operation since 1952 although they have been reviewed periodically. These were known as Treasury Minute arrangements.

Following the creation of the Department of Finance on 7 December 1976 it was agreed that the arrangements should continue as before but should be known as the Department of Finance Minute.

As they now stand the procedures are:

1. The Report of the Committee is tabled in the Senate and the House of Representatives and motions are moved in both Houses that the Report be printed as a Parliamentary Paper.
2. The Chairman of the Committee thereafter forwards a copy of the Report to the responsible Minister and to the Minister for Finance with a request that he give the Report his consideration and inform the Chairman of the action taken to deal with the Committee's conclusions.
3. The reply, in the form of a Department of Finance Minute is then examined by the Committee and together with the conclusions of the Report to which it relates, is submitted as soon as possible as a Report to the Parliament.
4. Should the Committee find during its examination of a Department of Finance Minute that certain recommendations are not fully dealt with or are subject to a further Minute, it may hold an exploratory discussion with officers of the Department of Finance prior to the submission of the Minute to the Parliament.
5. In reporting a Minute to the Parliament, the Committee, usually makes only brief comment on items of particular interest or on matters subject to a further Minute.

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6. When the Committee next examines the Department concerned the Finance Minute is considered by the Committee if applicable.
7. The Department of Finance furnishes the Committee with a half-yearly report on outstanding Minutes, indicating the progress made in dealing with the Committee's comments.

In accordance with the procedures outlined above, this report documents the Department of Finance Minute which was submitted in response to the Committee's 213th Report.

For and on behalf of the Committee,

Senator G Georges  
Chairman

M J Talberg  
Secretary  
Joint Committee of Public Accounts  
Parliament House  
Canberra ACT  
16 April 1986



With the compliments of  
the Secretary

Joint Committee of Public Accounts  
Parliament House, Canberra, A.C.T. 2600  
Tel. 72 7455

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## CHAPTER 1

### INTRODUCTION AND COMMITTEE COMMENT

1.1 The Committee's Report 213, tabled on 16 November 1983, examined the administration of income maintenance programs. A summary of the Report appears in Chapter 2. The Committee's general findings and conclusions and the Finance Minute outlining departmental responses to these are in Chapter 3.

1.2 The Report 213 focuses on a range of income maintenance programs and their operational features. It was a product of the Committee's practice of scrutinising programs which departments are called upon to administer and the administrative practices employed to implement these. In the case of Report 213 the Committee also examined the collective administration of related programs in the social welfare area.

1.3 While the Committee is satisfied that there have been improvements in the manner in which some programs are administered, and can understand the rejection of some of its observations it does not accept the arguments put forward in several responses, particularly as regards the need for legislative backing for programs and proper evaluation of program performance.

1.4 One of the most important innovations affecting the administration of social welfare programs post-dates the Committee's Report. The Financial Management Improvement Program (FMIP) was initiated by the Department of Finance and the Public Service Board in mid 1983. The Program is designed to direct closer attention to some of the issues raised by the Committee, including the clarity of administrative objectives for programs and the evaluation of practices and programs. The Committee notes that of the ten departments who responded to its questionnaire the Departments of Defence, Health and Immigration and Ethnic Affairs are involved in the pilot program for FMIP and have begun to apply its objectives to their respective operations.

1.5 While the Financial Management Improvement Program promises greater attention to efficiency and effectiveness, the Committee is yet to see benefits from the pilot program.

1.6 The Committee notes that FMIP is designed to complement the range of government financial reforms, including the consolidation of appropriations, the integration of financial and staffing decision making and program budgeting. Departments should not rely solely on these reforms, which are intended to be introduced progressively and improve financial management systematically. The Committee notes that while these reforms are cited as positive responses to its suggestions for improved program management and evaluation, no mention is made of when the benefits of these reforms can be expected.

1.7 Subsequent sections in this chapter deal with significant issues raised by Departments' responses. There is also comment on those sections which were not addressed in the Finance Minute.

1.8 The Committee rejects the Department of Social Security's response to the section of the Committee's report dealing with perceived inconsistencies in the objectives for the unemployment benefit. The Department here appears to be questioning the objectives they submitted in the survey response to the Committee.

1.9 In paragraphs 3.70 - 3.72<sup>1</sup>, the Committee commented on possible anomalies in program administration for the Supporting Parent's Benefit and the Widows' Pension. The Department of Social Security responded that such anomalies as were highlighted reflect the current law and that possible reforms would require Government involvement. While the Committee accepts this, it does not consider that it in any way diminishes the need to have such matters drawn to Parliament's attention. Departments have a responsibility to draw these cases to its Ministers' attention.

1.10 In paragraphs 6.39 and 6.402 the Committee criticised the Department of Employment and Industrial Relations (DEIR) regarding program administration and evaluation performance. The Committee's comments were based on its assessment of the Department's own questionnaire response and its performance compared with other respondents. After evaluating this material, the Committee concluded that there was some doubt as to whether DEIR could effectively develop and implement new policy. The Committee's assessment of DEIR's performance is not improved by the Department's poor response to the Committee's recommendation on program legislation. This matter is dealt with in more detail later in this chapter.

1.11 On the basis of the Committee's inquiry, the Committee suggested that, in addition to the then proposed Ministerial review of DEIR, there should be a Joint Management Review conducted by the Public Service Board and DEIR to consider priorities, efficiency and effectiveness. The Committee rejects the response tendered by DEIR. It is both conservative and contradictory. The unqualified confidence claimed by the Department in its administrative ability is clouded by the Public Service Board's agreement to a 'reorganisation of the Department's structure which represents a significant strengthening of its management capability', (see para 3.18 of this Report).

1.12 One of the recurrent themes in the Committee's report was the necessity to have objectives for programs clearly specified and to have administrative practices formulated on this basis consistent with one another. The Committee suggested that there be an external review mechanism, such as a Task Force, to

1 Joint Parliamentary Committee of Public Accounts (JCPA), Income Maintenance Programs, (Report 213), p. 23.  
2 JCPA, *ibid.*, p. 58.

consider current operations and fundamental innovations. The Committee accepts that the budgetary reforms announced in April 1984, including program budgeting and improvement in public sector financial management may be of assistance in clarifying organisational and evaluation processes. The Committee is also pleased to note that there have been specific, external reviews of programs, including reviews of the repatriation system and the Income Security Review which examined Social Security administration.

1.13 The question of program legislation received considerable attention by the Committee during its inquiry. The Committee's research highlighted the beneficial results which program legislation had imparted in the Departments of Social Security and Veterans' Affairs. The Committee considers that a body of legislation which succinctly covers all of a department's operations can assist both the Executive and Parliament to have a thorough grasp of the general principles upon which a department's programs are based and through which their implementation is facilitated.

1.14 The Committee acknowledges the need for administration to be able to respond flexibly to a range of circumstances. For this reason, a balance must be struck with broad legislation supported by more detailed administrative instructions, to permit managers to exercise the necessary discretion to respond flexibly and swiftly within the law to a variety of circumstances.

1.15 The Committee rejects the responses from the Departments of Health, Aboriginal Affairs and Immigration and Ethnic Affairs that their need for flexibility militates against the use of legislation. The broad or 'umbrella' legislation which the Committee proposed would permit flexibility, while at the same time fostering careful articulation of objectives and improved administration.

1.16 The Committee reiterates its view that the formulation of program legislation is a valuable exercise and suggests that those administering authorities which do not already have such legislation in place should give the matter further attention.

1.17 In response to the Committee's recommendation that major programs should be reviewed, the Department of Defence referred to the prospective review of the Defence Forces Retirement Death Benefits (DFRDB) Scheme. The Committee understands that the review has been commenced and will await its results with interest.

1.18 As regards the Department of Education's initiatives in simplifying form design, the Committee commends their efforts to improve student assistance documentation progressively. The Committee would urge the Department to commence the revisions as soon as possible and to anticipate form requirements for their upgraded computer facilities.

1.19 The Committee notes the Department of Education's reluctance to encourage clients to use the direct credit mode to reduce the incidence of the fraudulent negotiation of student assistance cheques. The Committee understands that audits of performance in this area are periodically undertaken. The Committee will be interested in the Auditor-General's comments when next he reports on this issue.

1.20 The Committee accepts the Department of Education's response to its comments on the administration of TEAS and ASEAS particularly as regards time lags in processing benefit applications. The Committee is pleased to note that the payments system introduced in 1984 is dramatically reducing delays from up to three weeks to a couple of days.

1.21 The Committee appreciates that it would be difficult to have responses to all of its observations and comments. The Discussion Paper did not highlight and draw together all of the detailed comments contained in the text. The Committee trusts that the absence of responses to these comments from this formal reply does not indicate that the comments have not been noted. Among the points not referred to in this Finance Minute were:

- perceived deficiencies in some programs operated by the Department of Social Security (DSS) eg. the Children's Services Program, which had diffuse objectives, vague eligibility criteria and variable service delivery;
- DSS should be prepared to close regional offices when it becomes apparent that they are not required; and
- the Department of Veteran's Affairs should work towards reducing the length of time required to process cases - especially where these delays are due to problems of inefficient paper flow.

1.22 The Committee is less understanding of the inaccuracies in responses tendered. It is stated in paragraph 3.56 of this report for example that the establishment of the Surveillance and Investigation Division within the Department of Health is a measure to enhance monitoring and evaluation. However this Division was transferred to the Health Insurance Commission in May 1985 some five months before the Finance Minute was presented to the Committee.

1.23 The Committee is also unhappy with the accuracy of the response by the Department of Employment and Industrial Relations in relation to its recommendations for legislation for labour market programs (paragraph 3.46 of this Report). The Kirby Report<sup>1</sup> to which the Department referred made no recommendations concerning legislation for labour market programs, although one

recommendation (Recommendation 79) suggested legislation and a sunset clause for the proposed Council for Employment and Training. It is the Committee's opinion that the Department takes an unreasonably general interpretation of the Kirby Report on this matter in an attempt to suggest a favourable outcome.

<sup>1</sup> Report of the Committee of Inquiry into Labour Market Programs, Canberra AGPS 1985.

## CHAPTER 2

### SUMMARY OF COMMITTEE'S REPORT 213

2.1 Report 213 - Income Maintenance Programs - comprises two volumes. Volume 1 is a discussion paper which considers a range of programs having relevance to income maintenance. The types of programs considered included income replacement programs, for example unemployment benefits; income supplement programs, for example tertiary allowances; and programs subsidising expenditure by individuals, for example free medical services. In summary, income maintenance programs were defined as those programs transferring cash to individuals or organisations for the purpose of social welfare.

2.2 Volume 2 presents edited versions of submissions from the following departments:

- Department of Social Security;
- Department of Capital Territory (now Territories);
- Department of Health;
- Department of Aboriginal Affairs;
- Department of Immigration and Ethnic Affairs;
- Department of Veterans' Affairs
- Department of Defence;
- Department of Administrative Services (now Local Government and Administrative Services);
- Department of Employment and Industrial Relations;
- Department of Education.

2.3 The Departments' submissions covered a broad spectrum of programs. Replies on a total of 127 programs were received. The information provided in the submissions focused primarily on 1981/82 and to a large extent the Committee's comments, contained in Volume 1, were cast in that time frame.

2.4 The Committee also received submissions from the four coordinating agencies - the Departments of the Prime Minister and Cabinet and Finance, the Public Service Board and the Social Welfare Policy Secretariat. Their input is referred to in Volume 1.

2.5 In its analysis of material contained in submissions, the Committee concentrated on patterns of administrative practice rather than the detail of individual programs. The Committee considered programs on the basis of their mandate, management and method of evaluation. The Committee was concerned to identify whether departments pay adequate and joint attention to the way in which they acquire mandate, exercise management control and evaluate results. The Committee believed that by improving administrative practices, the results of the programs themselves could be enhanced.

2.6 The Committee made a number of general findings on aspects of administration which it considered would go some way towards addressing the pressing issues facing policy formulators and administrators. These findings are outlined in Chapter 7 of Volume 1 of the Report, under the headings of:

- Coordination
- Legislation
- Program Management and Evaluation
- Computerised Payment Facilities
- Integration

#### Coordination

2.7 Throughout the Inquiry the Committee paid special attention to the clarity of administrative objectives for individual programs, for each department and for the social welfare system as a whole. Objectives and administrative practices should be evaluated and harmonised to suit government policy and changing economic circumstances.

2.8 The Committee suggested the establishment of a Task Force composed of representatives of the Public Service Board, the Department of Finance, the Department of the Prime Minister and Cabinet and the Social Welfare Policy Secretariat to review current administrative practices employed in social welfare programs. The Committee considered that the Task Force should consider possible alternative approaches to social welfare administration including the concept of a guaranteed minimum income. With regard to current practice, the Task Force should specifically address itself to:

- the codification of the methods used in authorising programs, and, with appropriate comment from the Public Service Board, the distribution of this codification to all departments;

- the preparation of standardised procedures for ensuring that there is adequate coordination between departments whose programs are targetted towards similar groups;
- the investigation of methods whereby departments can calculate and record the allocation of manhours and administrative costs to particular programs, and maintain a record of the number of beneficiaries of these services; and
- the development of guidelines to ensure that where a department operates a number of programs with small budget allocations, such programs are periodically evaluated simultaneously for the purpose of bringing separate program objectives into line with major departmental objectives thereby bringing greater cohesion into the administration of all programs.

#### Legislation

2.9 The Committee considered the beneficial results of legislation, particularly in regard to the Departments of Social Security and Veterans' Affairs. In these Departments program legislation was seen to impart a common direction to their various undertakings while permitting evolution by legislative amendment.

2.10 The Committee acknowledged the need for administration to be able to respond flexibly to a range of circumstances. Such arguments were emphasised by the Department of Employment and Industrial Relations and highlighted in submissions from the Public Service Board and the Department of Prime Minister and Cabinet.

2.11 At the same time the Committee considered a range of advantages flowing from legislation:

- Legislation delineates program parameters and administrative authority clearly;
- departments which understand the importance of a comprehensive legislative framework for their operations are more likely to appreciate the potential contribution that Parliamentary scrutiny can make to the effectiveness of services; and
- although it would not be appropriate to attempt to promote the concept of program legislation in a doctrinaire fashion, the Committee found that a body of legislation which succinctly covers all of a department's operations can make it easier for the

Secretary, the Minister and Parliament to have a comprehensive grasp of program objectives and the general principle upon which a department's programs are based and through which their implementation is facilitated.

2.12 The Committee considered that departments operating major programs (those with a budget of at least ten million dollars with an expected life of at least five years) should ensure that specific legislation is drafted for these programs. Such legislation should be supported by Regulations which describe, in detail, administrative arrangements.

#### Program Management and Evaluation

2.13 The Committee found wide variations in the nature and quality of administrative data and processes for evaluation, both among operative and coordinating authorities.

2.14 The Committee considered the material provided by the Department of Finance, particularly its functions involving scrutiny of proposals and programs, monitoring of expenditure and examination of estimates. The Committee concluded that departments administering programs of ten million dollars or more per year should periodically evaluate these programs to determine how they will meet defined objectives. The Committee also formed the opinion that action should be taken in respect of smaller programs which have tended to avoid evaluation. The Committee concluded that where a department operates a number of programs with small budget allocations such programs should be periodically evaluated simultaneously for the purpose of bringing separate program objectives into line with major departmental goals.

#### Client Information

2.15 The Committee found that all departments should progressively improve their form design skills and indicate on all forms the degree of confidentiality with which the information will be treated.

#### Computerised Payment Facilities

2.16 The Committee sought to improve the efficiency, security and cost-effectiveness of the physical delivery of the immense number of transfer payments made by the Commonwealth, particularly the despatch of cheques.

2.17 The Committee considered that the Task Force it proposed should investigate and report to the relevant Minister, and provide a copy of the Report to the Public Accounts Committee, on the use of direct credit to recipients' accounts in financial institutions for the payment of all welfare benefits.

#### Specific Comments in the Report

2.18 In addition to its general findings and conclusions, the Committee made specific comments relating to income maintenance program management by the departments listed in the following paragraphs.

#### Department of Social Security

2.19 The Committee questioned whether the low level of Unemployment Benefit was consistent with the Department's other objectives of the 'maintenance of incentives', be it for full-time work, remaining in work, or undertaking further education.

2.20 The Committee addressed the issue of possible anomalies in program administration focusing, in particular, on the Supporting Parent's Benefit and the Widow's Pension. The Committee saw merit in the Department of Social Security developing a single set of rules applying to all sole parents.

#### Department of Health

2.21 The Committee was concerned at the lack of administrative data on many of Health's programs. The Committee considered that the Department should calculate the manhours spent on its programs, the costs of their administration and the number of beneficiaries, and that this information be recorded in a readily retrievable form.

2.22 Health made scant reference to evaluation methods. The Committee considered that the Department should adopt procedures for periodic internal and external evaluation of its major programs.

#### Department of Aboriginal Affairs

2.23 The Committee suggested that evaluation studies conducted by the Department of Aboriginal Affairs could be more productive in the future. The Committee directed the Department's attention to its general findings in respect of evaluation methods.

#### Departments of Immigration and Ethnic Affairs and Capital Territory

2.24 The Committee directed the departments' attention to its general findings, summarised earlier.

#### Department of Veterans' Affairs

2.25 The Committee noted that widows of Defence Force personnel can receive both 'War and Defence Widow's Pension' (which is free of income test and tax) and payments under the 'Defence Forces Retirement Death Benefits Scheme' administered by the Department of Defence. The Committee suggested attention be directed to this area to ensure that the interaction of these programs does not provide an unintended and inequitable bonus for some groups.

2.26 On the matter of review, the Committee was concerned at the length of time taken to process cases - even cases without appeals. The Committee was particularly concerned at delays possibly caused by inefficient paper flow and filing systems.

#### Departments of Defence and Administrative Services

2.27 The Committee had no specific comments on the patterns of administration of Defence or Administrative Services, but directed both Departments to its general findings.

#### Department of Employment and Industrial Relations

2.28 The Committee observed disparities between the Department's operations and its objectives regarding priority in programs. The Committee considered that closer attention should be directed to the difficulties being faced by older workers in the labour market.

2.29 The Committee noted the Department's lack of legislation for its programs and directed its attention to its general finding on the issue of program legislation.

2.30 The Committee considered that the Department's evaluation procedures appeared to be confined largely to scrutiny during the Budget processes. The Committee considered that the Department's evaluation procedures were impeded by the lack of clear and detailed administrative objectives, due in part to the absence of program legislation. It was considered that this lack of legislation imparted a large degree of arbitrariness to DEIR's administrative decisions. The Department's poor performance in terms of program evaluation cast doubt on its capacity to formulate policy proposals for new services. The Committee considered that a significant change in DEIR's administration was required if it were to ameliorate the tremendous problem of unemployment.

2.31 The Committee endorsed the foreshadowed Ministerial review of DEIR's programs. The Committee also found a clear need for an external evaluation of the administration of the Department of Employment and Industrial Relations by means of a Joint Management Review conducted by the Public Service Board in cooperation with the Department to consider its priorities, efficiency and effectiveness.

#### Department of Education

2.32 The Committee had some particular concerns about the way in which the Tertiary Education Assistance Scheme (TEAS) and the Adult Secondary Education Assistance Scheme (ASEAS) were administered. The application forms and also the booklets which provided information for applicants were extremely complicated and there were lengthy lags between the time of application and receipt of the benefit. The Committee suggested that attention should be directed to these problem areas.

2.33 Generally, the Committee considered that the Department should synthesize much of the detail in the Regulations into fewer and simpler working principles. Such principles would not necessarily lessen control but could expedite service to clients.

#### CHAPTER 3

##### DEPARTMENT OF FINANCE MINUTE

3.1 In this Chapter, relevant paragraphs from the Committee's 213th Report are reproduced in the order in which they appear in the Report. Each paragraph or group of paragraphs quoted from the Report is immediately followed by the response provided by the relevant department(s). Unless otherwise stated, references are to Volume 1 of the 213th Report.

##### DEPARTMENT OF SOCIAL SECURITY

##### CONCLUSION (Paragraphs 3.23-3.24)

###### Unemployment Benefit

The primary objective of the 'Unemployment Benefit' was to provide minimum income support to unemployed persons who were able and willing to work and who were taking reasonable steps to obtain work. This program, administered under the Social Security Act, thus conformed with the Department's objective - 'to ensure that those most in need receive priority in assistance'.

However, consistency with the Department's other objectives was not as clear. Other objectives

'include the maintenance of incentives for full-time work ... the maintenance of incentives to remain in (or undertake further) education and the maintenance of incentives to live at home with parents.'

It is questionable that the low level of 'Unemployment Benefit' is in fact consistent with the Department's objectives of the 'maintenance of incentives' in each of those three areas.

###### Response

3.2 The "objectives" mentioned in the Department's submission are those of the program itself rather than of the Department; as such they reflect the perceptions of the Government of the day as to the function of the program.

3.3 It is difficult to accept the inference drawn by the Committee. Other things being equal, the lower the level of benefit, the higher is likely to be the incentive to find full time work, to remain in or undertake further education and to live at home with parents. (One consideration in setting benefit levels is, of course, to strike a balance between adequately meeting needs [implying relatively high levels] and avoiding undesirable incentives [implying relatively lower levels]).

#### CONCLUSION (Paragraphs 3.70-3.72)

##### Compatibility of Provisions

The Committee addressed the issue of possible anomalies in program administration focussing in particular on the 'Supporting Parent's Benefit' and the 'Widow's Pension'.

There appeared to be discrepancies in the legislation for assistance to sole parents and widows although these programs had similar purposes. In some cases the legislation for the 'Supporting Parent's Benefit' was more liberal than the legislation for the 'Widow's Pension'. For example, the desertion criterion in the case of the 'Widow's Pension' was not present in the eligibility criteria for a woman for a 'Supporting Parent's Benefit'. As another example of divergence, the 'Supporting Parent's Benefit' was altogether more liberal for a male, but on the other hand a widower, no matter how deserving, could not qualify for a 'Widow's Pension'. Further, provisions of the programs resulted in widows over 50 or supporting parents over 45 being no longer eligible for payments under either program when the last child left home. People requiring continued support from the Government were faced with the option of seeking 'Unemployment Benefit' or 'Special Benefit'. Many people found this transition bizarre and from the point of view of administration it appeared to involve unnecessary complications in the re-arrangement of payments. On the basis of its examination of this particular case, the Committee sees merit in the Department of Social Security developing a single set of rules applying to all sole parents. Furthermore the Committee believes its examination of the eligibility criteria for these two closely related programs highlights the general need for all departments to refine program objectives, and adapt them to changing government policy and circumstances.

#### Response

3.4 The difficulties in "program administration" identified by the Committee reflect the current law. Any change to the existing arrangements is therefore a matter for consideration by the Government.

#### DEPARTMENT OF HEALTH

##### General Observations by the Department

3.5 There are several observations that the Department of Health wishes to make concerning the Committee's Inquiry in general and its findings, as they relate to programs administered by it, namely:

- (i) The Department of Health feels that the Committee's broadly drawn definition of income maintenance programs led to an approach by the Inquiry more relevant to programs providing transfer payments to individuals subject to fairly rigid eligibility criteria. Generally the recipients of income maintenance benefits are subject to specified criteria of need or disadvantage. In the case of the major programs administered by this Department, the concept of income maintenance is much more indirect than with programs administered by Departments such as Social Security. In general, eligibility for benefits under Department of Health programs tends to be universal;
- (ii) The Committee's examination covered the administration of programs current during 1981-82. Since then, there have been significant changes in a number of those programs both in their content and administration. Notable among such programs are the provision of medical benefits with the introduction of Medicare and the strengthening of procedures related to the detection of fraud and overservicing;
- (iii) The Committee laid considerable emphasis on the need for statistics of numbers of program beneficiaries. Some of the Department's most significant programs in terms of expenditure relate to the provision of medical and pharmaceutical benefits. Such programs are geared to numbers of services provided rather than to numbers of beneficiaries;
- (iv) Since 1983, the Department has instituted a number of measures to strengthen information systems and to enhance accountability in program management. These measures include:
  - development by a consultant of a 'Management by Objectives' model for the Department together with an integrated Management Information System;

- Departmental goals and objectives have been more rigorously defined and reviewed to facilitate more effective management;
- pilot implementation of the Financial Management Improvement Program.

(v) The Department is anxious to pursue the development of Program Budgeting with a view to providing realistic cost statistics for program administration, subject to the availability of resources. However, this development must also proceed in harmony with the wider developments in the Government's accounting requirements.

#### DEPARTMENT OF IMMIGRATION AND ETHNIC AFFAIRS

##### General Comments by the Department

3.6 The Department of Immigration and Ethnic Affairs welcomes the Committee's recommendations despite the administrative difficulties they may present. The principles the Report reinforces are also explicit in other recent initiatives such as the Financial Management Improvement Program (FMIP). In fact the department believes that the introduction of FMIP will meet many of the suggestions made by the Committee. The Department also wishes to comment on the more detailed observations in the report. The Committee's report stated

'Adult Migrant Education' was the largest scheme operated by the Department in the area of income maintenance. Within this program, 'Living Allowance' was paid to those learning English full-time. In 1981/82 expenditure on this component of the 'Adult Migrant Education Program' totalled \$8.75 million. (Paragraph 4.51)

3.7 The Report refers to living allowances being paid to those learning English full-time. On 1 January 1983 living allowances were extended to on-arrival part-time courses. However, commencing on 1 January 1984, following consultation with the Department of Social Security, those people attending part-time courses retained eligibility for the payment of unemployment benefits provided the normal requirements for the payment of that benefit were satisfied (ie people on such courses are now eligible for either unemployment benefits or a living allowance). Elsewhere in the report it was stated that

'Maintenance of Unattached Refugee Children' provided funds for refugee minors who were in institutions or foster care without parents or close relatives. (Paragraph 4.56)

3.8 This paragraph should read: "'Maintenance of Unattached Refugee Children' provided funds for refugee minors who entered Australia as wards of the Minister for Immigration and Ethnic Affairs under the Immigration (Guardianship of Children) Act, and who were living independently, in institutions or foster care without parents or close relatives." The underlined words are additional.

3.9 The Department also wishes to comment on the summary chart on page 82, in particular, on the entries appearing against Program No 8. Data are available on the number of grants paid, as well as on the number of refugees benefiting from the grant and the total number of sponsors are eligible for grants).

No of Grants:	approx 550 pa
Refugees benefiting from grants:	approx 1800 pa
Refugees benefiting from Scheme:	approx 2500 pa

Evaluation: Formal evaluation by consultants MSJ Keys Young in November 1981.

#### DEPARTMENT OF VETERANS' AFFAIRS

##### OBSERVATION (Paragraph 5.13)

The Committee notes that widows of Defence Force personnel can receive both 'War and Defence Widow's Pension' (which is free of income test and tax) and payments under the 'Defence Forces Retirement Death Benefits Scheme' administered by the Department of Defence. The Committee suggests attention be directed to this area to ensure that the interaction of these programs does not provide an unintended and inequitable bonus for some groups.

##### Response

3.10 The Committee noted that widows of Defence Force personnel can receive both war and defence widows' pensions and payments under the Defence Force Retirement and Death Benefits Scheme administered by the Department of Defence. The Committee suggested that attention be directed to this area to ensure that the interaction of these programs does not provide an unintended or inequitable bonus for some groups. The Committee's comment would appear to be based on a misunderstanding of the nature and purpose of the two programs. The war and defence widow's pension is a compensation payment by the Commonwealth to a widow whose husband's death was related to war service (or peace-time service since 7 December 1972) or whose husband was receiving or entitled to receive a Special (Totally and Permanently Incapacitated) Rate disability pension at the time of his death.

3.11 The Defence Force Retirement and Death Benefits Scheme is an occupational superannuation scheme for members of the Defence Force. All members enlisted for a period of twelve months or more are required to contribute to the Scheme. The Scheme provides a form of comprehensive insurance for members of the Defence Force and is part of a conditions of service package tailored to attract and retain the high quality manpower required for a contemporary Defence Force to operate effectively.

3.12 The distinction between these two programs derives from the fact that the first is a form of compensation and the latter is superannuation from a compulsory contributory scheme. For this reason it is considered that the long-recognised interaction of these programs does not provide an inequitable bonus for the widows of Defence Force personnel.

#### DEPARTMENT OF DEFENCE

##### General Comments by the Department

3.13 While the policy aspects of the DFRDB scheme are the responsibility of the Minister for Defence, the general administration of the DFRDB Act is the responsibility of the DFRDB Authority subject to the directions of the Minister. Administrative support for the Authority is provided by the Australian Government Retirement Benefits Office (AGRBO).

3.14 The Committee (at paragraph 5.33 of Volume 1 of the 213th Report) had no specific comment on the patterns of administration of Defence but directed the Department's attention to the general findings and conclusions set out in the Report.

3.15 In view of the role of the DFRDB Authority and AGRBO relevant extracts of the report have been forwarded to the Chairman of the Authority. In view of the Committee's comments at paragraph 5.33, the Department does not have any comment on those aspects of the findings that relate to the management of the DFRDB Scheme. In this respect it is noted that the Department submitted advice to the Committee concerning the production of an annual report by the DFRDB Authority and the wide range of information submitted by AGRBO to the Authority in a monthly management report (paragraph 15.42 of Volume 2 of the Report refers).

#### DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

##### OBSERVATION (Paragraph 6.33)

The Committee notes these arguments and directs the Department's attention to the Committee's General Finding on the issue of program legislation. The Committee also notes in passing that CRAFT has operated, with changes, for seven years and its development may now justify the further step of legislation for it.

##### Response

3.16 See Response to Paragraph 7.9 of the 213th Report.

##### OBSERVATION (Paragraphs 6.39-6.40)

The Committee suggests that the Department's poor performance in terms of program evaluation casts doubt on DEIR's capacity to formulate policy proposals for new services. This is of concern in a situation in which the Department admits it has faced difficulty in responding to mounting pressure since 1974 to implement programs to alleviate unemployment, and more so in the context of the present Government's commitment to generate half a million new jobs in three years.

The Committee is concerned that on the evidence available, a significant change in DEIR's administration is required if it is to ameliorate the tremendous problem of mass unemployment. The Committee considers that inefficiencies in the administration of any department can lessen the effectiveness of the social welfare system as a whole and impose increased burdens on other parts of the system.

##### Response

3.17 The report makes a series of criticisms about the management of labour market programs (paragraphs 6.39 and 6.40) and doubts are cast on the Department's capacity to formulate and implement new policy particularly in respect of job creation and Community Employment Program. These are sweeping and harsh judgements for which the Department has been unable to find any supporting argument or evidence in other paragraphs. In the circumstances, it believes the Minister's recent statement on the progress made in implementing CEP (copy provided in Appendix A) is sufficient comment on its ability to undertake major management tasks.

##### OBSERVATION (Paragraph 6.41)

The Committee endorses the foreshadowed Ministerial review of DEIR's programs and finds a clear need for an external evaluation of the administration of the Department of Employment and Industrial Relations by means of a Joint Management Review conducted by the Public Service Board in co-operation with the Department to consider its priorities, efficiency and effectiveness.

#### Response

3.18 In paragraph 6.41 the Report calls for a Joint Management Review of the Department in addition to the current Committee of Inquiry on Labour Market Programs. The Public Service Board has recently agreed to a re-organisation of the Department's structure which represents a significant strengthening of its management capability. In these circumstances the Department does not believe it would be helpful to pursue a JMR at this point.

#### DEPARTMENT OF EDUCATION

#### OBSERVATION (Paragraph 6.56)

The Committee has some particular concerns about the way in which TEAS and ASEAS were administered. The application forms and also the booklets which provided information for Applicants were extremely complicated and there were lengthy time lags between the time of application and receipt of the benefit. The Committee suggests that attention should be directed to these problem areas.

#### Response

3.19 The Committee referred to the lengthy time-lags between the time TEAS and ASEAS applications were lodged and receipt of the benefit.

3.20 Delays in processing student assistance applications were quite severe in 1983 because of the larger than anticipated influx in applications. The processing situation for 1984 applications is generally satisfactory with the exception of Victoria; the Victorian Office moved in December into premises which were not properly ready for occupancy and some key ADP equipment was damaged in the move.

3.21 A new payments system introduced in 1984 is reducing the time-lag between processing and receipt of cheque or direct credit by beneficiaries from up to three weeks to a couple of days.

3.22 Any substantial reduction in the time taken to process TEAS and ASEAS applications will be dependent on the upgrading of the Department's computer facilities. New ADP systems are expected to be in place at the beginning of 1987.

#### GENERAL FINDINGS AND CONCLUSIONS OF THE INQUIRY

#### PREAMBLE (Paragraphs 7.1-7.3)

The Committee has gathered information on a wide range of programs in the social welfare area.

The emphasis has been on administrative practices as opposed to the particular provisions of the programs. The Committee believes that by improving administrative practices, the results of the programs themselves can be enhanced.

The Committee considers the goal of improving program administration is a particularly important one in view of the problems wrought by the concurrence of the economic downturn and continued growth in social expenditure on items such as health care and age pensions. At a time when economic capacity is less than robust, social welfare services in general are being called upon to meet, and are themselves imposing, increasingly heavy demands. This point was highlighted in the Social Welfare Policy Secretariat submission to the Committee. While the Secretariat does not have responsibility for the administration of income maintenance programs, it has explored the implications of alternative policy options on income maintenance and has documented the pressures placed on the income maintenance system from the changing demographic situation and the deterioration in the employment situation.

The Committee has made a number of general findings on aspects of administration which it considers will go some way towards addressing the pressing issues facing policy formulators and administrators today. These findings are outlined in the following paragraphs with cross references to the text for ease of reference. The Committee hopes that departments will take appropriate action in response to its findings. However, the Committee is concerned that such responses should not lead to substantial increases in staff requirements. In making its findings, the Committee's intention is to suggest ways in which the administration and control of income maintenance programs can be improved largely within existing resource constraints.

#### Comments by the Department of Veterans' Affairs

3.23 The Department agrees with the Committee's view that improved administrative practices lead to improved program efficiency; that is, provision of better services to the clients whom programs are designed to assist. Steps taken recently to improve the administrative arrangements by which the Repatriation system is operated are outlined below.

3.24 The single greatest cause of frustration with the Repatriation system among Veterans is delays in determining pension claims and appeals. The Committee commented on these delays in Volume 1 of its Report (paragraphs 5.21 and 5.22 refer).

3.25 Measures have been taken to reduce the time taken to process claims. These include:

- an increase in the number of operating Repatriation Boards;
- establishment of positions for officers to operate as Delegates of the Repatriation Commission and approve claims and applications;
- determining authorities being encouraged to provide only a brief statement of reasons for favourable decision;
- an increase in the number of officers operating as Delegates of the Repatriation Commission to decide appeals and undertake reviews, in line with increases in workloads;
- most appeals and reviews by the Commission Delegates being determined centrally to maximise resources; and
- introduction of a computer-based information and monitoring system to cover all phases of claims processing.

3.26 As part of a total examination of the Repatriation investigation and determining system, a Departmental Task Force was set up in 1983 to implement new improved administrative procedures to enable the faster handling of claims and appeals.

3.27 The main identifiable cause of delays in the determining of pension claims and appeals is the structure of the determining system itself. In a further effort to improve the administration of the Repatriation system, the Minister introduced into the Senate on 29 May 1984, a Bill which provides the legislative framework for a restructured determining system. Details of this major innovation may be found in the Repatriation Legislation Amendment Bill 1984, its accompanying Explanatory Memorandum and the Minister's Second Reading Speech. The Bill was assented to on 9 October 1984 and came into operation on 1 January 1985.

3.28 The Repatriation Legislation Amendment Act 1984 is based largely on recommendations made by the Administrative Review Council in its Report No. 20 (1983) entitled "Review of Pension Decisions under Repatriation Legislation". In formulating its recommendations, the Council considered it important to attempt to ensure that recommended reforms be seen by the Repatriation community as leading to the correct or preferable decision being taken in as efficient a manner as possible.

3.29 Briefly, the restructured determining system now operates in relation to disability pensions as follows:

- initial determination of a claim for disability pension or application for increase in pension, presently determined by

a Repatriation Board, is determined by a single Delegate of the Repatriation Commission;

- review of the initial Commission decision is by way of application to a Veterans' Review Board, in lieu of the previous appeal from a Repatriation Board to the Commission; and
- final review on the merits is by a special branch of the Administrative Appeals Tribunal, in lieu of the Repatriation Review Tribunal.

3.30 The new system is more logical and efficient for a number of reasons which include:

- using modern administrative practice whereby initial decisions are made by a single person under delegation;
- placing time limits on applications for review of decisions and restricting the continual re-opening of claims; and
- allowing the Commission to be in a position to reverse a decision of its Delegate which is adverse to a veteran; this maintains a quality control function while allowing the Commission to concede a claim without the claim going to the intermediate review level.

3.31 The recent and proposed administrative reforms to the Repatriation system will not, by themselves, correct all the existing problems with the system. One of the basic problems is the legislation itself. This problem was recognised by the Committee in its Report (paragraph 5.17 refers).

3.32 The ongoing review of Repatriation legislation, welcomed by the Committee, should be completed in the foreseeable future. An Advisory Committee on Repatriation Legislation Review, including representatives from major ex-service organisations, reported to the Minister in November 1983. This Report was tabled in the Senate on 15 December 1983 and circulated widely among the veteran community for comment. The draft Veterans' Entitlements Bill 1985 was tabled as a paper in the Senate on 31 May 1985.

3.33 The Minister intends to introduce a Veterans' Entitlement Bill into Parliament later this year (ie, 1985). The Bill would incorporate many of the Advisory Committee's recommendations to consolidate and simplify the existing legislation. This would be advantageous to both the veteran population and those responsible for administration of the Repatriation system by promoting greater understanding of the legislation.

FINDING (Paragraph 7.4)

Coordination

Throughout the Inquiry the Committee has paid special attention to the clarity of administrative objectives for individual programs, for each department and for the social welfare system as a whole. The evidence indicates that the careful articulation of program objectives facilitates the efficient implementation of services. However, efficient management techniques do not alone guarantee that clients are effectively served. Objectives can become out of phase with government policy, or out of place in changing economic circumstances. To overcome this, objectives and administrative practices must be evaluated and harmonised. The Committee considers there is a need for a Task Force composed of representatives of the Public Service Board, the Department of Finance, the Department of the Prime Minister and Cabinet and the Social Welfare Policy Secretariat to review current administrative practices employed in social welfare programs. The Committee considers that the Task Force should consider possible alternative approaches to social welfare administration including the concept of a guaranteed minimum income. With regard to current practice, the Task Force should specifically address itself to:

- the codification of the methods used in authorising programs, and, with appropriate comment from the Public Service Board, the distribution of this codification to all departments;
- the preparation of standardised procedures for ensuring that there is adequate coordination between departments whose programs are targeted towards similar groups;
- the investigation of methods whereby departments can calculate and record the allocation of man-hours and administrative costs to particular programs, and maintain a record of the number of beneficiaries of these services; and
- the development of guidelines to ensure that where a department operates a number of programs with small budget allocations, such programs are periodically evaluated simultaneously for the purpose of bringing separate

program objectives into line with major objectives thereby bringing greater cohesion into the administration of all programs.

Response

3.34 The need for continuing evaluation of both the policy objectives and administration of spending programs which underlies the Committee's recommendation is not questioned. It is precisely these issues which are at the heart of the Government's budgetary reforms announced in April 1984.\* As the Committee will be aware, these reforms involve the introduction of program budgeting and the systematic improvement of public sector financial management and are intended to:

- allow the Government's spending to be set more explicitly in terms of program objectives and with better information on the resource implications of program proposals;
- assist parliamentary scrutiny by explicitly linking program objectives, performance and resource usage;
- encourage more effective program management by requiring greater emphasis on the efficient use of resources and by promoting the more systematic review of program objectives and performance;
- promote the development of full attribution of all costs associated with individual programs; and
- develop management information systems and performance indicators as a basis for measuring and monitoring program effectiveness.

3.35 The co-ordinating agencies - the Departments of Prime Minister and Cabinet, Finance and Treasury and the Public Service Board - will, of course, continue to advise Government on policy issues which cross departmental boundaries and to disseminate information on and encourage the adoption of best practice in program administration. They will be doing so in future on the basis of the much more comprehensive and relevant information which the budget reforms will place at the Government's disposal.

3.36 The developments described above, which post-date the preparation of the Committee's report, will allow Ministers (individually and collectively) and their Departments to address effectively the important issues raised in this section of the report. The Task Force is seen as representing a supplementary approach to these

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\* "Budget Reform". White Paper presented by the Minister for Finance (AGPS, April 1984).

issues; budgetary reform is seen as having an absolute priority. The very extensive remit envisaged for the Task Force, which appears to cover important policy issues as well as administrative matters, would involve heavy demands on the resources of both the co-ordinating agencies and spending departments. Moreover, until the reforms are in place the Task Force would be in danger of duplicating, in a rather less exhaustive way, work of specific reviews, eg the Income Security Review, the PSB-led review of Social Security Administration and recent reviews of the Repatriation System. Ministers do not, therefore, propose at this stage to take up the Task Force proposal.

3.37 The Committee's attention is invited to the work of the Task Force on Youth Allowance Administration which reported to the Government on 27 July 1985 after an exhaustive examination of income support administrative arrangements for 16-20 year olds. The Government has already made decisions on a number of the key income support policy issues which impact upon administrative practices. The Government's primary goal is to increase young people's access to employment, education and training. The rationalization process will include income maintenance programs administered by the Departments of Social Security, Education, Veterans' Affairs, Employment and Industrial Relations, Aboriginal Affairs and Community Services. (See Budget Paper No 13 "Youth Policies in the 1985-86 Budget".)

#### FINDING (Paragraphs 7.5-7.9)

##### Legislation

The Committee acknowledges the need for administration to be able to respond flexibly to a range of circumstances. Such arguments were emphasised by the Department of Employment and Industrial Relations and highlighted in the submissions made by the Public Service Board and the Department of Prime Minister and Cabinet.

The Committee notes, however, the beneficial results of legislation in the administration of the Departments of Social Security and Veterans' Affairs. In these Departments program legislation was seen to impart a common direction to their various undertakings while permitting evolution by legislative amendment.

The Committee observes that legislation has the advantage that it delineates clearly program parameters administrative authority. At the extremes, tightly written legislation could exclude people who should be eligible or on the other hand, be so detailed that it renders program administration unmanageable. A balance

must be struck then, with broad legislation supported by more detailed administrative instructions, through the delegated authority of Permanent Heads. This would give managers the necessary leeway to respond flexibly and swiftly within the law to a variety of circumstances.

The Committee also considers that those departments which understand the importance of a comprehensive legislative framework for their operations are more likely to appreciate the potential contribution that Parliamentary scrutiny can make to the effectiveness of services. Parliament represents a wide cross section of interest groups, and of course comprises the elected representatives of many of the beneficiaries of these programs. The application of the fundamental democratic principle of Parliamentary debate balances the rights of the recipients of services and those of the administrators who provide them.

The Committee considers that it would not be appropriate to attempt to promote the concept of program legislation in a doctrinaire fashion. It finds, however, that a body of legislation which succinctly covers all of a department's operations can make it easier for the Permanent Head, the Minister and Parliament to have a comprehensive grasp of program objectives and the general principles upon which a department's programs are based and through which their implementation is facilitated. From an operational viewpoint, Regulations as part of this legislative framework assist in the provision of services and contribute to the overall legislative process which facilitates departmental development and improvement.

The Committee considers that departments operating major programs (those with a budget of at least ten million dollars with an expected life of at least five years) should ensure that specific legislation is drafted for these programs. Such legislation should be supported by Regulations which describe, in detail, administrative arrangements.

##### Response

##### Department of Health

3.38 Departmental programs interpreted by the Committee as income maintenance are all covered either by specific legislation or programs authorised by the National Health Act.

3.39 Legislative support is not always necessary for funding programs, particularly where a program involves funding agreements with States. With aged care programs for example, the Department needs to maintain flexibility to ensure that it can respond quickly to changes in Federal and State needs. Legislation can restrict this process. Even without legislation, funding arrangements are still subject to the usual scrutiny by Parliament, the Auditor-General and the Department.

#### Department of Aboriginal Affairs

3.40 The Department does not consider that specifying legislation cover would be appropriate to the range of programs it administers or might administer in the future. These programs are, in the main, supplemental and supportive of welfare assistance generally available and to which Aborigines are entitled. We consider that they are best implemented administratively and with regard to the difference in the needs of individual Aboriginal groups e.g urban vs remote, Aboriginal people.

#### Department of Immigration and Ethnic Affairs

3.41 There is legislation which covers the Adult Migrant Education Program. This is the Immigration (Education) Act 1971.

3.42 While the Immigration (Guardianship of Children) Act does not cover the payment of Maintenance Allowance, it does define the recipient group, since only minors who enter the country under the Act are paid the Allowance.

3.43 Other relevant programs which fall within the Department's purview are small in terms of the report's definitions, and would fall outside the Committee's recommendations on specific legislation. Nevertheless they could be drawn into generalised legislation on post-arrival programs of the type discussed in para 7.8. Such legislation would be one means of clarifying objectives and providing a highly visible cohesiveness to the programs thereby providing a framework for Parliament to assess the effectiveness of programs. However, the need for flexibility in the face of a relatively frequent changing intake structure would militate against the use of legislation, unless it could be written in a manner which took into account the ability of programs to change to rapidly changing circumstances.

3.44 The Department has doubts about the Assisted Passages Scheme (APS) being regarded as an income maintenance scheme. Parliament is informed of the refugee program each year which is the primary use of APS. The Department believes there will be difficulty responding to emergency situations quickly if legislative change was required and therefore does not favour having the APS scheme subject to alternate legislation.

#### Department of Veterans' Affairs

3.45 The Committee acknowledged the beneficial results of having legislation for the programs administered by the Department. Aspects of improvements to the Repatriation legislation were addressed in earlier paragraphs. Administrative procedures manuals were substantially revised to conform with Freedom of Information requirements. These manuals also require updating to be aligned with new legislation as it comes into effect and as a result of reviews of various administrative areas. For example, the review of service pension income test administration undertaken by the Services Test Task Force led to substantial revision of relevant service policy and procedural manuals.

#### Department of Employment and Industrial Relations

3.46 The report draws attention to the desirability of providing specific legislation as a basis for major programs. This is a matter on which the Committee of Inquiry into Labour Market Programs (the Kirby Report) made recommendations in its report published in January 1985. To date no formal decision has been made concerning legislative requirements.

#### Department of Education

3.47 The Student Assistance Act and Regulations cover TEAS (Tertiary Education Assistance Scheme) and Postgraduate Awards. The Government agreed in principle in 1980 that the remaining student assistance schemes should be legislated, starting with the Secondary Allowance Scheme (SAS), the Assistance for Isolated Children Scheme (AIC) and the Adult Secondary Education Assistance Scheme (ASEAS), with Aboriginal schemes to follow. A related decision, however, accorded this activity low priority in the Government's program for legislative action. As far as TEAS is concerned, the Committee suggested that there was a need to synthesise much of the detail in the Regulations into fewer and simpler working principles. It is accepted that the Student Assistance Regulations are very detailed, but this stems from the need to cater for students in a wide variety of institutions and courses, and to ensure that the scheme is administered equitably on an Australia-wide basis.

#### CONCLUSION (Paragraphs 7.10-7.12)

##### Program Management and Evaluation

The Committee found wide variations in the nature and availability of administrative data and processes for evaluation, both among operative and coordinating authorities.

The Committee considered the material provided by the Department of Finance which carries a major responsibility for ensuring proper financial management of programs and accountability. In particular the Committee examined its functions involving scrutiny of proposals and programs; monitoring of expenditure; and examination of estimates. The Committee believes that the evaluation procedures could usefully include considerations of:

- whether a program meets the broad welfare objectives of the Government;
- whether a program has long-term implications for increasing or decreasing dependency on Commonwealth Government services;
- whether a program is administered with proper financial control; and
- whether a program has been adequately reviewed in the recent past or currently requires such a review.

The Committee also notes that in comparison to Finance's procedures, the administrative costs of programs are not nearly so carefully scrutinised. The Committee reiterates its belief that methods whereby departments can calculate and record the allocation of man-hours and administrative costs to particular programs should be investigated. The Committee also considers that increased attention be directed to this area by the Department of Finance.

#### Response

#### Department of Finance

3.48 Since the Committee's Report was tabled in 1983, the Government has announced a series of budgetary reforms involving the progressive introduction of program budgeting and the systematic improvement of financial management. These reforms are intended to provide a budgetary framework for the systematic review of programs against their objectives. It will also encourage more efficient program management, by requiring greater emphasis on resource usage and the development of management information systems and performance indicators, reforms endorse the Committee's recommendation of the need for continuing evaluation of both the policy objectives and administration of spending programs.

#### Department of Social Security

3.49 Work on the development of an appropriate program structure and program statements showing, among other things, financial and other resource usage information, is expected to be undertaken during the refinement of the Department's financial reporting systems (referred to in response to paragraph 7.4(i)).

#### FINDING (Paragraph 7.13)

With regard to evaluation the Committee considers that at the most basic level, any evaluation procedure to determine efficiency and effectiveness requires some idea of the administrative costs incurred in delivering the services and the number of recipients even when other departments and organisations form part of the delivery system. The Committee considers that all departments should be able to identify the number of beneficiaries of their programs. The usefulness of this material would be increased if this information were available in a readily retrievable form.

#### Response

#### Department of Social Security

3.50 Issues concerning the more effective control of administrative costs are also expected to be addressed in the development of a financial information system by the Department of Social Security. For example, the delineation of Responsibility and Cost centres within the operational and financial control structures used, will help more responsible and effective resource management, in particular at operational levels.

#### CONCLUSION (Paragraph 7.14)

The Committee concludes that departments administering programs of ten million dollars or more per year should periodically evaluate these programs to determine how well they meet defined objectives. The Committee has also formed the opinion that action should be taken in respect of smaller programs which have tended to have evaded evaluation. The Committee concludes that where a department operates a number of programs with small budget allocations such programs should be periodically evaluated simultaneously for the purpose of bringing separate program objectives into line with major departmental goals.

**Response**

**Department of Health**

3.51 The Department agrees with the general thrust of the Committee's observations (para 7.11), particularly as it applies to programs and their administration over the period of the Committee's review.

3.52 The major component of administrative costs associated with the Department's largest programs such as nursing home care and benefits, medical and pharmaceutical benefits is staffing costs. Man-hours could be recorded for staff directly involved in program operation in many situations. However current accounting procedures (ie. the absence of program budgeting and accounting systems) preclude the routine collection of accurate data on many relevant cost elements. The accurate and consistent recording and allocation of administrative/staffing oncos on a program basis, particularly in the Department's central office where many other functions, not directly associated with program management, are performed would be very difficult and costly in the absence of uniform program-based accounting.

3.53 Over the past ten years the Department has devoted considerable resources to the development of research and evaluation techniques. To some extent this is documented in the Department's submission to the Senate Standing Committee on Social Welfare (Evaluation in Australian Health and Welfare Services, Through a Glass Darkly), which listed all these programs and the methods of review and evaluation.

3.54 In addition, the Department has published a series of research monographs relating to evaluation techniques, which have been widely read and adopted throughout Australia.

3.55 The Department, through its Policy and Planning Division, has followed a policy of developing research and evaluation techniques via activities such as:

- research grants to external agencies/organisations;
- formulation of goals and objectives for all programs administered by the Department;
- development of guidelines and procedures for the efficient and effective administration of these programs; and

- development of specific evaluation techniques and skills by providing a consultancy service to all areas of the Department.

3.56 As new Government policies are implemented, the Department is providing enhanced resources to enable effective monitoring and evaluation to be built into program administration. For example:

- a new Planning, Evaluation and Standards Section has been established in the Department's Nursing Home Care and Benefits Branch to develop standards of measurement, monitoring and evaluation techniques in the aged care field;
- a Surveillance and Investigation Division has been established to counteract fraud and over-servicing in relation to Medical Benefits. This Division has already conducted extensive training programs for investigatory staff in the Department's Central Office and Regional Offices in the States.

3.57 As with many Programs of a welfare nature much of the more sophisticated evaluation methodology available has not been applicable to ongoing activities. A balance has had to have been struck between the costs and benefits of comprehensive evaluative statistical collections, the cost of actual benefit provision and the benefits to program management and policy development of sophisticated evaluation studies.

3.58 Since the Committee's Report, the Program of Aids to Disabled People (PADP) has been the subject of independent external review by the Australian Council for Rehabilitation of Disabled (ACROD) and the then National Advisory Council for the Handicapped as well as major Departmental review. However, economic considerations have limited the Government's ability to provide any significant upgrading of the program as basically recommended in the various reviews referred to above.

3.59 PADP is a relatively new program and demand for aids has not yet stabilised. However, as part of the Departmental monitoring system, the statistical procedures, for PADP have been revised and from 1 February 1984, the following statistics will be provided at regular intervals by the State and Territory health authorities:-

By category of aid:-

- (i) Number of applications approved
- (ii) Total cost
- (iii) Average cost per application.

The above statistics are designed to give a clearer picture of the number of disabled people using the Program.

3.60 PADD was transferred to the Community Services portfolio in December 1984 under the changes to the administrative arrangements.

3.61 National Acoustic Laboratories (NAL) hearing services are subject to regular surveys by the Department. These surveys determine the cost of providing and maintaining hearing aids issued by NAL to eligible people. This cost includes administrative overheads such as salaries, superannuation, etc. The most recent survey was undertaken in early 1983.

3.62 A decision was taken in the 1984-85 Budget context to phase out tuberculosis allowances. In this respect it has been decided:

- to pay sickness benefits instead of tuberculosis allowances to persons who become eligible after 31 October 1984;
- to freeze tuberculosis allowances at current rates; and
- to pay tuberculosis allowances at existing rates to persons who become eligible before 31 October 1984 until such time as these rates are exceeded by the sickness benefit rate. When this occurs such persons would be paid sickness benefit instead of tuberculosis allowances.

Department of Immigration and Ethnic Affairs

3.63 This Department is one of four piloting the introduction of the Financial Management Improvement Program (FMIP) for the public sector. The program is geared at improving program management by specifying objectives for each program, assessing the degree to which objectives are met through performance indicators and relating the resources used to program outcomes. An integral part of the FMIP strategy is to evaluate the effectiveness of programs in meeting Government and departmental goals as well as their efficiency in meeting their objectives.

3.64 In relation to the specific programs examined in the report, the Adult Migrant Education Program (AMEP) Information System is being established which will provide data on all facets of the operation of the AMEP. Stage 1 has been implemented in all States except Queensland. Stages 2 and 3 covering staff deployment and venue have been developed and are in the process of implementation.

3.65 A review of the AMEP is currently in progress and a report is expected to be prepared by the end of October 1985.

3.66 A rolling triennial plan and annual guidelines have been implemented as a regular and ongoing feature of the program's administrative arrangements. These plans/guidelines set out strategies, objectives and priorities that form the basis for effective evaluation.

3.67 The Community Refugee Settlement Scheme (CRSS) was evaluated in November 1981 and a further review is being considered in the light of developments in community responses, of changing refugee intake, and the review of the role of Migrant Centres. Commonwealth/State discussions and inter-departmental meetings concerning refugee minors will result in an evaluation which will include the considerations outlined.

Department of Veterans' Affairs

3.68 The Department supports the Committee's view that all income maintenance programs should be reviewed periodically. A recent re-organisation of the Department's Central Office was designed to make more resources available to develop long-term strategies and conduct more frequent reviews of programs. Better documentation of procedures and workload indicators will also simplify the task of evaluating programs and facilitate evaluation on a regular basis.

Department of Defence

3.69 The Government has decided that the DFRDB Scheme, having been in operation since 1972, should be the subject of a review. As the first step in this review, the Australian Government Actuary has been asked to report on the long term costs of the Scheme.

Department of Education

3.70 The Committee referred to various reviews of student assistance schemes but noted that no reference was made in the Department's submission to the comparatively small Junior Secondary Bursary Scheme. The Secondary School Bursary Scheme has not had a formal evaluation to date. In consequence of the very small size of the scheme, the Department is able to maintain direct contact with a fair proportion of beneficiaries and is able to monitor directly the effects of the scheme.

Department of Employment and Industrial Relations

3.71 The main subject of the Report was income maintenance programs aimed at welfare rather than at labour market objectives. The Department did not fully understand the logic of including within such a Report consideration of programs like the Commonwealth Rebate for Apprentice Full-Time Training (to name but one) which pays rebates to employers and is concerned with the quantity and quality of training and not with income maintenance as such.

3.72 That said, the Report is particularly critical of the Department's record in monitoring and carrying out evaluation of its labour market programs. This criticism is somewhat at odds with the statement about evaluation on the various programs which are set out on pages 99-104 of the Report itself. The Committee may also be interested to note the attached list of evaluation reports on programs undertaken in recent years (see Appendix B).

3.73 Nonetheless, the Department accepts that evaluation of the programs, particularly where increasing amounts of expenditure are involved, is of high importance and that its performance can be improved. The Department, through its research arm, the Bureau of Labour Market Research, is increasing evaluation activity. The Department is moving to develop an explicit Departmental evaluation policy and procedures. A major longitudinal study which will be a critical resource for evaluation programs serving youth has been initiated and papers and reports on evaluations of private sector wage subsidies, public sector job creation programs, training programs and CES operations are published regularly.

3.74 An essential complement to this evaluation work is program monitoring. The Department accepts that its performance in program monitoring has not been as good as it would wish, principally because of deficiencies in its information systems. A high priority is now being given to strengthening the capacity to monitor program activity and particularly to improving the management information systems. These improvements are, however, not cheap as they depend importantly on enhanced ADP capacity and they will inevitably take time to be fully realised.

3.75 Other developments are that as a matter of practice, and resources permitting, evaluation mechanisms are being put into place for all new program activity such as the Community Employment Program (CEP) and the Special CRAFT package announced in March 1984. The Department has also established a new Branch concerned primarily with the task of monitoring, review and policy development across its whole range of labour force programs.

FINDING (Paragraph 7.15)

Client Information

The Committee finds that all departments should progressively improve their form design skills and indicate on all forms the degree of confidentiality with which the information will be treated

Response

Department of Social Security

3.76 The Department of Social Security believes that progressive improvement of forms design skills is a worthwhile aim and one for which it is striving. The confidentiality aspect is also supported.

3.77 As from March 1984 the following paragraph will be included on all DSS claim and review forms as they come up for redesign:

"Please note that under the Social Security Act the Department may make inquiries to help work out how much you should be paid. Information given to the Department is treated as confidential."

3.78 All forms requesting information from third parties will include:

"Your answers to these questions may be supplied to the person named if requested under the Freedom of Information Act unless their release may be to your detriment. If you want your answers treated in confidence, please attach a statement indicating your reasons."

Department of Health

3.79 Improvement and simplification of forms design commensurate with the collection of essential statistical data are being undertaken by the Department. The matter of degree of confidentiality of information is being examined in this context.

Department of Immigration and Ethnic Affairs

3.80 Forms for enrolment in AMEP courses are now being revised. The factors mentioned will be taken into consideration.

3.81 Form design and confidentiality are believed to be a lesser problem than the issue of information about the operation of programs in appropriate style and relevant languages.

Department of Veterans' Affairs

3.82 Changes to Repatriation legislation and related administrative procedures will necessitate extensive

revision of many departmental forms, particularly in relation to the restructuring of the determining system and the introduction of the Assets Test. Efforts are being made to improve form design as part of this process, for example, through market testing. It is also intended to clarify for clients the degree of confidentiality with which information given by clients is treated.

#### Department of Education

3.83 Concerning the Committee's recommendations on form design and its reference to the complexity of TEAS and ASEAS application forms and information booklets, a program is underway to improve progressively student assistance documentation provided for clients. Account is being taken of guidelines provided by the Department of the Special Minister of State in the context of the overall review of administrative forms in the Australian Public Service to make them more comprehensible and easy to use by clients. It is expected that all student assistance forms will require major revision with the upgrading of the Department's computer facilities in the next few years.

#### CONCLUSION (Paragraphs 7.16 - 7.18)

##### Computerised Payment Facilities

This is somewhat of a tangential matter, but it is in keeping with the Committee's interest in administrative strategies in the social welfare area. The Committee seeks to improve the efficiency, security and cost-effectiveness of the physical delivery of the immense number of transfer payments made by the Commonwealth, particularly the despatch of cheques. The Committee believes that computerised systems and widespread use of direct credit to accounts in financial institutions would improve operations. The experience of the Department of Veterans' Affairs and the Superannuation Board could assist such an examination.

The Committee agrees with the Auditor-General's comment in his latest (i.e., September 1983) Report:

The direct credit method of payment is clearly more cost effective and secure than alternative payment methods, particularly in respect of recurrent payments, and this Office considers that its use for such payments should be actively encouraged. Although the support for the payment mode by the Department of Finance and by other departments and the general public, ... is encouraging, this Office considers that more could have been done to promote the benefits flowing from the use of the payment method.

The Committee considers that the Task Force it has proposed should investigate and report to the relevant Minister, and provide a copy of the report to the Public Accounts Committee, on the use of direct credit to recipients' accounts in financial institutions for the payment of all welfare benefits.

#### Response

##### Department of Social Security

3.84 The Department of Social Security has now introduced direct credit as the primary mode of payment for all pensions and benefits.

##### Department of Health

3.85 The Department is constantly seeking to improve the efficiency, security and cost-effectiveness of its payments systems. The computerised PHARMPAY system is now in operation for pharmaceutical benefits payments and is proving both an efficient and effective procedure.

3.86 The Department is continuing to explore the possibility of introducing computerised systems and use of direct credit to accounts in financial institutions for other departmental benefits payments programs.

##### Department of Immigration and Ethnic Affairs

3.87 The Department is in broad agreement. It is currently examining the feasibility of establishing a computerised system for the payment of AMEP living allowances. It should be noted, however, that the majority of the recipients of AMEP living allowances are recently arrived migrants. Many would not have established accounts in financial institutions which would enable the use of direct credit arrangements for the payment of allowances.

##### Department of Veterans' Affairs

3.88 Since May 1983, the Department has been active in an effort to expand the use of direct payment by pensioners. Firstly, a circular was sent to all pensioners receiving cheque payment advising them of the introduction and advantage of the direct credit system. A follow-up circular was sent in July 1983. Secondly, a circular was aimed mainly at dependants pension payments. By December 1984 cheque payments had been reduced to 32% of all payments made.

3.89 In the Government's Economic Statement of 14 May 1985 it was announced that, with certain exceptions, all Repatriation beneficiaries would have their monetary benefits paid by direct credit. The work to implement this decision is still underway but at the end of July 1985 approximately 82% of the Department's pension payments were being paid directly into the recipients' accounts. It is expected that this percentage will continue to rise to more than 90% of our pension payments.

#### Department of Education

3.90 The Committee undertook an inquiry into aspects of the Auditor-General's report for September 1983 with particular reference to the fraudulent negotiation of cheques. The Department made a submission to the Committee to the effect that there appears to be a low incidence of fraudulent negotiation of student assistance cheques and that the Department has reservations about taking more positive action to encourage clients to use the direct credit mode. The reservations are:

- (i) Overpayments are likely to increase. (Return of a cheque by a payee or some other person is not infrequently the first indication the Department receives that a student has discontinued his or her course of study and that benefits should therefore cease.)
- (ii) It could be assumed that beneficiaries would be less inclined to advise changes of address where direct credit payments are made, making it difficult for the Department to communicate with them.

#### CONCLUSION (Paragraph 7.19)

##### Integration

Finally, as a result of its investigations, the Committee proposes that attention to mandate, management and methods of evaluation should be integrated to improve the delivery of Commonwealth Government services.

#### Response

##### Department of Health

3.91 A number of the major programs administered by the Department have undergone or are still subject to significant change as the Government's policies in health care are implemented. As outlined above under the sub-heading of Program Management and Evaluation, considerable resources are being devoted to integrate mandate, management and evaluation in relation to Departmental programs.

##### Department of Immigration and Ethnic Affairs

3.92 The Department is in broad agreement. However, the proviso mentioned in relation to co-ordination above applies. Integration should not result in the curtailment of special programs for those in special need. Nor should the perceived benefits of integration result in a shift of the management of programs away from those organisations which are best placed to assess the needs of those groups in special need.

##### Department of Veterans' Affairs

3.93 As a result of its investigations, the Committee proposed that attention to mandate, management and methods of evaluation should be integrated to improve the delivery of Commonwealth Government services. The Department agrees that attention to these factors should be integrated to the extent necessary to ensure consistency and it strives towards this aim.

##### Department of Territories

3.94 The Department has no specific comments on the findings and conclusions contained in Chapter 7 of the Committee's report. In general, the Department's Social Welfare programs were the subject of the Vinson Review of Welfare Services and Policies in the ACT. The report titled 'Beyond the Image' was presented in December 1984 and is currently under examination by an Inter-Departmental Committee.

I. CASTLES  
Secretary  
Department of Finance

## APPENDIX A

### *Community Employment Program*

local government, and community groups under the States-Territories component of the program. A further \$50m was allocated for projects run by Commonwealth departments and authorities. The aim during 1983-84 was to create 40,000 jobs of an average duration of six months. The developmental and administrative task of implementing such a large and important program has been immense. It involved the establishment of broadly-based consultative committees in all States and Territories to assess project submissions and make recommendations for ministerial approval. It required a substantial cooperative effort between Federal and State-Territory governments to establish an adequate structure of administrative support. And most importantly, it relied on the creative response of government and community at all levels to the challenge of developing new employment and training opportunities for the most disadvantaged in the labour market.

I am pleased to be able to advise the House that, in less than 10 months, the CEP has been implemented successfully. After a necessarily gradual introduction, it is now fully operational, with a rapid acceleration in the number of people being placed in jobs. Before outlining in detail the progress made in implementing CEP, it is important to make quite clear to members the economic and social context in which the program was introduced, the relationship of the program to the Government's overall employment strategy, and the essential role and functions of the program. When this Government took office in March 1983 the Australian economy and labour market were in a parlous state. The economy was in deep recession, the worst for 50 years. Employment has plummeted by 187,000 over the previous year, almost three quarters of a million Australians were unemployed, and long term unemployment had escalated alarmingly.

The Hawke Government came to office with a firm commitment to reversing this unacceptable situation as its top policy priority. Our basic approach has been to generate sustained economic recovery through the pursuit of expansionary macroeconomic policies in the context of a voluntary and equitable prices and incomes policy. The success of this strategy is already clearly evident. Strong economic growth is underway, with real gross domestic product likely to increase by more than 10 per cent over this financial year. Such a spectacular growth rate is the highest in the Western industrialised world.

### COMMUNITY EMPLOYMENT PROGRAM

#### Ministerial Statement

Mr. WILLIS (Gellibrand Minister for Employment and Industrial Relations) by leave I am indeed pleased to have this opportunity to make a statement to the House on progress, to date in the implementation of the community employment program. The CEP is the largest and most ambitious labour market initiative ever undertaken by an Australian government. It was established as a three-year program through legislation in May 1983, and was formally launched by the Prime Minister (Mr. Hawke) on 1 August of that year. The program was devoted primarily to creating job opportunities for people most seriously affected by unemployment and least likely to benefit from economic recovery—specifically the long term unemployed, Aborigines, migrants with English language difficulties, and the disabled. The special difficulties faced by women in the labour market were also acknowledged by the setting of a broad objective of equal participation in the program by unemployed females.

Federal funds of \$250m were made available in 1983-84 for worthwhile job creation projects to be sponsored by State departments and authorities,

### *Community Employment Program*

Over the past year, 225,000 new jobs have been created, which means that in its first year in office the Government has achieved 45 per cent of its target of at least half a million new jobs in its first three years in office. We will, of course, be happy to exceed that target by a very substantial amount. Unemployment in seasonally adjusted terms has been brought down by 33,000 over the past year, and by 52,000 since reaching its high point in September last year. Despite this impressive performance, however, the Government recognises that the task of making substantial inroads into the level of unemployment will not be easy. The modest improvements in the unemployment situation can only be consolidated and substantially improved upon in the context of sustained economic growth over a number of years. We are confident that such growth can be achieved as long as all sections of the community are committed to the policy strategy currently being pursued by the Government. The problem of long term unemployment, however, has always been of particular concern to this Government.

We are currently witnessing the tragic legacy of the rapid increase in unemployment during the last year of the Fraser Government. According to the Australian Bureau of Statistics figures for April 1984, more than 291,000 people have been out of work for at least six months, with 193,000—or almost 29 per cent of all unemployed—having been jobless for more than a year. As well as the appalling social stress and waste of resources involved, such people are also the least likely to benefit from increasing employment opportunities associated with general economic expansion unless additional policies are also in place. The long term unemployed and other disadvantaged labour market groups such as migrants with English language difficulties, Aborigines, and the disabled—find themselves facing an increasingly difficult situation in the job market. The longer they are out of work, the greater their loss of work skills and self-confidence, and the more reluctant are employers to take them on.

Recent research clearly indicates that the probability of gaining employment declines noticeably the longer a person is out of work. This vicious circle of long term unemployment means that the problems faced by these people in getting into the labour market cannot be addressed through economic recovery alone. It was in recognition of this situation that this Government gave priority to introducing the community employment program—as an integral part of its overall policy strategy of reducing unemployment across all sections of the labour market.

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The fundamental purpose of the CEP is to assist the most disadvantaged groups of unemployed in obtaining permanent employment in the general labour market. It aims to do this by providing work experience, and where possible training, on worthwhile projects, and thereby acting as an important 'stepping stone' for these people to get back into the general work force. The CEP is thus not intended to be a direct source of permanent jobs. This is not to deny that some CEP projects will have the potential to be self-sustaining and create ongoing employment. Indeed, priority is given to such projects, but there is no intention that Federal funding would be made available to employ individual participants on a continuing basis.

Given the magnitude of the problem confronting us, it is imperative that the priority objective should be to assist as many of the disadvantaged unemployed as possible through the CEP, rather than support a much lower number of people in permanent jobs. Similarly, CEP is not designed to provide ongoing funding for community services or other activities, or to enable sponsors to develop services or facilities using the best labour available. While the provision of worthwhile community services and facilities is an important element of the program, the primary objective is to provide employment opportunities for those most disadvantaged in the labour market. The Government is, of course, concerned to create permanent long term jobs, but this goal is more appropriately pursued through general policies of economic stimulus, together with specific measures aimed directly at encouraging new forms of permanent job creation. The Government is currently giving consideration to various options in this latter category. The CEP will, however, remain essentially a short term transitional employment program, and the Government is confident that it is proving effective in this role. The recent evaluation of the Victorian Government's employment initiatives program has clearly demonstrated the value of this type of program in improving the employment prospects of those who participate. I am confident that the evaluation of the CEP, to be undertaken by the Bureau of Labour Market Research in my Department during 1984-85, will produce similarly favourable results.

I turn to the progress to date in the implementation and operation of this important program.

*Community Employment Program*

While getting the program on the ground so quickly and effectively has been a major achievement in itself, the actual operational results of the program to date have also been impressive: More than 16,360 applications for funding have been received. Over 6,570 projects have been approved at a total cost of \$567m and involving a Federal commitment of some \$428m over the course of the projects. Our 1983-84 job target under CEP has been achieved. In all 40,381 people are to be assisted as a result of approvals to date, and already more than 2,300 projects employing in excess of 19,200 people have actually commenced. This rate of commencement will accelerate over the remainder of the financial year. The program is also reaching its key target groups: Over half of all those who have been placed on CEP jobs have been unemployed for nine months or more, and the average duration of unemployment previously experienced by participants is almost 12 months. Almost a third of all placements involve women, although this proportion increases to over 38 per cent when roads projects are excluded. I remind the House that the jobs on local roads component of the program, which is \$70m of \$300m, was excluded from the 50 per cent female objective because of the nature of the projects involved. Aborigines have received 8 per cent CEP jobs, disabled persons 10 per cent and migrants with language difficulties 4 per cent. It is also worth noting that the labour intensity objective is being met, with some 54 per cent of total project budgets on average being devoted to the direct wage costs of the program's target groups; the average duration of jobs approved is 26.5 weeks, the average cost per job approved is currently just over \$14,000, of which \$10,600 represents the Commonwealth's contribution.

I would like to outline briefly some of the main features of progress to date within each of the main components of the CEP. A substantial majority of jobs have been created under the broad States-Territories component of CEP. By mid-May, 6,402 projects had been approved, creating 36,740 jobs at a total cost of \$519m and attracting \$380m in Commonwealth funds over the life of the projects; that is, in the States and Territories component. This impressive rate of progress reflects the efficiency of the administrative and approval structures in place. The level of sponsor contribution—almost \$140m—also indicates a strong community commitment to tackling the problems of unemployment.

Honourable members will be aware that, under this component, specific allocations were made for jobs on local roads—JOLOR—and country town water supply improvement projects, as well

as for general projects sponsored by State and Territory governments, local councils, and community groups. Under JOLOR, more than 1,000 projects have been approved in consultation with my colleague the Minister for Transport (Mr Peter Morris), providing work for over 6,600 unemployed people on the repair, maintenance and construction of local roads throughout Australia. Many small country towns are benefiting from improved water supply systems through 166 projects approved under the country town water supply component, which are providing jobs for over 1,400 unemployed people. The Federal Government is also committed to pursuing the major goals of the CEP through its own involvement in sponsoring job creation projects.

Under the Commonwealth component of CEP, 172 projects had been approved by mid-May, creating 3,641 employment opportunities for disadvantaged job seekers in various departments and authorities, and involving full Federal funding of almost \$48m over the life of the projects. The objective of equal female participation is being actively pursued.

Under the \$20m repairs and maintenance program, which is currently employing 1,686 people, almost 22 per cent of employees are women, which compares with only 10 per cent in the building and construction industry as a whole, which is certainly a non-traditional industry for female employment, and reflects the Government's conscious attempt to promote female employment in these non-traditional areas. A specific allocation of \$8.5m was also earmarked for women's projects under Commonwealth CEP. Almost \$5m has so far been committed under this initiative, involving 17 projects and 385 female employees, and further projects providing jobs for 412 unemployed women will soon be considered for approval.

The Federal Government has also demonstrated a direct commitment to ensure that Aborigines participate in Commonwealth CEP projects by setting aside \$7m for projects targeted at unemployed Aborigines, mainly in outlying areas and Aboriginal communities. To date, I have approved about \$6m worth of projects in conjunction with the Minister for Aboriginal Affairs (Mr Holding), providing jobs for 591 Aborigines. I seek leave to incorporate in *Hansard* two tables which provide broad details of program approvals to date by State and program component, and which clearly indicate the outstanding overall progress which has been made in implementing CEP.

Leave granted.

*Community Employment Program*

*The tables read as follows—*

COMMUNITY EMPLOYMENT PROGRAM: PROJECT APPROVALS BY PROGRAM COMPONENT  
18 May 1984

Program component	Number of projects approved	Number of jobs	CEP funds granted	Total project value
			\$m	\$m
JOLOR (a)	1,029	6,643	59.79	79.60
COWSIP (b)	166	1,422	29.79	44.22
State Govt (c)	1,909	11,856	113.27	159.93
Local Govt (d)	1,474	9,056	87.55	125.16
Community Groups (e)	1,824	7,763	89.50	110.11
Total State/Territory Component	6,402	36,740	379.91	519.01
Commonwealth CEP	172	3,641	47.90	47.90
Total CEP	6,574	40,381	427.81	566.91

(a) Jobs on Local Roads Programs.

(b) Country Town Water Supply Improvement Projects.

(c) Projects sponsored by State Government Departments and Instrumentalities.

(d) Projects sponsored by Local Government Authorities.

(e) Projects sponsored by Community groups.

*Note: Due to rounding, totals may not equal the sums of components.*

COMMUNITY EMPLOYMENT PROGRAM: PROJECT APPROVALS BY STATE/TERRITORY  
18 May 1984

State/Territory	Number of projects approved	Number of jobs	CEP funds granted	Total project value
			\$m	\$m
N.S.W.	2,439	11,989	120.24	160.71
Vic.	1,194	7,741	105.70	137.98
Qld	960	7,533	66.10	94.52
W.A.	710	3,607	38.45	53.52
S.A.	480	3,267	28.09	42.30
Tas.	413	1,534	10.84	14.89
N.T.	58	454	4.15	5.42
A.C.T.	148	615	6.34	9.66
Total State/Territory Component	6,402	36,740	379.91	519.01
Commonwealth CEP	172	3,641	47.90	47.90
Australia	6,574	40,381	427.81	566.91

*Note: Due to rounding, totals may not equal the sums of components.*

**Mr WILLIS**—Now that the initial development and implementation of CEP has been successfully achieved, it is appropriate to review the possibilities for further development of the program. It is for this reason that over recent months I have consulted extensively with State Ministers, local government and community groups on the changes that may be necessary to improve the efficiency and effectiveness of the program in 1984-85.

There are a number of specific guidelines which have caused concern amongst various sections of the community involved in CEP. I refer in particular to the sponsor contribution and labour intensity requirements of the program. As I announced in the House yesterday, the Government

has decided to make some changes in this area for 1984-85.

While the Government is still strongly committed to the principle of sponsor contributions, it is also keenly aware of the difficulties experienced by some areas of local government and the community in meeting the current requirement for a minimum sponsor contribution of 30 per cent of total project costs. Accordingly, I announced that the following changes will be made: A reduction in the minimum sponsor contribution for local government and community groups from 30 per cent to 20 per cent of total project costs; a removal of the right of exemption from this level of contribution for local government sponsors; and a more consistent and realistic approach to the use

of non-cash contributions by local government and community groups, up to a limit of 10 per cent of total project costs.

Under these new arrangements, sponsors in the local government and community sectors will also be obliged to ensure that 65 per cent of the Commonwealth grant is devoted to the direct wage costs of the target group. This requirement will ensure that the employment creating impact of the program will be maintained, while at the same time offering more flexibility for sponsors in terms of the labour intensity of individual projects. These new arrangements, which will apply from 1 July, will provide greater consistency and equity across Australia and will allow a more realistic basis for the continued participation in the program by the local government and community sectors.

Another key issue for the future will be to ensure that the program is targeted effectively to the groups in most need of assistance. This is particularly important in view of the magnitude of long term unemployment and the fact that applications are far exceeding the level of Federal funding available. The objective should be to ensure that the most disadvantaged groups participate in the program at a level greater than their proportion of unemployment. Although women are participating substantially in the program, we obviously have to intensify our efforts to achieve the overall objective of equal participation.

There are, of course, broader issues of relevance in considering the future development of CEP, such as the role of training and other support services. In particular, I am keen to consider program developments which cater for a more structured integration of relevant training activity and which ensure that employment opportunities are closely linked to the emerging structure of the broader labour market.

Mr Deputy Speaker, now that the program is being effectively implemented, it would be tragic if it were to be disrupted by the industrial action of Commonwealth Employment Service staff members as a result of a national ban proposed by the Australian Clerical Officers Association on all new CEP vacancies after 15 June. Such an action would represent a devastating blow to the employment aspirations of the most disadvantaged people in the labour market. I find it difficult to believe that CES staff, whose dedication and effort I have admired in my period as Minister, could undertake such a callous and unconscionable action. This is particularly so when the

Government has responded in a reasonable manner to the staffing needs of the CES to this point, and remains concerned to ensure adequate staff levels in 1984-85.

To this end, the Government has acted to increase staffing levels for the CES by almost 5 per cent during 1983-84, which means that CES staffing levels have risen by 27 per cent over the two years to June 1984. As part of this increase—and contrary to the assertions of the ACOA—the Government specifically provided for 256 staff to implement the CEP program through CES offices. Furthermore, the Government has twice invited the Australian Council of Trade Unions, and its staff associations, to participate in discussions on staffing levels throughout the Public Service in the context of the 1984 Budget preparations, during which the Government will be implementing a process of human resource budgeting in conjunction with financial budgeting. Such discussions would, of course, provide the ACOA with the opportunity of being involved in consideration of CES staffing levels for 1984-85, as well as staffing levels for all other areas of the Public Service.

This is the first time any Australian government has made such an important opportunity available to the staff associations. It would be a tragedy if the unemployed and a setback to the achievement of a more rational approach to public service staffing issues if this offer is rejected in favour of callous industrial action.

In concluding, I reiterate the important role the CEP has to play in the Government's policy strategy for reducing unemployment. I also commend the positive role that honourable members on both sides of the House have played in ensuring the success of the program. Members have been given the opportunity to be involved in the development, assessment and announcement of projects in their electorates, and I am pleased that many honourable members have participated in these activities. Through this program the Government has clearly demonstrated its commitment to directly tackling the serious problem of long term unemployment. I trust that we will continue to receive broad community support and involvement, as well as the bipartisan support of this House, as the program goes into the next financial year.

EVALUATION STUDIES UNDERTAKEN BY THE PROGRAM EVALUATION AND REVIEW (PER) BRANCH OF THE DEPARTMENT OF EMPLOYMENT AND INDUSTRIAL RELATIONS

1. Evaluation of the Income Maintenance Scheme: Preliminary Study - November 1975 (unpublished)
2. Evaluation of the Regional Employment Development Scheme - Part 1 - April 1976; Part 2 - August 1976 (unpublished)
3. Evaluation of the PISCES Vacancy Circulation System - August 1976 (unpublished)
4. Evaluation of the National Apprenticeship Assistance Scheme - September 1976 (unpublished)
5. Limited Evaluation Study of the National Employment and Training System (NEAT) - October 1976 (unpublished)
6. Evaluation of the Special Youth Employment Training Program - Interim Report - June 1977 (unpublished)
7. Community Youth Support Scheme (CYSS) - National Evaluation Study - December 1977 (unpublished)
8. Relocation Assistance Scheme - First Twelve months' Follow-up of Relocatees - August 1978 (unpublished)
9. Newport Office of the Commonwealth Employment Service (OCES) Evaluation: Stage 1 - Pre-Opening Study - October 1978 (unpublished)
10. Newport OCES: Limited Post-Opening Study - February 1980 (unpublished)
11. National Employment Strategy for Aboriginals: Preliminary Study of NEAT Public Sector Training for Aboriginals - 1980 (unpublished)
12. Study of the Volunteer Youth Pilot Program - December 1980 - (unpublished)
13. Special Youth Employment Training Program: Employer Study - February 1980 (unpublished)
14. Training and Work Experience in Commonwealth Establishments: A Study of the Initial 1000 Trainees - March 1980 (unpublished)

15. Special Youth Employment Training Program (SYETP) in the Private Sector: Follow-up Survey of April 1979 Placements - June 1980 (unpublished)

NB When the PER Branch was subsumed by the Bureau of Labour Market Research (BLMR) in 1980, studies under way were the evaluation of the National Employment and Training System (NEAT), and a review of the first three years of the Relocation Assistance Scheme. These were continued within the BLMR.

EVALUATION AND REVIEW STUDIES UNDERTAKEN BY THE BUREAU OF LABOUR MARKET RESEARCH (BLMR)

1. Wielgosz, J. and MacLachlan, M. (1981), 'Labour Market Intermediaries: Referral, Placement and Vacancy Filling Performance of the Commonwealth Employment Service (CES)', BLMR Conference Paper No. 3, August.
2. Stretton, A. (1982), 'The Short-Term Impact on Participants of Selected Youth Employment and Training Programs', BLMR Working Paper No. 15, November.
3. Stewart, B.P. and MacLachlan, M. (1983), 'The Vacancy Filling Activities of CES: A Further Study' BLMR Working Paper No. 21, March.
4. MacLachlan, M. and Stewart, B. (1982), 'The Duration of Employment: Some Evidence of the Experience of CES Users', BLMR Working Paper No. 9, August.
5. Hoy, M.A. and Lampe, G.L. (1982), 'Women in National Training and Employment Programs', BLMR Conference Paper No. 13, August.
6. Hoy, M.A. (1983), 'Review of Five Years' Operation of the Special Youth Employment Training Program', BLMR Conference Paper No. 18, September.
7. BLMR (1983) 'Employment and Training Programs for Young People: Analysis of Assistance in 1980-81' (BLMR Research Report No. 2) AGPS, Canberra.
8. BLMR (Bureau of Labour Market Research) (1983) 'Relocation Adjustment Scheme: Review of Operational Statistics October 1976 to September 1980' (BLMR Research Report No. 1) AGPS, Canberra.
9. BLMR (1984) 'Public Sector Job Creation: Interim Report on Wage Pause Program', Interim Report Series No. 1, January.
10. Hoy, M. and Ryan, C.A. (1984) 'Participating Employers' Responses to the SYETP Wage Subsidy Scheme', BLMR Working Paper No. 40, March.

11. Stewart, B.P. (1983) 'A Model of the Job Duration of CES Placements with a Flexible Hazard Function: Evidence on the Matching and Firm Specific Human Theories of Turnover, and the Effects of Intensive Job Search.' Paper to the 1983 Australasian Meetings of the Econometric Society, September.
12. Hoy, M and Paterson, P (1983) 'Data on National Training and Employment Programs', March.
13. Wilgosz, J.B. (1984) 'The Referral and Placement Activity of the Commonwealth Employment Service - A Case Study of the Brisbane Metropolitan Area', June.
14. L. Krbavac: 'Evaluation of 1980 \$1000 Cash Rebate Scheme for Apprentices'. Published in November 1984.
15. The National Employment and Training System (NEAT) - An Evaluation. Issued in BLMR Monograph Series No. 3. Report prepared by Mr A. Mokrij and edited by Mr V. Routley and Mr P. Kay. Published in August 1984.

BLMR PROJECTS CURRENTLY UNDER WAY:

1. Comparative Study of Manpower Programs Delivered to Youth
2. Evaluation of the Wage Pause Program
3. Evaluation of the Community Employment Program