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CANBERRA ACT 2600

Dear Minister

I am pleased to present to you the Annual Report of the Department of Family and Community Services for the year 2001–02.

This report has been prepared in accordance with the requirements of section 63 of the Public Service Act 1999.

I am also required to give to you a report on the administrative operation of the social security law and the family assistance law under subsection 241(1) of the Social Security (Administration) Act 1999 and subsection 232(1) of the A New Tax System (Family Assistance) (Administration) Act 1999 as soon as practicable after 30 June each year.

This report also covers the performance of the Child Support Agency and provides relevant information as required by subsection 14(1) of the Child Support (Registration and Collection) Act 1988 and subsection 148(1) of the Child Support (Assessment) Act 1989.

This report includes information on the administration and operation of CRS Australia.

In presenting this report, I want to pay tribute to the work of every one of my colleagues throughout the department. They have made my first year as Secretary stimulating and satisfying but, more importantly, I believe they have made a real contribution to the quality of many lives in the Australian community.

Yours sincerely

Mark Sullivan
Secretary

2 October 2002
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Secretary’s introduction

In 2001–02, the Department of Family and Community Services (FaCS) was again at the centre of the Government's social policy and welfare reform agenda.

I was honoured to join the department as Secretary in January 2002. The energy and talents of people in the department and its agencies impressed me straight away.

While public service medals awarded to Denise Swift and Barry Smith this year paid tribute to their personal efforts and two fine careers, they also reflected the obvious quality and commitment of all FaCS's staff to their jobs.

I followed in the footsteps of Dr David Rosalky, who retired in December 2001 after running the department for three years. David led FaCS through rapid shifts in policy and public sector management and successfully steered the fledgling department to maturity.

Family and Community Services is one of the largest Commonwealth portfolios. The work it does has a major impact on society. It is responsible for a vast range of programs covering social security payments, housing support, youth and disability services, and child care and family assistance.

FaCS assists the great majority of Australian families with children and provides income support payments to over four million individuals at any given time.

Following the federal election in November 2001, the Government announced significant administrative changes to the portfolio. Senator the Hon Amanda Vanstone was reappointed as Minister for Family and Community Services.

The Hon Larry Anthony MP was given new responsibilities as the first ever federal Minister for Children and Youth Affairs. The Hon Ross Cameron MP was also appointed as Parliamentary Secretary to the Minister for Family and Community Services.

CRS Australia went to the Health and Ageing portfolio. However, as the major purchaser of its rehabilitation services, the department still has close links with CRS. As part of the consolidation of youth responsibilities, FaCS also welcomed the Youth Bureau from the Department of Education, Training and Youth Affairs.

The new arrangements demonstrated a renewed Government commitment to better outcomes for Australian families and communities. They also signalled a greater emphasis on improving the lives of young people and giving children the best possible start in life.
Helping to achieve these outcomes for government continues to be FaCS’s core business. While it was incumbent on FaCS to respond quickly and effectively to the changed directions, we had to also remain focused on existing tasks.

These tasks included the effective delivery of services by the Child Support Agency and CRS Australia, which are crucial to FaCS’s overall success.

While still part of FaCS, both organisations are semi-autonomous agencies. Given the special nature of their businesses, I have invited the two general managers to reflect on their activities over the past year (see pages 15 and 17). This year, management and accountability reporting on their operations is incorporated in the general body of this annual report.

Other important work was developing and implementing the Personal Support Programme—one of the first Australians Working Together measures to come on stream. Starting in July 2002, it helps the most disadvantaged people participate in their community. A network of 144 community-based and private organisations was selected to deliver the program from more than 600 sites around the country.

In the lead-up to a September 2002 start date, FaCS also worked closely with Centrelink on the Australians Working Together Personal Advisers initiative. This included pilot services in seven Centrelink sites in Adelaide and Brisbane.

During the year, ongoing welfare reform remained a major priority, especially in the area of disability. This was affirmed in the 2002–03 Budget, with proposals to changes for Disability Support Pension eligibility and a substantial boost to the number of rehabilitation, training, education and employment places for people with disabilities.

As with any major change, implementing disability reform is complex and challenging. Ultimately, however, we are confident it will lead to increased opportunities for people with a disability to take part more in community life and if at all possible, find and keep jobs.

The disability measures mirror the principles of the wider reform agenda. This involves substantial up-front investments in creating increased opportunities for people to participate in work and community life. It also means encouraging people on income support—including people with a disability—to become as active and self-reliant as they can.

At Budget time, the Treasurer released the Intergenerational Report. The report reinforces the need for careful planning now, so we are better prepared to meet the future challenges of an ageing population.

For FaCS, the report sets the framework for a very rich policy agenda over the next 20 to 30 years. It also highlights the importance of continuing our work in the areas of structural ageing, transgenerational welfare dependence, work and family and economic and social participation.

Apart from our policy role, we looked afresh in the past 12 months at our alliances with Centrelink and other service providers.
Given the separation of policy and operations and the size of our joint business, the alliance with Centrelink is challenging and demanding. While we do not always get our relationship perfectly right, ultimately we both need to ensure that government outcomes and client needs are properly met. This means recognising what Centrelink has to offer and involving them more in the policy loop. It also means asking Centrelink for assurances that FaCS is continuing to get value for money.

With recent moves away from a passive payment system to prevention and early intervention strategies to try and stop problems happening in the first place, the strength of our relationships with what I call our ‘true’ service deliverers is integral to successful welfare reform.

A priority is to have consistent, efficient and effective services delivered through more than 15,000 service provider outlets across Australia. The FaCS state and territory office network is playing a pivotal role in this. The imperative to perform well underpins the need for close day-to-day working relationships and a solid understanding of each other's business.

These relationships give the state and territory offices special insights into local community needs and this network provides valuable policy input. Drawing together Indigenous policy for the first time and outposting much of this function to FaCS's Darwin office is one way the department is making more use of state and territory office expertise in specific policy areas.

As the key interface with state and territory governments, the network is also helping to build better links between programs and services funded by both levels of government.

The amount of state and territory funding for disability services in particular, and the need for greater accountability and transparency, were major elements this year in extensive negotiations over the third Commonwealth, State and Territory Disability Agreement.

During the year, two important internal developments positioned FaCS to better manage its policy and administrative functions.

The FaCS Certified Agreement, which attracted a record number of ‘yes’ votes, represents an important piece of corporate history. Designed to improve overall performance, it also includes provisions that reflect some of the directions we are taking in our broader work.

The Agreement has family-friendly provisions to help staff balance their work and personal lives. It promotes health and well-being and offers cash payments towards the costs of healthy activities. It supports staff who contribute to their communities through volunteering. And it commits FaCS to developing a mature-age workforce strategy.

During the year, FaCS also developed a new Strategic Statement and its first Priority Plan was released in September 2002. These recognise that our success fundamentally depends on our performance, our organisational ‘health’ and the skills and abilities of our people. The Statement responds to a clear message from the Government that their social welfare agenda requires effective, high-quality policies and a whole-of-government approach.
The companion Priority Plan is a working document that pinpoints five key policy ‘drivers’ for FaCS in 2002–03. Not surprisingly, these are children and youth, welfare reform, structural ageing, implementation and service delivery policy, and Commonwealth–State relationships.

In the coming year, I look forward to working with every person in FaCS on these important issues.

Mark Sullivan
Secretary
Strategies for a fair and cohesive society

A commitment to a fair and cohesive Australian society drives our policy direction. Knowing that what we do has a powerful effect on many Australian lives, we seek to achieve three outcomes through our policies and outputs—stronger families, stronger communities, and economic and social participation.

The key strategies we adopt to achieve these goals are:

- prevention through capacity building and early intervention to reduce the incidence of economic marginalisation caused by financial and personal crises
- promoting independence, choice and self-reliance by fostering appropriate understanding, expectations and behaviours in the community
- maintaining a strong and sustainable social safety net, encompassing income support, accommodation and support services.

We reviewed our strategies during the year and developed a new Strategic Statement and Priorities Plan was released in September 2002. The main thrust will not change, but we will be putting greater emphasis on fostering self-reliance in the community.

What we spend and where

Total expenses in 2001–02 were $56.4 billion, around 8 per cent of Australia’s gross domestic product.

The expenses are closely linked to the demographic profile of our clients.

- Payments to families made up 19.3 per cent of total portfolio appropriations.
- Payments to people of workforce age (Newstart Allowance, Parenting Payment and Disability Support Pension) made up 29.6 per cent of appropriations.
- The Age Pension share of appropriations was 28.6 per cent.
Figure 1 shows the proportion of the Australian population who rely on income support (by age group).

Around 2.8 million 15–64 year olds received income support—20 per cent of all working-age Australians.

At all workforce ages, the proportion of the male population receiving income support never falls below 14 per cent. For females, it never falls below 18 per cent. This rises to 28 per cent of the total population on income support between the ages of 55 and 59. More than half of people going onto Age Pension are coming off a workforce-age payment.
Policies to reduce welfare dependence

Despite more than a decade of economic growth, welfare dependence is increasing among Australia's working-age people. It is greatest among those aged 50 and over and among lone-parent families.

Economic and demographic trends that have driven this level of dependency include population ageing, continued high rates of marriage breakdown and structural change in the labour market. These trends will continue with long-term impacts on social expenditures and Disability Support Pension (DSP) in particular. At the moment, there are more people on DSP than there are on unemployment-related benefits. New evidence has emerged on the long periods that many parents are spending on income support during their working life.

The low level of economic participation of older Australians shown in Figure 2 has negative impacts on individuals, government and the economy now and into the future:

- For individuals, non-participation reduces their standard of living now and reduces the capacity to save and provide for their retirement in the future.
- For government, taxation receipts are reduced and social security payments are increased over the remainder of the individual's life.
- The economy is operating below full capacity.
Keeping older people in paid work helps alleviate budget pressures as the population ages and provides for higher standards of health and living in retirement. The adequacy of retirement incomes for many Australians will rise with improving workforce participation.

But the demographic changes and burgeoning costs associated with an ageing population call for policy responses that focus more broadly than on the older population alone.

Self-reliance during working-age years benefits individuals and our society. Sustained periods of high welfare dependence carry high social costs, including inter-generational effects. FaCS is committed to developing a social support system that helps people to be self reliant and strong members of the community.

Key areas of our work

Welfare reform

Welfare reform is a major social policy priority of the Government. The main focus during 2001–02 was on moving a number of Australians Working Together (AWT) measures towards implementation. During 2001–02:

Consultative forums in 43 locations during July and August 2001 looked at ways of making sure the AWT package could be delivered to maximum effect across Australia’s diverse regions, and how it could be enhanced to provide better support for working-age people in the future. We talked with a range of people from the community and welfare sectors, business, local government and others. A report was released on 14 May 2002—Australians Working Together—Helping people move forward—Listening to the community: Report on the outcomes of the community consultations on Australians Working Together.

Centrelink recruited 456 Personal Advisers to provide extra help for income support recipients to get a job or participate as fully as possible in the community. Centrelink worked to reengineer its service delivery procedures to better support the participation focus of welfare reform.

The Personal Support Programme (PSP) was developed after extensive consultations with community organisations and service providers. PSP replaced the Community Support Programme in July 2002. Centrelink will refer people with significant non-vocational employment barriers to the program. They will get direct help or be linked with other government or community organisations that provide the sorts of help they need. A network of 144 community and private organisations, selected through competitive tender, will provide specialist support services from more than 600 sites nationwide.

We developed a participation pack to help parents assess the financial advantages of returning to employment or study to make them more competitive in the labour market. A considerable effort went into putting AWT measures into practice in the disability field, covering new work capacity assessment and new disability employment places. And Indigenous communities will have better access to Centrelink services from September 2002. For example local Indigenous people will staff three remote area service centres in Napranum, Laverton and Halls Creek.
Disabilities

The incidence of disability in Australia is significant and increasing. About 17 per cent of Australians of workforce age and 54 per cent of those aged 65 years and over have a disability.

Employment support services for people with disabilities are provided through the framework of the Commonwealth, State and Territory Disability Agreement. The Disability Employment Assistance Program helps jobseekers with disabilities find work by providing a range of services. Australians Working Together has increased the focus on the work capacity of people with disabilities and on identifying early interventions to help them maximise their economic and social participation.

FaCS works with other Commonwealth agencies to implement the Commonwealth Disability Strategy and helps communities get involved in developing policy advice through advisory bodies such as the National Disability Advisory Council.

We provide income support for people with a physical, intellectual or psychiatric impairment—and their carers—through a range of payments, including Newstart Allowance, Disability Support Pension, Carer Payment and Carer Allowance. The number of Australians receiving the Disability Support Pension continues to grow. This growth is of policy concern, and recent Budget measures have sought to address the growth. The number of people receiving Carer Payment and Carer Allowance also continues to grow.

Older Australians

Structural ageing is beginning to affect the portfolio’s outcomes as the first of the ‘baby boomers’ turn 55. Structural ageing refers to the increase in the proportion of older people in the population, which reflects the combined impact of an increase in the actual number of older people and falling fertility.

We continued to assess the impact of structural ageing on the rising cost of income support payments, which is driven by the rapid growth in the number of older working-age people leaving the workforce. As part of the 2001–02 Budget, the Government announced its ‘Acknowledging Older Australians’ package to recognise the contribution of older people in building Australian society.

Families

The rapidly changing structure of families is having an effect on policy development. The forms that families take in Australia may have changed in recent decades, but they continue to play the key role in nurturing children. People are marrying or partnering later, having children later and having fewer children. This has an impact on choices, fertility and, eventually, the size of the workforce.

More than 40 per cent of marriages end in divorce, and there is a higher rate of breakdown for second marriages and de facto relationships. Some 20 per cent of children are raised in households where no adult has paid work. The increased risks of poverty and poorer health, education and employment outcomes for the next generation are clear.
A whole-of-government approach will work best in delivering our family policies. We have taken the lead to build a network of Commonwealth agencies, ministerial advisory councils, non-government organisations, and state and territory government agencies to develop a shared research and policy agenda.

**Youth Pathways Taskforce**

The Youth Pathways Taskforce’s brief was to find ways of helping young people make a successful transition from school to independent life. We were heavily involved in developing some ‘joined-up’ approaches to the task—where government agencies work cooperatively to the same end.

With Centrelink and the Department of Education, Science and Training and the Department of Employment and Workplace Relations, we developed the Youth Servicing Strategy. Centrelink is putting the strategy to work to make service delivery to young jobseekers and students nationally consistent.

We were a driving force behind a joint declaration of commitment by the Commonwealth, state and territory governments to working collaboratively to provide education, training, employment and community services for young people. Ministers endorsed the ‘Stepping Forward’ declaration in July 2002.

**OECD’s Thematic Review of Early Childhood Education and Care**

Work and family policies are our main lever to support family formation, fertility choices and superior early childhood experience. This is why we took part in the OECD’s Thematic Review of Early Childhood Education and Care. In response to the review, and in partnership with other departments, governments and external partners, we are working to knit policies on early childhood development and work–family balance with policies on labour force participation and self-reliance, health, education, housing and service delivery. That way, we can provide a more coherent approach to helping families.

**Family Law Pathways Advisory Group**

We have been working with the Attorney-General’s Department to support the work of the Family Law Pathways Advisory Group. The group identified ways to improve outcomes for families who have to deal with the legal and social security system after family breakdown. We are a member of an interdepartmental taskforce considering the 28 recommendations the group made in its report, *Out of the Maze*, to simplify the family law system. For our part, we have reviewed the special needs of separating parents and are looking to bolster support for families under pressure during early child-rearing years.

**Commonwealth–State Working Group on Youth**

We established a Commonwealth–State Working Group on Youth to focus services for children and young people at risk. The group has made good progress in two priority areas: redeveloping the Youth Protocol, arrangements for a national approach to help young people without support; and getting the Transition to Independent Living Allowance ready to start in March 2003, so that young people have a better start when they leave state care.
Families portal
We developed a national web site—the families portal at www.families.gov.au—so that families can find government information and services in one place without having to know first which agency to go to. The site links to more than 1000 information sources on the range of Commonwealth sites. It went live in September 2001, and we are continually building content and refining accessibility. More content from state, territory and local government and the community sector is planned, building on the current federal focus.

Youth portal
Our new national youth web site—the youth portal at www.youth.gov.au—makes a huge amount of information available online about Commonwealth Government services, programs, research, policies, events and publications for and about young people aged 12 to 25 years. The portal links to more than 5000 different Commonwealth resources. It went live in July 2001 and was officially launched in April 2002 during National Youth Week. In the Hitwise ranking of all 375 Commonwealth Government web sites visited by Australian Internet users, the youth portal is consistently ranked in the top 150.

Community strengthening
Policies that strengthen communities are responding to the changing dynamics of Australian society. Globalisation, technology and industry restructuring are drivers of—for example—increasing numbers of young people moving from regional, rural and remote areas to larger regional centres or capital cities for jobs and education. Some communities are facing loss of employment opportunities and population decline as a result of industry restructuring, while other areas are growing at a fast rate.

The demographic and socioeconomic profiles of Indigenous communities differ again. As a result of high fertility and high mortality rates, the Indigenous population is younger, with a median age of 20 compared to 35 for the total population.

Research shows that communities with strong leadership, social networks, a volunteering ethos and a strong sense of community spirit are best equipped to deal with the impact of social and economic change.

We base our work to build stronger communities on early intervention and prevention, with a focus on community capacity-building. Recent research in this area includes a meta-analysis of the impact of community-based prevention and early intervention action and the identification and analysis of indicators of community strength.

Volunteers
Strong social partnerships and a strong volunteer sector are keys to community strength and cohesion. Through the International Year of Volunteers FaCS has taken a leading role in activities to highlight and celebrate the important role volunteers make in Australian communities. Special initiatives for the year included:

- grants to nearly 2100 community organisations to support and celebrate their volunteers
- financial assistance to volunteer organisations to buy equipment
- eight grants to peak volunteer organisations to help build community capacity through volunteering
- celebration of each monthly International Year of Volunteers theme in a range of locations across Australia.

**Community Business Partnership**

The Prime Minister's Community Business Partnership aims to encourage and facilitate practical partnerships between business and the communities of which they are a part and to develop and promote a culture of corporate social responsibility in Australia.

The members of the partnership are drawn from both the corporate and community sectors and have wide-ranging experience in the business world and not-for-profit arena.

Initiatives undertaken to achieve aims include developing a triple bottom-line reporting framework for Australia and the Prime Minister's Awards for Excellence in Partnerships.

**Stronger Families and Communities Strategy**

The Stronger Families and Communities Strategy uses an early intervention and prevention approach to help families and communities take advantage of opportunities and deal with issues before they become serious problems.

Since January 2001 we funded 403 projects under the Strategy worth a total of $56.2 million. In addition the Strategy funds a range of workshops and other activities. Three examples are:

- a leadership development project in Tumut, NSW, that targets non-traditional leaders such as young people and Indigenous people
- support for a tremendously successful urban renewal project in Bridgewater and Gagebrook, Tasmania, to mentor other communities around the country
- employment of a family worker to build parenting skills in Hackham West, South Australia.

A new national web site—the community portal at www.community.gov.au—has given communities and community organisations better online access to a wealth of relevant information. The portal links to more than 1800 sites, spanning all levels of government as well as the spectrum of non-government, academic and community organisations. An average hit-rate of 46 000 a month confirms its value as a resource for communities.
Community portal

Housing

Housing is a basic need, integral to people’s lives. Well-located housing, affordable and appropriate to people’s requirements, can provide stability for families, and promote independence and good health. Housing is also critical to economic and social participation: it provides a base from which people can pursue employment opportunities and participate more fully in their communities.

For most Australians, an affordable rent or mortgage is critical to how they live. Interest rates at or near historical lows have made housing more affordable. A large proportion (70 per cent) of Australians either own or are buying their own home. For people on income support or receiving more than the base rate of Family Tax Benefit this proportion is significantly lower at 40 per cent. Around 26 per cent of income support recipients are in private rental accommodation (mostly receiving Rent Assistance); about 23 per cent live rent-free and around 8 per cent are in public housing.

We continue to focus on the multiple needs that people requiring housing often face, including homelessness, by delivering emergency housing services and rental assistance as well as exploring other community-focused solutions.

Commonwealth–State Housing Agreement

The Commonwealth–State Housing Agreement grants around $1 billion a year to states and territories to help people find affordable housing when the private sector cannot meet their needs. Last year, around 346,000 households found accommodation and nearly 360,000 houses were made available through public housing.

The Minister for Family and Community Services and state and territory housing ministers are working towards a new agreement to operate from July 2003. Options for community development and renewal of public housing estates, for supporting wider outcomes in health,
education and labour market reform, and for stimulating private sector investment in the supply of low-cost housing are being considered as part of the next agreement.

**Indigenous housing**
Improving Indigenous housing is a major concern for FaCS. We received more money this year to help improve life in rural and remote areas. The extra money is going to the Aboriginal Rental Housing Program (ARHP) administered by FaCS under the Commonwealth–State Housing Agreement. ARHP funding used is for building and buying housing and providing essential health-related housing infrastructure, such as water and sewerage. It is also used to maintain and upgrade housing stock, and to boost Indigenous communities’ capacity to manage housing (for example, through training in asset and tenancy management).

**Service delivery**
To achieve our social policy outcomes, we need to be sure that income support payments and support services are effectively delivered. So we need successful relationships with and between the wide range of service providers who deliver those payments and services. These include Centrelink, the Child Support Agency, CRS Australia, other Commonwealth agencies, other tiers of government and almost 15,000 non-government service delivery outlets. Funding arrangements with these organisations include purchasing contracts, joint ventures, purchaser–provider arrangements, service level agreements, collaborations, grants and subsidies.

**Working with Centrelink**
A key relationship is the business alliance we have with Centrelink, the major delivery agent for the portfolio. We continue to develop a more business-like relationship and strengthen the alliance.

**Consultation**
Consultation is important in helping us design appropriate policy and delivery mechanisms. Our involvement in developing the *Australians Working Together* package showed us just how important it is to consult at the local level with clients, potential clients and community organisations. Community organisations in particular gave us practical advice on how we might make the initiatives work.

**Experience**
We draw on our practical experience as a policy department responsible for managing a large number of the Government’s social policy programs. We have considerable experience with a wide range of delivery models. The appropriate model for a particular set of circumstances—and hence the right relationship between us and the service provider—will vary according to factors such as the services being sought, the client group, the nature of the service provider and whether government has any additional or complementary objectives. The network of state and territory FaCS offices continues to be an essential element of that experience and in building relationships with service deliverers around Australia.
The Child Support Agency (CSA) helps over 1.2 million separated parents meet annual child support responsibilities of some $1.6 billion a year.

With around 2600 people located in 16 major metropolitan areas and 22 regional service centres supported by community information and visiting services to suburban, regional and rural Australia, the CSA is a large business operation. Our focus is to deliver high quality service within the community to support parents’ self-reliance and optimise voluntary child support payments.

As General Manager of CSA for the past six years, I have had the pleasure of leading our continuing efforts to improve services for parents and outcomes for families and the community, while at the same time building links and cooperation across the social support, taxation and family law systems. This is a complex and challenging task where success has been achieved through the dedication and commitment of all the CSA’s people.

2001–02 was a particularly challenging and rewarding year for CSA. Our key performance results were:

- Just over $1.45 billion in child support was transferred between separated parents; $814.2 million of this was transferred directly between parents.
- Over 600,000 parents (49.4 per cent of all those registered with CSA) now meet their child support responsibilities by transferring payment directly with little CSA involvement.
- Client satisfaction has increased for new clients where we have invested in a new approach to support greater self-reliance.
- 67 per cent of new clients registering with CSA in 2001–02 have indicated the desire to make direct child support payments.
- Cooperation across government and with community organisations has been strengthened. Tangible outcomes include joint information products to support separated parents, such as *Parenting from a distance* and *My family is separating—what now?*, and new services that are being piloted and evaluated, including the Supporting Parents Referral Service.
- Improvements have been realised at an overall lower cost to the community.

The year was marked by some significant changes, including the roll-out of new telephony support and the installation of a new IT system, Cuba. Implementation of Cuba (named after the Roman Goddess for the protection of children) was the biggest change undertaken by the Child Support Agency since it began operations in 1988. Careful planning helped to minimise impacts on our people and parents. We ensured that payment transfers were given highest priority so that parents were not financially disadvantaged, but there is no doubt some parents have experienced delays in receiving information or having changes processed. We are sorry for any inconvenience caused by these changes and promise this is a short-term transition that will deliver improved
services for parents and support for our people. Since the implementation of Cuba in early March 2002, we have worked especially hard to maintain quality services and I take my hat off to the CSA’s people for their efforts under difficult circumstances.

Our service delivery model continues to be refined to better match client needs with our service response (ranging from individualised case management to support to develop and maintain parental self-reliance).

Support for staff is based on helping them meet parents’ different needs. Our priority last year was to help team leaders support our client service officers. 2001–02 also saw the introduction of a new broadbanded structure. The primary aim of broadbanding is to increase organisational capability by rewarding people for the attainment of higher levels of capability.

Both external and internal feedback confirmed that our efforts across the board are reaping rewards. The results of our corporate health survey show that staff perceptions improved markedly. Recognition from the Australia Quality Council in the prestigious Australian Business Excellence Awards was a highlight of the year. The rigorous assessment provided feedback on what we are doing well but also shows us where further improvements can be made.

Most recently the Child Support Agency scooped the pool at the Australian Public Service Commission’s Service Charter—Awards for Excellence. These awards recognised the integration of the Child Support Agency client service charter into our service delivery outcomes and culture, our online service delivery and our services to clients in rural, remote and regional Australia.

In the year ahead we will continue efforts to improve client satisfaction by matching parents’ needs and services. We will continue to build partnerships across government, particularly in the family law system and with community organisations to deliver system-wide improvements to help separated parents. Supporting our people and managing our workloads will also be a priority to ensure we have the confidence that our service is the best it can be.

I would like to again acknowledge the effort, dedication and commitment of our people during a particularly difficult year. They are the heart that keeps the engine humming. Our commitment to separated parents and the community will continue unabated.

Catherine Argall
General Manager
The past year marked 60 years of operation for CRS Australia. Events across the country gave staff, clients and customers the opportunity to celebrate their achievements and successes. The drivers for CRS Australia are the same today as they were then, with the primary one being an intense belief in every person's ability.

In 2001–02, CRS Australia helped over 30,000 Australians with disabilities and injuries to access or re-enter the workforce. Fifty-seven per cent of all clients completing their program achieved durable employment outcomes.

The year's survey results showed that 95 per cent of clients were satisfied with CRS Australia's services and 60 per cent rated our services as excellent. We also received feedback on potential areas for improved performance. These are addressed as part of our 2002–03 business plans.

The year also saw a complete change in the executive group. Alan Law, General Manager for five years, left in April 2002. Alan made an outstanding contribution, leading the organisation very effectively through enormous change. We also said goodbye to two very experienced and valued senior managers—Deputy General Manager, David Kenny and Chief Financial Officer, Steve Sheehan.

With the election came the announcement that CRS Australia would become a business unit of the Health and Ageing portfolio. Arrangements put in place ensured a smooth and successful transition to the new portfolio on 1 July 2002.

During the year CRS Australia played an important role in the Government's welfare reform agenda through the development and design of the new work capacity assessments, which commenced in September 2002.

With significant increases in rehabilitation programs announced in the Budget, planning is well under way to identify areas of need and to establish the necessary infrastructure.

Referrals early in the financial year were lower than planned. The trend was detected early and by November we were back on track. However, the reductions affected our overall operational performance with fewer than planned client outcomes over the year.

The coming year will see the finalisation of the Assessment and Contestability Trial evaluation, with a planned report going to the Government on contestability for Commonwealth rehabilitation programs. In that climate, the management challenge will be to keep staff focused on our core business of supporting clients as they progress along their pathways to increased participation.
The management of a large network of professionals has been a new experience for me. I am impressed by the commitment of our staff to quality, innovation and good outcomes for clients. To hear clients’ stories about how we’ve helped them, and how their lives are so much better, gives us the inspiration to continue providing quality services with our underlying values of ‘We care, we listen, we get it right’.

Margaret Carmody
Acting General Manager
Changes to the portfolio

Our portfolio’s responsibilities changed under the Administrative Arrangements Order of 26 November 2001, as amended on 20 December 2001. Youth affairs came to us from the former Department of Education, Training and Youth Affairs. CRS Australia became part of the Department of Health and Ageing with effect from 1 July 2002.

We report on the resources and performance of youth affairs and CRS Australia in this annual report.

Portfolio structure

At 30 June 2002, the Family and Community Services portfolio consisted of FaCS, Centrelink and the Australian Institute of Family Studies (Figure 4). FaCS* incorporates the Child Support Agency and, until 30 June 2002, CRS Australia. The resources needed to support the operations of the Social Security Appeals Tribunal are also provided through FaCS.

The Department of Family and Community Services

FaCS is the principal policy formulation and advising body in the portfolio. FaCS is responsible for:

- putting to work the Government’s social support policies for families, working-age people and those who are retired
- managing the delivery of services for people with disabilities, families with children, community support (excluding the Home and Community Care program), family relationships and welfare housing.

The Child Support Agency promotes parental responsibility for the costs of raising their children and provides services to help parents pay child support.

CRS Australia provides rehabilitation programs to eligible people with injuries, disabilities or health conditions to help them find and keep work. Rehabilitation is the process of restoring function and independence to people with a disability, injury or health condition and through the coordinated use of medical, physical, psychological, social, educational and vocational measures.

* FaCS without Child Support Agency (and until 30 June 2002, CRS Australia) is known as FaCS core.
Social Security Appeals Tribunal

The Social Security Appeals Tribunal (SSAT) considers appeals lodged by people about decisions made under a number of enactments, especially the social security law and the family assistance law. The tribunal must aim to provide a mechanism of review that is fair, just, economical, informal and quick. The Executive Director of the tribunal provides an annual report to the Minister for Family and Community Services on the tribunal’s operations.

Administrative arrangements of long standing exist between FaCS and the tribunal that allow the tribunal to benefit from FaCS’s infrastructure. Information on staff required to support the operations of the tribunal is included in this report along with other relevant management information. Funding for the tribunal is included in the price of the departmental outputs.

The portfolio agencies

Centrelink

Centrelink is a service delivery organisation, responsible for providing information, products and services to the Australian community. The Chairman of the Board of Centrelink must provide an annual report on Centrelink operations to the responsible minister, who is the Minister for Family and Community Services.

Australian Institute of Family Studies

The Australian Institute of Family Studies (AIFS) is an independent statutory authority that promotes the identification and understanding of factors affecting marital and family stability in Australia. AIFS must prepare an annual report to the Parliament.
Figure 3  Portfolio structure at 30 June 2002

Minister for Family and Community Services
  Senator the Hon Amanda Vanstone
Minister for Children and Youth Affairs
  The Hon Larry Anthony MP
Parliamentary Secretary for Family and Community Services
  The Hon Ross Cameron MP

Centrelink
  Outcome: Effective delivery of Commonwealth services to eligible clients

Department of Family and Community Services
  Outcome 1: Stronger Families
  Outcome 2: Stronger Communities
  Outcome 3: Economic and Social Participation

Social Security Appeals Tribunal

Child Support Agency

The Australian Institute of Family Studies
  Outcome: To inform governments, policy makers, and other stakeholders on factors influencing how families function

CRS Australia
Financial performance overview

This is an overview of our financial performance for 2001–02. FaCS’s financial statements, both departmental and administered, are in Volume two of this report. The resource summary of our price of outputs and administered programs can be found under each outcome summary in Volume two, Part one.

Operating results

Departmental

Operating surplus
FaCS generated an operating surplus for 2001–02 of $35.1 million. This surplus mainly arises from CRS Australia business operations ($10 million) and advance payments to Centrelink for services not yet delivered ($25.5 million).

Centrelink experienced delays in implementing a number of Budget measures because of delays in legislation or for other extensions to start-up processes for example more extensive consultations. These delays affected some of the processes associated with international agreements with New Zealand, Germany, Spain and the Netherlands, various Australians Working Together initiatives and a risk-profiling measure.

Operating revenue increased
Total operating revenue was $2287.7 million, up $101.4 million from 2000–01. It consists of government appropriations of $2246.1 million and revenue from other independent sources, mainly sales of goods and services ($32.6 million) and interest ($4.3 million).

- Appropriation revenue increased by $104.2 million because of new funding to implement 2001–02 Budget measures. The funding of Australians Working Together measures accounted for $72 million of this increase.
Operating expenses increased
Between 2000–01 and 2001–02 total operating expenses increased by $106.4 million to $2252.4 million.

- Employee expenses increased by $11.6 million due to:
  - increases in staff numbers to implement new Budget measures
  - a 4.8% pay increase as a result of a new certified agreement for FaCS core.
- Other expenses increased by $94.8 million, mainly because of an increase in payments to Centrelink for new Budget measures.

Administered

FaCS administered programs of $56.4 billion in 2001–02 on behalf of the Government.

<table>
<thead>
<tr>
<th>Table 1  Actual administered expenses</th>
<th>2001–02 $’000</th>
<th>2000–01 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidies</td>
<td>10 517</td>
<td>13 009</td>
</tr>
<tr>
<td>Personal benefits</td>
<td>52 568 182</td>
<td>51 601 095</td>
</tr>
<tr>
<td>Grants</td>
<td>2 461 076</td>
<td>2 316 660</td>
</tr>
<tr>
<td>Suppliers</td>
<td>32 137</td>
<td>9 747</td>
</tr>
<tr>
<td>Write down of assets</td>
<td>593 132</td>
<td>247 438</td>
</tr>
<tr>
<td>Interest</td>
<td>50 323</td>
<td>73 158</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>–</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>693 320</td>
<td>679 127</td>
</tr>
<tr>
<td>Total administered expenses</td>
<td>56 408 687</td>
<td>54 940 246</td>
</tr>
</tbody>
</table>

Suppliers’ expense increased by $22.3 million as a result of the movement of administered items to FaCS from the former Department of Education, Training and Youth Affairs (DETYA).

There was a $345.7 million increase in the write down of assets, primarily the result of an increase in the provision for doubtful debts for the Student Financial Supplement Scheme. The increase in the provision flowed from the completion of an actuarial review of the likelihood of student financial debts being repaid.

Balance sheet

Departmental

Net asset position improved
Our net asset position increased to $58.7 million, up $28.0 million from 2000–01.
**Total assets increased**

Our total assets increased by $16.4 million, mainly because of the recognition of a prepayment to Centrelink for services not yet delivered ($25.5 million). Amounts owed to us reduced by $13.3 million, due to the recognition of an over-payment to Centrelink in the previous year caused by an over-estimation of client numbers.

Intangible assets increased by $6.2 million, mainly a result of capitalisation of costs associated with the introduction of Cuba, a new business system for the Child Support Agency.

Cash balances increased by $9.9 million to $95.1 million. Cash in bank accounts represents funds set aside for future asset replacement and the payment of liabilities (mainly to employees) as and when they fall due.

**Total liabilities decreased**

Our total liabilities decreased by $11.6 million when we repaid funds for an over-payment to Centrelink last year for an over-estimation of client numbers.

Employee provisions are our main liability, a result of accruing leave entitlements to staff. This liability increased by $3.5 million as salaries increased after a new certified agreement, and as staff numbers increased owing to Budget measures and the transfer of staff from DETYA for the youth affairs function.

**Figure 4  Comparison of departmental financial position**

![Figure 4](image)

1. From balance sheet in the financial statements.
Administered

Total assets decreased by $170.8 million

Total administered assets decreased by $170.8 million to $1881.6 million, mainly because of an increase in the provision for doubtful debts across administered items. The actuarial review of the Student Financial Supplement Scheme attributed an increase of $456.2 million for the provision for doubtful debts. A review of the doubtful debts provisioning policy for income support over-payments accounted for a $27.7 million increase in doubtful debt provisions for personal benefits.

Total administered liabilities increased by $23.9 million to $2400.6 million. Personal benefits payable increased due to an increase in the number of days between payment dates and 30 June 2002. Loans decreased due to a reduction in the amount owing to the Commonwealth Bank for Student Financial Supplement Scheme loans.

Figure 5 Administered assets and liabilities
The Child Support Agency helps parents who do not live together meet their responsibility for supporting their children financially.

By 30 June 2002, over 1.2 million Australian parents were registered with us, translating to 667,957 actual child support cases. Our 2600 staff in 16 metropolitan sites and 22 regional centres delivered services to them.

We can confidently claim to be a world leader in assessing and transferring child support—we’ve won awards this year to prove it:

- The Australia Quality Council presented us with an award for progress towards business excellence.
- We won two gold and one silver medal at the Service Charter Awards for Excellence for our service delivery, including:
  - excellence in integrating our service charter into core service delivery outcomes and organisational culture
  - excellence in service delivery to rural, remote and regional Australians
  - excellence in service charters driving online service delivery.

We transferred just over $1.45 billion between parents for the benefit of children in 2001–02. Around $814.2 million was transferred through private payments and $636.4 million through our collections.

Our clients are becoming more self-reliant—private collect performance is now at 49.4%, exceeding our 48% target.

For our clients:

- We put to work a new IT system, Cuba, to improve operational efficiency, staff productivity and client satisfaction. Regrettably, the installation caused some delays in processing changes and getting information out to some parents. We’ve worked hard to fix these short-term problems, and Cuba is now living up to its potential to deliver quality outcomes for our clients.
- We set up a national telephone system to improve our client support. For example, it gives individually case-managed clients direct access to their case officers.
We now also ask our clients to register with us by telephone rather than by completing a form in the Centrelink office. Early indications are that direct phone registration has improved parents' satisfaction with the service they receive.

We entered into a joint initiative with Centrelink, the Family Court of Australia and the Federal Magistrates Service to help separating families navigate their way through the family law system.

We launched nationally the Supporting Parents Referral Service and a joint project with Relationships Australia on primary dispute resolution.

Working with FaCS and Centrelink, we contributed to the Family Law Pathways Advisory Group Report recommendations. We continue to seek to influence *Australians Working Together* based on our knowledge of separated parents' needs.

We provided impetus for a package of legislative reforms that:
- support second families who have an additional reason for changing the child support assessment formula
- make changes to the Family Tax Benefit and Child Care Benefit income tests
- introduce departure prohibition orders to prevent non-resident parents from leaving Australia when they have persistently failed to meet their child support obligations.

For our staff:
- Our new broadband staffing structure has continued to improve organisational capability and reduce staff turnover (it is now at less than 12 per cent). We are confident that improved service and client satisfaction will flow from this investment.
- Training programs for team leaders will strengthen their ability to support their staff in delivering quality client service.
- An independent survey of our staff (by Corporate Health Index) showed significant improvements in their performance against key indicators over the past 18 months. The greatest improvement was associated with business priorities.
CRS Australia is the leading national provider of vocational rehabilitation services in Australia. Our main business is helping people with a disability, injury or health condition enter or remain in the workforce. We provide services to eligible clients each year as well as to a range of commercial and other government clients.

- We provided services to FaCS under our service level agreement within budget and with performance broadly meeting outcomes required. Performance continues to reflect effective cost control, providing value for money to government.

- In 2001–02 we provided services to more than 30 000 FaCS clients (including over 17 000 new clients) with more than 6000 clients engaged in ongoing employment.

- 95 per cent of our clients were satisfied with CRS services. A new complaint handling system, a better 1800 number contact system and continuous improvement strategies focused on client support have helped us achieve this standard.

- CRS Australia played a key role in the Assessment and Contestability Trial. What we learnt has informed FaCS policy on assessment of work capacity of people with a disability. We provided FaCS and Centrelink with expert technical input during the trial’s development and implementation. The interim external evaluation report found a high level of consistency in our assessment decisions and a high level of client satisfaction.

- We achieved accreditation following the external audit for FaCS’s Disability Service Standards certification.

- Services we provided to government also included:
  - career counselling services to more than 6000 Centrelink customers—for the Department of Education, Science and Training
  - work capacity assessments of 1800 students with high-level disability making the transition from school to alternative placements—for the NSW Department of Ageing, Disability and Home Care
— assessment of work capacity and vocational rehabilitation services to more than 500 veterans for the Department of Veterans’ Affairs, through the Military Compensation Rehabilitation Scheme and Vietnam Vocational Rehabilitation Scheme.
Centrelink is the primary agency for delivering the department's income support payments and a wide range of related human services. The Business Partnership Agreement (BPA) between FaCS and Centrelink is a significant purchasing agreement. Our relationship with Centrelink puts the emphasis on improving delivery of policy outcomes and services for the Government and Australian community.

At its core, the strategic alliance between FaCS and Centrelink is based on purchaser–provider responsibilities arising from various legislated accountabilities.

The ‘alliance’ aspect of the relationship is about the broader way FaCS and Centrelink relate, where we recognise that each agency has its own set of business drivers and to this extent is operating independently within the portfolio.

But we also recognise that each organisation’s capabilities contribute to the synergy created in the alliance. An important aspect of the strategic alliance is the emphasis on business assurance and the development of assurance-related performance indicators. This is a way of reducing the risk that we at FaCS become too focused on the day-to-day management processes within Centrelink.

Key performance indicators

FaCS and Centrelink are working to redevelop the key performance indicators (KPIs) of Centrelink’s performance. The new KPIs will be more relevant to our relationship and simpler to understand. They will provide focus for Centrelink on its role in achieving FaCS’s policy outcomes.

In particular, the KPIs will:

- draw clear links between FaCS’s policy outcomes and Centrelink’s contribution through service delivery
- assess how successful Centrelink is in meeting its part of those outcomes
- complement the development of a new funding model.
Business assurance

Accuracy of income support payments is at the heart of our business. The Secretary of FaCS and the CEO of Centrelink have signed off on the Business Assurance Framework, which defines payment correctness and covers ways of making sure it happens. A rolling program of random samples, which measure payment accuracy using the agreed definitions, will start on 1 July 2002. This will provide continuous information on the performance within the portfolio.

New funding model

During 2001–02, the Government accepted basic principles for a new funding model for Centrelink. The new model will substantially improve the link between the funding provided to Centrelink for the services it provides and the outcomes sought by Centrelink’s major purchasing departments.
In the two years since they began, Family Tax Benefit and Child Care Benefit have provided around $23 billion to help families with the costs of bringing up their children.

The new system of family assistance is fairer and simpler than the previous system—12 different payments have been reduced to three, clients have more choice in the way they receive payments, and assistance is more transparent and easier to claim.

**Child Care Benefit**

More families use approved child care because it has become more affordable since the introduction of Child Care Benefit. The benefit helped about 486,000 fee reduction families pay part of their fees. The cost to families of child care decreased 10.2 per cent between July 2000 and March 2002. Now about 721,000 children use more than 500,000 child care places.

**Family Tax Benefit**

In June 2002 more than 1.8 million families with more than 3.5 million children were receiving Family Tax Benefit as fortnightly instalments, at an average of around $5700 per year. In July 2002, there were 73,892 more families receiving the payment fortnightly than in July 2000. Around 97,100 families received it through the tax system in 2000–01.

**Administrative challenges met**

We faced quite a challenge in putting stage 2 of the new family assistance system into practice after July 2001. Families’ income estimates had to be reconciled with their actual income for their payments to be verified—an enormous exercise in terms of technology and communication across different agencies’ databases, as well as in the volume of clients assessed.

An outcome of this reconciliation process was that some families were found to be overpaid because they had underestimated their income. As 2000–01 was a transition year for the new family payments, the Government decided to waive the first $1000 of the Family Tax Benefit
and Child Care Benefit overpayments in recognition of the extra help some families needed in adjusting to the new arrangements. The $1000 waiver eliminated approximately 70 per cent of Family Tax Benefit debt and 95 per cent of Child Care Benefit debts that were incurred in 2000–01. Flexible repayment arrangements were also available to customers who still had some debts to repay after the waiver.

Child care services, partners in the delivery of Child Care Benefit, initially had difficulty administering the new payment system, especially in the lodgement of their quarterly statements. We worked with the Family Assistance Office and the Child Care Benefit Reference Group, made up of industry representatives, to reduce the administrative workload.

The rate of lodgement has dramatically increased and is now at an acceptable level. We are continuing to look at ways of streamlining the administration of the payment for services.

During 2001–02, we teamed with Centrelink to include Child Care Benefit in the Edge Expert System for the Family Assistance Office. The Edge System applies relevant legislative and policy rules to assess a customer’s entitlement to family assistance payments. It has been tested and piloted, and a staged rollout began in July 2002.
FAMILIES

Children and families

FaCS continued to help parents give their children the best possible start in life.

- More than 1.8 million families received an average of around $5700 in Family Tax Benefit in fortnightly instalments this year. Child Care Benefit helped about 486 000 (fee reduction) families pay part of their fees.

- 403 community-based projects are providing assistance to families and young children under our Stronger Families and Communities Strategy.

- Our quality assurance schemes for much of the child care industry are improving the standard of child care.

- Under our Stronger Families and Communities Strategy, we are spending $65 million for families that did not have access to standard child care, or where existing services did not meet their needs—most of it for 7770 new in-home care places. In-home care helps many families such as those who work shifts, live in rural and remote locations or where a child or parent is ill or has a disability.

  In-home care—a mother of three small children was diagnosed with a brain tumour. The father was struggling to help care for his children, run his business and be with his wife during her treatment. Because the mother was unable to care for her children a carer worked in their home during the day. This enabled the children and the mother to be together and the father to operate the business.

- In over 400 outlets run by non-government agencies across Australia, we fund support to families through relationship counselling, education, family therapy, skills training and other specific professional services.

Beenleigh Families Now—Beenleigh Families Now is a community-based service operating an information and support centre for families. Its program is a shared initiative of Centrelink and Lutheran Community Care to offer a child minding service for Centrelink customers, a referral service and skills-based education to families on parenting, relationships and budgeting.

- Around 108 000 families had children attend playgroups supported by state playgroups associations with Commonwealth funding, and a range of other parenting supports are provided through home visiting and other programs.
Support for young Australians

Our Reconnect program gave help to homeless young people or young people at risk of homelessness and their families. Youth Activities Services and Family Liaison Workers helped over 112,000 young people and around 8,000 families before their problems escalated. The Job Placement, Employment and Training (JPET) scheme helped homeless and at risk young people aged 15 to 21 get into education, training or employment.

**JPET in action**—In April 2001, Centacare in Newcastle, NSW, sponsored four JPET clients to participate in the Youth Achievement Australia (YAA) Program, giving them the opportunity to learn about operating a business. The group manufactured and marketed candle kits, selling the product via the Internet and local businesses. They won the Hunter Trade Fair Market Award and the Hunter Region Outstanding Performance Award. In December, YAA awarded the young JPET clients the National Award for Special Performance—a wonderful achievement, as JPET clients are among the most severely disadvantaged members of the community.
Australia is one of the world’s great migration experiments, and we live in a world where people are more likely to spend their work and retirement years in more than one country. More than one in five Australians were born overseas, and more than 800,000 Australians live and work in another country.

This makes it important that all countries pay their fair share of retirement costs—whether these are met through contributory or taxpayer-funded pension schemes. FaCS develops policies, maintains relationships and negotiates international agreements that achieve this outcome.

At June 2002:

- Australia was paying pensions to 55,869 former residents now living overseas at an annual cost of about $350 million.
- Other countries paid 327,568 pensions to Australian residents, at an annual value of $1.23 billion.

**Changes for Australian pensioners moving overseas**

At present, someone who has lived in Australia for at least 25 years before retiring can take their full Age Pension with them if they go to live overseas. (If they have lived in Australia for less than 25 years their pension rate is reduced pro-rata.) Legislation before Parliament will increase this requirement to 30 years, except for countries where Australia has a social security agreement. This brings Australian arrangements more into line with arrangements in other countries.

**Income support for refugees on temporary visas**

We extended access to Special Benefit and family assistance to cover people holding temporary humanitarian visas under two new subclasses of migration regulation, created in October 2001.

**International agreements**

We updated our existing social security agreements with New Zealand, Canada, The Netherlands, Portugal and Spain. The last three were scheduled for implementation in 1 January 2002. Delayed processes within those countries means that implementation of all five
agreements will now occur in 2002–03, alongside new agreements with Germany and the United States of America.

**Technical and training assistance**

Our expertise is in constant demand from countries seeking to reform their social protection systems, particularly in our region. In 2001–02 we worked extensively with government agencies in Vietnam, Indonesia and China and provided specific consultancy services to the Hong Kong Social Welfare Department and an Asian Development Bank project in Tajikistan. We also continued to contribute to training activities undertaken by the International Social Security Association (ISSA).

We hosted 52 delegations visiting from 17 countries, discussing topics including welfare reform, services to people with disabilities, retirement income policies, community development and family relationships support.

**International policy analysis**

Our involvement in international organisations and forums broadens our knowledge of alternative policies and programs and enriches our policy development processes. For example, through our relationships with the OECD, ISSA and the Six Countries group (the social security agencies in the United States, Canada, New Zealand, Ireland, the United Kingdom and Australia), we participate in policy debates, share experiences, explore sources of comparative information and share high-quality cross-national data.

Our senior officer working as part of Australia’s delegation to the OECD in Paris is central to this involvement, arranging closer ties with key international organisations and enabling participation in conferences, forums and networks.
FaCS has undertaken several initiatives to improve how community input influences our policy and operations. These initiatives involve either how we organise ourselves or how we do our business.

**Indigenous Policy Unit and North Australia Office**

FaCS created the Indigenous Policy Unit and North Australia Office to sharpen the focus of Indigenous policy development across the whole department. Locating the office in Darwin puts our policy developers in the same place as many of the Indigenous people and communities affected by our policies.

With New South Wales as the lead state (see below) for Indigenous issues, we can also ensure that urban Indigenous perspectives are included in our policy and program development.

Our objective in working this way with Indigenous people is to make sure our policies and programs are culturally appropriate and responsive to their needs.

The North Australia office is part of our state and territory office network. Its job is to facilitate and promote policy and research in the whole north Australia area. The office manages program delivery for the Northern Territory, east Kimberley and Central Desert regions, working in partnership with the South Australian Office on the Pitjantatjara Homelands and the Queensland office in North Queensland. The North Australia Office also takes the lead on issues affecting people living in remote or isolated areas.

**A locally responsive business model**

The principles of our business model—integration, partnership, situational advantage and outcome focus—provide us with the framework to ensure well-rounded policy development and implementation, while maintaining a focus on locally responsive solutions. These principles underlie our efforts to reach out to the community—for example, by introducing the Lead State initiative.
Lead states

State and territory offices have access to a wealth of information gleaned from their work with communities. Through community feedback, they are often aware of early instances of policy failure, risks for implementation, gaps, overlaps and duplication. They also understand how our policies relate to those of state and territory governments, and can identify opportunities for working with partners outside the department.

One of our challenges has been to use this awareness to improve policy development and implementation. We set up a mechanism called Lead States to do just that. Under this model, a single state or territory office becomes a focal point for specific programs or initiatives from a local perspective, and takes the lead in developing and consolidating responses, advising business owners or testing policy options. For example, New South Wales is the lead state for Indigenous issues. South Australia is the lead state for housing and homelessness.
WORKING WITH INDIGENOUS COMMUNITIES

The Cape York Family Income Management project, funded under the Stronger Families and Communities Strategy, is a good example of how government, communities and businesses can work in partnership to make a difference in the lives of Indigenous families.

The project helps families in Aurukun, Coen and Mossman Gorge make the most of their income as a group to improve living standards and achieve other goals. Eighteen local people are training as family facilitators to help people manage their money and negotiate family agreements.

Within a couple of weeks of the first project office opening in Aurukun in May 2002, financial assessments had been made for more than 50 families. Forty-three of them registered to start a savings plan. One couple has already achieved their first savings goal—a headstone for their son's grave. This achievement so inspired the family that now seven members are saving for a car.

Community representatives, the Cape York Partnerships Office, Westpac Bank and four Commonwealth and state departments are overseeing the project.
Social policy research
Achievements and challenges

**Contracted research**

The findings of research and evaluation are critical to making good social policy. FaCS is amassing a strong evidence base to build policies to benefit Australian individuals, families and communities.

We are funding three research organisations with a total of $1.5 million a year over four years to provide us with independent, high-quality research services.

- The Melbourne Institute of Applied Economic and Social Research (Melbourne Institute) has developed a package of more than 30 research projects around the labour market, family and communities, and the supply of and demand for income security.
- The Social Policy Research Centre (SPRC) at the University of NSW has 14 current projects researching social exclusion/inclusion, community-based programs and disabilities.
- The Social Policy Evaluation, Analysis and Research (SPEAR) Centre at the Australian National University completed five projects in 2001 and is undertaking seven projects in 2002 in social policy evaluation.

**Longitudinal data initiatives**

Many social policy measures depend on understanding the extent and dynamic nature of many variables (such as income, employment and family relationships) over time. Data derived over time—longitudinal data—are especially valuable in creating policy for prevention and early intervention, key FaCS strategies.

**FaCS General Customer Survey**

The General Customer Survey tracks a sample of the range of people as they move off or between payments over two years. It will tell us about, for example, the characteristics of people receiving payments and their attitudes to receiving them, the impact of payments on people’s circumstances, and factors affecting take-up of payments and services.
Household, Income and Labour Dynamics in Australia (HILDA) Study
The HILDA study will yield information we can use to develop policy about income, the labour market and family dynamics. The first survey year, up to January 2002, involved voluntary interviews with 7680 private households and 13,962 individuals.

Longitudinal Study of Australian Children (LSAC)
LSAC will produce a national dataset to inform our policy development on child care, family functioning, health and education. The Australian Institute of Family Studies (AIFS) is the lead organisation for the research consortium. A discussion paper was released in May 2002 explaining the study design and scope.

Longitudinal Study of Youth Allowance Customers
The final report of the Youth Allowance evaluation was released in May 2002. It included results of this year’s work on the third and final phase, tracking a group of eligible and non-eligible customers to assess the impact of changes to income support arrangements on participation in education, training and work.

Communication of research and evaluation
We use a range of ways to keep the public and the research community aware of the results of our research and evaluation. They include an annual journal of refereed articles, two series of research papers, a quarterly newsletter, fact sheets, a seminar series and a database. We also publish a framework document outlining our strategic approach.

Other important research relationships
We are negotiating a memorandum of understanding with the Australian Bureau of Statistics (ABS) to reflect our collaborative working arrangements. The ABS is also making use of our Longitudinal Data Set—for example, in relation to mature-age clients and the quality of Indigenous identification in the dataset.
We fund Australian Housing and Urban Research Ltd (AHURI) jointly with state and territory governments. This year, 20 projects were approved within AHURI’s nine research themes: housing assistance, housing futures, innovation in housing provision, urban management and infrastructure, transforming communities, Indigenous housing, homelessness and marginal housing.

The Australian Institute of Health and Welfare (AIHW) provides us with data collection, data management and statistical classification services. Under a memorandum of understanding signed this year, we agreed to share information and to work towards a strategic approach to developing and managing welfare data.

In year four of a five-year contract, we funded the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University with $155,000 to research the social and economic circumstances of Indigenous peoples.

The University of Canberra’s National Centre for Social and Economic Modelling (NATSEM) has been funded to develop a tool for modelling the impacts of changes to tax, social security and other government programs. NATSEM helped us develop another model that allows users to change business rules and calculate the effect on levels of entitlement.
The Stronger Families and Communities Strategy is about building family and community capacity to solve local problems and take advantage of opportunities as they arise. By taking an early intervention and prevention approach, the Strategy can help families and communities deal with issues before they become serious problems.

The Strategy’s achievements for 2001–02 include:

- 403 projects funded since January 2001 worth $56.2 million:
  - around 53 per cent in rural and regional areas
  - more than 22 per cent targeting Indigenous communities
- more than 70 new in-home child care services offering 2800 extra places—and another 5000 by 2004
- support for seven private providers to establish child care centres in rural areas, with more applications being considered
- $12.9 million in grants to more than 5000 organisations in over 4000 communities funded in 2001 to celebrate International Year of Volunteers.

Some outcomes

The Strategy has already made an impact on families and communities during the two years of its life so far. Examples of projects and other activities that build family capacity and networks include:

- The Ngaanyatjarra Project in Western Australia, undertaken in partnership with the Commonwealth Department of Health and Ageing and Western Mining, funds two people to build collaboration between all agencies providing services to families in the 11 communities scattered across this remote central desert region.
- The National Community Leadership Workshop provided development opportunities to more than 180 community leaders from across Australia under the Potential Leaders in Local Communities initiative.
- Rockhampton State High School introduced a No Dole program for school leavers. By the end of 2001, 100 per cent of students had signed up for the program and fewer than 9 per cent were still looking for work or study by the end of May 2002.
Challenges

New ways of working often throw up challenges along the way.

Working in partnership with communities, for example, disadvantaged communities in particular, takes time. It takes time for communities to identify their local needs and how best to meet them. And it takes time to develop solutions that will continue to support families and communities in the longer term.

We are working to streamline how we administer the Strategy to make it as easy as possible for families and communities to benefit from this program. This involves working collaboratively with a range of partners, including Commonwealth agencies and other levels of government and business, and it involves changing our own administrative processes to allow for a flexible response to family and community issues.

We use the knowledge we gain from administering the Strategy to improve its development and delivery.

International Year of Volunteers—celebrated and recognised volunteers across Australia
INTERNATIONAL YEAR OF VOLUNTEERS

The International Year of Volunteers (IYV) in 2001 celebrated and recognised volunteers across Australia. The overwhelmingly positive response from the Australian community will provide a springboard for voluntary activity in years to come.

Overall, grants worth $12.9 million were provided to more than 5000 organisations.

Nearly 2200 organisations received funding under the IYV small grants program.

- St Vincent de Paul in Hobart used its grant to hold a Vinnies Youth Day to thank around 400 young volunteers who plan, organise and run the activities in its youth support program. The highlight of the day was a theatre performance where actors spontaneously recreated the audience’s volunteer stories, memories and perceptions, celebrating success and recognising achievement.

- In Canberra, the ACT Disabled Peoples Initiative used its grant to contribute to the Active Volunteers project, which recruits, trains and supports volunteers with disabilities.

In addition, more than 2800 organisations were funded to buy equipment to make the work of their volunteers easier, safer or more enjoyable.

- The Thornbury Greek Senior Citizens Club in Victoria bought cooking utensils, such as stockpots, cooking trays, a boiler, trolley and an urn. Volunteers at the club can now better cater for their 90 members.

- The Horizon Social Club of South Australia, which supports people with a mental illness, purchased computer equipment, enabling them to connect with the wider community.

The IYV Secretariat at FaCS received many letters of appreciation.

- ‘We spent your grant just in the nick of time! The radios that we bought with it got a serious workout at the fires in the Blue Mountains—I can vouch for it because I was there. We also went to Sussex Inlet and many of the other hotspots and being able to keep in direct contact so easily was marvellous! Thank you so much!’
  — Coal and Candle Volunteer Rural Fire Brigade, New South Wales

- ‘The splendid cake was made and decorated by one of our members. Following the cutting, small samples were distributed to everyone present. All were reluctant to leave and voted the afternoon a huge success.’
  — Longreach Meals on Wheels, on their function to celebrate 20 years of volunteer service

Other IYV initiatives included sponsorships and partnerships, research and communication activities such as community television and radio broadcasts, a range of merchandise, a telephone volunteer referral line, the International Year of Volunteers web site, phone cards, stamps and $1 coin.
STRONGER FAMILIES AND COMMUNITIES STRATEGY

The Stronger Families and Communities Strategy is already making a difference across Australia with hundreds of projects developed, implemented and managed by people working within their local communities.

Tenants in a community housing estate in the New South Wales Hunter region, for example, can do accredited training and get work through a community-based cooperative that employs people from the community to do housing maintenance on the estate.

And young people in a regional Victorian community are taking active roles and developing their skills to become potential community leaders. They have been given opportunities to work in real life business situations, like working on local newspapers, organising local concerts and developing a radio program. Partnerships with local businesses, the commitment of local leaders and a willingness to invest in young people as valuable community resources have been the key ingredients in this community building approach.

Women in a remote Aboriginal community in the Northern Territory are accessing new services like cultural programs, sewing classes and support for young mothers including a crèche and meals on wheels. This Strategy project is helping women in the community to care for their families; it is improving community health by giving women the chance to learn about health issues and linking them with health services; and it is increasing cultural and social participation for women and their families in community life.
More and more Australians are relying on income support, with population ageing, high rates of relationship breakdown and structural changes in the labour market the main contributing factors. Many people of working age rely on income support for long periods. And Australia had the highest rate of growth of disability pensioners over the past decade and has one of the highest rates of jobless families among developed countries.

The Government has begun to take action to turn this situation around—to create a better social support system that is based on greater self-reliance, and that encourages and supports those who can take up paid work.

The *Australians Working Together* (AWT) reform package, announced in the 2001–02 Budget, will improve opportunities for many people to find work.

AWT reforms will be put in place progressively over coming years. But in 2001–02, we achieved a number of milestones:

- To refine the direction of welfare reform, we held consultative forums in 43 locations. Our report was released on 14 May 2002: *Australians Working Together—Helping people move forward—Listening to the community: Report on the outcomes of the community consultations on Australians Working Together.* We also put together an information kit for peak organisations and service providers that included brochures, fact sheets, a question-and-answer booklet, and a booklet for volunteer and community organisations.

- We completed a select tender process for providers under the Personal Support Programme, designed to give special help to people with problems such as homelessness, drug and alcohol addiction, mental illness and domestic violence. We judged as suitable 150 of the 1100 applications from 250 organisations. When the program is running, 144 organisations will deliver it from 600 sites across Australia—a significant increase in coverage over its predecessor, the Community Support Programme, which had 84 organisations and 323 sites.
We consulted widely with individuals, organisations and community groups, achieving a remarkably high level of support for the outcomes of the selection process. Another major achievement was the development of a leading-edge IT system that balances individualised service delivery with an outcome-based funding model.

- We began the process of recruiting the first 456 Personal Advisers who will provide extra help to income support recipients—parents with school-age children, Indigenous Australians, people with special needs and mature-age people—to get a job or participate as fully as possible in the community. We worked with Centrelink to ensure the advisers were trained before their start date of 20 September 2002.

- For Parenting Payment customers, we developed a participation pack that has information on the benefits of going back to work, ways to manage family and work responsibilities and tips about how to look for work or take on study, training or volunteer work. It also details the range of financial assistance and services available.

- We expanded the Assessment and Contestability Trial to include up to 500 more participants with disabilities who were eligible for Job Network Intensive Assistance from August 2001. We will use data from this trial to assist people with disabilities with the best form of employment assistance or rehabilitation.

- Stage 1 of the selection of providers to deliver additional disability employment places began in April 2002. Successful providers will be able to access approximately 5100 new disability employment assistance places. 11 000 rehabilitation places will also be provided to help parents and mature workers.

- Our new quality assurance system for disability employment and rehabilitation services began on 1 July 2002.
We announced that the first three remote area service centres would open in September 2002 in Napranum, Laverton and Halls Creek, providing these remote communities with direct access to Centrelink services.

We finalised draft legislation needed to implement AWT measures including the Working Credit, Literary and Numeracy Supplement, new participation requirements for parents with teenage children and mature-aged unemployed, and simplified income support payments for older people.

To manage all 26 AWT measures effectively, we established an interdepartmental committee structure. Membership of the various committees included representation from FaCS, the Department of Employment and Workplace Relations, the Department of Education, Science and Training and Centrelink. An innovative project management reporting system was established to inform the FaCS Departmental AWT steering committee of progress fortnightly.

Reform of disability payments will ensure that people are linked to the kinds of help they need to connect them to the labour market. Proposed reform of the Disability Support Pension has stimulated debate in the community, but the Government is committed to acting on the need for a sustainable and fair income support system for people who cannot work because of their disabilities.

Australians Working Together reforms will improve opportunities for many people to find work. The following case studies are possible scenarios when the measures become reality.
Greg, 47, was an unemployed teacher on Newstart Allowance. He’d been diagnosed as schizophrenic. His condition had stabilised and he was keen to work again but lacked experience and confidence in applying for jobs. He decided to apply for DSP, believing that his future work opportunities would be limited.

Centrelink referred Greg to a work capacity assessor for a detailed assessment of his ability to work and advice on the sorts of services that would help him find a job. He was assessed as being able to work part-time at full award wages (at least 15 hours a week) within the next two years with the assistance of vocational rehabilitation.

With the changes to the DSP eligibility criteria, Greg continued to receive Newstart Allowance rather than DSP. He was referred to a Personal Adviser and together they developed a strategy to help him overcome his barriers to work. These strategies were included in Greg’s Preparing for Work Agreement.

Greg was placed in a work trial. Twelve months later, he got a job teaching English to adult migrants at his local college.

**DISABILITY SUPPORT PENSION**

Changes to Disability Support Pension (DSP) announced in the 2001–02 Budget will see significantly more support and greater opportunities for people with disabilities, such as Greg, to participate in work and in the community. **Subject to the passage of legislation, people who apply for DSP on or after 1 July 2003 will need to meet new eligibility rules.**

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PERSONAL SUPPORT PROGRAMME

The new Personal Support Programme (PSP), announced in the 2001–02 Budget, will deliver a range of services for people with multiple, non-vocational barriers to employment. From 1 July 2002 PSP services will assist participants overcome barriers, identify and achieve economic or social goals.

John, 49, had been unemployed for 18 months after his small retail business failed. With the business went the family home. John was severely depressed, and the stress was beginning to take its toll on his relationship with his wife. Attempts to discuss their situation quickly escalated into angry and sometimes violent arguments. John's teenage children were becoming withdrawn and their school performance was suffering. John began having difficulty meeting Newstart Allowance activity test requirements.

John and his Personal Support Programme provider developed an action plan involving:
- ten one-to-one therapeutic consultations to treat depression and self-image
- support during withdrawal from anti-depressants
- relationship counselling sessions with his wife
- family therapy sessions
- six counselling sessions to tackle grief issues
- help to enrol in a further education course.

John’s progress was initially slow as he found it difficult to accept help. But once he got started, his self-esteem improved, with a positive impact on the family’s relationships. John's family supported his decision to return to education and he found some part-time work. He and his wife are now well on the way to rebuilding their future.
Claire is a sole parent whose daughter had just turned 13. Claire hadn’t worked since her daughter was born and she’d been getting Parenting Payment since her husband died five years ago.

Claire was called in to Centrelink for an interview with Jane, a Personal Adviser. Jane and Claire agreed on a plan to help Claire back to work. As part of the plan, Claire needed to do 150 hours of part-time activity over the following six months. She decided to study part time for a Certificate in Aged Care and do some voluntary work at a local nursing home. She did her study and volunteer work when her daughter was at school. Centrelink also helped her with study costs.

Soon after Claire finished studying, she got a part-time job at the nursing home where she’d been doing voluntary work.

Claire told Centrelink she’d be earning $640 a fortnight, but thought her hours might increase in about six months. The Centrelink officer explained how Claire could work and still keep some of her Parenting Payment, and that she would need to let Centrelink know when her earnings changed.

Because Claire did not have any income when she was studying, she built up 1000 working credits. This meant that she could keep all her Parenting Payment for two fortnights after she started work. After she used all her working credits, she still got around $220 Parenting Payment each fortnight, as well as the $640 she earned.
Whole-of-government support for youth

FaCS is at the centre of a range of coordinated government efforts to attend to the problems and potential of young Australians.

- Two initiatives have boosted government capacity to support young people in their quest to become successful adults:
  - a new Ministry for Children and Youth Affairs was set up
  - the Youth Bureau was transferred to our portfolio from the former Department of Education, Training and Youth Affairs (DETYA).

We are picking up the challenge of providing the whole-of-government package of support, promotion and consultation.

- The Secretaries’ Advisory Group on Youth brings together senior representatives from eight Commonwealth agencies to advance youth issues across their portfolios. FaCS has had a lead role in the development of this approach.

- With the Department of Education, Science and Training, the Department of Employment and Workplace Relations and Centrelink, we developed the Youth Servicing Strategy, launched by Centrelink during National Youth Week in April 2002. The strategy aims to support and empower young Australians to achieve their independence and potential through education, training, employment and community life.

- We are ‘joining up’ more of our youth programs—for example, our innovative practice of resourcing Reconnect services to mentor other Reconnect services will be extended to other youth programs we administer, such as Job Placement, Employment and Training (JPET) and the Innovative and Collaborative Youth Servicing Pilots.

- For the first time, we and our state and territory government counterparts agreed to work on defining what role non-government organisations might play in the ‘Youth Protocol’—arrangements for case-managing unsupported young people.
Positive news on payments and programs

- The findings from the March 2002 Youth Allowance Evaluation Final Report are extremely positive and show that Youth Allowance is working. In 2001–02, about 400 000 young people received the allowance, helping them pursue their education or training goals.
- An evaluation of the JPET program highlighted how it is providing positive outcomes to young people who are homeless or at risk of becoming homeless.
- We set up 25 new Reconnect services to improve young people’s level of engagement with family, work, education, training and community. They included services in rural and Indigenous communities, and some specialising in substance abuse and working with culturally and linguistically diverse young people and families. At June 2002, 93 Reconnect services were funded Australia-wide, with seven more to come on line by July 2003.

Raising the profile of young people

- The popularity of the National Youth Media Awards has increased. The awards showcase young people’s achievements through the best examples of journalism that reflect the positive contribution they make to our country. We received more than 950 entries for the 2001 awards, a 25 per cent increase on last year.
National Youth Week 2002 won widespread support from young people, local government, community organisations, the media and the private sector. Around 2000 local activities and events were held around the country.

The national ‘Come and Try Day’ on 13 April 2002 involved around 90 communities and thousands of young people in youth development activities. The activities promoted personal development and stronger connection between young people and the community through relationships, participation and community service.

Ideas exchange

*the source* youth web site provides over 2000 links to information for young people in a modern and easy-to-navigate fashion. Feedback mechanisms help government to stay in touch. Initiatives such as *the source*, the National Youth Roundtable, the National Indigenous Youth Leadership Group and the Australian Forum of Youth Organisations give young people and government opportunities to exchange ideas on a range of issues.

We launched our youth portal as part of National Youth Week. The portal gives young people online access to government information for them and about them. It also allows them and their parents to interact with government online.
Organisational structure

Figure 6 shows FaCS’s structure at 30 June 2002, the responsibilities of FaCS senior executives, and the relationship between FaCS’s structure and the outcome and output structure.

FaCS’s organisational structure reflects its strategic themes with responsibilities divided across strategic outcomes. The State and Territory Office network takes advantage of its specialist expertise and locational advantages to help FaCS achieve its outcomes.

Four key departmental outputs are produced across FaCS. Three outputs cover policy and management of delivering administered outputs to the community.

The service delivery output links directly to the administered outputs or items in each output group. The Child Support Agency and CRS Australia were the main service delivery arms within FaCS in 2001–02. The remainder of the service delivery output is provided by Centrelink or other external organisations.
Figure 6 Organisational structure at 30 June 2002

Policy advice $91,825,000

Purchasing, funding and relationship management $102,850,000

Research and evaluation $32,075,000

Service delivery
- CRS Australia $104,037,000
- Centrelink $1,665,534,000
- Other $249,828,000

Outcome 1

Stronger Families
Executive Director
Robyn McKay

Family Assistance 1.1
Family Policy
Keith Henry

Youth and Student Support 1.2
Youth Bureau Policy and Promotions
Matt Davies

Child Support 1.3
Family and Children
Keith Henry

Child Care Support 1.4
Child Care Benefits
Jeff Popple

Housing Support 2.1
Child Care Services
Dawn Casey

Community Support 2.2

Outcome 2

Stronger Communities
Executive Director
Denise Swift

Outcome 1

Outcome 2

Child Support Agency
Catherine Argall

Assistant General Manager
Trevor Sutton

Assistant General Manager
Sheila Bird

Assistant General Manager
Robert Porteous

Secretary
Mark Sullivan
List of acronyms

ABS     Australian Bureau of Statistics
AHURI   Australian Institute of Health and Welfare
AIFS    Australian Institute of Family Studies
ARHP    Aboriginal Rental Housing Program
AWT     Australians Working Together
BPA     Business Partnership Agreement
CSA     Child Support Agency
DETYA   (former) Department of Employment, Training and Youth Affairs
DSP     Disability Support Pension
FaCS    Department of Family and Community Services
HILDA   Household, Income and Labour Dynamics in Australia Survey
ISSA    International Social Security Association
IYV     International Year of Volunteers
JPET    Job Placement, Employment and Training scheme
KPI     Key performance indicator
LSAC    Longitudinal Study of Australian Children
NATSEM  National Centre for Social and Economic Modelling
OECD    Organisation for Economic Cooperation and Development
PSP     Personal Support Programme
SSAT    Social Security Appeals Tribunal
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A user’s guide

This year’s annual report of the Commonwealth Department of Family and Community Services—the fourth—has been split into two volumes for ease of access and readability.

It is a continuing challenge for the department to maintain a manageable publication size while ensuring mandatory requirements are met. This is a difficult task for a department that has appropriations of more than $56.4 billion to report.

**Volume one** is pitched at a strategic level, to give an overarching understanding of the department.

**Volume two** provides more detail, covering performance reporting, management and accountability, appendixes and financial statements.

Each volume has its own contents page, and/or list of acronyms/glossary and index. A CD ROM of the full report is enclosed in **Volume one**. The enclosed CD is designed to launch automatically when inserted in a PC or Macintosh computer. If it fails to launch automatically, please access the README file located on the CD for instructions on how to access the report. The report also includes Adobe PDF files that require Adobe Acrobat Reader. Adobe Acrobat Reader can be downloaded free of charge from [www.adobe.com](http://www.adobe.com).


Our essential aim is for the report to meet the needs of our readers—Senators, Members and the public.

**How to find out more**

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Canberra Mail Centre ACT 2610

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Fax: 61 2 6244 5540

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