

REPORT OF PROCEEDINGS BEFORE

**SELECT COMMITTEE ON MINISTERIAL PROPRIETY IN
NEW SOUTH WALES**

INQUIRY INTO MINISTERIAL PROPRIETY IN NEW SOUTH WALES

At Sydney on Monday 14 October 2013

The Committee met at 10.00 a.m.

PRESENT

The Hon. R. Borsak (Chair)

The Hon. L. Foley

The Hon. T. Khan

The Hon. Dr P. R. Phelps

Dr J. Kaye

MICHAEL COUTTS-TROTTER, Director General, Department of Family and Community Services, and

MARILYN CHILVERS, Executive Director, Frontline Resource Management, Department of Family and Community Services, sworn and examined:

CHAIR: Welcome to the first public hearing of the Inquiry into Ministerial Propriety in New South Wales. Before I commence, I acknowledge the Gadigal people who are the traditional custodians of this land. I also pay respect to the Elders, past and present, of the Eora Nation and extend that respect to other Aboriginals present. We will hear today from representatives of the Department of Family and Community Services. Before we commence, I shall make some brief comments about the procedures for today's hearing. Copies of the Committee's broadcasting guidelines are available from parliamentary staff. Under these guidelines, members of the media may film or record Committee members and witnesses. People in the public gallery should not be the primary focus of any filming or photography. I remind media representatives also that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses say outside of their evidence at the hearing. So I urge witnesses to be careful about any comments they make to the media, or to others, after they complete their evidence. These comments would not be protected by parliamentary privilege if another person decided to take action for defamation. Witnesses are advised that any documents they wish to table should be provided to members through the parliamentary staff. A full transcript of what is said during today's hearing will be prepared by our Hansard reporters. The transcript will be available on the Committee's website. Finally, could everyone please turn off their mobile phones. I now welcome our first witnesses. Would each or either of you like to make an opening statement?

Ms CHILVERS: No.

Mr COUTTS-TROTTER: No, we have no opening statement.

CHAIR: We will proceed to questions.

The Hon. LUKE FOLEY: Ms Chilvers, you are the Executive Director, Frontline Resource Management?

Ms CHILVERS: That is correct.

The Hon. LUKE FOLEY: That is a position created only earlier this year, is it not?

Ms CHILVERS: That is right. It was created in April this year in response to the Minister's letter to the director general and the director general's response.

The Hon. LUKE FOLEY: Those two letters you refer to noted that the number of Community Services caseworkers had declined, did they not?

Ms CHILVERS: It noted preliminary data that was provided that Community Services caseworkers had declined, according to a measure that had not been validated at the time.

The Hon. LUKE FOLEY: In light of that data and also in light of the Minister's letter to Mr Moore, the then director general, one of the responses of the department was to create a new position of Executive Director, Frontline Resource Management, which is the position you filled. Is that a fair statement?

Ms CHILVERS: Yes it is.

The Hon. LUKE FOLEY: Prior to filling the new position, what position did you hold immediately before April this year?

Ms CHILVERS: I was the Executive Director of Organisational Performance.

The Hon. LUKE FOLEY: In that role did you have oversight of or cause to deal with the calculation of caseworker numbers within Community Services?

Ms CHILVERS: No.

The Hon. LUKE FOLEY: So you came fresh to that role, as it were, looking at analysing the number of caseworker numbers only when you moved into this new role, is that correct?

Ms CHILVERS: Certainly analysing the number of caseworkers. My previous role primarily dealt with client data. It had a peripheral role with caseworker numbers and also with budget in the sense that my team had previously worked towards a resource allocation methodology of allocating caseworker positions across the regions. In order to do that, we had to compare with caseworker numbers. So we sourced HR data, but we just took the HR data as it was given to us.

The Hon. LUKE FOLEY: But when the new position was created and filled by you in April, is it a fair statement to say that you now are closely involved with the examination of caseworker number data in Community Services?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: It falls to you?

Ms CHILVERS: Yes, in the sense of reporting the caseworker numbers. So the HR function does not change. They are the ones that report the data to me and I need to analyse and verify and ensure it is robust for reporting and monitoring purposes. It is a performance role within operations.

The Hon. LUKE FOLEY: Yes; you do not go around counting heads yourself, as it were. You have people within the department who report to you on the figures. Is that fair?

Ms CHILVERS: No, I do not have HR reporting to me. That is another function and another executive director. We all work together within the department.

The Hon. LUKE FOLEY: Who within the department—I will get to Ernst and Young later—works on the calculation of caseworker numbers within Community Services?

Ms CHILVERS: Strategic Human Resources.

The Hon. LUKE FOLEY: I note in various documents that there is a senior statistician within Frontline Resource Management. Does she report to you?

Ms CHILVERS: She does.

The Hon. LUKE FOLEY: Does she play a role in calculating caseworker numbers?

Ms CHILVERS: Not in calculating; again, in the oversight. I am a statistician as well.

The Hon. LUKE FOLEY: So there are people in the department who report to people you supervise or do they report directly to you on the caseworker number calculations?

Ms CHILVERS: No. The calculation is to a different executive director. I am an executive director and I have a colleague in Family and Community Services who is called the Executive Director of, I think, Strategic Human Resources. Those people report to her.

The Hon. LUKE FOLEY: But the establishment of the new position of Executive Director, Frontline Resource Management, was taken in response to the fact that the department and the Minister both recognised that caseworker numbers had declined, is that not correct?

Ms CHILVERS: No. It was taken in response to the fact that there was considered to be not reliable data that could confirm or deny the trend in the number of caseworkers.

The Hon. LUKE FOLEY: But it was also reported to the Minister that there had been an overall decline in Community Services caseworker numbers. That is correct, is it not?

Ms CHILVERS: Yes, that is right, on preliminary data.

The Hon. LUKE FOLEY: Is there any subsequent data that would negate that preliminary finding that caseworker numbers had declined?

Ms CHILVERS: No, but it did confirm it with the correct numbers, and that has been published in the dashboard, which was one of the outcomes from the project.

The Hon. LUKE FOLEY: So the subsequent data confirmed the preliminary data to the extent that there had been a decline in caseworker numbers, is that correct?

Ms CHILVERS: In 2012-13, yes.

Mr COUTTS-TROTTER: I think it is worth just pointing out the different ways of measuring caseworker numbers: therein lies some of the reason that Ms Chilvers' position was established, to try to understand how best to count caseworkers so that we can manage in a way that ensures we have got people in front-line positions. So head count has been a number that has been used consistently over time and head count numbers did not fall, which is the reason that head count is a very, very imperfect way of counting caseworkers. It does not translate to an understanding about whether we are taking the funding available for us for front-line caseworkers and actually using it effectively to fill front-line positions. So head count has been the key indicator used over a long period of time and the work that Marilyn and others have led has got us to a point where we now have a better and more accurate way of counting funded positions and whether or not they are occupied.

The Hon. LUKE FOLEY: But Mr Coutts-Trotter, you are not attempting to tell the Committee today that caseworker numbers had done anything other than decline, are you?

Mr COUTTS-TROTTER: On a head count basis they remain pretty consistent.

The Hon. LUKE FOLEY: But Mr Coutts-Trotter, is it not the case that you received an incoming director general's briefing when you took the job that told you that it became clear in March 2013 that there had been an overall decline in Community Services caseworker numbers?

Mr COUTTS-TROTTER: By the measures that were being used, which is a way of trying to assess not a head count number but the actual number of people occupying full-time equivalent positions. So a full-time equivalent measure rather than a head count number.

The Hon. LUKE FOLEY: With respect, Mr Coutts-Trotter, your incoming director general's briefing folder did not put those qualifications around it; it simply made a statement that there had been an overall decline in Community Services caseworkers numbers, did it not?

Mr COUTTS-TROTTER: As I say, there are a variety of measures that are used and on one measure whether we are converting the funded level of 2,068 caseworkers into actual people full-time equivalent positions on the ground, yes, there was a decline. But on the head count number you would not have known that. The head count remained consistent.

The Hon. LUKE FOLEY: With respect, Mr Coutts-Trotter, you are not answering my question. My question is: Is it not the case that you received an incoming director general's briefing note that included the statement:

It became clear in March 2013 that there had been an overall decline in Community Services caseworker numbers.

You received that briefing, did you not?

The Hon. Dr PETER PHELPS: Point of order: This is now the third time that, essentially, the same question has been asked. Twice the director general has answered the question but with the clear qualification as to what this meant. If we are going to just keep repeating the same question, I think it is an ineffective use of the member's time.

CHAIR: I do not think that is a point of order. I think that is a statement.

The Hon. Dr PETER PHELPS: There comes a time when asking the same question three times is the point when badgering comes in.

CHAIR: I do not think we have quite got to badgering yet. We may see some badgering soon. I do not think we quite see it yet.

Mr COUTTS-TROTTER: It was just to try to make the point that according to the Ernst and Young report there have been at least six different ways of counting caseworkers inside Community Services at different points in time. The way of counting caseworkers has changed, depending on the purpose of the data. The one measure that has been used consistently and publicly over time has been a head count number and within the department we accept that that is not a useful number because you can increase your head count by simply putting people on to part-time work. It does not tell you whether you have got full strength casework teams on the front line.

The Hon. LUKE FOLEY: Mr Coutts-Trotter, you are deliberately not answering the question I have asked you three times. I will make one last attempt or I will table the briefing you received. Why do you not fess up first and admit that you received—

CHAIR: Order!

The Hon. LUKE FOLEY: —a briefing note that told you:

It became clear in March 2013 that there had been an overall decline in Community Services caseworker numbers.

You received that briefing, did you not?

Mr COUTTS-TROTTER: I am sorry, I do not recall whether I did, but it was very clear to me from the point at which I took up the job that we were not effectively translating the available funding for 2,068 Community Services caseworkers into adequately strong front-line teams.

The Hon. LUKE FOLEY: Then I therefore provide you with a copy of the briefing that you received when you came into the job.

Mr COUTTS-TROTTER: Thank you.

The Hon. LUKE FOLEY: Can I read to you the third dot point from this incoming director general briefing folder. It states:

While workforce numbers naturally fluctuate from month to month it became clear in March 2013 that there had been an overall decline in Community Services caseworker numbers.

That is what that document says, does it not, Mr Coutts-Trotter?

Mr COUTTS-TROTTER: It does not make clear to me what the caseworker number count, the counting rule that applies to that comment, is and depending on your counting rule, if your counting rule was head count, you would not say that of the workforce numbers.

The Hon. LUKE FOLEY: Ms Chilvers, since you have assumed the position of Executive Director of Frontline Resource Management are you involved, either directly or indirectly through feeding it through your superiors, in providing advice to the Minister on matters such as caseworker capacity?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: And do you provide that advice directly to the Minister or through your superiors within Community Services and the full department?

Ms CHILVERS: Generally briefings go through the chief executive and the director general but I have been present at meetings with the Minister.

The Hon. LUKE FOLEY: Were you present at the ministerial policy meeting on 8 July 2013?

Ms CHILVERS: Yes, I was.

The Hon. LUKE FOLEY: You were involved in the preparation of documents for that 8 July meeting, were you not?

Ms CHILVERS: Yes, that is correct.

The Hon. LUKE FOLEY: And the draft Ernst and Young report was an attachment to that meeting agenda, was it not?

Ms CHILVERS: Yes, it was.

The Hon. LUKE FOLEY: And it was referred to in that 8 July meeting that you attended?

Ms CHILVERS: It was not discussed at that 8 July meeting that I attended.

The Hon. LUKE FOLEY: But the documents presented at that meeting referred in some detail to the Ernst and Young consultancy report, did they not?

Ms CHILVERS: The documents summarised that there had been a report, yes.

The Hon. LUKE FOLEY: They did more than that; they included the entire draft report as attachment A, did they not?

Ms CHILVERS: The draft report was attached, yes.

The Hon. LUKE FOLEY: Could I take you to a document titled with the department's reference MFACS13/158 and perhaps, Mr Chairman, you would allow me to provide the witnesses with a copy of that.

CHAIR: Yes.

The Hon. LUKE FOLEY: Is that a document you are familiar with, Ms Chilvers?

Ms CHILVERS: Yes, I am.

The Hon. LUKE FOLEY: You played a role in the preparation of that document, did you not?

Ms CHILVERS: I played a role in the preparation of the table on the front of the document and in checking any reference to the resource allocation methodology.

The Hon. LUKE FOLEY: If I can then go to the table that you played a role in the preparation of. The fourth dot point immediately above the table states "the analysis in table 1 below has been undertaken in terms of FTE staff which best represents caseworker strength". Do you see that dot point?

Ms CHILVERS: Yes, I do.

The Hon. LUKE FOLEY: If we can then go to caseworker FTE, which the document tells us best represents caseworker strength, it is the case that in June 2011 the grand total was 2,097, is that correct?

Ms CHILVERS: In this table, yes it is correct.

The Hon. LUKE FOLEY: And it is the case that in December 2012 the grand total was 1,921.6, is that correct?

Ms CHILVERS: Sorry, what date did you say then?

The Hon. LUKE FOLEY: December 2012?

Ms CHILVERS: Yes, it is.

The Hon. LUKE FOLEY: Therefore, there had been a fall from June 2011 to December 2012 from 2,097 on the first date to 1,921 on the second date; that is correct, is it not?

Ms CHILVERS: In this case, this is when it became clear that the counting rules and the comparison with the 2,068 funded figure was not at all clear from the data that was coming from human resources. I summarised that table from the appendix that was attached to that briefing simply to make it clearer. The chief executive asked me to make the message clearer of what was in the appendix. The appendix contained all caseworkers—caseworkers who were funded from different sources not just recurrent funding, caseworkers who were working within head office whose permanent position was caseworker but they were still counted as FTE whether they were doing casework or not in both of the periods. The periods were not necessarily comparable. Specific funding changed between those two periods—the number of positions, so for example, Keep Them Safe funding, which was over a five-year period, at various points in time people who had been funded through KTS ceased to be funded through KTS.

The Hon. LUKE FOLEY: But overall this table records a reduction of approximately 176 FTE in the period June 2011 to December 2012, does it not?

Ms CHILVERS: In a measure that does not reflect front-line resources for casework.

The Hon. LUKE FOLEY: With respect, Ms Chilvers, the briefing note states that this best represents caseworker strength, does it not?

Ms CHILVERS: Caseworker strength across the organisation some of whom were sitting in head office doing projects.

The Hon. LUKE FOLEY: It is also the case that this briefing note advised that the staffing situation in the Metro Central Region was severely limited and included the statement "to meet the region's allocated budget since 2010 Metro Central has had to withhold approximately 60 to 70 caseworker positions to meet the budget". That was in the briefing, was it not?

Ms CHILVERS: That advice was not provided by me. That was provided by the regional director from Metro Central.

The Hon. LUKE FOLEY: So you would not be able to enlighten us on that statement?

Ms CHILVERS: Absolutely not.

The Hon. LUKE FOLEY: Is it the case that regional directors are responsible for the caseworker budget in their region?

Ms CHILVERS: Yes, they are. They are responsible for managing it, not for allocating it, yes.

Mr COUTTS-TROTTER: Yes.

The Hon. LUKE FOLEY: To be clear, they receive a dollar budget.

Ms CHILVERS: That is correct.

The Hon. LUKE FOLEY: And then it is up to them to manage that budget and that includes management decisions on how many caseworkers are engaged on the ground within that budget, is that correct?

Ms CHILVERS: No, there is prescription about the number of caseworkers.

Mr COUTTS-TROTTER: Yes.

Ms CHILVERS: In 2012-13 we introduced a resource allocation methodology in order to make it clearer where the 2,068 caseworkers were funded to each regional director.

CHAIR: Dr Kaye.

Dr JOHN KAYE: Thank you, Chair. Ms Chilvers, just to go back to basics for a minute, the 2,068 that the Minister bandies around, that you use and is used commonly, is that FTE or is that head count?

Mr COUTTS-TROTTER: It is FTE.

Dr JOHN KAYE: The 2,068 is FTE?

Ms CHILVERS: Yes.

Dr JOHN KAYE: And that 2,068 FTE refers to all people who are qualified as caseworkers being employed by Family and Community Services [FACS] or just those who are front-line caseworkers?

Mr COUTTS-TROTTER: Just those who are front-line caseworkers. It includes casework specialists who are very experienced caseworkers but it does not include casework managers who by and large in my experience are qualified caseworkers themselves but they are not included in the 2,068.

Dr JOHN KAYE: So that is 2,068 full-time equivalent on the ground dealing with cases?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: When did that figure of 2,068 emerge? When was the first time that was set as the establishment strength of on-the-ground caseworkers?

Mr COUTTS-TROTTER: I think during the 2011-12 financial year but I would need to check that.

Ms CHILVERS: In 2010 a piece of work was undertaken with Treasury.

Dr JOHN KAYE: Ms Chilvers, I encourage you to be a little more friendly with your microphone. I am slightly hard of hearing and I am struggling to hear you whereas I am hearing Mr Coutts-Trotter extremely loudly.

Ms CHILVERS: Sorry. He has a louder voice than me. In 2010 a piece of work was undertaken with NSW Treasury to exactly determine the full number of full-time equivalent caseworkers who are funded from the recurrent budget and at that time it was 2,149. The caseworker dashboard outlines that information. It went up to 2,185 when an additional 36 caseworkers were funded at the helpline and then through 2011-12, the funding for 117 Brighter Futures caseworkers was transferred to the non-government sector when Brighter Futures itself was transferred to the non-government sector and that resulted in 2,068.

Dr JOHN KAYE: I will come back to that number but the Keep Them Safe numbers are separate to that 2,068?

Ms CHILVERS: That is correct.

Mr COUTTS-TROTTER: Yes.

Ms CHILVERS: They are in addition to.

Dr JOHN KAYE: And from the department's perspective they are treated entirely separately?

Ms CHILVERS: Yes, they are.

Mr COUTTS-TROTTER: Keep Them Safe is a five-year package of funding that concludes at the end of this financial year. It is project based, it is time limited; it may or may not be extended depending on the results of evaluation of the effectiveness of those interventions.

Dr JOHN KAYE: So when the Minister or anybody else speaks about 2,068, they are only talking about ongoing recurrent funding?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: That number or its antecedents goes back to 2010 at which point full-time equivalent recurrent funding FACS data was being used. In 2010 the piece of work, as you describe it, Ms Chilvers, done by Treasury and the department jointly comes up with a number which is full-time equivalent.

Mr COUTTS-TROTTER: On a funding basis.

Dr JOHN KAYE: Mr Coutts-Trotter, where did head count come into this? You were saying that head count was an inaccurate number. Why are we even talking about head count? It appears to me that since 2010 the department has recognised that head count is not an adequate number in terms of effort?

Mr COUTTS-TROTTER: You have to differentiate the way you budget for caseworker positions and then the way you count them. Budgeting for caseworker positions is obviously you are budgeting for a full-time equivalent position; it may be occupied by more than one person from time to time but then if you look into the Ernst and Young work you will see that there were a range of different full-time equivalent measures used within the department. There was census full-time equivalent, there was a reference full-time equivalent, there was a reference full-time equivalent regional finance, a reference full-time equivalent central finance, so there are a variety of different ways of even measuring full-time equivalent depending on the purpose for which the data was gathered.

Dr JOHN KAYE: Leaving aside head count for a minute, which I think everybody accepts is an inadequate measure—

The Hon. Dr PETER PHELPS: Well, they do now. They did not previously.

Dr JOHN KAYE: Was I asking my questions to Dr Phelps? I had this strange feeling I was asking questions of Mr Coutts-Trotter.

The Hon. Dr PETER PHELPS: You were making an assertion and I was simply helping you to correct that assertion.

CHAIR: Order! The Hon. Dr Peter Phelps will stop interjecting.

Dr JOHN KAYE: So, Mr Coutts-Trotter, leaving aside head count, which fairly obviously in terms of effort on the ground is not relevant here, but looking at the issue of full-time equivalent, you say there are a number of different ways of measuring full-time equivalent. Leaving aside budgetary issues in terms of the number of actual caseworkers who are on the ground and delivering services on the ground, you mention three different kinds.

Mr COUTTS-TROTTER: I pull all those out of the Ernst and Young report; they did the work. There has been a proliferation of different measures within the organisation over a long period of time. My observation would be that the systems inside this department are imperfect at best. They are in fairly significant need of upgrade and repair. What that means is that in trying to bring all this data together there is an awful lot of manual handling between databases. It is a complex and difficult environment, made more difficult by the fact there were so many measures.

Dr JOHN KAYE: In the period between, let us say, December 2012 and August 2013 did any of those numbers go up? Did any of those variety of different full-time equivalent [FTE] numbers increase?

Mr COUTTS-TROTTER: I do not know.

Dr JOHN KAYE: Ms Chilvers, do you know?

Ms CHILVERS: We stopped measuring the trends in the numbers that were not valid or robust.

Dr JOHN KAYE: So which of those full-time equivalent [FTE] measures were you tracking through that period?

Ms CHILVERS: We were tracking the reference FTE funding that was recommended by Ernst and Young, but we had also looked at the census FTE. That is one of the measures and it had not gone up either.

Dr JOHN KAYE: Let us just focus on those two numbers. The first one, the reference FTE funding, is the amount of money that comes from Treasury, is it?

Ms CHILVERS: No, it is a measure for full-time equivalent whereby we take out staff who are on parental or extended leave, which is a more accurate comparison with the funding level.

Dr JOHN KAYE: And the second measure was a census measure, was it?

Ms CHILVERS: Yes, census FTE includes those people; but it is also counted at a different time point. It is one of the 10 measures that Ernst and Young summarised in their report.

Dr JOHN KAYE: So for those two measures, which the department deems as the most accurate measures—

Ms CHILVERS: No, we deem the reference FTE funding as the most accurate to compare with the 2,068 figure. Census FTE is still reported to the Public Service Commission in the workforce profile, as is headcount.

Dr JOHN KAYE: Let us talk about the reference FTE for a moment. What happened to that over that period?

Ms CHILVERS: It went down.

Dr JOHN KAYE: By how much?

Ms CHILVERS: On the caseworker dashboard it shows that it went down by 206 FTE between 2011-12 and 2012-13.

Dr JOHN KAYE: So that is about a 10 per cent decline in the capacity of the department to deliver?

Ms CHILVERS: It is a 10 per cent vacancy rate in that time period; I do not think it is quite a 10 per cent decline.

Mr COUTTS-TROTTER: It is published, as you know, Dr Kaye, on the department's website so the vacancy rate for the 2012-13 financial year using that measure was 10 per cent.

Dr JOHN KAYE: We are talking about FTEs not vacancy rates.

Mr COUTTS-TROTTER: The vacancy rate is derived from—

Dr JOHN KAYE: I do not want to talk about vacancy rates for the moment; I just want to talk about FTEs. So it has gone down by a little less than 10 per cent.

Ms CHILVERS: You also have to take into account the reduced funding for community services caseworkers because of the 117 Brighter Futures caseworkers. So comparing like for like it is slightly different—you have to take the 117 out from the 2011-12 number or add it in to the 2012-13 figure to give a valid comparison.

Dr JOHN KAYE: Is that because of the expiration of that program?

Mr COUTTS-TROTTER: It was a transfer.

Ms CHILVERS: Yes, it was a transfer. That is correct.

Dr JOHN KAYE: So that is the transfer to the private sector that you were talking about before?

Mr COUTTS-TROTTER: Yes, it was a transfer to the non-government sector. It is delivered by charities.

Dr JOHN KAYE: So, Ms Chilvers, if we take that into account then it is about a five per cent decline, roughly speaking.

Ms CHILVERS: If I were to get my calculator out then I could validate that for you.

Dr JOHN KAYE: It was somewhere in that vicinity. It was a substantial decline.

Ms CHILVERS: It was a decline.

Dr JOHN KAYE: So it would be unreasonable to say that there was not a decline in the number of caseworkers on the ground delivering services through that period?

Ms CHILVERS: It depends what the reference point is. I think what you are referring to is the comparison of June 2012 with previous years. In the annual report for the Department of Family and Community Services there was a published figure showing that there had been a very slight increase in the number of caseworkers whatever measure was used.

Dr JOHN KAYE: I would like to go to the issue of temporary contracts as against permanent employees. Roughly speaking, what percentage of the 2,068 staff—and leaving aside the issue of those positions that were transferred to the non-government sector—in the financial year 2010-11 were on temporary contracts?

Ms CHILVERS: I am sorry but I do not have that information here with me. I can take that question on notice if you would like.

Dr JOHN KAYE: How many are currently on temporary contracts?

Ms CHILVERS: I am sorry, but it is the same answer. I do not have that information with me.

Dr JOHN KAYE: So can you take both those questions on notice?

Ms CHILVERS: Yes.

Dr JOHN KAYE: In fact, to save me writing it down, could you take on notice the following question: in FTE terms what percentage of frontline caseworkers have been on temporary contracts, beginning in 2009-10 and finishing with the financial year 2012-13.

Ms CHILVERS: Yes.

Dr JOHN KAYE: Is there any reason why that data would not be available?

Ms CHILVERS: I do not know about the availability of data going back to 2009-10.

Mr COUTTS-TROTTER: I would not assume anything about our systems, but if we can provide the data then we will.

Dr JOHN KAYE: Thank you. Is it your understanding that since April there has been an increase in the number of caseworkers who are on temporary contracts?

Ms CHILVERS: That is not my understanding.

Mr COUTTS-TROTTER: I do not know whether that is true or not. We have been running recruitment processes very hard in the last several months and quite a number of the people we are recruiting we are recruiting on temporary contracts. There are two reasons for that. Firstly, the organisation has a large number of people acting up in other positions. So they hold a substantive claim on another job. When we fill that job we cannot fill it on a permanent basis; we have to have it on a temporary basis. So we are going through the process of looking at, from memory, about 190 positions of that nature and trying to either place the person permanently in the job they are doing, close that job out or move them back—in other words, we are trying to clean up the system to enable us to recruit more permanent positions where we can.

The other factor is that demand for our services has changed over time but our resources are allocated based on history. To do the job well, we have to take 2,068 full-time equivalent caseworkers and apply them to what the evidence tells us are the areas of greatest need. We are in the process of concluding that work and putting the department in a position to recommend to the Minister that we implement those changes. People at a local level know that there are some positions currently in their area that may move to another community service centre or another district and so as a result those positions are being filled on a temporary basis. So there are two factors: the large number of people acting up and the fact that we have to settle an evidence-based allocation model for the finite resources we have.

Dr JOHN KAYE: Thank you for that explanation. I would like to go to the second reason that you gave: the issue of flexibility and the need to be able to transfer caseworkers from one location to another. Mr Coutts-Trotter, you would no doubt be aware that what was known as the public sector management act [PSMA] was repealed—or rather that parliament has agreed to the repeal of that act and it is before the Governor at the moment. The act that will replace it effectively abolishes positions in the old sense, in the PMSA sense of positions, and replaces them with job descriptions. So am I correct in saying that once the new legislation comes into place a caseworker employed by the Department of Family and Community Services could be moved anywhere in the State?

Mr COUTTS-TROTTER: I think we would apply common sense to that. If we were recruiting someone into a metropolitan area then I think it is reasonable that they move within the metropolitan area but I do not think it is reasonable that we direct them to go from Bondi to Bourke.

Dr JOHN KAYE: But does the new act not create the same flexibility as temporary employment?

Mr COUTTS-TROTTER: But the common-sense application of principles of public management will tell you that you cannot just pick people up from Bondi and take them off to Bourke unless they want to go, and I hope people will. It is going to have to be done with a degree of negotiation and consent, if that is required.

Dr JOHN KAYE: What percentage of the caseworker jobs that you have filled or are currently advertising for have been on temporary contacts since the beginning of this year?

Mr COUTTS-TROTTER: From memory, it is about one or 1½ permanent appointments to five temporary appointments. We regularly update staff inside the organisation on that ratio so that people know that at present we are hiring a higher proportion of staff on temporary contracts than we will do in time, and we also explain why that is.

Ms CHILVERS: If I could just clarify from a statistical point of view. Because there is a greater amount of backfill with temporary caseworkers, there will be a higher proportion of temporary than previously because the temporary will be added to the numerator, which is the total number of temporary, and the denominator in the same size. I will put that into the advice I provide on notice.

Dr JOHN KAYE: Could you explain that again just briefly, please?

Ms CHILVERS: I am happy to explain it. If we look at the proportion of temporary caseworkers at a point in time where you have a large number of temporary staff being appointed because there is a large effort being made in backfilling, which perhaps had not been going on before, then you will be adding a large number of temporary staff both to the total number of caseworkers who are employed and to the total number of temporary caseworkers, which moves to increase the proportion. So you may well see an increased proportion.

Dr JOHN KAYE: I understand, thank you. Can we just go to your first reason for the large number of temporary staff being employed. I think you said you had 190 positions—

Mr COUTTS-TROTTER: That is my best recollection of the figure; it is somewhere in that order.

Dr JOHN KAYE: So you have about 190 people which are currently acting up in the sense of acting in a position above their current pay scale. Why is that number so high?

Mr COUTTS-TROTTER: Part of the reason is all of the project work associated with the *Keep Them Safe* reforms. The whole process of responding to the report by Commissioner Wood required a range of project

teams to be established to make the changes that were contained in his recommendations and accepted by the Government of the day. So there are a range of people associated with that work. There is an inordinately high proportion of people in acting positions, which I do not think is fully explained by that. It might be the culture and practice inside the organisation that this has not been quite the focus of management that I think it should be. The problem with it is that often when people are appointed on a temporary basis they do not really grip the job and do not really feel that it is their opportunity to lead and shape an organisation. So I think for the culture of the organisation it is good to have real clarity about the job you are doing and the responsibilities you have.

Dr JOHN KAYE: Do you have a sense of how long those positions have been filled by temporary promotions?

Mr COUTTS-TROTTER: It would vary but a number of people have approached me with examples of periods in excess of two years.

Dr JOHN KAYE: Are you collecting data on the time spent acting up in positions?

Mr COUTTS-TROTTER: As a by-product of going through each of the roles and trying to identify how we either conclude the project; appoint the person to an ongoing role; or, if they do not want to do that, move them back into their substantive position there has been an assessment of how long people have been acting in positions. But it has not been a particular dataset we have sought.

Ms CHILVERS: Acting positions are also for client services managers and casework managers. When a manager (client service) or a manager (casework) goes on leave then a caseworker will be given the opportunity to act in that position.

Dr JOHN KAYE: But that will be for reasons of maternity leave or recreation leave, will it not?

Ms CHILVERS: It could be anything. It could be sick leave or recreation leave. Caseworkers need the supervisory support and also there are delegations and sign-off required on particular statutory child protection activities.

The Hon. Dr PETER PHELPS: Ms Chilvers, I love statistics and I presume that you do as well.

Ms CHILVERS: I do.

The Hon. Dr PETER PHELPS: I just want to go through a series of hypothetical models. If we assume that your department were to be funded for 2,000 full-time equivalent caseworkers and you employed 2,000 caseworkers full-time then on the headcount what would be the number of caseworkers that you would have?

Ms CHILVERS: It depends on how many are working part time.

The Hon. Dr PETER PHELPS: I am talking about a headcount number.

Ms CHILVERS: Yes. If it were only the caseworkers working on the front line, it would be 2,000.

The Hon. Dr PETER PHELPS: If those caseworkers were working only one day per week, would the headcount not still be 2,000?

Ms CHILVERS: Yes, it would be.

The Hon. Dr PETER PHELPS: What if they were all working only half a load, doing 0.5 of a position? The full-time equivalent would be only 1,000 caseworks, would it not?

Ms CHILVERS: That is correct.

The Hon. Dr PETER PHELPS: If you had a census system of full-time equivalents and caseworkers were employed for, say, 27 days a month and the census took place on the last day of the month, how many caseworkers would there be?

Ms CHILVERS: There would be none.

The Hon. Dr PETER PHELPS: If you had 2,000 caseworkers and, say, 500 were on parental leave, what would be the reference full-time equivalent funding?

Ms CHILVERS: It would be 2,000.

The Hon. Dr PETER PHELPS: Would it not be 1,500 because you are not funded for parental leave?

Ms CHILVERS: I understand that we are funded for parental leave.

Mr COUTTS-TROTTER: Long service leave is a separate source of funding and maternity leave is within the \$218 million envelope.

The Hon. Dr PETER PHELPS: I will rephrase the question. If 500 were on long service leave, what would be the reference full-time equivalent funding?

Ms CHILVERS: It would be for 1,500.

The Hon. Dr PETER PHELPS: If 500 caseworkers were on long service leave and 200 were on sick leave, what would be the reference full-time equivalent capacity?

Ms CHILVERS: What were the numbers?

The Hon. Dr PETER PHELPS: If 500 were on long service leave and another 200 were on sick leave, what would be the reference full-time equivalent capacity?

Ms CHILVERS: It would be 1,300.

The Hon. Dr PETER PHELPS: Depending on what question you are asked, the number of caseworkers could be 2,000, 2,000, 1,000, 1,500 or 1,300.

Ms CHILVERS: That is correct, or zero.

The Hon. Dr PETER PHELPS: I am sure you are aware of the old aphorism "lies, damned lies and statistics".

Ms CHILVERS: Yes, and I hate it.

The Hon. Dr PETER PHELPS: You can certainly see how a misapplication of statistical data can result in a range of outcomes.

Ms CHILVERS: Yes, and that is why we have to be clear about the counting rules.

The Hon. Dr PETER PHELPS: That is correct, and that problem was identified earlier this year.

Ms CHILVERS: Yes, it was.

The Hon. Dr PETER PHELPS: There was no reliable set of figures upon which you could make an accurate assessment of caseworker numbers over a period of time.

Ms CHILVERS: That is correct.

The Hon. Dr PETER PHELPS: This is not a criticism of the department, but the metrics were shonky and inaccurate; they were not good in terms of determining the actual capacity for casework, not so much caseworkers. Is that correct?

Ms CHILVERS: I would not say "shonky"; they were fit for purpose. However, they were not a reliable measure of capacity or frontline funding.

The Hon. Dr PETER PHELPS: If you move from one system of counting to another, the numbers might remain exactly the same or they might differ. Is that correct?

Ms CHILVERS: Yes.

The Hon. Dr PETER PHELPS: When a new system is introduced, would you as a statistician be surprised that the numbers change between one set of metrics with an old counting system and another set of metrics with a new system?

Ms CHILVERS: No, I would not be.

The Hon. TREVOR KHAN: Dr Kaye asked some questions about the headcount figure. Some sort of history has been given about the department's reporting of headcount as a fairly consistent means of reporting for some period of time. Is that your evidence?

Mr COUTTS-TROTTER: Yes.

Ms CHILVERS: Headcount has been reported by the department to the Public Service Commissioner and prior to that to the Department of Premier and Cabinet in line with the New South Wales public sector counts.

Mr COUTTS-TROTTER: It has also been used consistently in annual reports, in advice to the Auditor-General and over time in advice to Ministers.

The Hon. TREVOR KHAN: We are not talking about one Minister; we are talking about multiple Ministers being given a headcount figure.

Mr COUTTS-TROTTER: Yes.

The Hon. TREVOR KHAN: On the basis of what you have said, what the Ministers and others were being given was not an accurate figure.

Ms CHILVERS: It was an accurate figure of the number of caseworkers according to a particular counting rule. However, it was not comparable to the 2,068 funded full-time equivalents.

The Hon. TREVOR KHAN: The department gets money for 2,068; is that right?

Ms CHILVERS: Yes.

The Hon. TREVOR KHAN: There is no question that funding has been provided for 2,068 caseworkers.

Mr COUTTS-TROTTER: No, from the 2012-13 financial year onwards we have had funding for 2,068 caseworkers.

The Hon. TREVOR KHAN: But then in reporting back I take it that until perhaps July the headcount figure does not reflect the money being provided to achieve the outcome of 2,068. Is that correct?

Mr COUTTS-TROTTER: We did not have a clear measure of how effectively we translated 2,068 caseworkers to caseworkers on the front line. We now do and it is published.

Ms CHILVERS: The figure was quoted from the annual report for the Department of Family and Community Services that was published for 2011-12.

The Hon. TREVOR KHAN: If there is a degree of confusion at the top and in the way it has been reported, what happened internally in the department? It is not a monolithic organisation; it is broken into various segments. For instance, how clear were regional managers about how many caseworkers they had? Was there confusion at that level?

Mr COUTTS-TROTTER: I cannot comment on that.

Ms CHILVERS: I think regional directors knew who was at work every day, but they did not know the number they should be comparing that to to calculate a vacancy.

The Hon. TREVOR KHAN: Has that been a long-term problem?

Ms CHILVERS: I think so.

The Hon. TREVOR KHAN: Is there any explanation for how that situation has developed? I take it that this has been a problem for years.

Ms CHILVERS: In the briefing Mr Foley gave me there were three different ways of measuring the human resources, and, again, it was fit for purpose. If you are comparing three different numbers with what is on the ground, it becomes very confusing.

The Hon. TREVOR KHAN: For the regional directors as well as people further up the line?

Mr COUTTS-TROTTER: What we did not have and we have only just got is the kind of dashboard information that enables a government to hold the agency to account for what it is doing with its funding and for the community to get a similar view about how effectively we are translating their money and trust into something on the front line. Within the organisation the dashboard for managers gives them the clear, accurate information that enables them to make the right decisions. The right decision here is to understand when a front-line manager needs to ask for recruitment to happen. Part of the problem is that people on the front line have not had that information presented to them clearly. They have not known the appropriate point to trigger a recruitment drive and as a result we have had an increase in the vacancy rate. The mismatch between inflow and outflow has not been presented in a way that enables managers to make good decisions.

The Hon. TREVOR KHAN: Do I take it that the dashboard is a consequence of the steps put in place by the Minister following her letter of March this year?

Mr COUTTS-TROTTER: Yes, and the Minister and the Government made a public commitment that this information would be published transparently. The work that Ernst and Young did at the department's request was to identify the best way to measure funding and front-line capability and to assure the department that we can consistently and predictably produce that information for managers and the community over time.

The Hon. TREVOR KHAN: Am I right in concluding that Ernst and Young was retained because of the rocket that the Minister put under the department in March this year because of the sloppiness of the numbers being presented? Is that a fair conclusion?

Mr COUTTS-TROTTER: I was not there at that time, but I would not characterise it.

Ms CHILVERS: I would not characterise it as that. When I was appointed to the position I met with the head of strategic human resources to talk about what we needed to do to get this right. They felt at the time that they did not have the expertise to do this quickly in house and it was suggested that we employ Ernst and Young.

The Hon. TREVOR KHAN: That was as a direct consequence, was it not, of your appointment and the need to do things quickly because the Minister was essentially either firing rockets or looking for blood? That is the consequence of her letter of 7 March, is it not?

Mr COUTTS-TROTTER: It is a very blunt letter.

The Hon. TREVOR KHAN: It states:

I have expressed many times this Government's commitment to improving and strengthening frontline services. I have said on many occasions that the quality and volume of frontline services is not to be diminished.

For well over twelve months, the Department has failed to respond effectively to the direct, repeated and exasperated investigation and instruction of me and my office for quality, consistent reporting of caseworker data.

That is an extraordinary letter, is it not, from an obviously frustrated Minister?

Mr COUTTS-TROTTER: It is a very blunt and unusual letter.

The Hon. TREVOR KHAN: Thank you.

The Hon. LUKE FOLEY: Ms Chilvers, you have referred to the fact today that there are various measures of caseworker numbers, and the Ernst and Young report provides us with various measures, does it not?

Ms CHILVERS: Yes, it does.

The Hon. LUKE FOLEY: Is it not the case that every measure of caseworker numbers in New South Wales reported by Ernst and Young shows a reduction between 2011 and 2013?

Ms CHILVERS: I was referring to the 10 measures in the appendix. Ernst and Young did not calculate on those 10 measures; it calculated on the basis of two measures—reference full-time equivalent funding and reference full-time equivalent capacity. Yes, there has been a decline in both measures. From memory, the only one that Ernst and Young reported on against the 2,068 was reference full-time equivalent funding. I am not sure whether there was a calculation that compared the two years for the other measure. That was not a comparable measure across time because of the inclusion categories.

The Hon. LUKE FOLEY: Both measures that Ernst and Young provided of caseworkers numbers—the reference full-time equivalents and capacity—show a reduction in caseworkers of the order of 280 to 300 since this Minister was appointed, do they not?

Ms CHILVERS: I do not think they compared to that time period, no. I would have to confirm the time covered by the comparison. However, it was not when the Minister was appointed.

The Hon. LUKE FOLEY: With respect, they reported on 30 June 2011, which is a period shortly after the Minister assumed her responsibilities, did they not?

Ms CHILVERS: I would have to check that.

The Hon. LUKE FOLEY: Reference was made earlier to regional budgets. Are regions accountable for their budgets at a regional level, and that includes determining how many caseworkers will be on the ground in that region?

Ms CHILVERS: The number of caseworkers that should be on the ground in that region is determined by the resource allocation methodology and the budget associated with the number of caseworkers within that methodology—that is, 2,068.

The Hon. LUKE FOLEY: Yes, but I am referring to each region, and decisions about community service centre staffing levels within a particular region are determined by the regional director, aren't they?

Ms CHILVERS: Actions to backfill and whether to appoint to vacant positions, yes.

The Hon. LUKE FOLEY: I provide you with a document that bears the departmental reference of MFACS13/158. Ms Chilvers, do you have the document?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: It is titled "Advice regarding status of RAM: Response to questions asked by the Minister's office".

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: Question 2 refers to advice from you, doesn't it?

Ms CHILVERS: Yes, it does in relation to the resource allocation methodology.

The Hon. LUKE FOLEY: I take you to question 7 on the second page. It refers to Will, a reference to the Minister's Chief of Staff, is he not?

Ms CHILVERS: Yes, at the time he was the senior policy adviser.

The Hon. LUKE FOLEY: Is that Will Crook?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: Will is of the understanding that a lot of work was done from the 2011-12 to 2012-13 budgets to get regions and CSCs back within budget. "How is it that we are now still needing to reduce staff numbers to live within budget?" That is the question posed to the department by the Minister's office, is not it?

Ms CHILVERS: Yes, it is.

The Hon. LUKE FOLEY: That clearly contemplates that there has been a reduction in staff numbers, community service caseworker numbers, since this Government came to office, doesn't it?

Ms CHILVERS: There was not a comparable basis for looking at how many caseworkers were on the ground FTE compared to funding.

The Hon. LUKE FOLEY: I am not asking you about a comparable basis. I am saying this question to you and other officials of the department, posed by the Minister's office, clearly contemplates that there has been a reduction in community service caseworkers numbers, doesn't it?

The Hon. Dr PETER PHELPS: No, it does not.

The Hon. TREVOR KHAN: No, it doesn't.

Mr COUTTS-TROTTER: No. We employ caseworkers, casework specialists, casework managers, managers client service, administrative staff. The regions have far more staff who are not caseworkers than caseworkers.

Ms CHILVERS: Mr Crook is questioning how it is that we still need to reduce staff numbers to live within budget.

The Hon. LUKE FOLEY: Indeed, and the fact is that Ernst and Young has told us, and your department told the Minister in March, that caseworker numbers have reduced. That is the case, isn't it?

The Hon. TREVOR KHAN: You are conflating two issues.

The Hon. Dr PETER PHELPS: This is in February.

Ms CHILVERS: The Minister consistently advised the department that we should have 2,068 caseworkers on the ground.

The Hon. LUKE FOLEY: I am not asking you about that. Let me split them up to simplify the question. Ernst and Young has reported, in both its measures of caseworker number, a reduction in caseworker numbers between 2011 and 2013. That is what Ernst and Young reported, isn't it?

Ms CHILVERS: In a report that was released in September, yes.

The Hon. LUKE FOLEY: The department advised the Minister in March this year that there had been a reduction in caseworker numbers. That was the department's advice, wasn't it?

Ms CHILVERS: But it did not bear any relevance to the number of funded caseworker positions, which was 2,068.

The Hon. LUKE FOLEY: I am not asking you about you about funded positions. I am asking you about the number of caseworkers in New South Wales.

The Hon. Dr PETER PHELPS: On what basis, what metric?

The Hon. LUKE FOLEY: The very clear advice to your Minister in March this year was that there had been a reduction in caseworker numbers. That was the clear advice, wasn't it?

Ms CHILVERS: Yes, and it included 117 Brighter Future caseworkers, for whom funding had been transferred to the non-government sector, as well as specific funding positions from Keep Them Safe.

The Hon. LUKE FOLEY: Yes, and Ernst and Young reports a reduction of 300. How do you explain the reduction of the other 180? If I give you 117 Brighter Futures, there is still a reduction of 180 reported by Ernst and Young, isn't there?

Ms CHILVERS: We published that on the dashboard; that is right.

The Hon. LUKE FOLEY: Thank you. The Minister was briefed by the department in response to the very direct letter from the Minister, as Mr Coutts referred to it. The response came from the department that said in part, "There is reliable data on numbers of caseworkers in place, which has been the basis on which you have been briefed for answering questions in public and Parliamentary contexts." Have you seen that advice?

Ms CHILVERS: Yes, I have.

Mr COUTTS-TROTTER: I do not recollect it.

The Hon. LUKE FOLEY: There was a very frank briefing note to the Minister that made it very clear to the Minister that it was the department's assertion that she had been given reliable data on caseworker numbers. That is the case, isn't it?

Ms CHILVERS: To June 2012 the published information that was in the annual report as well the information that went to the Public Service Commission, yes.

The Hon. LUKE FOLEY: That briefing note also included the statement: "While further clarity is required about the funding and utilisation of community services caseworker resources, it is clear that there has been a recent (at least) reduction in caseworker numbers." That was the advice to the Minister, wasn't it?

Ms CHILVERS: Yes, based on the preliminary data that is in the appendix to that brief, which is considered preliminary.

The Hon. LUKE FOLEY: That was signed off by the then director general on 3 April 2013, wasn't it?

Ms CHILVERS: That is correct. I think the brief also said that that data was not completely reliable, but that work would proceed to find the best count compared to the funded level.

The Hon. LUKE FOLEY: Was there ever any written advice to the Minister that would contradict the advice I pointed to about a reduction in caseworker numbers? Was there ever written advice to the Minister from the department that told her there was an increase in caseworker numbers?

Ms CHILVERS: I am not familiar with every piece of advice that has been provided to the Minister.

The Hon. LUKE FOLEY: Have you ever seen a brief to the Minister from the department that advised her that there had been an increase in caseworker numbers on her watch?

Mr COUTTS-TROTTER: I have seen pieces of advice in relation to very particular issues, either raised in Parliament or in anticipation of the issues being raised in the Parliament. Some of that used headcount number to show that either on a headcount basis, in aggregate, while numbers that are consistent over time move up and down, or in the case of some areas, numbers were up on, from memory, June 2010 to June 2012. There have been occasions when the department has used headcount to advise that either caseworker numbers have remained constant or, in some areas, had risen, in that example, between June 2010 and June 2012.

Ms CHILVERS: Also between June 2011 and June 2012 there have been briefings about an increase.

The Hon. LUKE FOLEY: Which briefings are you referring to?

Ms CHILVERS: We briefed the Minister on the resource allocation methodology in late 2012.

The Hon. LUKE FOLEY: Could you provide the Committee with that briefing?

Ms CHILVERS: Yes, I could.

The Hon. LUKE FOLEY: Will you take on notice to provide that?

Ms CHILVERS: Yes, I will.

The Hon. LUKE FOLEY: You say that that briefing provided advice to the Minister that the number of caseworkers in New South Wales had increased?

Ms CHILVERS: From June 2011 to June 2012, when measured on a comparable basis, yes.

The Hon. Dr PETER PHELPS: It is on the dashboard.

The Hon. LUKE FOLEY: But as at March 2013, the clear advice from the department to the Minister includes the following statement signed off by the director general on 3 April: "It is clear that there has been a recent (at least) reduction in caseworker numbers." That was the advice in March and April this year to the Minister, wasn't it?

Ms CHILVERS: Using preliminary data, yes.

The Hon. LUKE FOLEY: Preliminary data subsequently confirmed by the Ernst and Young audit.

Ms CHILVERS: And published by us in the caseworker dashboard, yes.

The Hon. LUKE FOLEY: That shows in the case of the Ernst and Young audit a reduction in both of the measures used to assess caseworker numbers in New South Wales, a reduction in the order of 300 caseworkers between June 2011 and March 2013, doesn't it?

Ms CHILVERS: As I said, I do not have that in front of me, but I do have the dashboard which shows that there were fewer vacancies in 2011-12 compared to 2010-11.

The Hon. LUKE FOLEY: I am not asking you about vacancies. I am asking you about casework numbers. I put to you, in response to your answer regarding preliminary data, that that preliminary data showing a reduction that your department advised the Minister of was followed by data in the form of the Ernst and Young audit that showed in both its measures of caseworker numbers a reduction in the order of 300 caseworkers between June 2011 and March 2013. That is a fair statement, is it not?

Ms CHILVERS: If you could show me that page I could tell you whether it is a fair statement.

The Hon. LUKE FOLEY: I showed it at estimates and I would be happy to provide that to you. Mr Coutts-Trotter, you have a copy of the Ernst and Young report in front of you, don't you?

Mr COUTTS-TROTTER: I do not think it is a full copy. I took a section of it, not the whole report.

The Hon. LUKE FOLEY: You are pretty familiar with it since you have assumed the position and it became the topic of some inquiry at estimates.

Mr COUTTS-TROTTER: I became very familiar with it.

The Hon. LUKE FOLEY: In both the measures of caseworker numbers that Ms Chilvers has referred to—that is, the reference FTE and the capacity figure—the Ernst and Young report shows a reduction in caseworker numbers between June 2011 and March 2013, doesn't it?

Mr COUTTS-TROTTER: It does in the report dated 27 September and that data was published in the dashboard, from memory, the following day.

Ms CHILVERS: You are looking at a month-on-month comparison. However, when you look at funded levels, you should be looking at the average over the year. That is what the dashboard shows. Like-on-like comparison, as I have said, shows that there was a relative increase in caseworker numbers or a decrease in vacancies from 2010-11 to 2011-12.

The Hon. LUKE FOLEY: I turn to the Wollongong issue. Did you play some role in the preparation of advice to the Minister's office in February this year concerning caseworker numbers in Wollongong, Ms Chilvers?

Ms CHILVERS: I prepared advice in relation to the resource allocation methodology and in summarising the tables at the back of that briefing note, yes.

The Hon. LUKE FOLEY: I provide you with a copy of an email chain. Please turn to the second page, which is the start of the email chain. That is an email sent on Monday 25 February at 3.42 p.m. from Kate Gray, Executive Officer, Ministerial and Executive Support, Department of Family and Community Services to about six people, including you. Is that correct?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: Ms Gray, the sender, states at the outset that Will Crook requires urgent confirmation of caseworker numbers in the Wollongong Community Services Centre. Is that what the email says?

Ms CHILVERS: Yes, it does.

The Hon. LUKE FOLEY: If you turn to page 1, there is an email from Kate Gray to a number of people sent at 4.08 p.m. on Monday 25 February. You were one of the recipients of that email, weren't you?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: That email starts: "Hi Marilyn, Thanks for this. Are you okay for me to provide this to MO?" Is that the ministerial office?

Ms CHILVERS: Ministerial office, yes.

The Hon. LUKE FOLEY: I quote the email from Kate Gray: "Note that there is a downward trend across all categories: HC, filled and occupied and FTE." That is what it says, doesn't it?

Ms CHILVERS: Yes, it does.

The Hon. LUKE FOLEY: Is "HC" a reference to headcount?

Ms CHILVERS: Yes.

The Hon. LUKE FOLEY: If I could go to the top of the page, which I guess is the conclusion of the email trail, there is a response from you sent at 4.14 p.m., is there not?

Ms CHILVERS: Yes, but that is not the end of the email trail. I subsequently sent advice through our chief executive's office that I had confirmed the resource allocation model [RAM] figure, which is what that says at the top, but that the RAM was not meant to be applied at a community services centre level; the RAM figure was to be applied at the regional level. We had provided information at a community services centre level and that was purely to show the relative demand within the region.

The Hon. LUKE FOLEY: Nevertheless, there was a reduction in caseworker numbers over a period of time. As at 25 February when you were providing advice to the Minister's office there had been a reduction in caseworker numbers at the Wollongong Community Services Centre [CSC], had there not?

Ms CHILVERS: Yes, and I was signing off on the resource allocation methodology number, not on the caseworker numbers. But, yes, you are correct. That came from human resources area, not from me.

Dr JOHN KAYE: Mr Coutts-Trotter, can we go to the issue of the seeming increase in vacancy rates because that seems to be fairly significant here in terms of the difference between the actual full-time equivalent [FTE] and the funded FTE. The difference is the vacancy rate.

Mr COUTTS-TROTTER: Yes, indeed.

Dr JOHN KAYE: Why has the vacancy rate gone up?

Mr COUTTS-TROTTER: Because we did not have adequate systems inside the organisation to track the difference between the inflow and outflow of caseworkers. That was the number one reason. From talking to my colleagues, I think that was the biggest problem inside the organisation. We did not have information that predicted clearly for people who needed to know it the point at which they should begin recruiting. In other words, the attrition rate I think rose in some areas and our systems of management did not accurately pick that and respond to it.

Dr JOHN KAYE: The decision to advertise for a job is made by the regional director?

Mr COUTTS-TROTTER: As was, yes.

Dr JOHN KAYE: As was what?

Mr COUTTS-TROTTER: We have moved to a new district structure where we have district leaders who will take on responsibility for that.

Dr JOHN KAYE: A district is smaller than a region.

Mr COUTTS-TROTTER: It is.

Dr JOHN KAYE: There are seven regions.

Mr COUTTS-TROTTER: Yes, because the regions were in place during this reporting period.

Dr JOHN KAYE: But there are how many districts?

Mr COUTTS-TROTTER: Fifteen.

Dr JOHN KAYE: You have more or less halved the regions to create districts?

Mr COUTTS-TROTTER: On exactly the same footprint as local health districts, yes.

Dr JOHN KAYE: Each director of a region would be managing in the order of between 180 and 300 funded positions, according to your dashboard for 2012-13.

Mr COUTTS-TROTTER: You will see of the 2,068 caseworker positions 340 of the funded positions are either at the community services helpline, in joint investigative response teams or in other so-called statewide services such as intensive family support. The other relevant figure I think is 1,728 but broadly it could be fewer than a hundred in some districts.

Dr JOHN KAYE: What was 1,728?

Mr COUTTS-TROTTER: I am sorry; I am looking at a dashboard you are not looking at.

Dr JOHN KAYE: I am looking at the dashboard. The figure 1,728 is down the bottom there, yes.

Mr COUTTS-TROTTER: So there are some positions that are the responsibility of district managers and there are some positions that are managed by people other than district managers, such as the helpline staff.

Dr JOHN KAYE: Let us just deal with what was then the regions and became the districts. You are saying that the reason why the vacancy rate went up was because the managers of the regions were not across the number of people coming in and the number of people leaving jobs—entering and exiting jobs in their region. Not the number, but the full-time equivalent number.

Mr COUTTS-TROTTER: I am saying the organisation did not present the right people with the right information to really effectively manage translating a funded level of caseworkers into caseworker strength on the ground. We are going through a process now of trying to correct that by presenting information that is clear and that is presented to the right people at the right time in the organisation and making a series of changes to ensure that we are much, much more focused on maintaining the lowest possible vacancy rate among our front-line caseworker workforce.

Dr JOHN KAYE: How was it that the managers managed in 2012-13? Did they have a budget or did they have a number of funded FTEs? Did they have a dollar budget?

Mr COUTTS-TROTTER: I will let Ms Chilvers chip in where I would only be guessing, but the budget is delivered at a regional level and—

Dr JOHN KAYE: A dollar budget at a regional level?

Mr COUTTS-TROTTER: —there would be a resource allocation model that allocates, in a funding sense, portions of funding to different regions based on the model itself.

Ms CHILVERS: That is correct.

Mr COUTTS-TROTTER: Then regional managers need to take all of those resources and apply them to produce the results that are expected on a regional level. I guess the point I would make is that that is just one part of the picture. The department as a whole has a budget of over \$5,000 million. It is a single entity. There is no Department of Community Services, there is no Department of Ageing, Disability and Home Care and there is no Department of Housing; we are a principal department. We have an allocation to the agency within bounds based on the policy directions of the government of the day. But within bounds we have got a very large budget with which to make choices and allocate resources.

Dr JOHN KAYE: The regional directors were presented with a budget and a resource allocation model and at the end of the year they were presumably presented with the amount of money they had spent within each of those allocations.

Mr COUTTS-TROTTER: I would hope that during the course of the year from month to month they would actually have information that told them how they were performing against their annual budget. I assume that is the case, but I do not know it to be true.

Ms CHILVERS: That is right.

Dr JOHN KAYE: They reported against their annual budget? Just to inform my line of questioning here: I am finding it hard to understand why it was the regional directors did not know that they were under spending. There were 225 vacancies in the April to June quarter of 2013. Presumably, that is 225 full-time equivalent vacancies in the caseworkers in the regions.

Mr COUTTS-TROTTER: I think if you look at our dashboard you will see that the vacancy rate over the four years from 2009 to 2010 and onwards was 13 per cent, 9 per cent, 8 per cent, 10 per cent. So a level of vacancy has been a feature of the organisation for a long period of time. Part of that is simply the challenge of recruiting and retaining people in some parts of the State where the work is challenging and it is difficult for our agency and some other public service agencies to recruit. But my assessment of why it is that the vacancy rate started to get away from us was that we did not have the clear information systems and management focus necessary to prevent that happening.

Dr JOHN KAYE: You are saying that there was no pressure from Treasury or no pressure from the Government to maintain high vacancy rates?

Mr COUTTS-TROTTER: No, absolutely not.

Dr JOHN KAYE: Given the dollar budget allocated to each of these regions, there was enough money to run zero vacancy rates.

Mr COUTTS-TROTTER: You will never get a zero vacancy rate, but a lower vacancy rate than the vacancy rates that have been run. The department was given a budget. Within that budget was funding for 2,068 caseworker positions. We were expected to deliver those positions on the ground and that was very clear.

Dr JOHN KAYE: You were expected, so there was funding for 2,068 positions but, for example, in 2012-13 you only delivered 1,862 positions.

Mr COUTTS-TROTTER: On average during the course of the year, yes.

Dr JOHN KAYE: That is a substantial saving. What happened to that money?

Mr COUTTS-TROTTER: It is a very large budget. You start the year planning to spend X on Y and Z on something else and over the course of the year risks emerge and additional costs emerge. The money was contained within the Community Services budget. If you look at to budget paper for 2013-14 you will see the actual expenditure in the three Community Services program areas. They are, essentially, early intervention, statutory child protection and out-of-home care. You will see those expenditures published. What we have seen for a long period of time and too long a period of time in New South Wales is that the costs of out-of-home care are large and rising. We have a very significant proportion of children as a share of population in out-of-home care. It is a tragedy for them and it is a very expensive situation for the taxpayer.

Dr JOHN KAYE: I agree with you but you did not answer my question. What happens to the money?

Mr COUTTS-TROTTER: It stays within Community Services, gets spent elsewhere.

Dr JOHN KAYE: Where else was it spent?

Mr COUTTS-TROTTER: Out-of-home care.

Dr JOHN KAYE: In effect, the department was cross-subsidising out-of-home care—

Mr COUTTS-TROTTER: But just bear in mind, Dr Kaye, that the 2,068 caseworker positions do three broad jobs. They work with families through the Strengthening Families program, they work in statutory child protection and they work supporting children in out-of-home care. Caseworkers do out-of-home care work.

Dr JOHN KAYE: But you had fewer of them to do it in the out-of-home care area. There was not the established strength of 2,068, part of which was working in the out-of-home care area.

Mr COUTTS-TROTTER: I am sorry, I do not follow.

Dr JOHN KAYE: In 2012-13 your department was funded for 2,068 caseworkers.

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: Some of whom would have been working in out-of-home care.

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: But what you are saying is you did not fill those by about 10 per cent and the remainder of that money, the money you saved, which is presumably in the order of \$200 million or \$300 million—

Mr COUTTS-TROTTER: No, you cannot assume that at all. Number one, the Community Services workforce is a lot of people other than caseworkers so there is effort and expenditure that happens in all sorts of ways beyond the 2,068 caseworker positions. Out-of-home care is a service that is provided both by Community Services and by non-government organisations, and we fund non-government organisations to provide caseworker support to children and their carers in out-of-home care. It is a very complex picture. It is \$1,500 million of expenditure, so you are not able to simply deduce what I think you are looking to deduce.

Dr JOHN KAYE: And what is that?

Mr COUTTS-TROTTER: That somehow there was \$300 million that someone popped in their back pocket that did not get spent in Community Services.

Dr JOHN KAYE: No, not at all. You are wrong in that.

Mr COUTTS-TROTTER: Sorry.

Dr JOHN KAYE: You are saying that that \$300 million or whatever it was—

Mr COUTTS-TROTTER: No, that was your figure.

Dr JOHN KAYE: Well, of that order if we are talking about 200 caseworkers.

Mr COUTTS-TROTTER: No, we are talking \$20 million or \$25 million.

Dr JOHN KAYE: You are right; I slipped in a zero. But you say that money was spent elsewhere within the department.

Mr COUTTS-TROTTER: No, within Community Services within the three Community Services program areas.

Dr JOHN KAYE: In effect, the reduction in the number of caseworkers below the number for which you are funded to have was used to subsidise other activities within Community Services.

Mr COUTTS-TROTTER: Was spent in early intervention, statutory child protection and in supporting children in out-of-home care, yes.

Dr JOHN KAYE: But not on caseworkers within those three areas?

Mr COUTTS-TROTTER: No, and we need to change that. We need to get more caseworkers on the front line.

Dr JOHN KAYE: It was spent on what activities within those areas?

Mr COUTTS-TROTTER: I do not know.

Ms CHILVERS: In out-of-home care it could have been allowances and contingencies for the foster carers to support the children.

Dr JOHN KAYE: Money going directly to foster carers?

Ms CHILVERS: That is correct.

Dr JOHN KAYE: If you do indeed achieve a lower vacancy rate there will be less money available, for example, for foster carers?

Mr COUTTS-TROTTER: No. You cannot conclude that at all. We have a \$5.2 billion budget. Some of that budget is specific and directed to transition to the National Disability Insurance Scheme, or committed under agreements in housing, but there is a very substantial departmental budget within which we can make priority choices.

Dr JOHN KAYE: I now go to the Ernst and Young report. Page two has a table that talks about summary of possible capacity monthly measures since 2010 and the measure of full-time strength. The reference FTE capacity says—

The Hon. TREVOR KHAN: Is this table 2?

Dr JOHN KAYE: Yes, thank you. It is table 2. Table 2 shows a reduction between 30 June 2011—

Mr COUTTS-TROTTER: I am sorry Dr Kaye, what page is that?

Dr JOHN KAYE: Page two in the executive summary, right at the front.

The Hon. TREVOR KHAN: It is section 1.2.2.

Dr JOHN KAYE: Yes, 1.2.3 is the section.

The Hon. TREVOR KHAN: So it is table 3?

The Hon. Dr PETER PHELPS: Is it table 3 or table 2?

Dr JOHN KAYE: It is table 2.

The Hon. TREVOR KHAN: That is in 1.2.2.

Mr COUTTS-TROTTER: Sorry, 1.2.3 recommendation of measure for caseworker capacity.

Dr JOHN KAYE: Yes, table 2 on page two of the Ernst and Young report, which is—

Mr COUTTS-TROTTER: Have you got the 27 September version or an earlier version?

Dr JOHN KAYE: I have the 18 June draft—I beg your pardon. That is why.

Mr COUTTS-TROTTER: Yes, I am sorry.

Dr JOHN KAYE: The 18 June draft states that at 30 June 2011 there were 1,923.1 reference FTE. On 31 March 2013 it says there are 1,617.6. That is a reduction of more than 300 FTE between 30 June 2011 and 31 March 2013. How do you explain that?

Mr COUTTS-TROTTER: This measure does not start from 2,068 funded caseworker positions. It starts from all caseworkers doing anything. So it captures people doing project work off the front-line. That would be the first observation. It would include in that period, I guess, the transfer of caseworkers to non-government organisations as part of Brighter Futures.

Dr JOHN KAYE: So is it 170?

Mr COUTTS-TROTTER: It is 117.

Dr JOHN KAYE: It is 117?

Mr COUTTS-TROTTER: Yes. There is movement not merely in the 2,068 front-line caseworkers but in people right throughout the organisation.

Ms CHILVERS: It also is a very volatile measure. When you look at month-on-month comparisons you have to be careful because if you look at the table immediately under it, it shows you the additional FTE that have been taken out for leave and you will see that there is—

The Hon. TREVOR KHAN: Is this table 4?

Ms CHILVERS: Table 5 in the September report. What you can see there is when you are comparing two months, which I think was March and April, there is about a 15 per cent or 18 per cent—depends which way you take it—difference in the recreation/sick leave that was taken. So it is a very volatile measure.

Dr JOHN KAYE: It is a volatile measure, but is it not the most accurate measure of what is actually happening on the ground in that month or quarter?

Ms CHILVERS: No. The reference FTE funding would be a better measure.

Dr JOHN KAYE: But the reference FTE funding is the amount of money available, not the number of people?

The Hon. Dr PETER PHELPS: No it is not.

Mr COUTTS-TROTTER: No. What Ernst and Young calls reference FTE funding is what appears in the dashboard as actual FTE. We use the term "actual FTE" because no-one is ever going to know what reference FTE funding means.

The Hon. Dr PETER PHELPS: Including Greens MLCs.

Mr COUTTS-TROTTER: It is a point of clear comparison 2,068 funded full-time equivalent positions and actual full-time equivalent casework positions at work on the ground.

Dr JOHN KAYE: Can you provide on notice an understanding for the year 2012-13 where the money not spent on caseworkers actually was spent?

Mr COUTTS-TROTTER: I will respond as best we can.

The Hon. Dr PETER PHELPS: Mr Foley raised eFax 13-133 and talked about reliable data of numbers of caseworkers in place, which has been the basis on which you have been briefed for answering questions in public and parliamentary context. Would that sentence relate to headcount numbers?

Mr COUTTS-TROTTER: I am sorry?

Ms CHILVERS: Sorry, which one was that?

The Hon. Dr PETER PHELPS: It is eFax 13-133 from the director general titled, "Caseworker resourcing and utilisation".

Ms CHILVERS: That is the letter from the director general?

Mr COUTTS-TROTTER: This is dated 8 May?

Ms CHILVERS: No.

The Hon. Dr PETER PHELPS: No, this is 3 April 2013.

Mr COUTTS-TROTTER: I am sorry.

Ms CHILVERS: Could you repeat that as I do not have it in front of me?

The Hon. Dr PETER PHELPS: It says, "There is reliable data on numbers of caseworkers in place, which has been the basis on which you have been briefed for answering questions in public and parliamentary contexts".

Ms CHILVERS: That is correct.

The Hon. Dr PETER PHELPS: Would that data have related to head count numbers?

Ms CHILVERS: It would have related to head count and possibly Census FTE.

The Hon. Dr PETER PHELPS: I think Dr John Kaye and I are on a unity ticket here in saying that head count numbers are probably not the most accurate or useful way of determining the actual casework being done?

Ms CHILVERS: That is correct.

The Hon. Dr PETER PHELPS: Earlier in the same briefing the then director general also makes the point:

In preparing the report it is evident that there is:

inadequate administrative apparatus and accountability in place to fully and properly oversee caseworker numbers. The length of time that the current arrangements for oversight have been in place is not clear, but initial indications are that they have not been substantially altered since around 2007.

The briefing note goes on to say:

as a consequence, no readily available and unambiguous data to settle some the matters necessary for implementing your request ...

Is it a fair assessment that inadequate data was provided to the Minister on the basis of only having head count numbers?

Ms CHILVERS: Yes.

CHAIR: That brings us to the end of our allotted time. Certain questions have been taken on notice. The Committee has resolved that answers to questions taken on notice be returned within 21 days.

Mr COUTTS-TROTTER: Thank you.

CHAIR: The secretariat will contact you in relation to the questions you have taken on notice.

Mr COUTTS-TROTTER: Thanks Mr Chair.

Ms CHILVERS: Thank you.

(The witnesses withdrew)

(Luncheon adjournment)

MICHAEL COUTTS-TROTTER, Director General, Department of Family and Community Services, on former oath, and

HELEN LOUISE FREELAND, Interim Chief Executive Officer, National Centre of Excellence to Reduce Violence against Women and their children, affirmed and examined:

CHAIR: We will start with questions from the Opposition.

The Hon. LUKE FOLEY: Ms Freeland, thank you very much for appearing today. Could you tell us at the outset when you ceased working at the Department of Family and Community Services?

Ms FREELAND: I went on secondment just after the Australia Day long weekend this year so January 2013.

The Hon. LUKE FOLEY: I will do my best to confine my questions to you to the period prior to your secondment. You were, until your current secondment, the Deputy Chief Executive of Operations in the department?

Ms FREELAND: That is right.

The Hon. LUKE FOLEY: And Mr Coutts-Trotter told us this morning that there is one Department of Family Community Services but that operationally there is a Community Services side and there is an Ageing and Disability side. You sat on the Community Services side, yes?

Ms FREELAND: That is right.

The Hon. LUKE FOLEY: Am I correct in putting to you that as Deputy Chief Executive Operations you reported to the Chief Executive of Community Services?

Ms FREELAND: Yes, I did.

The Hon. LUKE FOLEY: Who was Maree Walk when you are there in January?

Ms FREELAND: Yes, Maree Walk and also Annette Gallard.

The Hon. LUKE FOLEY: And how many deputy chief executives on the Community Services side of the department are there?

Ms FREELAND: I think two.

The Hon. LUKE FOLEY: Am I correct in putting to you that as Deputy Chief Executive of Operations you had oversight for, amongst many other things, the operation of community services centres throughout the State?

Ms FREELAND: Yes I did, through the regions.

The Hon. LUKE FOLEY: And did the regional directors report to you?

Ms FREELAND: Yes, they did.

The Hon. LUKE FOLEY: Are there seven regional directors?

Ms FREELAND: There are seven regional directors, yes.

The Hon. LUKE FOLEY: Who reported directly to you? Thank you. Do you believe that in the period you served as deputy chief executive that the Minister received reliable data from the department on caseworker numbers in New South Wales?

Ms FREELAND: I believe the Minister was informed about—well, she would have known how big the budget was for caseworkers. I can only tell you what I was personally responsible for. I do not know what other people might have done. I believe that I was part of a verbal briefing. I recall being part of a discussion that involved other people that talked to the Minister about the resource allocation methodology, the way in which casework numbers would be distributed. I was not part of a conversation that talked about any detail below that and I do not know what written communication might have gone to the Minister.

The Hon. LUKE FOLEY: As Deputy Chief Executive of Operations were you involved, either directly or indirectly, in the preparation of briefings for the Minister?

Ms FREELAND: Yes, house notes and other material, yes.

The Hon. LUKE FOLEY: And briefings concerning caseworker numbers and caseworker capacity; would you have seen such briefings before they went to your Minister?

Ms FREELAND: Some.

The Hon. LUKE FOLEY: Some but not all?

Ms FREELAND: I do not know whether I saw all but I certainly saw some.

The Hon. LUKE FOLEY: In March 2013, so one or two months after you went off on secondment, the department advised the Minister that there had been a reduction in caseworker numbers in New South Wales. Was that reduction something you observed prior to 26 January?

Ms FREELAND: Yes.

The Hon. LUKE FOLEY: Was the Minister, to your knowledge, advised of that reduction?

Ms FREELAND: I do not know.

The Hon. LUKE FOLEY: Can I ask you about the operation of assessment centres? Is that something you were familiar with in any way?

Ms FREELAND: I had no direct involvement in their design except that I was consulted about the capabilities that the assessment centres would be testing for and the methodology, if you like. I do not believe I ever observed one for caseworkers. I certainly observed others so I can try and answer your question.

The Hon. LUKE FOLEY: For the layperson such as me the notion of an assessment centre is that before people would go out on the job, as it were, as a caseworker dealing with very difficult matters they would be inducted through an assessment centre, is that a fair statement? How would you put it?

Ms FREELAND: As you say, this is a very taxing job and it is not a good job fit for everybody. Even though you may have tertiary qualifications in social sciences you may not be, I guess, emotionally equipped to deal with the sort of things that you have to be able to deal with. The assessment centre is a behavioural assessment which puts candidates through a number of exercises, if you like, that asks them to demonstrate the behaviours that can be linked back to the capabilities that we think make a good caseworker. For example, one of the capabilities that a caseworker needs is to be able to manage their time and set priorities so there would be a task which they would be asked to perform which would demonstrate how well they could do that.

Another is that a caseworker needs to be part of a team and they need to be able to work very collaboratively with their colleagues in the department as well as colleagues in non-government organisations, so there is a team exercise that allows them to demonstrate the way in which they work with a team to solve a problem. The view that we took was that a behavioural assessment gave you a far better result than three or four people sitting around a table doing a formal question and answer interview. It really has been the method of choice for recruiting caseworkers to the agency for a number of years now.

The Hon. LUKE FOLEY: Thank you. Do I take from that in order for a new caseworker to work on the ground that they would firstly have to go through an assessment centre? Is that a correct statement?

Ms FREELAND: Yes, that is correct because it is part of the selection process for people to be employed in that role.

The Hon. LUKE FOLEY: Did the assessment centres function throughout 2011 and 2012?

Ms FREELAND: I would have to say I think they functioned more regularly earlier in 2011. Around about 2012 we were not running as many.

The Hon. LUKE FOLEY: Why not?

Ms FREELAND: Because we did not need to recruit as many caseworkers and because—and I cannot tell you the point in time but when the Brighter Futures program moved to the non-government organisation we had about 117 permanent caseworkers whose jobs did not exist any longer and we needed to place them in permanent jobs in alternative programs.

The Hon. LUKE FOLEY: You told the Committee a few minutes ago that you had observed a reduction in caseworker numbers. Given that that was your observation, why weren't the assessment centres operating regularly throughout 2012 to respond to that reduction?

Ms FREELAND: The priority was to find permanent jobs for the 117. The other factor was that associated with the 117 caseworkers there were supervisors, managers caseworker, first level supervisor, managers clients services whose number of direct reports had actually reduced because the 117 positions had gone. We were still employing those permanent employees on the payroll even though their reporting span had reduced and so when the 117 casework positions were deleted, what we did not do was to go and review the number of supervisors and administrative staff that would have been supporting those 117. We should have done that, but we carried those people on the payroll for some months after the 117 positions had gone and that was all coming out of the salaries budget for operations.

The Hon. LUKE FOLEY: Did budgetary pressures affect the intake to the department's assessment centres?

Ms FREELAND: I believe so.

The Hon. LUKE FOLEY: You believe so?

Ms FREELAND: Well, we had positions that were vacant but we did not have the salary to pay people if we had recruited against those vacancies.

The Hon. LUKE FOLEY: Did the Government's labour expenses cap affect regional budgets?

Ms FREELAND: Yes.

The Hon. LUKE FOLEY: Did the Government's labour expenses cap affect the overall budget for 2,068 caseworkers?

Ms FREELAND: In the sense that there were savings measures that I had to deliver out of the operations budget. They were not imposed in the form of, "Here is a reduction of a certain number of caseworkers". What they were, I guess, were shaving parts off the budget, so it has been standard practice for a number of years to fund salaries at the midpoint. A caseworker has an incremental scale from grade 3 to grade 7. Caseworker positions funded at grade 5—that accrues some savings where you have got a number of caseworkers that might have newly joined the organisation and might be being paid at grade 3.

We also imposed a 3 per cent cut, if you like, or levy over the top of the budget on the assumption that there would be some attrition throughout the year and so it takes about three months or less actually with assessment centres but it is some weeks where a position might be vacated by a caseworker before you can appoint somebody permanently to that position so in that time you make some savings. There were a number of those small measures that we implemented that were designed to make savings across the budget.

The Hon. LUKE FOLEY: Just to be clear, was that 3 per cent cut to the budget for caseworkers, I think those were your words, at an overall level, a regional level or both?

Ms FREELAND: Overall, but it was distributed to regions.

The Hon. LUKE FOLEY: So, just to be clear, one response of the department to the Government's labour expenses cap was to impose a three per cent cut to the caseworker budget?

Ms FREELAND: It was not just to the caseworker budget; it was across the board in operations.

The Hon. LUKE FOLEY: So it was to the operations budget, and that included the budget for caseworkers on the ground. Is that correct?

Ms FREELAND: That is part of the operations budget, yes.

Mr COUTTS-TROTTER: But it would also be true to say that the budget for those 2,068 caseworker positions was never compromised.

Dr JOHN KAYE: It was not compromised?

Mr COUTTS-TROTTER: It was not compromised.

The Hon. LUKE FOLEY: Ms Freeland, was one response to the labour expenses cap imposed by the Government to not fill all of the 2,068 budgeted caseworker positions? Was that one response the department took?

Ms FREELAND: It is a decision that some regional directors took because when they worked out what their salaries budget was they calculated that there were positions that they could not fill from time to time.

Mr COUTTS-TROTTER: I would like to make the point that the budget Ms Freeland is talking about is part of an overall departmental budget, which in that year ran to about \$5,200 million. It would seem to me that if an agency is directed by the Government to deliver 2,068 caseworker positions, is funded to do so and there are then problems in allocating budgets inside the organisation that mean the Government's clear direction cannot be delivered on then the job of the agency is to reprioritise its total budget to make that happen—and if that is not possible then to escalate it to the Government and say, "There is a choice here that has to be made." My understanding is, and my review of this suggests, that neither of those things happened.

The Hon. LUKE FOLEY: Thank you, Mr Coutts-Trotter, but we have invited Ms Freeland to tell us about her experience prior to her secondment. Ms Freeland, were you aware that the metro central region withheld approximately 60 to 70 caseworker positions due to budget pressures?

Ms FREELAND: I was aware that they withheld or did not fill positions. There was another factor at play here—that is, the resource allocation methodology. The resource allocation methodology complicated things for the metropolitan regions because it looked at where the work demand was, and relative to the city there was greater demand on the North Coast and in the western region. So a number of those positions in metro central had been earmarked to move.

The Hon. LUKE FOLEY: Indeed there were greater shortfalls, if I can put it that way, of actual caseworkers compared to budgeted caseworkers in the rural parts of the State, were there not? I am speaking very generally.

Ms FREELAND: I do not know that I could agree with that. I think if you compared where the work was going and where the work demand was then you would see it was certainly greater in those regions than their share of the caseworker numbers.

The Hon. LUKE FOLEY: Was one response of the department to the Government's labour expenses cap to reduce the number or frequency of assessment centres? Was that a response that the department either deliberately or perhaps not deliberately ended up with?

Ms FREELAND: I do not think I can agree with you on the causation. In my experience reducing the number of assessment centres was not directly related to the labour expenses cap; it was directly related in the

first instance to having surplus permanent staff who we needed to find jobs for because we were paying for them but the budget had gone to the non-government organisation as part of funding the Brighter Futures program.

The Hon. LUKE FOLEY: So the funding for the 117 caseworkers went to the non-government sector for Brighter Futures but the 117 people did not follow. Did some of them go to the non-government sector?

Ms FREELAND: I do not know. They may have.

The Hon. LUKE FOLEY: But am I correct in taking from what you have said to us today that funding for 117 people walked out the door but 117 employees of the department remained and you had to find work for them. Is that correct?

Ms FREELAND: That is correct.

The Hon. LUKE FOLEY: Why were they not all reassigned to the vacant caseworker positions to ensure that all of the 2,068 positions, which the Minister and the Director-General have repeatedly advised us were budgeted for, were filled? Why did that not follow? Surely it is a matter of logic that that would have occurred.

Ms FREELAND: Yes, it is and that is what happened. Over several months we ran an internal redeployment and placement strategy. The complication is that not all of those 117 people were working in the city, where they could easily transfer to the adjoining office; a number of them were working in the country, where you would have had to ask them to move house, to move their family, to uproot their children and to move to a town that may have been a few hundred kilometres away. So we had a longer timeline for that process to place everybody.

The Hon. LUKE FOLEY: But is there not a further complication that the actual number of caseworkers was a number greater than 117, and indeed by this year was approaching 300 fewer than the 2,068 positions budgeted for?

Ms FREELAND: Sorry, but I am confused by your question.

The Hon. LUKE FOLEY: Is it not the case that the actual number of caseworkers was much less than the 2,068 budgeted for—indeed far more than 117 fewer than the 2,068 budgeted for? Was that the situation on the ground by early this year?

Ms FREELAND: I do not recall.

Dr JOHN KAYE: To pick up where Mr Foley left off, my understanding is that in 2011-12 before the 117 departed to the non-government sector for the Brighter Futures program the budgeted level of caseworkers was 2,185 and then that fell to 2,068—after you deduct the 117; if my arithmetic is correct then that is exactly where the 117 go. So you cannot say that the problem was associated with the 117 because the actual target number dropped. Is that correct? That is certainly what the dashboard would suggest.

Ms FREELAND: My answer about the 117 was really about a problem that we were facing operationally and had to solve. We did have 117, or thereabouts, permanent caseworkers without jobs.

Dr JOHN KAYE: But in the year immediately prior to the transfer of the Brighter Futures program you had 2,019 full-time equivalent caseworkers. In the year after you had 1,862 full-time equivalent caseworkers. So you had a drop, roughly speaking, of 190 in the actual number of caseworkers. I am just confused. You had a pool of 117 caseworkers who were no longer allocated as it were but you still had a gap, and in fact that gap got greater in the following year. The year after the transfer—the year after you had freed up positions—suddenly the gap is greater. That is what I am struggling to understand. To be absolutely clear, you would have thought that with 117 caseworkers floating around the Government could have allocated some of them to reduce the gap.

Mr COUTTS-TROTTER: But if you do not have a locational match then you put yourself in a position, and the policy documents of the time make this clear, where those 117 people were at the head of the eligibility list for appointment. Every effort was made to place those people, which meant not appointing other

people to positions that were otherwise vacant. So certainly in the medium-term operationally that probably served to exacerbate the vacancy rate rather than reduce it.

Dr JOHN KAYE: Do you agree with that, Ms Freeland?

Ms FREELAND: Yes.

Dr JOHN KAYE: Then again I do not understand that either because, leaving aside metro central and metro southwest where the vacancy rates were relatively low, everywhere else in the state there were a number of vacancies—a number which was greater than 34.

Mr COUTTS-TROTTER: But you could have had a vacancy in Bourke and a person available to work in Dubbo, for example.

Dr JOHN KAYE: That leads me to my next question on the Brighter Futures program. Where did the Brighter Futures positions disappear from? Was it uniform across the state or were those positions all in the metro areas?

Ms FREELAND: No, the Brighter Futures program operated out of most community services centres if not all.

Dr JOHN KAYE: So uniformly across the state there were funded positions that disappeared. I am now at a loss to understand the previous statement of Mr Coutts-Trotter. Uniformly across the State positions disappeared and yet Mr Coutts-Trotter is telling us, "But it does not work. We could not reassign those people to reduce those gaps in places like the Hunter and the Central Coast, where there were 34, or in the northern region, where there were 51." Across the State the number of unfilled positions went up not down.

Ms FREELAND: When you say "uniformly across the State" it is certainly true that the Brighter Futures program operated in all parts of the State. It is not true that the same number of caseworkers worked in every community services centre. In some places there was a single caseworker who formed part of a virtual team; or there may have been two who worked with two colleagues in two other community services centres and one manager who worked across those three centres. In the city you were more likely to find a team of six in one centre or even perhaps two teams of six in some of the very large centres. So the numbers were not the same across the State.

Dr JOHN KAYE: Nonetheless, there were 117 across the State. It would be likely that more of those would be found in areas of higher need rather than in areas of relatively lower need, would it not?

Ms FREELAND: My recollection is that the distribution was, as you are saying, worked out on that basis of the work demand. So if there were more families who fitted the criteria for Brighter Futures in a particular location then there would be a larger team there.

Dr JOHN KAYE: So it would be likely that in the area of western New South Wales, where there is a very high workload, there would have been more Brighter Futures caseworkers transferred out?

Ms FREELAND: The paradox there is that the western region accounts for about 73 per cent of the geography of this State. So as an aggregate number you are probably correct, but they are spread much more thinly because of the number of centres and the distribution.

Dr JOHN KAYE: But can you not translate my argument down and say that in the areas of highest need in the western region it would be likely that there were more Brighter Futures caseworkers there?

Ms FREELAND: If you mean more relative to other centres in the western region then the answer is yes.

Dr JOHN KAYE: Yes, they would be more concentrated in areas of higher need, would they not?

Ms FREELAND: In that region, yes.

Dr JOHN KAYE: And that would be likely to be where the greatest amount of Family and Community Services activity was happening. Therefore it would be in those areas that you could fill caseworker positions from that proportion of the 117 who were in that area.

Ms FREELAND: Where we had vacancies anywhere across the State and we had a displaced Brighter Futures caseworker, we placed them in that position.

Dr JOHN KAYE: The implementation of this decision happened at the end of the 2012 financial year. Is it correct that the transfer happened between 2011-12 and 2012-13?

Mr COUTTS-TROTTER: It was a recommendation made by Justice Wood and I understand it was being implemented prior to the change of government. It would have taken place during 2011.

Dr JOHN KAYE: You mean 2011-12.

Ms FREELAND: My hesitation was not about a point in time. At a point in time the Brighter Futures money was available to non-government organisations, but there was a transition of caseworkers out of those jobs.

Dr JOHN KAYE: Mr Coutts-Trotter, you might have another look at your dashboard, because it seems to say that the transition happened between 2011-12 and 2012-13.

Mr COUTTS-TROTTER: I think that was what Ms Freeland was saying.

Dr JOHN KAYE: So, in 2011-12 there were 2,185 full-time equivalent positions and in 2012-13 there were 2,068 budgeted positions.

The Hon. Dr PETER PHELPS: It is a 30 June/1 July thing.

Dr JOHN KAYE: So the transition occurred largely in that period around June-July 2012. Is that correct?

Ms FREELAND: No. The process for placing displaced Brighter Futures caseworkers in permanent jobs occurred over many months. The bulk of them in locations where there was a permanent vacancy for which they were equipped occurred within a fairly short timeframe. But this had a fairly long tail until we were able to find places for all of them.

Dr JOHN KAYE: What else was happening in the department that resulted in the substantial reduction below the caseworker budgeted numbers? What other things happened that caused the numbers to plummet from 2,019 to 1,862? It cannot be the 117 because they are accounted for in the change from 2,185 to 2,068. Something else was happening. What was it? Was a labour expenses cap driving that change?

Ms FREELAND: I refer to a point I made earlier. When the 117 caseworkers were moved out of Brighter Futures positions, \$10 million in funding went to the non-government organisations, but the supervisory and ancillary infrastructure around them did not change. So we still had on our payroll permanent managers and administrative staff whom we were paying out of operation budgets. We have not reduced those numbers by the same proportion as the 117. Yes, we were experiencing budget pressure; we had permanent employees who were associated with the 117 whom we were continuing to pay. Regions were moving people into vacant positions and not filling some of those positions where they could hold them vacant, but we had a problem with that.

Dr JOHN KAYE: Effectively you are saying that between 2011-12 and 2012-13, because the Community Services administration became top heavy as a result of the departure of the 117 front-line caseworkers, the department was forced to sacrifice other front-line positions to pay for the administrators.

Ms FREELAND: In places where that was the case, yes.

Dr JOHN KAYE: Which places were they?

Ms FREELAND: In Community Services centres across all seven regions. I cannot tell you off the top of my head.

Dr JOHN KAYE: At any time did you or anyone else in the department warn either this or the previous Government that that would happen?

Ms FREELAND: I certainly escalated the problem within Community Services. I cannot tell you whether anyone escalated it to the Government.

Dr JOHN KAYE: "Escalating" means reporting upwards; is that correct?

Ms FREELAND: Yes.

Dr JOHN KAYE: You reported that to people above you.

Ms FREELAND: Yes.

Dr JOHN KAYE: Who would that have been?

Ms FREELAND: The chief executive.

Dr JOHN KAYE: Who was that at that time?

Ms FREELAND: Maree Walk.

Dr JOHN KAYE: You reported to her that there would be a problem emerging in 2012-13. When did you report that?

Ms FREELAND: We had several conversations over the second half of the 2012 calendar year.

Dr JOHN KAYE: By which stage the transfers of the positions had already happened.

Ms FREELAND: That is correct.

Dr JOHN KAYE: Prior to the transfer of the positions—prior to June 2012—were you aware that that would be a problem?

Ms FREELAND: It emerged when we were building the budget for the 2012-13 financial year.

Dr JOHN KAYE: When was that?

Ms FREELAND: Some time prior to 30 June—probably from about April.

Dr JOHN KAYE: Do you mean that the department's budget submission had been lodged?

Mr COUTTS-TROTTER: Do you mean building the budget inside the agency?

Ms FREELAND: Yes.

Dr JOHN KAYE: You were building the budget within the department at that point. However, prior to that no-one had realised that the transfer of 117 front-line caseworker positions would have the unintended consequence of leaving the organisation top heavy and requiring funding to be taken from caseworkers positions and given to administrative positions.

Mr COUTTS-TROTTER: Your assertion is that it was "required". By its nature, the only response could have been to go to caseworker positions for funding.

Dr JOHN KAYE: That is what Ms Freeland told me.

Mr COUTTS-TROTTER: I making the point that there is a departmental budget at play, not merely a Community Services budget.

Dr JOHN KAYE: Ms Freeland, can you comment on that?

Ms FREELAND: The intention in raising the matter with the chief executive was to flag that I could not solve it at my level because the indicative budget and then the allocated budget for operations allowed me to fill a certain number of positions. Not all of the positions were permanently filled and occupied at the time.

Dr JOHN KAYE: You raised that matter when you were building the internal budget. What was the response?

Ms FREELAND: We had several meetings to try to find some solutions that identified other savings or other strategies to allow us to fill as many positions as possible and to preserve the 2,068 caseworkers.

Dr JOHN KAYE: Was this matter reported to the Minister at any stage?

Ms FREELAND: I do not know.

Dr JOHN KAYE: You were not present when it was reported. Were you aware of any documents that raised this matter?

Ms FREELAND: I cannot say whether any documents went to the Minister. I do not know.

Dr JOHN KAYE: Were you aware of the existence of any documents intended to go to the Minister that would have raised this problem?

Ms FREELAND: Only material that I personally documented to the chief executive.

Dr JOHN KAYE: The question then is whether the chief executive informed the Minister. Would it be the normal function of a chief executive to report such a matter to the Minister?

The Hon. Dr PETER PHELPS: That is entirely speculative.

Dr JOHN KAYE: In your opinion, as a professional in this area, do you think it would be reasonable to expect the chief executive to report the matter to the Minister?

The Hon. TREVOR KHAN: There is absolutely no probative value to that. You are asking someone to speculate about the actions of someone else.

Dr JOHN KAYE: I will ask you for your opinion during your time for questions. We have a professional here—

Mr COUTTS-TROTTER: Hopefully we have two professionals here.

Dr JOHN KAYE: I am referring to Ms Freeland; we will talk about you later. Ms Freeland is a professional with senior experience in managing a very complex area. She would surely have formed an opinion as a professional about what should have happened with that information.

The Hon. Dr PETER PHELPS: Point of order: The member could ask the witness whether she believed her information was of such importance that it should have been passed on. He cannot ask her to speculate about the job requirements of a senior position above her.

Dr JOHN KAYE: To the point of order: I was not asking her to speculate on whether or not it happened; I was asking for her professional opinion as to whether it would have been appropriate for the chief executive to pass that information to the Minister. That is an entirely reasonable question. The member might not want me to ask it or to hear the answer, but I am asking it.

The Hon. Dr PETER PHELPS: It has no probative value whatsoever.

The Hon. TREVOR KHAN: We do not know what the answer would be. How do you ask someone to speculate on what someone else should or should not have done or could have done?

Dr JOHN KAYE: I am not asking for speculation.

The Hon. TREVOR KHAN: There is no value in this exercise.

Dr JOHN KAYE: At no point have I asked for speculation.

The Hon. TREVOR KHAN: That is precisely what you did.

The Hon. Dr PETER PHELPS: That is exactly what you did. You are now changing your question.

Dr JOHN KAYE: At no point did I ask the witness to speculate. I asked her whether in her professional opinion as a former senior bureaucrat it would have been appropriate for the chief executive officer to pass that information to the Minister.

CHAIR: I will allow the question.

Ms FREELAND: All I can say is that my intention in raising it was to ask for assistance from the chief executive and from other senior executives in the department. I cannot offer an opinion on whether the chief executive should have raised it with the Minister. It was a problem that the department needed to solve.

Dr JOHN KAYE: And you believed that it was possible for the department to solve it itself without reference to the Minister?

Ms FREELAND: It is the department's budget.

Mr COUTTS-TROTTER: We are talking about a chief executive, which is one level below the agency head in this departmental structure.

Dr JOHN KAYE: Thank you; I was aware of that.

Mr COUTTS-TROTTER: Good.

Dr JOHN KAYE: I refer to the resource allocation model. Can you enlighten me about how that model worked when you were in that position? For example, in 2011-12 one of the requirements of the department was that there be 2,149 caseworkers. How did the resource allocation model implement that requirement?

Ms FREELAND: I do not think the resource allocation methodology told us how many caseworkers we needed. All it did was tell us how to allocate a fixed number proportionate to need.

Dr JOHN KAYE: So you fed into that model 2,185, being the number of caseworkers that should be employed, and it spat out how the resources should be allocated between what were then the different regions and would now be the different districts?

Ms FREELAND: In response to the first part of your proposition, the number of caseworkers is not set by the resource allocation methodology; it is set by the budget.

Dr JOHN KAYE: That is a given; it is a constraint.

Ms FREELAND: That is correct.

Dr JOHN KAYE: You have to tell the methodology, "We need to employ 2,185 front-line caseworkers."

Ms FREELAND: I am sorry to be pedantic, but you say, "We have 2,185 employees and we need to work out how to distribute them so there is a fair apportionment based on the workload."

Dr JOHN KAYE: In fact, you did not have 2,185 caseworkers; you had 2,019 at that stage and the year before you had 1,966.

Mr COUTTS-TROTTER: The resource allocation model allocates resources.

The Hon. Dr PETER PHELPS: It is what you funded.

Dr JOHN KAYE: I am sorry, I am hearing Dr Phelps, who is a well-known expert on this, and you.

The Hon. Dr PETER PHELPS: As a matter of fact, I am. Having been a ministerial chief of staff for seven years, I am a damn good expert on this sort of thing.

Dr JOHN KAYE: And many other things, no doubt. On the one hand I am hearing that 2,185 was fed in and on the other hand I am hearing that it was 2,019. Was it bodies or funded positions?

Mr COUTTS-TROTTER: It is funded positions.

Dr JOHN KAYE: You fed in the 2,185 funded positions?

Mr COUTTS-TROTTER: If a resource allocation model was applied to that, which I am sure it was.

Dr JOHN KAYE: My time has expired. I will hold.

The Hon. TREVOR KHAN: No, do you want to finish that question?

Dr JOHN KAYE: You want me to continue that question; with the government's permission.

The Hon. TREVOR KHAN: You started to ask a question and the witnesses are attempting to answer it. I think it is fair that you finish your question.

CHAIR: I am chair, so it is not up to you.

Dr JOHN KAYE: I appreciate the government has offered to cede some of its time.

CHAIR: Are you offering to cede some of your time to Mr Kaye?

The Hon. TREVOR KHAN: Yes.

Dr JOHN KAYE: I appreciate the government's generosity in this matter if not in others. Ms Freeland, we have got to the point where we agree you fed in the 2,185 positions.

Ms FREELAND: You feed in a number. It is the number that you are funded to employ.

Dr JOHN KAYE: For the year 2011-12, I understand that was 2,185, or at least that is what the department's website tells me. How has that stood up to an assessment of need estimate used for all the other resources, like managerial positions and all the other things required? Is that correct?

Ms FREELAND: Managerial positions tend to be associated with caseworkers, so the resource allocation methodology that is applied to caseworker numbers and how they are distributed across the state.

Dr JOHN KAYE: That is the key number fed in. The methodology comes up with an answer. For example, it would give a certain number of caseworkers for the western region. The department would then allocate from its big budget, or from community services, a certain amount of money to the western region. Is that correct?

Ms FREELAND: That is correct.

Dr JOHN KAYE: Then the western region management would make a decision as to how to spend that money.

Ms FREELAND: Prior to financial year 2012-13 that probably was generally correct. The constraint is that there would be permanently employed caseworkers in locations, so you would not normally move positions around. Allocating the funds within the region you might get a bit of variation on the margin, but in the main it would be allocated to pay for caseworkers posted to a particular location.

Dr JOHN KAYE: The funds were allocated, but the resource allocation model did not take into account the existing number of employees in that region?

Ms FREELAND: In the sense that the resource allocation methodology is looking at caseloads and is built from a number of factors. It is quite a complex methodology. It is looking at where reports of children at risk of harm are made; it is looking at where the numbers of children in out-of-home care are placed with departmental foster carers. It is built on a number of those measures.

Dr JOHN KAYE: They are all measures of need, but was there any measure of current capacity in the methodology? Were there any measures of current capacity to deliver?

Ms FREELAND: I am probably not familiar enough with the detail of it. I believe the resource allocation methodology is looking at where the demand is and what proportion of caseworkers needs to be allocated in order to fairly distribute those caseworkers.

Dr JOHN KAYE: But it could produce an answer that is entirely unrealistic, given the pattern and the distribution of employees within the department.

Mr COUTTS-TROTTER: The model and the conception of it are two different things. The model takes finite resources and allocates them on the basis of evidence to need. You then have operational considerations about how you transition from your status quo to an allocation of caseworkers that best reflects where the real need is.

Dr JOHN KAYE: But the budget was hard driven. Regional budgets were hard driven by the allocation model.

Mr COUTTS-TROTTER: An element of the regional budget is the allocation model, but there are other elements that build up in there.

Ms FREELAND: I can address the point you are raising. If we go back to Metro Central, where the 60 or so caseworker positions were to move from, we recognised that if you simply moved the money but had permanently employed caseworkers still working in the seven or so centres in metropolitan Sydney that region would not be able to manage its budget. We determined that we would face the movement of those positions, hopefully by attrition, from the city to country regions where the resource allocation methodology said the numbers needed to be increased. You were right, but we recognised that as a problem.

Dr JOHN KAYE: Mr Coutts-Trotter, have you ever briefed the Minister on how the resource allocation model works in the terms that we have discussed today?

Mr COUTTS-TROTTER: Have I briefed the Minister on the detail of the operation of the model?
No.

Dr JOHN KAYE: Has anybody in the department briefed the minister?

Mr COUTTS-TROTTER: I do not know.

The Hon. LUKE FOLEY: Ms Freeland, I go back to before the ruckus between the Greens and the Libs.

The Hon. TREVOR KHAN: We were trying to be generous. I am not sure why it would be described as a ruckus.

The Hon. LUKE FOLEY: Earlier I asked whether you had observed the reduction in case numbers referred to by the department in an advice to the minister earlier this year. You answered yes. Do you recall that?

Ms FREELAND: I answered yes to the observed part, not to whether the advice went to the minister because I do not know.

The Hon. LUKE FOLEY: To be clear, you had observed a reduction in caseworker numbers prior to your secondment at the end of January this year?

Ms FREELAND: Yes.

Mr COUTTS-TROTTER: To be fair to the advice, Ms Chilvers said that that advice was preliminary data and it raised the issue and led to further work to try to pin the numbers down.

The Hon. LUKE FOLEY: Let's get to that further work. Ms Freeland, you may or may not be aware of the Ernst and Young report, given you have moved on to other challenges. Are you aware of the Ernst and Young report?

Ms FREELAND: I am aware it exists. I am not aware of it at any level of detail. I have not read it and I have not had access to it.

The Hon. LUKE FOLEY: The Ernst and Young report notes a reduction in caseworker capacity frontline strength of around 300 between June 2011 and March 2013. I am happy to provide that to you. Did you observe a reduction of that rough magnitude in your time with the department—that is, prior to the end of January this year?

Ms FREELAND: I would say the number of positions filled and occupied but not funded was in the order of 200. That dates to about October last year.

The Hon. LUKE FOLEY: To be clear, around 200 fewer filled positions than funded positions?

Ms FREELAND: I am talking about supervisors and administrative staff filling permanent positions. They were permanent employees who were over the number needed for 2,068 caseworkers. They were on payroll and we needed to pay them out of the operations budget. To answer your precise question about caseworkers, I cannot recall how many positions but I am aware, from conversations with regional directors and from looking at the numbers at the time, that we had unfilled caseworker positions.

The Hon. LUKE FOLEY: Was that partly as a result of the fact that the department was paying non-caseworkers out of its operations budget?

Ms FREELAND: People who were supporting caseworkers. They were casework managers, so they were assisting in managing cases and supervising the work of caseworkers. They were associated with the 117 caseworker positions, so they were over the number that we needed.

The Hon. LUKE FOLEY: Do I take from your evidence that the fact that around 200 non-caseworkers were being paid out of the operations budget would handicap the department's ability to fill vacant caseworker positions? Is that a fair statement?

Ms FREELAND: Yes.

Mr COUTTS-TROTTER: That is a cost of \$20 million in a budget of \$5.2 billion.

The Hon. LUKE FOLEY: Thank you, but I did not ask you. I am asking the witness we invited. Ms Freeland, I take you to the 3 per cent cut to the operations budget that the department decided to impose as a result of the government's budgeted labour expenses cap measure. Who took that decision? Was that the executive of the department?

Ms FREELAND: I did, but it was ratified by the executive.

The Hon. LUKE FOLEY: Are you aware of whether that was reported to the minister?

Ms FREELAND: No, I am not aware.

The Hon. LUKE FOLEY: To be clear, the 2011 New South Wales budget introduced the labour expenses cap, didn't it?

Ms FREELAND: I do not know.

Mr COUTTS-TROTTER: Yes. It would be worth explaining what it is. It provides a calculated saving that must be delivered by reducing employee costs. It is calculated on the relevant cost base. Some jobs are excluded from it—teachers, nurses, police. Paramedics, doctors, caseworkers are included in it. How you deliver it is a matter for the judgement of the agency. There are lots of ways in which agencies are delivering it to keep faith with the government's direction to people like me to protect frontline services.

The Hon. LUKE FOLEY: Ms Freeland, you took a decision ratified by the executive to reduce your operations budget by 3 per cent. Is that correct?

Ms FREELAND: That is correct.

The Hon. LUKE FOLEY: That operations budget included the budget for paying caseworkers?

Ms FREELAND: Yes.

The Hon. LUKE FOLEY: Some of the seven regional directors who reported to you took a flow-on decision, as it were, not to fill caseworker vacancies to help achieve that 3 per cent saving. Is that correct?

Ms FREELAND: I do not know that there was a direct relationship between the 3 per cent and that decision. They were charged with managing their regional budgets across the board.

The Hon. LUKE FOLEY: I will rephrase it. Is it the case that some of your seven regional directors took a decision not to fill some caseworker vacancies in response to budgetary pressures? Would that be a fairer way of putting it?

Ms FREELAND: I believe so.

The Hon. LUKE FOLEY: How many of those seven regional directors took such a decision?

Ms FREELAND: I do not know.

The Hon. LUKE FOLEY: But you recall that some of them did?

Ms FREELAND: Yes.

The Hon. LUKE FOLEY: Given that the Ernst and Young report points to a reduction in the frontline strength, as they determined, of 306 caseworkers between June 2011 and March 2013, does it flow that the decision taken by some regional directors not to fill caseworker vacancies is a contributing factor to that reduction?

Ms FREELAND: That would be a logical deduction.

The Hon. LUKE FOLEY: Thank you.

Dr JOHN KAYE: This picks up from Mister Foley's questions. The impact of the labour expenses cap was translated through the resource allocation model—that is, were the inputs to the resource allocation model reduced?

Mr COUTTS-TROTTER: No.

Ms FREELAND: No, there is no relationship.

Mr COUTTS-TROTTER: No, because the input to the resource allocation model is 2,068 funded caseworker positions.

Dr JOHN KAYE: But then the output is a number of dollars that went to each region in those days and goes nowadays to each district. Is that correct?

Ms FREELAND: Yes, but that should add up to the equivalent of 2,068 caseworkers.

Dr JOHN KAYE: And then 3 per cent shaved off the labour component of that?

Mr COUTTS-TROTTER: No, because that is pushed through the model and there are then other—

Dr JOHN KAYE: What is pushed through the model?

Mr COUTTS-TROTTER: The 2,068. So there are ancillary supervisory costs and administrative costs associated with that that are not within that funding envelope. If you applied a 3 per cent shaving to that, that is what you should be shaving.

Dr JOHN KAYE: At what point is a 3 per cent shaving applied?

Ms FREELAND: When the budget is allocated.

Dr JOHN KAYE: The resource allocation model [RAM] produces a dollar figure for each region and then 3 per cent is shaved off the relevant labour component of that dollar figure?

Ms FREELAND: I think you need to separate the two processes. The resource allocation methodology is modelling for, as I said, how you would distribute 2,068 caseworkers so that it was fair. The budget is then allocated to the operations directorate and then out to the regions and it is calculated on what the total salary budget would be funded at the midpoint. Straightaway, it is not going to fund everybody—particularly in the northern region, where a lot of caseworkers have been there for a long time and they are at the maximum of the grade. The 3 per cent is just one of the ways in which there are challenges for regions and regional directors in managing their budgets.

Dr JOHN KAYE: Sure, but let us talk about that one challenge for the time being. It is taken off at the point at which the money is allocated to the regions.

Ms FREELAND: That is right.

Dr JOHN KAYE: For example, the northern region would be told that we have allocated you 320 full-time equivalent caseworkers, but here is the money we are giving you and it is substantially less than that because we have shaved 3 per cent off and we have not taken into account the fact that your workforce is older and therefore more senior. That is how it works, is it?

Ms FREELAND: Yes.

Dr JOHN KAYE: Mr Coutts-Trotter, would the Minister at the time have been told that was how it worked?

Mr COUTTS-TROTTER: You are asking me to offer an opinion on something I cannot. I have looked at a lot of the documents that have been released under Standing Order 52s, and there are a lot of them. I have not seen anything that would indicate that. I cannot positively affirm it. I can simply say I have seen nothing that suggests it is the case.

Dr JOHN KAYE: In your time, Ms Freeland, would you be aware of the Minister ever being briefed or told about the way the labour expenses cap and the other things worked?

Ms FREELAND: No.

Dr JOHN KAYE: You would have been concerned about the way this was playing out, no doubt?

Ms FREELAND: Deeply.

Dr JOHN KAYE: And you would have put that concern into writing, no doubt?

Ms FREELAND: Yes.

Dr JOHN KAYE: And that concern went to?

Ms FREELAND: To the chief executive and to the Community Services executive.

Dr JOHN KAYE: And to whom, sorry?

Ms FREELAND: To my executive colleagues in the senior executive forum, which is the decision-making body.

Dr JOHN KAYE: Would that include the then director general?

Ms FREELAND: No.

Dr JOHN KAYE: It just included the other people on your level within Community Services?

Ms FREELAND: Yes.

Dr JOHN KAYE: You expressed your concerns about what this would mean. You sent it to your colleagues and you sent it to the chief executive officer. You received nothing back in return.

Ms FREELAND: No, that is not correct. There were a number of meetings to fully understand the problem and to try to find solutions.

Dr JOHN KAYE: In your language, you escalated the problem but only to the chief executive officer [CEO]?

Ms FREELAND: To my immediate supervisor, yes.

Dr JOHN KAYE: Your immediate supervisor is the chief executive officer.

Ms FREELAND: That is right.

Dr JOHN KAYE: Is that the CEO of Community Services or the COE of the entire department?

Ms FREELAND: The CEO of Community Services.

CHAIR: Ms Freeland and Mr Coutts-Trotter, thank you for attending today. I do not think that you took any questions on notice to be returned down the track. Thank you very much for coming.

(The witnesses withdrew)

The Committee adjourned at 2.06 p.m.
